



GUIDE TO SECURITIES TRADING IN VIETNAM

March – 2019

ABOUT KB SECURITIES VIETNAM

KB Securities Vietnam Joint Stock Company (“KBSV”), a member of KB Securities and KB Financial Group (Korea) that is a highly quality investment banking securities services firm in Vietnam, which provides a wide range of financial services to a substantial and diversified client base, including corporations, institutional and individual investors.

Founded in 2008, KBSV operates out of a headquarter in Hanoi and three branches in Hanoi and Ho Chi Minh City where nearly 200 people share their thinking, experience and solutions to develop practical advice and execution services. We provide customers with various services in brokerage, research and investment banking field.

For further details on our services, feel free to contact any of our professionals:

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1. OPTIONS FOR CUSTODY VIETNAMESE SECURITIES

In order to invest in Vietnamese securities, foreign investors have two options: custody securities and cash at custodian bank or at KBSV. But depending on the type of client (institutional or individual), we recommend our clients as follows:

- I. Use a custodian bank to directly hold securities and cash accounts in Vietnam. Customer can choose one of listed bank below base on your demand and your convenience. We advise foreign institutional clients to deal with one of the following banks: Standard Chartered Bank, Citibank, Shinhan Bank and HSBC.

No.	Bank	Address	Website	Phone
1	Citibank, N.A., Vietnam, Ha Noi Branch	International Center, 1st Floor, 17 Ngo Quyen Street, Ha Noi.	www.citibank.com.vn	+84 24 8251 950
2	Deutsche Bank AG, Ho Chi Minh City Branch	Ho Chi Minh City Branch,L 4F Saigon Centre Tower, District 1, 65 Le Loi Boulevard, Ho Chi Minh City.	www.db.com	+84 28 6299 9000
3	Far East National Bank, Ho Chi Minh City Branch	2A - 4A - Ton Duc Thang Street , District 1, Ho Chi Minh City.	www.fareastnationalbank.com	+84 28 3822 0566
4	HSBC Bank Vietnam Ltd., Ho Chi Minh City Branch	The Metropolitan, 235 Dong Khoi Street, District 1, Ho Chi Minh City.	www.hsbc.com.vn	+84 28 3829 2288
5	JP Morgan Chase Bank, Ho Chi Minh City Branch	Unit 1505, Floor 15, Saigon Tower 29 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City.	www.jpmorgan.com	+84 28 8236 270
6	Standard Chartered Bank Vietnam Ltd.,	Ground floor, CDC Building, 25 Le Dai Hanh Street, Le Dai Hanh	https://www.sc.com	+84 24 3696 0000

	Ha Noi Branch	Ward, Hai Ba Trung District, Hanoi City.		
7	Tien Phong Commercial JS Bank	3, 4th Floor, TTC building, Duy Tan Street, Cau Giay District, Hanoi	<i>www.tpb.com.vn</i>	+84 24 376 88998
8	Joint Stock Commercial Bank for Foreign Trade of Vietnam (VCB)	198 Tran Quang Khai Street, Hoan Kiem District, Hanoi City.	<i>www.vietcombank.com.vn</i>	+84 24 3934 3137
9	Joint Stock Commercial Bank for Investment and Development of Vietnam (BIDV), Ha Thanh Branch	74, Tho Nhuom Street, Tran Hung Dao Ward, Hoan Kiem District, Hanoi City.	<i>www.bidv.com.vn</i>	+84 24 3941 1831
10	Shinhan Vietnam Ltd.,	138-142 Hai Ba Trung Street, Da Kao Ward, District 1, Ho Chi Minh City.	<i>www.shinhan.com.vn</i>	+84 28 3829 1581

- II. Custody securities at KBSV and open Indirect Investment Capital Account (IICA) at Bank for Investment and Development of Vietnam JSC (BIDV). This is an appropriate option for individual customer.

2. PROCEDURE OF INVESTMENT IN VIETNAM SECURITIES MARKET

In order to invest in Vietnamese securities, **foreign investors*** must complete the following steps:

- I. Open custody accounts including securities and cash accounts (Indirect Investment Capital Account with a licensed commercial bank in Vietnam**)
- II. Obtain a Securities Trading Code, which is used to monitor foreign ownership limits
- III. Open trading account with KBSV

Step I and II can be conducted simultaneously.

*Under Vietnamese law, foreign investors are defined as:

- Individual bearing foreign citizenship or
- Organization established under foreign law and conducting investment or trading activities in Vietnam (below referred to as foreign organization).

Economic organizations of which at least 51% of charter capital is held by foreign investors only do step II and step III.

STEP 1: Opening Securities Custody and Cash Accounts

Foreign investors who wish to purchase shares on Ho Chi Minh City Stock Exchange (HOSE), the Hanoi Stock Exchange (HNX), or UPCOM must open a custody securities account at a custodian member of Vietnam Securities Depository to hold securities on behalf of foreign investors. We advise foreign institutional clients to deal with Standard Chartered Bank, Citibank, Shinhan Bank or HSBC. With foreign individual clients, the best choice will be custody at KBSV and open IICA at BIDV bank.

****Indirect Investment Capital Account (IICA)**

In accordance with Circular 05/TT-NHNN dated 12 March 2014 ("Circular 05"), all foreign indirect investment activities are required to be processed through one Vietnamese Dong (VND) cash account opened at an authorized bank (commercial bank or branch of foreign bank licensed for FX trading and FX services). That account is named Indirect Investment Capital Account (IICA).

This account is used for the purpose of trading both listed and unlisted securities. Securities trading may only be executed in VND, but clients can have multiple foreign currency cash accounts. The most common foreign currency account use USD.

The balance of IICA could not be used for placing CBD term deposits and saving deposits with banks. Dividend/ interest income and capital gains can be freely repatriated with the provision of supporting documents proving that the money had been remitted to and invested in the Vietnamese market and evidence/ clearance from the tax office that all tax obligations have been fulfilled.

The procedure of opening IICA account is up to specific bank's regulations.

The reference required documents are following:

1. *Trading account opening contract*
2. *Copy of Certificate of Incorporation*
3. *Copy of Charter/ Memorandum & Articles of Association*
4. *Copy of Resolution Appointing the General Director, Director or Chief Representative, authorized signatories*
5. *Copy of Passports of authorized signatories and individuals who hold 10% or more of the company*
6. *Copy of Ownership structure*
7. *FATCA*

8. *Copy of Other operation forms (Fax, POA, Brokerage appointment, etc.)*

Documents 3,4,5,6 must be notarized and consular-legalized at the Vietnamese Embassy or original sighted by the Bank's staff. Document 5 could be notarized at a Vietnam notary public if the passport holder presents at Vietnam.

STEP 2: Obtaining a Securities Trading Code

1. **A foreign investor** may register one (01) securities trading code with the Vietnam Securities Depository.
2. **Foreign securities companies** shall be issued two (02) trading codes: one (01) code for self-employment account and one (01) code for brokerage account held by brokerage companies.
3. **Fund management companies** or branches of offshore fund management companies that provide entrusted asset management service for foreign investors shall be granted one (01) trading code certificates by the Vietnam's Securities Depository.
4. **Foreign investment funds** or **foreign organizations** put under the Multiple Investment Managers Fund (MIMF)'s management, investing organizations of foreign governments, or intergovernmental organizations of international investments, shall be entitled to register multiple trading codes according to the following principles:
 - a) Each investment portfolio of investing organizations of foreign governments, or intergovernmental organizations of international investments which is deposited at a depository bank shall be permitted to register one trading code;
 - b) Each investment portfolio of the MIMF put under the management of a fund management company shall be given one trading code; investment portfolios managed by the fund itself shall be given one separate trading code.

The custody member of the investors will be in charge of applying for registering a Securities Trading Code (STC) on behalf of investors.

Within one (01) working day of receipt of information declared by depository members, the Vietnam Securities Depository shall issue and send an electronic confirmation of securities trading codes to foreign investors through depository members on the online code registration system. In case of rejection, the Vietnam Security Depository should send their written response and clearly state reasons for this via the system;

Foreign investors shall proceed to complete the procedure for opening securities trading accounts and can start their investing activities immediately after being granted securities trading codes in the form of electronic confirmation issued by the Vietnam Securities Depository.

Within a permitted duration of ten (10) working days of receipt of trading codes, the Vietnam Securities Depository shall issue the certificate of trading codes to foreign investors (through depository members).

Required documents:

1. *True copy of valid passports or other personal status documents (applicable to individuals)*
2. *True copy of Certificate of Incorporation*

3. *True copy of Charter or partnership agreement/ Articles of incorporation/ Fund Charter*
4. *Securities Trading Code Application Form (STC)*
5. *Power of attorney for trading code applying*

Documents 1, 2, 3 must be notarized at a notary public in the investor's country of incorporation, legalized at the Vietnamese Embassy or consulate in the country of incorporation,

Except for materials written in English or English translations notarized or authenticated in accordance with overseas countries' laws, materials written in other foreign languages must be translated into Vietnamese. Vietnamese translation must be undertaken by depository members or translation service providers legally operating in Vietnam.

STEP 3: Opening Securities Trading Account at KBSV

Required documents:

1. *Copy of Certificate of Incorporation/ business registration certificate*
2. *Copy of Confirmation letter of trading code*
3. *Copy of Passport of authorized representative(s)*
4. *Account opening contract forms of KBSV*

Documents 1 and 3 can be copies of the notarized certificate of incorporation and passport used to obtain the Securities Trading Code.

3. TRADING RULES

3.1. Trading days: Monday to Friday (except national holidays)

National holidays:

- January 1 – New Year
- Jan – Feb (last day of the last lunar month to the third day of the first lunar month inclusively) – Vietnamese (Lunar) New Year
- April (10th day of the 3rd Lunar month) – King Hung Commemorations
- April 30 – Liberation Day
- May 1 – Labor Day
- September 2 – National Holiday

Stock Exchange	Time	Korean Time	Local Time	Trading Session
HSX (Ho Chi Minh)	Morning Session	11:00 am ~ 11:15 am	9:00 am ~ 09:15 am	Opening periodic order-matching to fix opening price
		11:15 am ~ 13:30	9:15 am ~ 11:30 am	Continuous Matching session I

		pm		
		11:00 am ~ 13:30 pm	9:00 am ~ 11:30 am	Put-through transactions
	Afternoon Session	15:00 pm ~ 16:30 pm	13:00 pm ~ 14:30 pm	Continuous Trading Session II
		16:30 pm ~ 16:45 pm	14:30 pm ~ 14:45 pm	Closing periodic order-matching to fix closing price
		15:00 pm ~ 17:00 pm	13:00 pm ~ 15:00 pm	Put-through transactions
HNX (Hanoi)	Morning Session	11:00 am ~ 13:30 pm	9:00 am ~ 11:30 am	Continuous matching and put through transactions
	Afternoon Session	15:00 pm ~ 16:30 pm	13:00 pm~ 14:30 pm	Continuous matching
		16:30 pm ~ 16:45 pm	14:30 pm~ 14:45 pm	Closing periodic order-matching to fix closing price
		15:00 pm ~ 17:00 pm	13:00 pm~ 15:00 pm	Put-through transactions
	After-hours Session	16:45 pm ~ 17:00 pm	14:45 pm~ 15:00 pm	After-hours transactions with PLO only
UPCoM (Hanoi)	Morning Session	11:00 am ~ 13:30 pm	9:00 am ~ 11:30 am	Continuous matching and put through transactions
	Afternoon Session	15:00 pm ~ 17:00 pm	13:00 pm~ 15:00 pm	Continuous matching and put through transactions

3.2. Price Regulations

Currency	Vietnamese Dong (VND)
Trading Unit (Quantity)	HSX (Ho Chi Minh): 10 Shares <ul style="list-style-type: none"> • Maximum trading volume: 500,000 shares/ order • Trading volume of put through transactions: 20,000 shares/closed-end fund certificates, ETFs or more • Trading of shares with a volume from 01 to 09 shares (odd lot) is conducted directly between the investor and the securities company through contract.
	HNX (Hanoi): 100 Shares <ul style="list-style-type: none"> • Trading volume for put-through transactions: 5,000 shares/ETFs and 1,000 bonds or more • Odd lot with volume from 1 to 99 stocks/ bonds/ ETFs are executed by order-matching or put-through. • Put-through and odd lot transactions are not allowed on first trading
No trading unit applied for put-through transaction.	

	<p>day or stocks which are re-traded after being suspended for 25 days or more on its first day of re-trading until closing price established.</p>	
	<p>UPCoM (Hanoi): 100 Shares</p> <ul style="list-style-type: none"> • Odd lot with volume from 1 to 99 stocks/ bonds/ ETFs are executed by order-matching or put-through. • Put-through and odd lot transactions are not allowed on first trading day or stocks which are re-traded after being suspended for 25 days or more on its first day of re-trading until closing price established. 	
Price Unit (Bid/Ask)	HSX	< 10,000VND → 10 VND
		10,000~49,950VND → 50 VND
		>=50,000VND → 100 VND
		ETFs = 10 VND
	HNX	100 VND
		ETFs = 1 VND
		Put-through = 1VND
UPCoM	100 VND	
Limitation of Price Range No price range applied for bonds.	<p>HSX (Ho Chi Minh): ± 7%</p> <ul style="list-style-type: none"> • Price range applied for newly listed stocks or stocks which are re-traded after being suspended for 25 days or more on its first day of re-trading is ± 20% of the reference price 	
	<p>HNX (Hanoi): ± 10%</p> <ul style="list-style-type: none"> • Price range applied for newly listed stocks or stocks which are re-traded after being suspended for 25 days or more on its first day of re-trading is ± 30% of the reference price 	
	<p>UPCoM (Hanoi): ± 15%</p> <ul style="list-style-type: none"> • Price range applied for newly listed stocks or stocks which are re-traded after being suspended for 25 days or more on its first day of re-trading is ± 40% of the reference price 	
Order types*	HSX	ATO, ATC, LO, MP
	HNX	LO, MTL, MOK, MAK, ATC, PLO

	UPCoM	LO
Cancellation/ Amendment of orders	HSX	<ul style="list-style-type: none"> • In periodic order matching session: investors are not allowed to cancel orders in ATO, ATC (including orders in previous continuous order matching session) • In continuous order matching session: Investors are allowed cancel unmatched or partially filled orders.
	HNX	<ul style="list-style-type: none"> • Unmatched or partially-filled orders can be cancelled or amended price/ volume: <ul style="list-style-type: none"> - Amended volume increase: Order priority is counted at the time of amendment. - Amended volume decrease: Order priority remains unchanged • In periodic order matching session: investors are not allowed to cancel orders in ATC and After-hours session. (including orders in previous continuous order matching session).
	UPCoM	<ul style="list-style-type: none"> • Unmatched or partially-filled orders can be cancelled or amended price/ volume: <ul style="list-style-type: none"> - Amended volume increase: Order priority is counted at the time of amendment. - Amended volume decrease: Order priority remains unchanged.
Settlement Date (Local)	Stock, ETFs: T+2 Bond: T+1	

***Order Types**

Limit Order (LO):

- Orders to be matched at a pre-specified price or better price.
- Limit orders receive the lowest priority compared to other orders.
- Limit orders can be entered into the system at anytime. The orders remain effective until the end of the trading day or until canceled in the system.

At the Opening Order (ATO)

- Orders to be matches at the opening price. ATO orders are only placed during the opening periodic order matching to fix opening price.
- ATO orders receive higher priority than limit orders.

- Partially filled or unmatched ATO orders will be automatically canceled at the end of the opening session.

At the Closing Order (ATC)

- Orders to be matched at the closing price. ATC orders are only placed during the closing periodic order-matching to fix closing price.
- ATC orders receive higher priority than limit orders.
- Partially filled or unmatched ATC orders will be automatically canceled at the end of the closing session.

Market Order (MP)

- Is buy/sell order to be executed at lowest offer price/ highest bid price
- Once inputting into the trading system, the MP sell order will be immediately executed at the lowest offer price and the MP buy order will be immediately executed at the highest bid price. In case the MP order is not fully matched, the MP order will be considered as buy order at a higher price or sell order at lower price and continue to match.
- If the MP order is executed partially, the remaining volume of the MP buy order and the MP sell order will be changed to next higher price unit and next lower price unit respectively compared to the last executed price.
- If the last executed price is limit up price/limit down price, the MP order will be changed to limit order at limit up price/ limit down price
- The MP order is valid in continuous order-matching session only.
- The MP order will be automatically cancelled if there is no corresponding limit order at the time the MP order is input into the trading system
- The MP orders of foreign investors will be automatically cancelled if the Foreign Owner ship Limited (FOL) of the certain stock is no longer available.
- Market to Limit (MTL) is similar to MP in HSX
- Fill or Kill (MOK) order must be filled in its entirety or canceled
- Fill and Kill (MAK) order can be filled partially and canceled the remaining volume

Post Close Order (PLO)

According to Decision No. 653/QD-SGDHN regarding issuance of Regulation on trading of listed securities of HNX will be effective from November 5, 2018:

- Post Close Order (PLO) is buy/ sell order to be executed **at the closing price** after periodic order matching session.
- PLO will be put into the system only on After-hours trading session.
- PLO will be matched immediately if there is counter-part order on the market.
- In cases after continuous order matching and closing periodic order matching session can't determine the closing price, PLO will not be entered into the system.

- At the end of the After-hours trading session, unmatched PLO or the rest of the orders that are not executed will be automatically canceled.

4. OTHER TRADING REGULATIONS IN VIETNAM

4.1. Transactions of foreign investors:

- In the time of order matching trading:
 - Buying volume of shares and closed-end fund certificates will be deducted from the number available for a foreign investor to buy immediately after the buy order is executed.
 - Selling volume of shares and closed-end fund certificates foreign investors will be added to the number available for foreign investors to buy right after the settlement (T+2).
 - Buy orders or remaining part of partially-filled buy orders of foreign investors will be automatically cancelled if they are not executed when inputted into the trading system or ownership limit for foreigners is hit.
- In the time of put through trading:
 - Total number of shares available for foreign investors to buy will remain unchanged if the transaction is negotiated between two foreign investors.

4.2. Foreign Ownership Limits

Regulations regulating the foreign ownership limit (FOL) are covered by Decree 60/2015/ND-CP dated Jun 26, 2015 in amendment of Decree 58/2012/ND-CP which is effective since September 1, 2015. These decisions provide the FOLs for the Vietnamese securities market and foreign investors' contribution of capital and purchase of shares in Vietnamese enterprises. Except for the restricted sectors, public companies will not be allowed to decide by themselves their own FOL which is indicated in the company charter. Accordingly, in most cases, it is possible to buy 100% of the capital of a Vietnamese company.

A shareholder holding 5% of the total shareholding in a company or more is considered as a major shareholder. A major shareholder directly or through its custodian bank or appointed representative must report to the HSX/HNX when it becomes a major shareholder and must also declare/announce in the daily Stock Exchange Bulletin for certain transactions.

The FOL of listed or unlisted banks is limited to 30% of the total charter capital and maximum holding for an individual foreign investor is 5%, for an institutional foreign investor is 15%, and for a strategic foreign investor is 20%. An application for share purchase should be submitted to the State Bank of Vietnam (SBV) for specific approval for any amount that the foreign investor wants to buy.

4.3. Tax Regulations

Withholding Tax (WHT)

Equity dividends: Exempt for non-resident institutional investors

Bond interest: 5% on coupon received on pay date for non-resident institutional investors

Sales Transaction Tax

Non-resident institutional investors and foreign individual investors are levied a flat tax rate of 0.1% on sale proceeds from selling listed/registered public company's shares and certificates and bonds.

Value added Tax (VAT)

Custody and brokerage services are exempt from VAT.

Depository Fees

Securities Custody: Shares, Funds certificates: VND 0.4 per share per month

Bonds: VND 2 per lot per month

Securities Transfer: VND 5 per lot per month

(1 lot = 10 securities)

5. REGULATION AND INSTRUCTION ON SECURITIES TRADING SERVICE VIA BLOOMBERG FIX GATE WAY

Bloomberg Fix Gateway ("KBSV@Bloomberg") is a modern tool of which main function is in order to receive trading orders directly via Bloomberg channel based on standard connection with EMSX of Bloomberg.

With this function, investors can make multiple trading at different stock markets in the world and place orders directly to KBSV without contacting KBSV broker to place orders indirectly as before.

For now, KBSV provides to customer Auto Executed Order (AUTO) function on Bloomberg Gateway. Client's orders will be transmitted to KBSV order management system via Bloomberg Fix Gateway as soon as the account balance meets order requirement, orders will be automatically sent to the Stock Exchanges.

5.1. Conditions and General principles:

- Clients who open securities trading account at KBSV and register to use KBSV@Bloomberg service.
- Clients' Bloomberg ID must be enabled before sending trade order via Bloomberg EMSX.
- Orders sent via EMSX will valid within the day. Bloomberg automatically clears all orders at the end of the day.

Clients must sign Application form cum Agreement on securities trading service via Bloomberg FIX Gateway and provide KBSV Client's UUID number.

"Bloomberg UUID": A numeric Bloomberg User Identifier uniquely identifies a user's logon. To obtain your UUID:

- Contact Bloomberg or
- Type IAM<GO> from your Bloomberg terminal. The UUID is listed in the top right hand corner of the Bloomberg window.

Disclaimer

The contents of the Guidelines are intended to provide the user with general information and are not a substitute for legal and investment advice. This document is a review of the investment case for foreigner investors in Vietnam Stock Market. The customer should contact to KBSV to ensure that you are using the appropriate forms.