

SSC's Disclaimer: The English translation of the securities supervisory regulations is not official and is intended for reference only. Neither the SSC nor the MOF is responsible for the correctness of the English translation, and the reader is advised to refer to the most up-to-date regulations in Vietnam.

**CIRCULAR 203
GUIDING
TRADING ON THE SECURITIES MARKET**

DATED 21 DECEMBER 2015

CONTENTS

CHAPTER 1	2
General Provisions	2
Article 1 Governing scope and applicable entities	2
Article 2 Definitions	2
CHAPTER 2	3
Specific Provisions	3
Article 3 Holding securities trading	3
Article 4 Temporary suspension of securities trading	4
Article 5 Price band [permissible price fluctuation range]	4
Article 6 General provisions on securities trading accounts	4
Article 7 General provisions on trading and on making payment for securities transactions	6
Article 8 Trading treasury shares	7
Article 9 Margin trading	8
Article 10 Intraday trading	9
Article 11 Provision on assisting payment for intraday trading	11
Article 12 Market making transactions	11
Article 13 Reporting system and supervision	12
CHAPTER 3	12
Implementing Provisions	12
Article 14 Effectiveness	12
Article 15 Organization of implementation	12

SSC's Disclaimer: The English translation of the securities supervisory regulations is not official and is intended for reference only. Neither the SSC nor the MOF is responsible for the correctness of the English translation, and the reader is advised to refer to the most up-to-date regulations in Vietnam.

MINISTRY OF FINANCE

SOCIALIST REPUBLIC OF VIETNAM

Independence - Freedom - Happiness

No.203-2015-TT-BTC

Ha Noi, 21December 2015

CIRCULAR GUIDING TRADING ON THE SECURITIES MARKET

Pursuant to *Law 70 on Securities* dated 29 June 2006;

Pursuant to *Law 62 Amending the Law on Securities* dated 24 November 2010;

Pursuant to Decree 215-2013-ND-CP of the Government dated 23 July 2013 regulating the functions, duties, powers and organizational structure of the Ministry of Finance;

Pursuant to Decree 58-2012-ND-CP of the Government dated 20 July 2012 implementing the *Law on Securities (Amended)*;

Pursuant to Decree 60-2015-ND-CP of the Government dated 26 June 2015 amending the above-mentioned Decree 58;

On the proposal of the chairman of the State Securities Commission [SSC];

The Ministry of Finance hereby issues a Circular guiding trading on the securities market.

CHAPTER 1

General Provisions

Article 1 *Governing scope and applicable entities*

1. This Circular provides guidelines on activities of trading listed securities and securities registered for trading on the Stock Exchange (SE).
2. This Circular applies to investors, depository members, trading members, securities companies, fund management companies, Stock Exchanges, Vietnam Securities Depository (VSD), and other organizations and individuals involved.

Article 2 *Definitions*

In this Circular the following terms are construed as follows:

1. *Trading member* means a securities company which the SE has approved to become a trading member.
2. *Trading system* means the information technology system used for trading activities at the SE.

SSC's Disclaimer: The English translation of the securities supervisory regulations is not official and is intended for reference only. Neither the SSC nor the MOF is responsible for the correctness of the English translation, and the reader is advised to refer to the most up-to-date regulations in Vietnam.

3. *Order delivery system* means the system delivering [or placing] trading orders of investors from trading members to the SE.
4. *Price band [permissible price fluctuation range]* means the stipulated price band of securities prescribed for any one trading day and calculated as a percentage (%) of the reference price.
5. *Reference price* means the price level fixed by the SE and used as the basis for calculating the highest price (ceiling price) and lowest price (floor price) on any one trading day.
6. *Order matching method* means the trading method used by the trading system and based on matching securities buy and sell orders. The order matching method comprises periodic order matching and continuous order matching.
7. *Agreement [put-through] trading method* means the trading method whereby parties participating in trading via trading members reach their own agreement on the transaction conditions on the trading system; or parties participating in trading reach their own agreement and conduct the transaction and thereafter, via trading members, input the results of the transaction into the trading system.
8. *Margin trading* means transactions of purchase of securities with money borrowed from a securities company, when the securities which are bought are used as collateral assets for the loan.
9. *Same day [intraday] trading* means buy and sell transactions of the same type of securities at the same trading quantity, implemented on the one account and within the same trading day.
10. *Compulsory buy-in, sell out [compulsory transaction of purchase or sale]* means a transaction which the securities company and investor must undertake in order to ensure a sufficient quantity of securities to repay the loan taken out to assist payment or to satisfy relevant provisions of law.
11. *Securities pending settlement* means securities which an investor has purchased on the trading system at a SE and for which transfer of ownership is currently being conducted.

CHAPTER 2

Specific Provisions

Article 3 *Holding securities trading*

1. The SE holds securities trading by the order matching method and by the put-through trading method.
 - (a) The order matching method on the trading system must ensure the principles of price priority and time priority;
 - (b) The put-through trading method on the trading system of the SE is conducted in accordance with SE rules.
2. The SE shall hold trading of listed securities and of securities registered for trading, but excluding cases of transfer of ownership outside the trading system in accordance with the law on securities on registration, depository, payment and settlement. The SE shall hold sessions for compulsory buy-in, sell out trading.
3. The SE issues rules guiding securities trading [*Trading Rules*] after the SSC has approved same. Trading Rules contain specific provisions on trading hours and trading methods; on the method of fixing the reference price; the price band of securities; various types of trading orders; correction of orders and cancellation of orders; confirmation of transactions and various types of cancellation of

SSC's Disclaimer: The English translation of the securities supervisory regulations is not official and is intended for reference only. Neither the SSC nor the MOF is responsible for the correctness of the English translation, and the reader is advised to refer to the most up-to-date regulations in Vietnam.

securities transactions; temporary suspension of trading; disclosure of information and disclosure of transaction results, and other relevant matters.

4. Vietnam Securities Depository (VSD) issues securities code numbers for securities registered at the VSD, and is the sole organization issuing International Securities Identification Numbers (ISIN) for securities in Vietnam. These code numbers are uniformly used during listing and registration for trading.
5. VSD issues rules guiding post-trading error rectification, processing transaction errors and cancelling transactions applicable to securities listed and registered for trading on the SE, after the SSC has approved same.

Article 4 *Temporary suspension of securities trading*

1. The SE temporarily suspends securities trading on the entire system in the following cases:
 - (a) Breakdown of the trading system or of the order delivery system of the SE;
 - (b) Force majeure event such as a disaster or fire;
 - (c) On request by the SSC in order to stabilize the market;
 - (d) In other cases considered necessary by the SE in order to protect the interests of investors, after the SSC has provided approval.
2. Temporary suspension of trading of any one particular type of securities must be implemented in accordance with the Trading Rules of the SE.
3. The SE must immediately notify the SSC when the former issues a decision temporarily suspending trading pursuant to clause 1(a) or (b) above.

Article 5 *Price band [permissible price fluctuation range]*

1. The SE stipulates the price band after receiving approval from the SSC.
2. In necessary cases the SSC may issue a decision adjusting the price band in order to ensure market stability.

Article 6 *General provisions on securities trading accounts*

1. An investor must open a securities trading account with a securities company [broker] in order to trade securities on the SE, and is liable to provide complete and accurate client identification information when opening such account.
2. A foreign investor and an economic organization with foreign invested capital deemed to be a foreign investor by the law on investment and other relevant laws, must register a securities trading code number prior to opening a securities trading account.
3. Each investor is only permitted to open one trading account with each securities company [broker]¹, except for the cases prescribed in clause 4 of this article and in articles 9 and 10 of this Circular.
4. A fund management company, securities company, insurance company and custodian bank shall open securities trading accounts in accordance with the following principles:

¹ Allens footnote: An investor may therefore open one account at a number of different brokers, although extra fees would of course discourage same.

SSC's Disclaimer: The English translation of the securities supervisory regulations is not official and is intended for reference only. Neither the SSC nor the MOF is responsible for the correctness of the English translation, and the reader is advised to refer to the most up-to-date regulations in Vietnam.

- (a) A fund management company is permitted to open a number of securities trading accounts at each securities company in accordance with the following principles:
- One (1) securities trading account to conduct the securities business activities of the company itself;
 - Two (2) securities trading accounts to manage investment portfolios for entrusting clients comprising one (1) account for securities trading for domestic entrusting clients and one (1) account for securities trading for foreign entrusting clients;
 - Trading accounts for the investment funds and securities investment companies which such fund management company manages, on the principle that each investment fund and securities investment company may have one (1) trading account opened in its name at one (1) securities company.
- (b) A securities company established and operating in accordance with the law of Vietnam is permitted to open securities trading accounts in accordance with the following principles:
- A securities company which conducts the professional operation of self-trading and which is a member of the SE is only permitted to open one (1) self-trading securities account for the company itself, and is not permitted to open another trading account at another broker.

A securities company which no longer conducts the professional operation of self-trading but which is still a member of the SE is permitted to use its self-trading account in order to complete sales of the securities which it still holds. After completed sell off of the portfolio, the above-mentioned account must immediately be closed. A securities company which still conducts self-trading but does not conduct brokerage or is not a member of the SE is permitted to open trading accounts at other securities companies [brokers] in order to conduct investments.
 - A securities company is permitted to open a trading account with a member who has established an exchange traded fund (ETF) in order to trade ETF certificates. This account is permitted to be used for exchange trading of securities portfolios for taking blocks of ETF certificates on the primary market and for transactions of purchase and sale of ETF certificates on the secondary market, but is not permitted to be used to conduct other securities transactions;
 - Other trading accounts as stipulated by relevant laws.
- (c) A securities company established pursuant to foreign law is permitted to open securities trading accounts at each domestic broker in accordance with the following principles:
- One (1) securities trading account to conduct self-trading;
 - One (1) securities trading account to conduct brokerage activities for other foreign investors.
- (d) An insurance company not listed and/or not registered for trading and which is foreign owned as to 51% or more of its charter capital is permitted to open two (2) securities trading accounts at one (1) securities company [broker] in accordance with the following principles:
- One (1) securities trading account for trading from its equity; and securities obtained from trading on this account are subject to the provisions of the law on foreign investor ownership;
 - One (1) securities trading account for trading from domestic insurance premiums; and securities obtained from trading on this account are subject to the provisions of the law on

SSC's Disclaimer: The English translation of the securities supervisory regulations is not official and is intended for reference only. Neither the SSC nor the MOF is responsible for the correctness of the English translation, and the reader is advised to refer to the most up-to-date regulations in Vietnam.

foreign investor ownership.

- (dd) A custodian bank which is a market maker member for an ETF is permitted to open two (2) securities trading accounts at each broker in accordance with the following principles:
- One (1) securities trading account to conduct investment activities of such custodian bank;
 - One (1) securities trading account in order to conduct activities in its role as market maker for ETF certificates.
5. Any investor with a securities trading account must discharge the obligation of a major shareholder when it directly or indirectly owns (including authorized and entrusted trading accounts) 5% or more of the voting shares of an issuing organization or 5% or more of the fund certificates of a closed fund.
6. A securities company is not permitted to use the code number of an account which has been closed in order to open an account for a new client, or may only use the code number of a closed account after ten (10) years in order to open an account for a new client².

Article 7 *General provisions on trading and on making payment for securities transactions*

1. An investor is permitted to place a sell order for the quantity of securities available in its depository account on a trading day plus securities pending settlement. The sale of securities pending settlement must be conducted in accordance with SSC rules.
2. Apart from margin trading and intraday trading prescribed in articles 9 and 10 respectively of this Circular, an investor is only permitted to place a buy order when it has a sufficient monetary escrow deposit in its securities trading account. An investor who has opened a depository account with a depository bank and a trading account with a securities company is permitted to place a buy order and the securities company is permitted to implement such buy order when it has a payment guarantee or certification from the depository bank that the latter consents to make payment for such securities transaction of the investor.
3. Where an investor has opened a depository account with a depository bank, the securities company is responsible to check the balance of money and securities [in such account] and compare same with the escrow deposit requirements for trading, and must also check the validity and legality of trading orders placed by the investor.

A depository member is responsible to check transactions on the basis of the transaction results received from VSD and from securities companies.

4. An investor is not permitted to simultaneously place buy and sell orders for the same type of securities on the same order matching occasion, except where an order was placed in the system during the immediately preceding trading session and has not yet been matched and is still effective.
5. A market maker and/or a member establishing a ETF is permitted to list prices in order to conduct transactions of buying and selling ETF certificates within the same session, and is permitted to list prices to simultaneously buy and sell types of securities and ETF certificates within the same session for which such member has been appointed market maker. These transactions must be implemented on the market maker account and must comply with the provisions in article 12 of this Circular.
6. All payment activities and transactions of paying money to investors must be conducted via a commercial bank. A securities company is not permitted to receive internal monetary transfers between various accounts of an investor.

² Allens footnote: This is the literal translation.

SSC's Disclaimer: The English translation of the securities supervisory regulations is not official and is intended for reference only. Neither the SSC nor the MOF is responsible for the correctness of the English translation, and the reader is advised to refer to the most up-to-date regulations in Vietnam.

Article 8 *Trading treasury shares*

1. Organizations which are listed and/or registered for trading are permitted to redeem their shares and to then sell the treasury shares on the SE in accordance with the law on securities and its implementing guidelines on trading treasury shares. The SE issues rules guiding the trading of treasury shares after the SSC has approved same.
2. Except for the cases prescribed in clauses 7 and 8 below, organizations which are listed and/or registered for trading are only permitted to redeem their shares and to then sell the treasury shares after the SSC has provided consent; and they must provide at least seven (7) days' prior notice of the proposed trading or transaction, disclosing information about it including the duration for implementing same, and the principles for fixing the price of the trading or transaction. The organization in question must implement the treasury shares trading or transaction within a maximum fifteen (15) days after the date on which the SSC provides consent. The duration for implementing the treasury shares trading or transaction must not be less than ten (10) days except where the trading is via the put-through trading method, and such duration must not exceed thirty (30) days.
3. It is strictly prohibited for organizations which are listed and/or registered for trading [trading organizations] to disclose information about transactions being redemption of shares and sale of treasury shares and then to fail to implement such transactions or to fail to place trading orders within the registered duration; and it is strictly prohibited to place trading orders at a price outside the price band within the registered duration for implementing same; it is strictly prohibited for a trading organization to announce a specific estimated price for the transaction or trading, and it is only permitted to announce the principles for fixing the trading price (if any) passed by the general meeting of shareholders.
4. At each trading session, a trading organization is permitted to trade treasury shares by the order matching method but may only place trading orders at a price fixed in accordance with the provisions in clause 5 below and for a total quantity being a minimum 3% and a maximum 10% of the quantity registered with the SSC for trading. This provision applies to such organization until it completes trading of treasury shares up to the quantity registered with the SSC.
5. The principles for fixing the price for redeeming shares and the price for selling treasury shares on the trading system by the order matching method or by the put-through trading method by a listing organization are as follows:

Buy order price Reference price + (plus) (Reference price * 50% price band).

Sell order price Reference price – (minus) (Reference price * 50% price band).
6. An organization which is listed and/or registered for trading must receive written approval from the SSC if it is to trade treasury shares other than by the method prescribed in clauses 4 and 5 above.
7. An organization which is listed and/or registered for trading [trading organization] is permitted to redeem odd lots [or parcels] of shares and is permitted to thereafter sell the treasury shares formed from such redemption. Such organization shall implement the redemption of these odd lots of shares via brokerage activities of securities companies or via the trading system of the SE and the system of transfer of ownership of VSD.
8. A trading organization is permitted to redeem its shares from its staff in accordance with the selection program of employees of the company, and a listing organization which is a securities company is permitted to redeem odd lots of its shares at the request of clients or in order to correct transaction errors and such transactions shall be implemented via VSD.

SSC's Disclaimer: The English translation of the securities supervisory regulations is not official and is intended for reference only. Neither the SSC nor the MOF is responsible for the correctness of the English translation, and the reader is advised to refer to the most up-to-date regulations in Vietnam.

9. The sale of treasury shares in the form of a public offering or a private placement must be implemented in accordance with the law on public offers of shares or private placements of shares respectively.

Article 9 *Margin trading*

1. Only securities companies with a minimum of the two (2) professional operations of securities brokerage and securities self-trading are permitted to provide margin trading services when:
 - (a) Such securities company is not currently subject to a warning about its minimum capital adequacy ratio pursuant to the law on securities regarding prudential ratios; its operation is not currently suspended or temporarily suspended; it is not in the process of consolidation, merger or dissolution and is not bankrupt; it does not have accumulated losses of 50% or more charter capital as per the audited financial statements for the most recent year or the checked financial statements (if any) for the most recent six (6) month period. The audit opinion in the most recent annual financial statements must be complete approval [not subject to any reservations];
 - (b) Equity must not be less than legal capital, the debt equity ratio requirements must be satisfied, all reserves must have been established, and there must be full compliance with the relevant provisions of the law on securities.
2. The SSC provides guidelines for securities companies to provide reports prior to their providing margin trading services. Within seven (7) days after receipt of the required report from a securities company, the SSC shall provide written permission for such broker to provide margin trading services and at the same time shall announce on its website that the broker has registered to provide such services. A broker is then permitted to provide margin trading services as from the date of the above-mentioned confirmation on the SSC website.
3. An investor wishing to conduct margin trading must first sign a contract opening a margin trading account [a margin agreement] with the broker where the investor opened its securities trading account. The margin agreement shall also be the loan contract for [the broker] to provide loans to the investor on its margin trading account. A margin agreement must contain at the minimum, contents regarding the mortgaged [security] assets, time-limit for making payment pursuant to a call to supplement the mortgaged assets, method of realizing mortgaged assets in the margin trading account if the client fails to supplement same, and method of dispute resolution.
4. Foreign investors are not permitted to conduct margin trading.
5. An investor is only permitted to open one (1) margin trading account at each securities company where the investor opened a securities trading account. The margin trading account must be a separate account or for accounting purposes must be a sub-account of the current trading account of the investor. A securities company must conduct separate accounting on the margin trading account of an investor, namely separately from the trading account of such investor and separately from trading accounts and margin trading accounts of other investors.
6. Margin trading may be conducted in respect of shares and fund certificates which are listed and/or registered for trading on the SE and which satisfy the requirements regarding duration of listing and/or registration for trading; which satisfy the requirements on capital scale and business operational results of the issuing organization; which satisfy the requirements (if any) on liquidity and price fluctuation, and on transparency of information and other criteria set out in guidelines of the SSC. The SE shall, on the basis of criteria provided by the SSC, announce a list of shares which may be margin traded and a list of shares not permitted for margin trading.

SSC's Disclaimer: The English translation of the securities supervisory regulations is not official and is intended for reference only. Neither the SSC nor the MOF is responsible for the correctness of the English translation, and the reader is advised to refer to the most up-to-date regulations in Vietnam.

7. Securities companies [brokers] are obliged to publicly disclose on their websites the list of securities for which they provide margin trading services, their lending interest rates, the security assets for such loans, and initial margin ratios and maintenance margin ratios. Securities which are not permitted to be margin traded may not be included in security assets when determining the initial margin ratio and maintenance margin ratio.
8. An investor is obliged to ensure the initial margin ratio and maintenance margin ratio, and is required to answer a call made by the broker to supplement mortgaged assets. If the investor fails to do so, then the broker has the right to sell and release the security in accordance with the terms and conditions of the margin agreement. Before carrying out an order to sell or release security, the broker must disclose information in accordance with the law on securities and notify the client in order for the client to discharge its obligation to report ownership and disclose information about trading in accordance with relevant law.
9. Any broker failing to satisfy one or more of the criteria prescribed in clause 1 above must immediately stop signing new margin agreements, stop lending for margin trading, and report to the SSC within forty-eight (48) hours after the time of the failure to comply with the criterion.

After the broker has later provided adequate data proving that it now continues to satisfy the criteria prescribed in clause 1 above, and after receiving notice from the SSC [of satisfaction of the criteria], the broker shall be permitted to again sign new margin agreements and to provide lending for margin trading.

10. The SSC issues guidelines for professional activities being margin trading after receiving approval from the Ministry of Finance.
11. In necessary cases, the SSC has the right to require temporary suspension of margin trading in order to ensure market stability.

Article 10 *Intraday trading*

1. A securities company which conducts all the securities business professional operations and which satisfies the conditions prescribed in article 9.1 of this Circular is permitted, after reporting to the SSC, to provide intraday trading services to its clients.
2. The SSC provides guidelines for securities companies to provide reports prior to their providing intraday trading services. Within seven (7) days after receipt of the required report from a securities company, the SSC shall provide written permission for such broker to provide intraday trading services and at the same time shall announce on its website that the broker has registered to provide such services. A broker is then permitted to provide intraday trading services as from the date of the above-mentioned confirmation on the SSC website.
3. An investor is permitted to conduct intraday trading after signing an intraday trading contract and a margin trading contract with a securities company. The intraday trading contract must contain provisions permitting the securities company [broker] to conduct loan transactions and compulsory buy-in transactions to assist payment if it happens that there are insufficient securities for delivery. The intraday trading contract must specify the risks which may arise, and losses and costs which may arise and which the client must pay.
4. Intraday trading must ensure compliance with the following principles:
 - (a) The intraday trading account of a client must be a separate account or for accounting purposes may be a sub-account of the current trading account of the client;

SSC's Disclaimer: The English translation of the securities supervisory regulations is not official and is intended for reference only. Neither the SSC nor the MOF is responsible for the correctness of the English translation, and the reader is advised to refer to the most up-to-date regulations in Vietnam.

- (b) An investor is not permitted to conduct intraday trading of odd lots of shares or by the put-through method [reaching agreement], and there must be compliance with the provisions of article 7.4 of this Circular;
- (c) A securities company has the right to select types of securities on the list of securities subject to margin trading in order to provide intraday trading services [of such types of securities] for clients. The list of securities for which the broker provides intraday trading services must be announced on the company [broker's] website;
- (d) An investor is responsible when placing trading orders to ensure that the total number of securities in sell orders equals the total number of the same type of securities in buy orders within the same trading day, and vice-versa. If the total number of securities in implemented sell orders is less than the total number in implemented buy orders, then the broker is responsible to conduct the procedures for assisting payment prescribed in article 11 of this Circular;
- (dd) If an investor places a sell order before placing a buy order, or if the total quantity of sell orders is less than the total quantity of previously placed buy orders, then the broker must refuse to implement such trading order if unable to ensure there are sufficient securities for delivery on payment day;
- (e) The broker is liable to process and make monetary payment and deliver securities on behalf of the investor when the latter has insufficient money to make payment or insufficient securities for delivery on payment day;
- (g) A client is liable, in accordance with relevant law, to pay compensation for loss and to pay the securities company [broker] all expenses arising and relating to activities being compulsory buy-in and borrowing of securities and money to assist payment where [the client had] insufficient money to make payment or insufficient securities to deliver on payment day;
- (h) A broker has the right to require a client to deposit escrow money or securities prior to permitting the client to conduct intraday trading;
- (i) Within any one trading day, the total value of transactions within the day (calculated on the total value of implemented buy orders and implemented sell orders) at any one securities company must not exceed a specified ratio of equity of such company; and at the same time the maximum must not exceed a specified ratio of the average transaction value per day of the previous month of such securities company. The number of securities permitted to be traded in any one day at any one securities company must not exceed a specified ratio of the number of currently circulated securities.

The SSC shall regulate the above-mentioned ratios.

- 5. Intraday trading is not permitted to be conducted and securities are not permitted to be borrowed to assist payment within the period of five (5) days prior to the last registration date for closure of shareholders' rights to such securities.
- 6. In necessary cases, the SSC may require temporary suspension of intraday trading activities to ensure market stability.
- 7. Any broker failing to satisfy one or more of the criteria prescribed in clause 1 above must immediately stop signing new intraday trading contracts, stop permitting investors to conduct intraday trading, and report to the SSC within forty-eight (48) hours after the time of failure to comply with a criterion.

After the broker has later provided adequate data proving that it now satisfies the criteria prescribed in clause 1 above, and after receiving notice from the SSC [of satisfaction of the criteria], the broker shall be permitted to again provide intraday trading services.

SSC's Disclaimer: The English translation of the securities supervisory regulations is not official and is intended for reference only. Neither the SSC nor the MOF is responsible for the correctness of the English translation, and the reader is advised to refer to the most up-to-date regulations in Vietnam.

8. The SSC shall issue rules guiding intraday trading after the Ministry of Finance provides approval. Vietnam Securities Depository (VSD) shall issue rules guiding payment for intraday trading after the SSC provides approval.

Article 11 *Provision on assisting payment for intraday trading*

1. If an investor does not have sufficient securities for delivery, then the securities company must make payment on behalf of the investor. The securities company may use securities from its self-trading account or may lend securities for delivery in accordance with VSD rules on assistance for payment.
2. A securities company must conduct compulsory buy-in transactions in order to repay assistance for payment of securities which such company received pursuant to clause 1 above.
3. A securities company must directly undertake transactions of lending securities and compulsory buy-in transactions to assist payment as prescribed in clauses 1 and 2 above in accordance with the following principles:
 - (a) A securities company must implement compulsory buy-in transactions on the trading system of the SE or in accordance with other methods which comply with the law on securities. In the case of placing trading orders via the trading system, a compulsory buy-in order must be placed at the ceiling price. Put-through [agreement] transactions must be implemented in accordance with the relevant regulations;
 - (b) Compulsory buy-in transactions and lending transactions must be implemented via [securities from] the self-trading account of the securities company;
 - (c) A securities company must refund securities immediately on receipt of the securities from a compulsory buy-in transaction and/or from a borrowing transaction.
4. If an investor has insufficient money to make payment for the number of securities purchased but not promptly sold (in the case of intraday trading), then the securities company must use its own capital and assets to make full payment for the transaction which the client implemented.
5. Investors are responsible to supplement their escrow deposits and to make full payment of expenses arising to the securities company in accordance with their signed contracts.

Article 12 *Market making transactions*

1. A securities company which satisfies the conditions prescribed in article 10.1 of this Circular is permitted to register with the SE as a market making member on the basis of a market making contract signed with an issuing organization.
2. Custodian banks, securities companies which are members establishing a fund, and securities companies which satisfy the conditions prescribed in clause 1 above are permitted to register as market making members for exchange traded funds (ETF) on the basis of contracts which they have signed with fund management companies.
3. Market making trading activities must comply with the following principles:
 - (a) Market making members must be honest and act bona fides when exercising the market making function for the objective of ensuring effective and stable operation of the market;
 - (b) Depending on market conditions, a market making member must maintain continuous listing of two way prices [both buy offer and sell offer price] or one of such prices for the type of securities for which the member has registered as a market maker, in accordance with SE rules. The following matters must be implemented in accordance SE rules and provisions in the market maker contract, namely

SSC's Disclaimer: The English translation of the securities supervisory regulations is not official and is intended for reference only. Neither the SSC nor the MOF is responsible for the correctness of the English translation, and the reader is advised to refer to the most up-to-date regulations in Vietnam.

the types of securities for which liquidity must be created, the duration of market making, the method of listing prices, limits on price differences between buy offers and sell offers, quotation ratios, the duration for maintaining quotations, and circumstances in which trading may be temporarily suspended;

- (c) Market making members are only permitted to place limited orders for market making transactions; and they are permitted to simultaneously conduct market making transactions and self-trading transactions on condition that they comply with the pricing principles issued in SE rules.
- 4. The SE is responsible to issue rules guiding market making activities after the SSC provides approval.
- 5. The SE has the right to terminate the contract with a member or to suspend market making activities of such member with respect to one or more types of securities if such member fails to fully discharge its obligations or breaches other provisions in its contract as prescribed in SE rules.

Article 13 *Reporting system and supervision*

- 1. The SE and VSD shall implement the regime on reporting the status of securities trading to the SSC correctly in accordance with law.
- 2. The SE and VSD are subject to supervision by the SSC regarding securities trading.
- 3. Securities companies must provide periodical reports and one-off reports on request to the SSC regarding margin trading activities and intraday trading activities. Securities companies must also provide such reports to the SE and VSD if required by guidelines of the SSC.
- 4. The SE and VSD must co-ordinate to monitor margin trading orders and intraday trading orders; and securities companies and depository banks must co-ordinate in checking and ensuring the legality of margin orders and intraday trading orders in order to ensure payment for transactions.

CHAPTER 3

Implementing Provisions

Article 14 *Effectiveness*

- 1. This Circular is of full force and effect as from 1 July 2016 and replaces Circular 74-2011-TT-BTC of the Ministry of Finance dated 1 June 2011 guiding securities trading.
- 2. The SE, VSD, depository members and securities companies must formulate IT infrastructure and systems, and professional rules. On the basis of their completed IT infrastructure and systems, the SE and VSD shall issue professional rules and guidelines for the trading regulated in this Circular after receiving approval from the SSC.
- 3. The SSC shall report to the Ministry of Finance prior to issuing professional rules and guidelines on the trading regulated in this Circular.

Article 15 *Organization of implementation*

- 1. The SSC, SE, VSD, securities companies, fund management companies, and other organizations and individuals involved are responsible to implement this Circular.
- 2. The Ministry of Finance shall make any decision on amendments or additions to this Circular.

SSC's Disclaimer: The English translation of the securities supervisory regulations is not official and is intended for reference only. Neither the SSC nor the MOF is responsible for the correctness of the English translation, and the reader is advised to refer to the most up-to-date regulations in Vietnam.

On behalf of the Minister
Deputy Minister
TRAN XUAN HA