

VIETNAM STOCK MARKET OPERATION

HO CHI MINH CITY -- Vietnam will keep the country's two stock Under the new plan, the two exchanges "will operate independently, under.

This is the largest stock exchange of Vietnam at the moment. To cite two innovations, the Vietnamese market authorities have announced the beginning of trading in government bond future contracts next month. The Ho Chi Minh City exchange plays a far bigger role in raising funds for Vietnam's mostly state-run economy. Meanwhile, the Hanoi bourse focuses on small and midsize enterprises, bonds and derivatives. Frontier markets are often lacking in liquidity compared to developed and emerging markets. Market watchers said that as Vietnam's commercial hub, Ho Chi Minh City offers a more open market than the political center of Hanoi. Yet, many Vietnamese companies worry that although graduation to emerging market status would bring in much more portfolio funds, it would expose the market to new risks of sudden inflows and flight of capital which would make the market volatile. In addition, equitization of state-owned enterprises along with establishment and development of securities market would create opener and healthier business environment. The World Bank has praised Vietnam as one of Asia's fastest-growing economies with a 6. The highest record of Vn Index was on 12 March at 1, A wide range of regulations, with significant input from multilateral bodies such as the International Finance Corporation, have been promulgated, including those dealing with such issues as insider trading , take-over trigger points and margin lending. Located in southern Vietnam, the Ho Chi Minh City exchange has grown into the main market for state-owned enterprises to raise funds and hold initial public offerings. Of the companies listed on the country's main bourse, the Ho Chi Minh City Stock Exchange HoSE , only 25 have no restriction on foreign ownership, three limit foreign ownership ranging from 51 per cent to 70 per cent, 23 have caps of less than 51 per cent, are capped at 49 per cent, and eight at 30 per cent. The State Securities Commission SSC , a body established formally in , is responsible for capital markets development, licensing of participants, and the issue and enforcement of regulations. On August 8th , Hochiminh Stock Exchange was officially opened. By no means are frontier markets basket cases because they offer gems such as the Vingroup, Bao Viet Holdings, Petrolimex and Vietnam Airlines. But many investors prefer to avoid such uncertainties. Here again, the lack of capital flows and pricing inefficiencies often opens up profitable opportunities for investors. The non-recognition denotes the country's unpreparedness, and deters many large funds from investing. Companies intending to list must also submit to audit by an approved, independent auditing company. The relative underdevelopment of frontier markets - some call them "emerging emerging markets" - has meant that it is the developed and emerging markets that draw most of the attention of foreign investors. See Also. The country reminds many investors of a mini-China hurtling towards its targets. This figure does not include corporate bonds and companies listed on a secondary market known as the unlisted public company market. One of the principal sticking points is that Vietnamese regulations cap foreign ownership at 25 per cent in many cases, as well as unresolved technical issues. Tue, Jun 25, - AM Frontier markets like Vietnam are much smaller in size, volatile and less efficient, with companies that are often under- researched and could be mispriced. On July 20th , the Ho Chi Minh City Securities Trading Center was officially put into operation and executed the first trading session on July 28th with 2 types of listing stocks. About the stock exchange Location: Ho Chi Minh City, Vietnam In an effort to industrialize and modernize the country, maintain stable economic growth and restructure the economy to enhance its efficiency and competition, Vietnam had needed huge capital of investment. Foreign invested joint venture companies are technically qualified to list, but to do so, they must be reorganized into joint stock company status. The mechanism of trading on the Stock Trading Center of Vietnam is via an automated order matching system. The capacity of the system is , orders per day. These caveats do not take anything away from the tremendous opportunities on offer for high growth - provided that investors make an effort to research the companies properly. Therefore, building securities market in Vietnam had become urgent demand to mobilize mid-term and long-term capital within as well as outside the country into economic investment through debt securities and capital securities. Has green bond listings? Tran Van Dung, now the chairman of the State Securities Commission, told Nikkei when he led the Ho Chi Minh bourse two years ago that the merger was very important and would "create a one-stop-shop securities market for investors as Vietnam

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becomes deeply integrated in the global economy. For the ninth consecutive month since last September, foreign investors were net purchasers, worth a cumulative VND43b c. After 7 years of growing and integrating into the global securities market, the government signed Decision No. As of , there are thirteen licensed securities companies. Foreign participants on the Stock Trading Center of Vietnam must register through a custodian licensed to hold securities on behalf of foreigners. At the same time, the Vietnamese government realises the need to divest its stake partially in many state-owned enterprises that are expected to lead the way in attracting foreign investors. Moreover, Vietnamese companies prefer to retain majority voting rights for domestic investors. Vietnam's current status on the Frontier Market Index is expected to remain in place till late or Vietnamese companies are typically reluctant to lift foreign ownership limit to per cent due to complicated accounting, reporting and transparency procedures.