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# MoF Market Support Measures

## Possible benefits from more margin loans & FDI IPOs

### **Hike in securities loans and easier listings for FDI companies the most promising measures**

— The Ministry of Finance has proposed raising the 5% capital ceiling on lending for securities purchases at the banks and easing the listing requirements for FDI companies as part of its market support measures to restore market confidence after the coronavirus shock. Other measures include extending the deadline for annual general shareholders' meeting for another three months to September 30 and reducing the approval time for treasury stock buybacks to one to two days from seven days previously.

### **Expanding credit for securities promising but more details needed for market recovery**

— Banks do not separately disclose credit balances for securities purchases but total balances for the sector are currently VND30,452 billion according to latest data from the State Securities Commission. Compared to the total chartered capital of credit institutions of VND612,288 billion at year-end 2019 (including state-owned and joint-stock commercial banks as well as foreign joint-venture banks), credit balances for securities purchases are already near the 5% cap. This implies that any hike in the cap could allow banks to provide additional lending to brokers for more margin loans or lend directly to customers to buy stocks directly in the market and allow additional capital to flow into local equity markets. That said, any positive impact will probably be limited to improving sentiment at this time until the measure is approved and the degree of hike is determined.

### **Easing listing requirements for FDI companies could improve quality of the IPO pipeline**

— Only ten FDI companies have managed to successfully list on local bourses over the past ten years and even these are only small- and medium-sized companies. This compares to the thousands of companies that have received FDI funding and are currently prospering in Vietnam. Any relaxation of listing requirements to expedite the listing of large-scale FDI companies could potentially play a large role in improving the quality of the IPO pipeline and further attract capital inflows into the stock market. In particular, the greater availability of high-quality companies could allow more foreign investment that already faces difficulties due to limited foreign-ownership availability.

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## Investment ratings & definitions

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### Investment Ratings for Stocks

(based on expectations for absolute price gains over the next 6 months)

Buy:	Hold:	Sell:
+15% or more	+15% to -15%	-15% or more

### Investment Ratings for Sectors

(based on expectations for absolute price gains over the next 6 months)

Positive:	Neutral:	Negative:
Outperform the market	Perform in line with the market	Underperform the market

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