

No. 1726/QĐ-TTg

Hanoi, December 29, 2023

DECISION

Approving the Strategy on development of the securities market through 2030¹

THE PRIME MINISTER

Pursuant to the June 19, 2015 Law on Organization of the Government; and the November 22, 2019 Law Amending and Supplementing a Number of Articles of the Law on Organization of the Government and the Law on Organization of Local Administration;

Pursuant to the November 26, 2019 Law on Securities;

Pursuant to the Government's Decree No. 14/2023/ND-CP of April 20, 2023, defining the functions, tasks, powers and organizational structure of the Ministry of Finance;

Pursuant to the National Assembly's Resolution No. 16/2021/QH15 of July 27, 2021, on the 5-year socio-economic development plan for the 2021-2025 period;

At the proposal of the Minister of Finance,

DECIDES:

Article 1. To approve the Strategy on development of the securities market through 2030 (below referred to as the Strategy) with the following major contents:

1. Development viewpoints

a/ To closely stick to the viewpoints, targets, tasks and solutions on development of the capital market and securities market specified in the Party's

¹ Công Báo Nos 33-34 (07/01/2024)

documents and resolutions, and the National Assembly's and Government's resolutions; to comply with the 10-year socio-economic development strategy for the 2021-2030 period; to constitute part of the Financial Strategy through 2030 approved by the Prime Minister in Decision No. 368/QĐ-TTg of March 21, 2022, and be in sync with development strategies of related sectors and fields.

b/ To develop a synchronous and unified securities market within the country's overall financial market, associated with renewing the growth model and restructuring the socialist-oriented market economy; to promote the restructuring of the securities market to complete the structures of the financial market in general and the securities market in particular.

c/ To continue to scale up the securities market and, at the same time, focus on improving the market quality and financial capacity and competitiveness of organizations participating in the market; to attach importance to innovating, applying and developing advanced information technology and effectively take advantage of achievements of the technological revolution to approach international practices and standards.

d/ The State shall manage and supervise the securities market by law; strengthen the management and supervision, and ensure security and safety for the market; and bring into play the self-management role of socio-professional organizations operating in the securities sector, ensuring that market participants fully comply with law and have their lawful rights and interests protected by the State.

2. General objectives

To develop a stable, safe, healthy, effective and sustainable securities market meeting international integration requirements; to improve risk resilient capacity of the securities market which will have a reasonable structure among the market components and become a major important channel for mobilization of medium- and long-term capital for the economy; to maintain the growth of the market in terms of scale while attaching importance to improving quality; to develop green and sustainable financial instruments; to promote digital transformation in the field of securities; to build a market management and monitoring system associated with the application of modern information technology; to intensify international linkage and integration, gradually narrowing the development gap between Vietnam's securities market and the securities markets of developed countries.

3. Specific targets

- The stock market capitalization will equal to 100% of GDP by 2025 and 120% of GDP by 2030. Bonded debts will reach at least 47% of GDP by 2025 (with bonded debts of corporations accounting for at least 20% of GDP) and 58% of GDP by 2030 (with bonded debts of corporations accounting for at least 25% of GDP); the derivatives market will grow by an average of 20-30% per year in the 2021-2030 period.

- The number of securities accounts of investors in the securities market will reach 9 million by 2025 and 11 million by 2030, with priority given to developing institutional and professional investors and attracting the participation of foreign investors. The proportion of government bonds held by non-bank institutional investors will increase to 55% by 2025 and 60% by 2030.

- To improve the corporate governance quality of listed companies to be above the average level in Southeast Asia; to apply environmental, social and governance (ESG) standards at Stock Exchanges and the Vietnam Securities Depository and Clearing Corporation toward sustainable development factors in conformity with international practices.

- To complete the classification of listed stocks at Stock Exchanges in 2025.

- To strive to upgrade Vietnam's securities market from a frontier market to an emerging market by 2025 according to the securities market classification criteria of international organizations.

- To actively integrate into the world's financial and securities markets, meeting financial security requirements, improving the competitiveness and risk governance capacity, and applying international standards and practices; to strive to reach the development level of the ASEAN-4 by 2025.

4. Implementation solutions

a/ Improving the legal framework:

- To review and summarize the implementation of Law No. 54/2019/QH14 on Securities and propose amendments and supplementations to the Law and guiding documents in the 2022-2025 period.

- To study, propose and formulate legal documents to promptly tackle shortcomings in the operation of the securities market and meet new development requirements, ensuring the comprehensiveness of the legal framework governing operations in the securities market in conformity with the domestic situation and international practices.

Some specific contents to be studied include the organizational and operational model of the Vietnam Securities Depository and Clearing Corporation

associated with expanding the scope of providing post-transaction products and services for the securities market; regulations to develop fund management companies with stricter conditions and standards, and support mechanisms for securities investment funds to ensure the synchronism and consistency of the legal system; regulations on investors participating in private placement of corporate bonds, etc.

- To improve laws on supervision, inspection and handling of violations in the field of securities to protect lawful interests of investors, supervise and mitigate risks in the market, and enhance deterrence to ensure market order, safety and transparency.

b/ Strengthening the management, supervision, inspection, examination and handling of violations:

- To consolidate the functions, tasks, powers and organizational structures of specialized supervision and inspection agencies in the field of securities, ensuring their law enforcement capacity.

- To build a supervision system connecting the State Securities Commission, Stock Exchanges, the Vietnam Securities Depository and Clearing Corporation and market members.

- To apply risk-based supervision methods and build a system of early warning indicators so as to perform supervision in an effective, comprehensive and modern manner in approach to international practices.

- To intensify inspection, examination, and handling of violations in a comprehensive but targeted manner, focusing on cases that exert great impacts on the securities market, and strengthen mutual supervision among the securities market's components. To intensify the management and strictly supervise the operation of securities companies and fund management companies.

- To strengthen management and supervision capacity of management agencies so as to ensure that the securities market operates stably, orderly, safely and transparently, striving to apply a digital technology-based smart management and supervision system in data storage, statistization and analysis, and forecasting and supervision of the securities market.

- To formulate a mechanism on coordination between the Ministry of Finance and related ministries and sectors to disseminate and supervise the enforcement of laws and carry out interdisciplinary supervision to promptly detect and handle violations.

- To continue to invest and upgrade information technology systems to be modern, ensuring security and safety for the information technology system and databases to properly serve market management and supervision.

c/ Increasing product supply to the market and improving the quality of supply sources

- Diversifying product bases in the market:

+ To develop the stock market: To encourage enterprises of all types to conduct initial public offerings (IPO) associated with listing and registration for trading on the securities market; to attract large-scale enterprises with good financial situation and corporate governance to list on the securities market; to actively support the completion of plans on equitization and divestment of state capital in accordance with the law on equitization.

+ To develop the government bond market: To issue government bonds, government-guaranteed bonds and municipal bonds of diversified terms to meet the capital mobilization targets of issuing agencies and investor demands. To study the possibility of issuing new bond products to diversify products in the market.

+ To develop the corporate bond market: To focus on promoting the public offering of corporate bonds associated with listing; to encourage enterprises to issue corporate bonds of diversified types in conformity with their capital mobilization demands; to develop corporate bond products for implementing projects and investment projects in the form of public-private partnership (PPP) to promote capital mobilization for infrastructure development; to operate the secondary market for private placement of corporate bonds to professional securities investors so as to increase the liquidity and transparency of the market.

+ To develop the green bond market: To encourage the issuance of green government bonds, green municipal bonds and green corporate bonds to create more channels for mobilizing capital for state budgets and enterprises and attracting investors, aiming to achieve the sustainable economic development goals.

+ To develop derivatives products and new products: To further deploy index futures contracts and government bond futures contracts; to step by step deploy index options and single-stock and stock-group futures contracts and options; to improve the quality of current indices, amend the index rule set in conformity with international practices, and develop additional underlying indices to serve as underlying assets for the derivatives market, etc.; to diversify derivative products based on different underlying assets.

+ To study and develop diversified covered warrant products, structured products, depository certificates, securities investment fund certificates, and green financial instruments in conformity with the development level of the securities market.

- Improving transparency and goods quality:

+ To arrange and classify listed stocks and stocks registered for trading at the Vietnam Stock Exchange based on their scale and quality and, at the same time, improve stock listing and maintenance requirements.

+ To appraise and closely supervise the issuance of securities; to intensify the inspection, examination and supervision of the use of capital, ensuring compliance with approved issuance plan as prescribed by law; to inspect and supervise information disclosure of enterprises mobilizing capital in the securities market; to strictly handle violations. To inspect and promptly handle enterprises that fail to comply with the law on listing/trading registration.

+ To intensify the inspection of compliance with regulations on disclosure of financial statements; to inspect and supervise the provision of audit services by audit firms and auditors in order to improve the quality of financial statements and accounting-auditing services; to strictly handle violations of audit firms and auditors when auditing listed enterprises and public companies.

+ To ensure that accounting and auditing standards approach international practices and conform with Vietnam's conditions. To apply international accounting standards (IAS) and international financial reporting standards (IFRS), thus contributing to improving the transparency and efficiency of the provision of information to investors.

+ To improve the quality of disclosure of information by public companies on the basis of promoting public communication and dissemination of regulations on information disclosure; to encourage information disclosure in English; to organize inspection to rectify enterprises, market members, major shareholders, insiders, and related persons and remind them to fully and promptly perform reporting and information disclosure obligations; to modernize the information disclosure system of the State Securities Commission to support enterprises and market members in fully disclosing information under regulations.

+ To coordinate with domestic and foreign units in promoting training and communications programs on corporate governance and annual corporate governance evaluation and rating programs for listed companies; to enhance the role and responsibilities of Stock Exchanges in supervising the implementation of regulations on information disclosure and corporate governance.

+ To improve the quality of annual reports of public companies toward sustainable development factors based on the application of the ESG standards in conformity with international practices.

+ To enhance the role and responsibilities of credit rating organizations in the corporate bond market, then requiring bond-issuing corporations to obtain credit ratings, forming the habit and practices of using credit rating results when issuing and investing in corporate bonds.

+ To research into bond pricing service providers, organizations providing pricing services for green bonds and sustainable bonds; to standardize regulations on the responsibilities of organizations representing bond owners and collateral management organizations to improve the professionalism of the corporate bond market.

d/ Developing and diversifying investor bases, improving the quality of investment demands toward sustainable investment demands:

- Diversifying domestic investor bases:

+ To develop domestic institutional investors, attaching importance to developing various types of securities investment funds; to study the formulation of legal documents on money market funds, leverage/inverse exchange-traded funds (ETF) certificates, fund of funds, etc., in conformity with the development level of the securities market, aiming to attain reasonable structures between individual and institutional investors and between domestic and foreign investors, promoting sustainable development of the securities market.

+ To diversify distribution channels of fund certificates; to encourage the participation of investors in the securities market through various types of investment funds, especially voluntary supplementary pension funds to promote the development of voluntary pension programs in Vietnam.

+ To study solutions to encourage insurance enterprises to invest in primary and secondary markets of government bonds; to expand investment in credit-rated corporate bonds, listed bonds, stocks, and listed fund certificates in accordance with law and investment principles and targets of insurance enterprises.

+ To study solutions for attracting institutional and individual investors to invest in green financial instruments in accordance with law.

- Attracting foreign investors:

+ To continue administrative reform and simplify investment procedures to create favorable conditions for foreign investors to invest in Vietnam's securities market.

+ To enhance transparency in market operations and ensure equal access to information for foreign investors by encouraging listed organizations and public companies to disclose information in English.

+ To implement solutions to help Vietnamese government bonds enter the World Government Bond Index Series to improve the competitiveness of, and attract foreign investors to invest in, Vietnamese government bonds.

+ To review and supplement regulations to attract foreign investment capital into the capital market and bond market; to improve the convertibility of the Vietnamese currency according to the State's current mechanisms and policies.

+ To promote the implementation of solutions for upgrading the securities market from a frontier market to an emerging market according to the securities market classification standards of international organizations.

dd/ Improving the market's operational efficiency and modernizing infrastructure and information provision in the securities market:

- Improving the operational efficiency of the securities market:

+ To effectively operate the Vietnam Stock Exchange and its subsidiaries; to divide securities trading markets at the Stock Exchanges on the principle of not disturbing and maintaining their continuous and stable operation, meeting the management requirements, and facilitating capital mobilization activities of enterprises as well as investment and securities transaction activities of investors.

+ To develop a variety of post-transaction support services in conformity with international practices and standards.

+ To apply ESG standards at Stock Exchanges and the Vietnam Securities Depository and Clearing Corporation toward green and sustainable development targets in the field of securities, striving for the target that Stock Exchanges will actively and proactively participate in the United Nations' Sustainable Stock Exchange Initiative.

- Modernizing infrastructure, comprehensively innovating and synchronizing transaction, registration, depository, clearing and payment technologies in the securities market.

+ To focus on developing the secondary market of government bonds to promote market liquidity, meeting of the demand for mobilizing capital for the state budget and restructuring of the budget and public debts in a safe and sustainable manner; to establish a standard interest rate curve in the government bond market to serve as a reference for the financial market.

+ To build and operate a synchronous system for trading, registration, depository and payment for privately placed corporate bonds serving professional securities investors; to improve and modernize the market infrastructure of corporate bonds issued to the public, or listed and traded at Stock Exchanges; to upgrade websites and portals on corporate bonds at Stock Exchanges.

+ To ensure autonomy in researching and applying information technology in organization of securities trading and management and supervision of the securities market: To proactively select appropriate technology solutions for application in trading and market management and supervision; to implement solutions for improving the capacity and qualifications of personnel engaged in information technology; to attach importance to investment to ensure market security and safety, as well as security of information and data of the securities sector.

+ To apply information technology in information exchange, and management and supervision activities between management agencies and Stock Exchanges, the Vietnam Securities Depository and Clearing Corporation and market members.

+ To deploy underlying securities clearing and payment after the central clearing partner (CCP) model; to provide clearing and payment services after the CCP model for derivatives in the over-the-counter (OTC) market. To research and strive for linking the Vietnam Securities Depository and Clearing Corporation with regional registration, depository, clearing and payment organizations in order to provide services for cross-border transactions.

e/ Developing and strengthening the capacity of the system of market intermediaries and promoting the role of socio-professional organizations operating in the securities sector:

- Developing securities companies and fund management companies:

+ To accelerate the process of restructuring securities companies and fund management companies according to the Scheme on restructuring the securities market and insurance market through 2020, with orientations toward 2025, promulgated together with the Prime Minister's Decision No. 242/QĐ-TTg of February 28, 2019, with a view to enhancing the operation capacity of securities companies and fund management companies; to enhance corporate governance and risk management capacity and improve the competitiveness of such companies in the market.

+ To continue to develop securities companies after 2 models: multi-functional operation (performing multiple securities trading operations) and

specialized operation (performing one securities trading operation) on the basis of enhancement of corporate governance capacity and classification of securities companies; to continue to resolutely handle poorly performing securities companies and strengthen transparency and financial capacity of securities companies; to professionally develop licensed services of securities companies in accordance with the Law on Securities; to strengthen the role of market creation, improve financial potential and human resource quality and develop in-depth technology systems in securities companies.

- + To complete the mechanism for handling intermediaries in the securities market falling into bankruptcy and insolvency.

- + To study and develop a mechanism to guide, manage and supervise the application of financial technologies in securities transactions: applying electronic know-your-customer (eKYC) processes; applying electronic payment in securities transactions; providing automated investment consulting services and performing automated portfolio management; and promoting digitalized financial transactions in the securities market, meeting the digital transformation demand of the economy in general.

- Bringing into play the role of socio-professional organizations and auxiliary organizations operating in the securities sector:

- + To promote the implementation of supervision functions of socio-professional securities organizations through strengthening and proactively supporting state management agencies in building laws and policies, training human resources, and supervising law observance of the associations' members.

- + To coordinate with socio-professional organizations in promulgating sets of professional and ethical standards; to inspect and supervise the implementation of sets of standards to improve the quality of professional practice and ethics of organizations and individuals participating in the securities market. To effectively implement information provision and dissemination of laws on securities and securities market.

- + To improve the operational efficiency, service provision quality, financial capacity and professional ethics of credit rating organizations and independent audit firms in the securities market. To support management agencies in the management and supervision of accounting and auditing services provided by audit firms and auditors accredited to audit public-interest entities in the field of securities in accordance with law. To encourage international credit rating organizations to participate in providing services in Vietnam's market.

g/ Intensifying the coordination among fiscal, monetary and other macro policies:

- To intensify the close coordination among fiscal, monetary and other macro policies to maintain macroeconomic stability, ensure major balances of the economy, and create conditions for the stability and fast, safe, efficient and sustainable development of the securities market and bond market.

- To strengthen the coordination between the Ministry of Finance and the State Bank of Vietnam in exchanging and providing information according to the Regulation on working cooperation and information exchange between the Ministry of Finance and the State Bank of Vietnam.

- To strengthen the coordination between the Ministry of Finance and the State Bank of Vietnam in supervising issuance, investment and service provision activities of credit institutions in the securities market to ensure transparency and mitigate systematic risks in the financial market; to manage and supervise the flow of foreign indirect investment capital and improve risk governance capacity for the securities market to ensure market safety.

- To review and amend regulations on licensing to create favorable conditions for credit institutions when participating in transactions and providing products and services in the underlying securities market and derivatives market.

h/ Entering into international integration in a proactive manner:

- To proactively enter into international integration to harmonize the legal framework toward applying regional and international common standards in the field of securities such as: standards on corporate governance, disclosure of information relating to sustainable development, application of IFRS for listed enterprises, cross-border transaction and payment services, mutual recognition of practice certificates and analytical reports, and joint participation in green finance and sustainable finance initiatives, etc.

- To improve technical, technological and legal infrastructure facilities for the process of integration into the international securities market, first of all, the securities markets of ASEAN countries.

- To actively implement bilateral and multilateral commitments and cooperation agreements and signed agreements and, at the same time, expand bilateral and multilateral cooperation in the field of securities by effectively implementing projects signed with international partners until 2030; to seek new donors, funding sources and funding methods; to proactively tap financial resources from regional financial institutions for domestic projects; to improve the efficiency of management and use of financial and technical assistance sources in

the financial sector; to improve the model of management boards of foreign-funded programs and projects of the Ministry of Finance and State Securities Commission.

- To formulate mechanisms on cooperation, information sharing and supervision between Vietnam's securities market management agencies and other management agencies and international organizations operating in the field of securities and securities market; to supervise, detect and promptly handle cross-border violations.

- To actively cooperate with foreign partners in researching new products for the market, attaching special importance to products related to green finance and sustainable development.

i/ Improving the quality of human resources, strengthening the training, research and public communication work:

- Training and further training of the contingent of cadres, civil servants and workers engaged in management, supervision and inspection work at state management agencies, Stock Exchanges and the Vietnam Securities Depository and Clearing Corporation:

- + To formulate and implement training and further training programs suitable to working positions; to attach importance to contents on operation and use of automatic management and supervision systems in the securities market. To diversify forms of training and further training, promoting the application of information technology in the context of the Industry 4.0.

- + To improve capacity for evaluation and forecasting of developments of the securities market and the economy; to adopt policies on management, employment, and attraction of, preferential treatment for, development of, high-quality human resources of good ethics performing management and supervision of the securities market.

- + To intensify cooperation and exchange of information on training programs with international financial organizations; to increase participation in activities and initiatives of the International Organization of Securities Commissions (IOSCO), securities commissions of foreign countries, and domestic and foreign finance-securities institutions.

- For training and improving the quality of securities practitioners:

- + To strengthen training programs for securities practitioners in harmony with the programs of other countries in the ASEAN and the world.

+ The State Securities Commission shall continue to coordinate with professional associations in strengthening the management and supervision of securities practitioners; apply principles and standards on professional ethics to managers of securities companies and securities investment fund management companies, and practitioners; and gradually transfer the testing for grant, and grant of practice certificates to professional associations based on the degree of satisfaction of capacity requirements of each association.

- Improving the quality of individual investors associated with training, knowledge provision and public communication: To build an overall strategy on provision of training to investors, determining appropriate goals, subjects and roadmaps in each stage of the securities market development.

- Developing the Center for Securities Research and Training into a leading unit in the field of securities research and training; promoting cooperation with universities and research facilities at home and abroad in research and training activities; diversifying the contents and forms of training for securities practitioners and investors through promoting the digitization of training programs and documents.

5. Funds and physical and technical foundations for the securities market

To intensify resources for market operations; to renew, apply and develop modern information technology for state management agencies, the Vietnam Stock Exchange and its subsidiaries, and the Vietnam Securities Depository and Clearing Corporation in management and supervision of the securities market in accordance with law.

Article 2. Responsibilities for organization and implementation of the Strategy

1. The Ministry of Finance shall:

a/ Assume the prime responsibility for organizing the implementation of the Strategy; formulate plans and roadmaps for, and direct and supervise, the implementation of the Strategy; and promptly report to the Prime Minister for consideration the amendment and supplementation of the Strategy to meet practical requirements.

b/ Assume the prime responsibility for, and coordinate with related ministries and sectors in, inspecting, and organizing the evaluation of, the implementation of the Strategy.

c/ Assume the prime responsibility for, and coordinate with the Ministry of Planning and Investment and related ministries and sectors in, balancing and

allocating annual state budget funds for implementation of the Strategy in accordance with the Law on the State Budget and relevant legal documents.

2. Ministries, ministerial-level agencies, government-attached agencies, and provincial-level People's Committees shall, in coordination with the Ministry of Finance and related agencies, base themselves on their state management functions and tasks prescribed by law to direct and participate in implementing relevant contents of the Strategy.

Article 3. Effect

This Decision takes effect on the date of its signing.

Article 4. Ministers, heads of ministerial-level agencies, heads of government-attached agencies, chairpersons of provincial-level People's Committees and heads of related agencies shall implement this Decision.-

For the Prime Minister
Deputy Prime Minister
LE MINH KHAI

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