Cross-Border Listings Guide - Ho Chi Minh Stock Exchange

Overview of exchange

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# 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.

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