Cross-Border Listings Guide - Ho Chi Minh Stock Exchange

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# Quick Summary

## Initial financial listing requirements

[Last updated: 1 January 2024, unless otherwise noted]

The main financial criteria for listing shares on the HOSE include:

Financial Requirements:

Being a Joint Stock Company (JSC) with a minimum amount of paid-up charter capital of VND30 billion (approximately US$1.23 million), and concurrently, a market capitalization value of at least VND30 billion (approximately US$1.23 million) at the time of registration for listing.

Return on equity of at least 5% in the preceding year.

Profitable for two consecutive years prior to the year of registration for listing.

No accumulative losses up to the year of registration for listing.

 No debts overdue for more than one year.

*Ongoing financial requirements*. In order to maintain a listing on the HOSE, the company must ensure the following financial requirements are met:

Paid-up charter capital of at least VND30 billion (approximately US$1.23 million).

Its business and production do not suffer a loss for three consecutive years.

Its total accumulated losses in the most recent audited financial statements do not exceed its paid-up charter capital.

## Other initial listing requirements

[Last updated: 1 January 2024, unless otherwise noted]

*Operating history*. The company must have traded on the Unlisted Public Company Market (UPCoM) for at least two years, unless the listing applicant is an equitized state-owned enterprise or has already conducted a public offering of its shares as at the time of the listing registration.

*Distribution*. At least 15% (10% if the charter capital is over VND1,000 billion) of the company’s voting shares must be held (at all times) by at least 100 non-major shareholders (that is, shareholders owning less than 5% each of the voting shares of the company), except for equitized enterprises.

*Minimum trading price*. By law, each share holds a par value of VND10,000 (approximately US$0.41). As a result, in principle, the initial listing price of the share cannot be lower than such par value.

*Accounting standards.* Vietnamese accounting standards (VAS). Any deviations from the VAS require prior approval from the Ministry of Finance.

*Financial statements.* The applicant is required to disclose two years' stand-alone and, if the company has subsidiaries, consolidated financial statements. All submitted financial statements must be audited by qualified auditing companies and the auditor's must provide an unqualified opinion. In the event that qualifications are included in the audit opinion, they must not adversely impact on the company's compliance with the listing conditions. The company must have an explanatory document to this effect, certified by the auditor.

*Lock-up and escrow requirements*. Controlling Shareholders must undertake to hold 100% of the shares they own for six months from the first date of trading of the shares and 50% of such shares for the following six months, excluding shares owned by the State, held by such individual Controlling Shareholders as representatives of the State.

## Listing process

[Last updated: 1 January 2024, unless otherwise noted]

The indicative process and timeline for listing a foreign company on the HOSE:

[Link to Chart](https://resourcehub.bakermckenzie.com/en/-/media/crossborder-listings-handbook/files/2020-update-8th-edition/ho-chi-minhlisting-process-gantt-chart.pdf)

Within 5 working days from the date of the listing approval, the listing applicant must pay the listing registration and listing management fees for the year approved for listing and publish information relating to the approved listing on its website.

Within 90 days from the date of the listing approval, the listing applicant must admit its shares to trading on the HOSE.

## Corporate governance and reporting

[Last updated: 1 January 2024, unless otherwise noted]

Listed companies must comply with the provisions on corporate governance of the Law on Enterprises and stricter regulations on corporate governance issued by the Government applicable for public companies and listed companies under Decree No. 155/2020/ND-CP dated 31 December 2020 and Circular No. 116/2020/TT-BTC issued by the Ministry of Finance on 31 December 2020.

These include:

Appointment of a prescribed number of independent non-executive BOM members.

Establishment of sub-committees under the BOM.

Appointment of a person in charge of corporate governance.

Professional qualification of the members of Board of Controllers.

Establishment of internal regulations.

As long as the company remains a listed company, it must also comply with both periodic and extraordinary disclosure obligations. For periodic disclosure, the listed company must disclose its audited financial statements, annual reports, annual meeting of the GMS and corporate governance reports. Extraordinary disclosure mainly focuses on disclosure of price-sensitive information and must be made within 24 hours upon occurrence of such information.

## Fees

[Last updated: 1 January 2024, unless otherwise noted]

A company seeking to list must pay both initial listing and annual fees. The initial listing fee is VND10 million (approx. US$410) (applicable to listing of shares, bonds, certificates of investment funds). Any change to the listing registration information will incur additional fees of VND5 million (approx. US$205) in relation to each change. The annual fee ranges are based on the total listed value of the company's securities, subject to a minimum of VND15 million (approx. US$615), and a maximum of VND20 million (approx. US$820) plus 0.001% of the total listed value of the securities (up to a maximum of VND50 million (approx. US$2,050)).

# Overview of exchange

## Overview of exchange

[Last updated: 1 January 2024, unless otherwise noted]

The Law on Securities No. 54/2019/QH14 (Law on Securities), adopted by the National Assembly on 26 November 2019, established the foundation for one concentrated stock exchange in Vietnam, the Vietnam Exchange (VNX), whose establishment, organization and operation are further governed by Decision No. 37/2020/QD-TTg dated 23 December 2020 of the Prime Minister. On 11 December 2021, the VNX was officially launched. The VNX and its subsidiaries (the Hanoi Stock Exchange and the Ho Chi Minh Stock Exchange) perform the function of organizing the securities market in Vietnam and operate under the management and supervision of the State Securities Commission (SSC).

Ho Chi Minh Stock Exchange (commonly referred to as HOSE) is one of two subsidiary stock exchanges of the VNX in Vietnam and also the largest one. Originally, the HOSE was officially opened as a securities trading center in 2000 and then upgraded to a stock exchange in 2007.

As recorded in its latest annual report for 2022, HOSE has a total volume of listed securities as follows:

Stocks: 141,293 million (a 17.13% increase on 2021);

Fund certificates: 44,960 million fund certificates (a 7.30% increase on 2021);

Exchange-traded funds (ETF): 1,612 million (a 41.12% increase on 2021);

Bonds: 801,370 million (including municipal bonds (a 100% decrease on 2021), corporate bonds (unchanged from 2021) and covered warrant (a 7.32% increase on 2021).

The total value of the above-listed securities is equivalent to VND1,429,517 billion (approximately US$58.61 billion), which reflects an increase of 17.30% on 2021. As of December 2022, a total of 402 companies were listed on the HOSE.

The mechanism of trading on the stock exchange in Vietnam is via agreement or an automated order-matching system. Settlement is centralized through the stock exchanges. As of 10 January 2024, 160 banks and securities companies have been authorized to accept custody of securities, and 95 of them are currently permitted to provide custody services for investors. Custody is based on a central depository and a central registry book entry system. The deposit of securities is managed at two levels, namely the securities are deposited with a depository member, who will redeposit the securities with the Vietnam Securities Depository (VSD).

Also pursuant to the Law on Securities, within two years of the effective date thereof (1 January 2021), the VSD will be restructured as the Vietnam Securities Depository and Clearing Corporation (VSDC).   On 16 December 2022, the Prime Minister promulgated Decision No. 26/2022/QD-TTg, establishing the VSDC.

The HOSE does not specialize in, or encourage listings of any particular type of company, but instead encourages any company that meets its listing requirements to list in Vietnam.

In the past, foreign investors were restricted to holding no more than a 49% shareholding in a Vietnamese listed company. Since 1 September 2015, the Vietnam Government has lifted this restriction and entitled foreign investors to acquire up to a 100% shareholding in a Vietnamese listed company, save for the limits that remain in certain service sectors pursuant to the international treaty to which Vietnam is a party (the Commitments to the World Trade Organization) and specialized laws of Vietnam or the limits set by the listed companies in their own charter. Practice has seen several listed companies that successfully raised their foreign ownership cap to allow up to 100% foreign investor ownership.

In Vietnam, there are three main regulators involved in any proposed listing on the HOSE and post-listing compliance matters. They are the SSC, HOSE and VSDC. The SSC is responsible for capital market development, licensing of participants, the issue and enforcement of regulations and approval of listing rules issued by the VNX. The HOSE is in charge of implementing the listing rules, carrying out the listing procedures and managing the listed shares. The VSDC is in charge of matters relating to deposit of listed securities. Securities must be deposited with a depository member, who will redeposit the shares with the VSDC before they can be listed.

# Principal listing and maintenance requirements and procedures

## Principal listing and maintenance requirements and procedures

[Last updated: 1 January 2024, unless otherwise noted]

The listing requirements are set forth in the Law on Securities, Decree No. 155/2020/ND-CP issued by the Government dated 31 December 2020 (Decree No. 155), Decision No. 85/QD-SGDHCM issued by the HOSE dated 19 March 2018, promulgating regulations on listing securities at the HOSE, and Decision No. 17/QD-HDTV issued by the Members' Council of the VNX dated 31 March 2022, promulgating regulations for listing securities and trading listed securities.

Per Article 123 of Decree No. 155, other than the common listing requirements applicable for a domestic company listing on the HOSE, a foreign company is further required to meet the requirements for listing set out below:

The securities of the foreign issuer must already have been offered for public sale in Vietnam in accordance with the securities law of Vietnam.

The number of securities registered for listing must correspond to the number of securities permitted to be offered for sale in Vietnam.

The foreign issuer must engage a securities company established and operating in Vietnam to provide consultancy services for the listing of the securities.

The foreign issuer must comply with Vietnamese law on foreign exchange control.

*Financial requirements.* The main financial criteria for listing shares on the HOSE include:

Being a Joint Stock Company (JSC) with a minimum amount of paid-up charter capital of VND30 billion (approximately US$1.23 million), and concurrently, a market capitalization of at least VND30 billion (approximately US$1.23 million) at the time of registration for listing.

Return on equity of at least 5% in the preceding year.

Profitable for two consecutive years prior to the year of registration for listing.

No accumulative losses up to the year of registration for listing, based on the most recent audited annual financial statements or reviewed six-month financial statements where application for listing is made after preparation of six-month financial statements.

No debts overdue for more than one year.

*Ongoing financial requirements.* In order to maintain a listing on the HOSE, the company must ensure the following financial requirements are met:

Paid-up charter capital of at least VND30 billion (approximately US$1.23 million).

Its business and production do not suffer a loss for three consecutive years.

Its total accumulated losses in the most recent audited financial statements do not exceed its paid-up charter capital.

*Operating history*. The company must have traded on the Unlisted Public Company Market (UPCoM) for at least two years, unless the company is an equitized state-owned enterprise or has already conducted a public offering of its shares as at the time of the listing registration.

*Ownership requirement*. At least 15% (10% if the charter capital is over VND1,000 billion) of the company’s voting shares must be held (at all times) by at least 100 non-major shareholders (that is, shareholders owning less than 5% each of the voting shares of the company), except for equitized enterprises (which are enterprises converted into a JSC in accordance with the law on conversion of State-owned enterprises and single member limited liability companies of enterprises in which the State holds 100% of the charter capital into JSCs).

*Corporate approval.* Approval for the listing must have been granted by a General Meeting of Shareholders of the company (GMS).

*Undertaking of controlling shareholders.* The following persons must undertake to hold 100% of the shares they own for six months from the first date of trading of shares on the HOSE and 50% of such shares for the following six months, excluding shares owned by the State, held by the individuals listed below as representatives of the State:

Shareholders being individuals or organizations whose ownership representatives are Chairpersons of the Board of Management (BOM), members of the BOM, Chiefs of the Board of Controllers (BOC), members of the BOC, the general director (director), deputy general director (deputy director), chief financial officer, chief accountant and equivalent positions elected by the GMS or appointed by the BOM.

Any major shareholder who is a related person of any person listed above (collectively, Controlling Shareholders).

Listed shares are not required to be placed into escrow or otherwise refrained from being traded for the purpose of listing.

*Qualification of the company and its legal representative.* Neither the company nor its legal representative has, in the two years up until the time of registration for listing, been subject to a penalty for a strictly prohibited practice in securities and securities market activities as prescribed in Article 12 of the Law on Securities.

*Corporate governance*. Before becoming a public company and listing, the company is only required to comply with general corporate governance applicable to all JSCs. After becoming a public company and listing, the listed company must satisfy stricter requirements with respect to its corporate governance. See Section 5 below for further information.

*Advisor*. All non-securities companies are required to have appointed a securities company as their listing application advisor.

*Interviews with the HOSE*. A company seeking a listing on the HOSE is not required by law to conduct any interviews with the HOSE. However, in practice, the HOSE may request a meeting with the company registered for listing if it deems it necessary for the purpose of handling the listing dossier.

*Minimum trading price*. By law, each share holds a par value of VND10,000 (approximately US$0.41). As a result, in principle, the initial listing price of the share cannot be lower than such par value.

*Currency*. Listed shares must be traded and settled in Vietnamese Dong.

*Clearing of trades*. All shares must be deposited at VSDC before listing.

*Compliance advisor*. The newly listed company is not required to appoint a compliance advisor.

# Listing documentation and process

## Listing documentation and process

[Last updated: 1 January 2024, unless otherwise noted]

There is no difference in terms of listing documentation and process applicable to primary listings and secondary listings on the HOSE.

*Listing documents*. The listing applicant must prepare and submit a listing dossier containing the following documents to the HOSE:

[Link to Table](https://resourcehub.bakermckenzie.com/en/-/media/crossborder-listings-handbook/files/2024-update-10th-edition/ho-chi-minh-stock-exchange---long-form---listing-documentation-and-process.pdf?sc_lang=en)

*Prospectus contents*. The prospectus must strictly follow the form issued by the Government. Per Form No. 29 under the Appendix of Decree No. 155, the main disclosure requirements include:

Analysis on the risks that may affect the price of the listed securities.

Key personnel responsible for the contents of the prospectus.

General information on the listing applicant, including development history, organizational structure, list of major shareholders, list of parent companies and subsidiaries of the listing applicant, business operation, etc.

Information on the business performance of the listing applicant in the past two years and the most recent quarter (if any).

Financial status of the listing applicant.

List of key managers including members of the BOM, Board of Directors, Board of Controllers and chief accountant.

Details of the shares to be listed.

Partners involved in the listing (such as auditors, advisers etc.).

*Financial Statements.* The listing applicant must submit its financial statements for the last two years, satisfying the following key requirements under Article 107.1 of Decree No. 155:

If the listing applicant has subsidiaries, the consolidated financial statements must also be submitted.

All submitted financial statements must be audited by a qualified auditing company.

The auditing company's opinion on the financial statements must be unqualified. In the event that qualifications are included in the audit opinion, they must not adversely impact on the company's compliance with the listing conditions. The company must have an explanatory document to this effect, certified by the auditing company.

In the event of a consolidation or merger, the financial statements of the last accounting period, from the beginning of the fiscal year to the time of the consolidation of the companies participating in the consolidation or merger, and the financial statements of the first accounting period after the time of consolidation or merger to the end of the fiscal year of the consolidated entity must satisfy the second and third requirements above, and the annual financial statements of the companies participating in the consolidation or merger must be audited by a qualified auditing company.

If the complete and valid listing application dossier is submitted after the deadline for disclosure of semi-annual or quarterly financial statements, the listing applicant must supplement such semi-annual or quarterly financial statements, as appropriate. In the case of semi-annual financial statements, these must be reviewed by a qualified auditing company.

If, after the most recent audited accounting period, the listing applicant has made any additional issuance to increase its charter capital (with the exception of shares issued to pay dividends, or increase capital from equity, or to convert bonds, or as bonus shares issued to employees), the listing applicant must submit a supplementary equity statement or financial statement audited by a qualified auditing company.

Vietnamese accounting standards must be used in preparing the financial statements.

*Procedures*. By law, the HOSE must approve or refuse to approve an application for registration for listing within 30 days from the date of receipt of a complete and valid application file, and in a case of refusal, must specify its reasons in writing. The detailed procedures for the HOSE to receive and review the listing application are as follows:

Step 1: Receiving the listing application dossier

The HOSE will check the completeness of the dossier.

In case of approval, the HOSE will publish its receipt of the dossier on public media.

In case of rejection, the HOSE will send a written notification to the listing applicant to request additional documents.

Step 2: Reviewing the listing application dossier

After accepting receipt of the documents, the HOSE still has the right to request the listing applicant to make amendments or supplements to the dossier if it sees fit. If the listing applicant fails to fulfill such request within six months from the date of the request, the HOSE may suspend review of the dossier.

The HOSE may seek opinions from other competent authorities.

Step 3: Result

In case of approval, the HOSE will issue a decision approving the listing.

In case of rejection, the HOSE will send a written letter specifying the reasons for such rejection to the listing applicant.

*Typical process and timetable for a listing of a company on the HOSE*

[Link to Timetable](https://resourcehub.bakermckenzie.com/en/-/media/crossborder-listings-handbook/files/2020-update-8th-edition/ho-chi-minhlisting-documentation-and-process.pdf)

Within 5 working days from the date of the listing approval, the listing applicant must pay the listing registration and listing management fees for the year approved for listing and publish information relating to the approved listing on its website.

Within 90 days from the date of the listing approval, the listing applicant must admit its shares to trading on the HOSE.

# Continuing obligations/periodic reporting

## Continuing obligations/periodic reporting

[Last updated: 1 January 2024, unless otherwise noted]

Within seven working days from the date of approval for listing granted by the HOSE, the listed company must publish the HOSE's decision in a national newspaper for three consecutive publications. As long as the company remains a listed company, it must comply with both periodic and extraordinary disclosure obligations.

*For periodic disclosure,* the listed company must disclose its audited financial statements, annual reports, annual meetings of the GMS and corporate governance reports.

*Financial statements*. The company must disclose its audited annual financial statements within ten days from the date on which the auditing organization signs the audit report, but no later than 90 days from the end of the financial year.

*Semi-annual financial statements.* The company must disclose its verified semi-annual financial statements within five days from the date on which the auditing organization signs the verification report, but not exceeding 45 days from the expiry of the first six months of the financial year. Where the listed company has subsidiary(ies) or is the superior accounting unit under which there is an accounting unit constituting a separate accounting system, the verified semi-annual financial statements must be disclosed within five days from the date on which the auditing organization signs the verification report, but not exceeding 60 days from the expiry of the first six months of the financial year.

*Quarterly financial statements*. Within 20 days from expiry of a quarter, the company must disclose its quarterly financial statements. It shall disclose its verified quarterly financial statements (if applicable) within five days from the date on which the auditing organization signs the verification report, but not exceeding 45 days from the expiry of the quarter. Where the listed company has subsidiaries or is the superior accounting unit under which there is an accounting unit constituting a separate accounting system, the quarterly financial statement must be disclosed within 30 days from expiry of the quarter.

*Corporate governance report.* The listed company must disclose its corporate governance report within 30 days from the last day of the first six months and from the last day of the year.

*Extraordinary disclosure*. The listed company must disclose its sensitive information, extraordinary meetings of the GMS, the adoption of the GMS' written resolutions, the last registration date for existing shareholders to exercise their rights, a qualified opinion of the auditing company, a retroactive amendment of financial statements and the financial statements in case of a change in the applicable accounting period.

*Sensitive information*. The listed company must disclose the sensitive information that may affect its operation and business or its share price, for example, any decision on the temporary cessation of its business operations; the withdrawal of its Enterprise Registration Certificate; any decision on redemption of its shares; any decision relating to making an offer or issuance of securities; decisions relating to dividend payments; any decision on re-organization of the company; the developmental plan and business plan; any decision relating to ownership in the subsidiaries or affiliated companies; the approval of transactions or contracts with an insider or any related person; any change in the number of voting shares; any change, appointment, re-appointment or dismissal of insiders; all decisions regarding the purchase and sale of high-value assets; any decisions to bring legal proceedings against the company or its insiders; any legally effective verdict or decision of a court relating to the operation of the company; any decision imposing a penalty for a breach of the law on taxation; the court's notification of commencement of enterprise bankruptcy proceedings; any decision on increasing or decreasing the company's charter capital; decisions on capital contribution for investment in an organization or project, or on borrowing, lending or another transaction with a value of 10% or more of the total value of assets of the company; any decision on contribution of capital with a value of 50% or more of charter capital of other organization, etc. The information must be disclosed within 24 hours from its occurrence.

*Last registration date for existing shareholders to exercise their rights.* The information about the last registrationdate for existing shareholders to exercise their rights to attend the general meeting of shareholders must be published at least 20 days prior to the proposed last registration date. In terms of exercising other rights of the existing shareholders, the company must publish the proposed last registration date at least 10 days in advance.

*The financial statements for the period between two accounting periods in case of a change in the applicable accounting period*. These financial statements must be disclosed within ten days from the date on which the auditing organization signs the audited report, but not exceeding 90 days from the commencement date of the new financial year*.*

Chairman of the BOM, members of the BOM, legal representative(s), general director (director), deputy general director (deputy director), the chief financial officer, the chief accountant and equivalent managerial positions elected by the GMS or appointed by the BOM;

The head and members of the Board of Controllers, members of the internal auditing board, the company secretary and persons in charge of the management of the company; and

Persons authorized to disclose information.

*Market manipulation*. Besides insider trading, the Law on Securities prohibits the following:

The act of using one or multiple trading accounts for one's own or another's benefit or colluding in the purchase and sale of securities aimed at creating false supply and demand, trading securities in the form of colluding with or persuading others to continuously sell and purchase in order to manipulate the price of securities, combining the aforementioned methods or using other trading methods or combining the spread of untruthful rumors and/or the provision of false information to manipulate the price of securities.

Directly or indirectly acting fraudulently or cheating, falsifying documents, creating false information or disclosing false information, concealing information or omitting essential information which causes a serious misunderstanding and adversely affects activities being public offers of securities, listing and trading securities, conducting business, and investing in securities and securities services.

Conducting securities business activities or providing securities services when the SSC has not yet issued you with a license, certificate or approval.

Using clients' accounts or assets without their authorization or contrary to the law, or abusing trust to appropriate clients' assets.

Lending accounts to others for securities trading purposes, or owning securities in the name of any other person, which gives rise to a manipulation of the securities' price.

Organizing a securities trading market contrary to the Law on Securities.

# Corporate governance

## Corporate governance

[Last updated: 1 January 2024, unless otherwise noted]

*Pre-IPO*. Before becoming a public company and getting listed, the company is only required to comply with general corporate governance applicable to all JSCs.

*Post-IPO*. Listed companies must comply with provisions on corporate governance contained in the Law on Enterprises and stricter regulations on corporate governance issued by the Government, applicable for public companies and listed companies (Decree No. 155) and Circular No. 116/2020/TT-BTC issued by the Ministry of Finance on 31 December 2020 (Circular No. 116).

*BOM and independent BOM members*

The BOM of listed companies must consist of between three and eleven members.

At least one-third of the members of BOM must be non-executive members.

Listed companies are required to appoint independent BOM members in the following ratios:

At least one independent member if the BOM consists of between three and five members;

At least two independent members if the BOM consists of between six and eight members;

At least three independent members if the BOM consists of between nine and eleven members.

An independent member must satisfy the following conditions and other conditions as stipulated in the company charter:

Not be a person currently working for the company or parent company or any subsidiary of the company, or not be a person having worked for the company or parent company or any subsidiary of the company for at least the three preceding years.

Not be a person who is currently entitled to salary or remuneration from the company, except for allowances which members of the BOM are entitled to in accordance with regulations.

Not be a person whose spouse, natural father, adoptive father, natural mother, adoptive mother, child, adopted child or sibling is a major shareholder of the company, or a manager of the company or its subsidiary.

Not be a person directly or indirectly owning at least 1% of the total voting shares in the company.

Not be a person who was a BOM member or on the Board of Controllers of the company for at least the five preceding years, except in the case of appointment for two consecutive terms.

A member of the BOM must satisfy the following conditions and other conditions as stipulated in the company charter:

Not fall into the category of persons not permitted to establish and manage an enterprise as stipulated in Article 17.2 of the Law on Enterprises.

Have professional expertise and experience in business management or in the sectors or business lines of the company and not necessarily be a shareholder of the company, unless otherwise stipulated in the charter of the company.

A member of the BOM may concurrently be a member of the BOM of another company.

In the case of a subsidiary company in which the State holds more than 50% of the charter capital or the total number of voting shares or a subsidiary of a state-owned enterprise (SOE) in which the State holds more than 50% of the charter capital or the total number of voting shares in such an SOE, a member of the BOM must not be a person with a family relationship with the director or general director or other managers of the company, or with a manager or a person with authority to appoint managers of the parent company.

A member of the BOM of a listed company must not concurrently be the BOM member of more than five other companies.

The Chairman of the BOM must not concurrently hold the position of director or general director of a public company. The BOM of a listed company can establish sub-committees to assist its operations.

*Person in charge of corporate governance*

The BOM of a listed company must appoint at least one (1) person to be in charge of corporate governance; such person in charge of corporate governance can take over the position as the company secretary as specified in Article 156.5 of the Law on Enterprises.

The person in charge of corporate governance must not work for the approved auditing company performing audits of the company’s financial statements.

*Auditing Committee*

The Auditing Committee of listed companies must consist of at least two members.

The chairman of the Auditing Committee must be an independent BOM member, and other members of the Auditing Committee must be non-executive BOM members.

The chairman of the Auditing Committee must have a university or higher degree, or such higher standards as may be prescribed by the company’s charter, in economics, finance, accounting, auditing, law or business administration.

The appointment of the chairman of the Auditing Committee and other members of the Auditing Committee must be approved by the BOM at the meeting of BOM.

*Board of Controllers*

The Board of Controllers of listed companies must consist of between three and five members. A controller is not required to be a shareholder of the company.

The head of the Board of Controllers must have a university or higher degree, or such higher standards as may be prescribed by the company’s charter, in economics, finance, accounting, auditing, law, business administration, or other subject relevant to the enterprise’s business activities.

Internal regulations. The BOM is required to prepare internal regulations to be submitted to the GMS for approval. Public companies should refer to the internal sample regulations on corporate governance in Annex II of Circular No. 116 to prepare their internal regulations on corporate governance and ensure compliance with the Law on Enterprises, the Law on Securities, and Decree No. 155 and the company's charter. In general, the internal regulations of the public companies include the following matters:

Procedures for convening and voting at the GMS.

Procedures for nominating, standing for election of, electing, removing and dismissing members of the BOM.

Procedures for organizing a meeting of the BOM.

Procedures for nominating, standing for election of, electing, removing and dismissing members of the Board of Controllers.

Establishment and operation of internal audit team (if the public company is operated in accordance with Article 134.1(b) of the Law on Enterprises with GMS, BOM and a director (general director)).

Procedures for selecting, appointing and removing managers.

Procedures for coordinating activities between the BOM, the Board of Controllers and the director (general director).

Provisions on annual assessment of activities, reward and discipline of members of the BOM, members of the Board of Controllers, the director (general director) and other managers.

Procedures for establishment and operation of sub-committees of the BOM (if any).

Procedure for selecting, appointing and removing persons in charge of corporate governance.

Training courses on corporate governance. The BOM must have the responsibility and obligation to organize training courses on corporate governance and necessary skills for the BOM members, director and other managers of the company.

# Specific situations

## Specific situations

[Last updated: 1 January 2024, unless otherwise noted]

*Large companies*. There are no additional requirements, or changes in the normal requirements, that apply to large companies listing on the HOSE.

*Small companies*. There are no additional requirements, or changes in the normal requirements, that apply to smaller companies listing on the HOSE.

*Specific industries*. Listing requirements are the same for all industries.

*“Fast track” listings*. The HOSE does not have a “fast track” or expedited listing procedure.

# Presence in the jurisdiction

## Presence in the jurisdiction

[Last updated: 1 January 2024, unless otherwise noted]

*Legal representative.* All companies established in accordance with Vietnamese law must ensure that there is always at least one legal representative residing in Vietnam. If the company has only one legal representative, such person must reside in Vietnam and must authorize in writing another person to exercise the rights and perform the obligations of the legal representative when the former exits Vietnam. Listed companies are also subject to this requirement.

*Delisting circumstances*. Under Vietnamese laws, there are voluntary delistings and compulsory delistings. A voluntary delisting can be effected if it is approved in the GMS by a resolution of more than 50% of voting shares of non-major shareholders (the specific ratio is set out in the company's charter, if any) and such voluntary delisting is conducted after two years from the date of obtaining the listing approval from HOSE. In terms of compulsory delistings, most of the circumstances in which the shares will be delisted relate to the unstable presence and/or operation of the company in Vietnam. In particular, those circumstances include:

The company is no longer a public company pursuant to notification from the SSC since it has failed to maintain a paid-up charter capital of at least VND30 billion (approximately US$1.23 million).

The company is no longer a public company pursuant to notification from the SSC since it has failed to maintain the requirement that at least 10% of the voting shares in the company be held by at least 100 non-major shareholders for a consecutive period of one year commencing from the date on which the company initially failed to satisfy such requirement.

The company itself suspends its main business and production activities or such activities are suspended, for a one-year period or longer.

The business (enterprise) registration certificate or operating license for the specialized industry or business line of the company is revoked.

There is no share trading on the HOSE for a period of 12 months.

Shares are not admitted to trading within 90 days from the date on which the HOSE approves the listing application.

Business and production suffer a loss for three consecutive years, or total accumulated losses exceed paid-up charter capital or there is negative equity in the most recent audited financial statements.

The company no longer exists as the result of restructuring, dissolution, or bankruptcy.

The auditing company refuses to conduct an audit of, or disagree with, or refuse to provide an opinion on the most recent financial statements of the company or provide a qualified audit opinion on the annual financial statements for three consecutive years.

The company was late in lodging annual financial statements for a period of three consecutive years.

The SSC or the HOSE discovers that the company falsified its application file for listing.

The company has been prosecuted, fined and/or sanctioned for committing the prohibited acts stipulated in Articles 12.1, 12.2, 12.3, and 12.7 of the Law on Securities (e.g., fraud, insider trading, falsifying documents).

The company is suspended or prohibited from carrying out its main business line or business activities.

The company fails to meet the listing conditions due to a merger, demerger or restructuring following listing, and fails to carry out the procedures for a renewed listing application, a request for a review of listing conditions or change in listing application within the prescribed time limit.

The company is in serious breach of its obligation to disclose information or fails to fulfil its financial obligations with the HOSE, or there are other circumstances in which the HOSE or the SSC considers it necessary to require delisting to protect investors' interests.

In terms of a foreign company listing its shares on the HOSE, in addition to the circumstances mentioned above, the shares will be delisted in the event that (i) the main production or business activities of the investment project of such foreign company in Vietnam are suspended for a period of one year or more, or (ii) its investment license is revoked.

As a result, in principle, the company must maintain its stable legal status, presence and operation in Vietnam to avoid being delisted.

*Corporate records*. The company must keep its corporate records to the same standard as non-listed companies (that is, mostly in accordance with the requirements on keeping corporate records provided in the Law on Enterprises and the Accounting Law). Register of shareholders are maintained and updated by the VSDC.

# Fees

## Fees

[Last updated: 1 January 2024, unless otherwise noted]

The following fees are listed out under Circular No. 101/2021/TT-BTC issued by the Ministry of Finance dated 17 November 2021.

[Link to Table](https://resourcehub.bakermckenzie.com/en/-/media/crossborder-listings-handbook/files/2024-update-10th-edition/ho-chi-minh-stock-exchange---long-form---fees.pdf?sc_lang=en)

# Additional Information

## Additional Information

[Last updated: 1 January 2024, unless otherwise noted]

All materials to be distributed to shareholders can be in Vietnamese and English but the Vietnamese version will prevail.

Materials to be submitted to the HOSE or other regulatory authorities can be submitted only in Vietnamese. Documents issued abroad and in a foreign language have to be consular, legalized, and accompanied with a certified Vietnamese translation for the purpose of submission.

As noted in Section 2, in order for shares of a foreign company to be listed in Vietnam, such company must conduct a public offer of shares in Vietnam. Domestic companies are not subject to such requirement. To date, there have been no foreign companies listed on any stock exchange in Vietnam, so the process remains untested in practice.

# Contacts

## Contacts within Baker McKenzie

Oanh Nguyen in the Ho Chi Minh City office is the most appropriate contact within Baker McKenzie for inquiries about prospective listings on HOSE.

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