

MARKET COMMENTARY #3:

Assessing the impact of Decree 65/2022/ND-CP on the corporate bond market

Dated 09/20/2022

After months of waiting, Decree 65/2022/ND-CP amending and supplementing Decree 153 on private placement of bonds (“Decree 65”) was officially issued on 09/16/2022. With multiple new regulations, the Decree is expected to address difficulties for issuers and open up capital flows from this mobilization channel for socioeconomic activities.

As a domestic credit rating agency in Vietnam, we aim to provide assessments of the impacts of Decree 65 on the market.

Summary of the main changes of Decree 65

We determined that the main changes of Decree 65 include:

Enhancing the standards of qualified investors: Similar to the changes in the Drafts and our previous assessment, Decree 65 supplements regulations on qualified investors. In addition to having a portfolio of at least VND 2 billion, they need to maintain this figure on a 180-day moving average basis. These requirements will significantly affect the current structure of corporate bond investors.

Increase information transparency and protect investors’ interest: Strict regulations aim at transparent reporting and disclosure. We highly appreciate the clauses related to voting rights and the approval rate of 65% of the total outstanding bonds to help bondholders proactively capture information about businesses and projects they are investing in.

No stricter conditions for bond offering, but more requirements on bond offering dossiers and issuance methods: The new regulation relieves the market's concern given that businesses are allowed to issue bonds for debt restructuring; we believe this is the right direction and in line with international practice. However, the bond offering dossiers and the issuance method are subject to more stringent requirements; therefore, the issuer must be financially capable and have transparent records to participate in the bond issuance process.

Compulsory credit rating in certain conditions: We believe this is appropriate and suitable regulation for the context of the Vietnamese market, as well as for effective and efficient market operations. Imposing mandatory credit rating in some cases will benefit investors, the issuer, and the market in general.

Analytical team:

Mr. Nguyen Tung Anh
Assistant Manager,
Economic & Credit Risk Research
Email:
anh.nguyen@fiingroup.vn

Ms. Dao Yen Nhung
Credit Risk Research,
Economic & Credit Risk Research
Email:
nhung.daoyen@fiingroup.vn

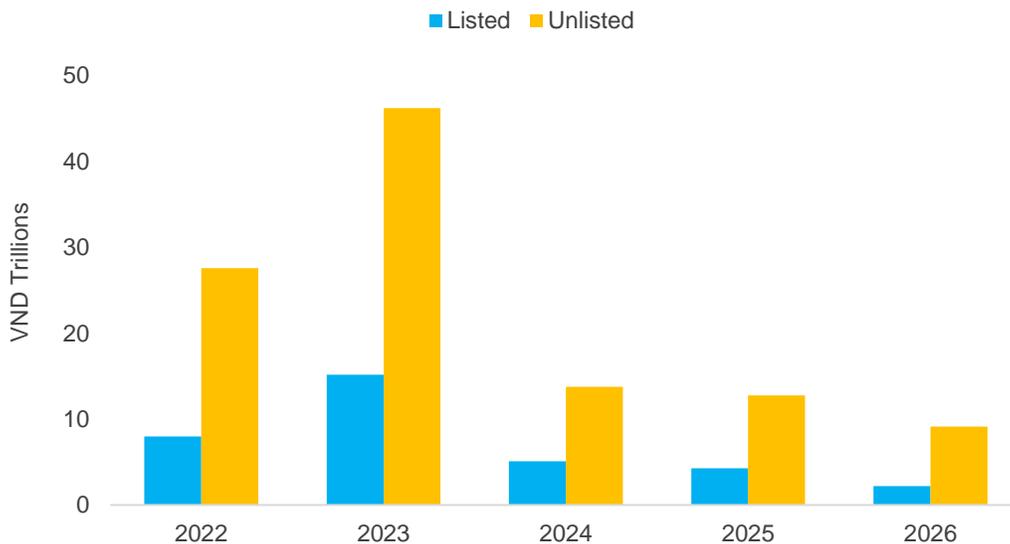
Ms. Nguyen Huong Thao
Credit Risk Research,
Economic & Credit Risk Research
Email:
thao.nguyenhuong@fiingroup.vn

Impact assessment

The demand for bond issuance is relieved, and its volume is expected to rise again:

In previous issues, we have noted the situation of bond issuance queueing and anticipating government directives. Hence, we believe Decree 65 will remove the bottleneck of raising capital through corporate bonds. Although the credit limit for the bank lending channel has been expanded to a certain extent, it cannot meet the capital needs of businesses, especially industries with medium and long-term capital demands such as real estate and energy. The issuance of corporate bonds in these industries is very low, with months where there are only 1 or 2 issuances within the industry, so Decree 65 will create an impetus for qualified issuers to develop a bond offering plan quickly.

Chart 1: Bond value at maturity in the real estate industry



Source: FiinRatings, HNX

Note: Data does not include international corporate bonds mobilized in foreign currencies

Centralized bond depository and a new bond trading system: Decree 65 amends and supplements regulations to ensure the development of the market in the long term, in which Articles 15 and 16 add conditions where Enterprises making private placement offerings register for depository at the Vietnam Securities Depository and Clearing Corporation (“VSDCC”) and register for trading on the trading system of publicly-issued corporate bonds at a Stock Exchange. The Decree also sets the operating time of the depository and trading system to mid-2023.

We believe this is the right effort to turn disjointed corporate bond trading into an organized and systemic trading market, from which the bond issuance process can be regulated from beginning to end. Centralizing the depository at VSDCC will also help better management of bonds, especially in defining qualified investors and protecting their interests.

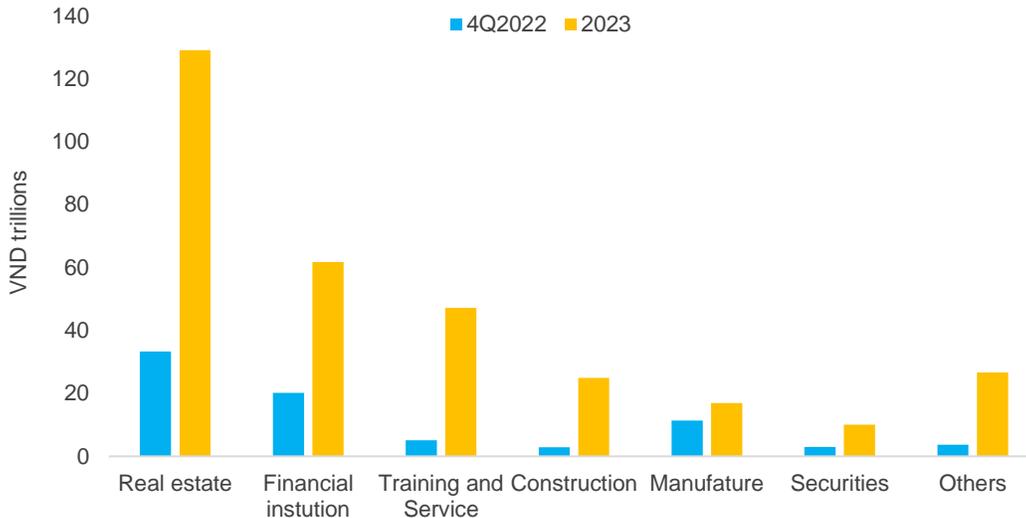
Establishing a separate bond trading market will strengthen the distribution of corporate bonds, limit acts of rampant offering, and violate regulations. This is a viable option to improve the liquidity of the current market, as we estimate that there will be more than VND 1.5 quadrillion worth of outstanding corporate bonds put into the new system by the end of 2023. However, we forecast that the increase will not be too high because of the lack of demand due to stricter conditions in determining the status of qualified investors. Therefore,

the market should prioritize encouraging businesses to offer bonds publicly instead of focusing on private placement issuance for long-term development.

Impact on issuers

Stringent standards for company profile and method of issuance, prioritize information transparency

Figure 2: Value of corporate bonds maturing in 2022 – 2023 by industry group



Source: FiinRatings

Unlike previous drafts, Decree 65 still allows businesses to issue corporate bonds for debt refinancing, but only for the business itself (based on Clause 2, Article 5). We believe that will reinforce the need for businesses to find other channels to refinance, particularly real estate firms that own many subsidiaries/affiliated companies to develop projects. The real estate industry alone accounted for 41% of the total maturing bond value; the pressure of maturing corporate bonds this year alone reached VND 79.67 trillion and will increase sharply to VND 316.51 trillion in 2023. Perhaps the value of matured bonds has significantly decreased thanks to early redemption activities, but the pressure to refinance is still noticeable. In our opinion, the approaching quarters will be tough for firms to manage cash flow in order to repay bond principle and interest because (i) the corporate bond market has narrowed significantly since the beginning of the year, (ii) cash flow into subsidiaries are regulated by Circular 16, Circular 39, following by Decree 65. Meeting upcoming debt obligations will be more difficult as the interest rate is expected to rise, increasing the burden of interest expenses on many businesses, especially those in capital-intensive sectors but facing difficulties in accessing credit, such as real estate.

In addition to the above conditions, businesses that want to make private placement offerings will be subject to many other constraints on information disclosure responsibility. Specifically, the amended Clause 1 of Article 13 requires that enterprises, when developing issuance plans, must supplement financial indicators for three consecutive years and financial changes after issuing (if any), including at least 15 indicators instead of only 5 in the previous Decree 153. In addition, the Decree amends and supplements Clause 2 of Article 21, requiring issuers to report every semiannually and annually to the Securities Commission on the use of proceeds from the bond issuance for outstanding bonds, audited by a qualified auditing organization; reporting on the implementation of commitments to

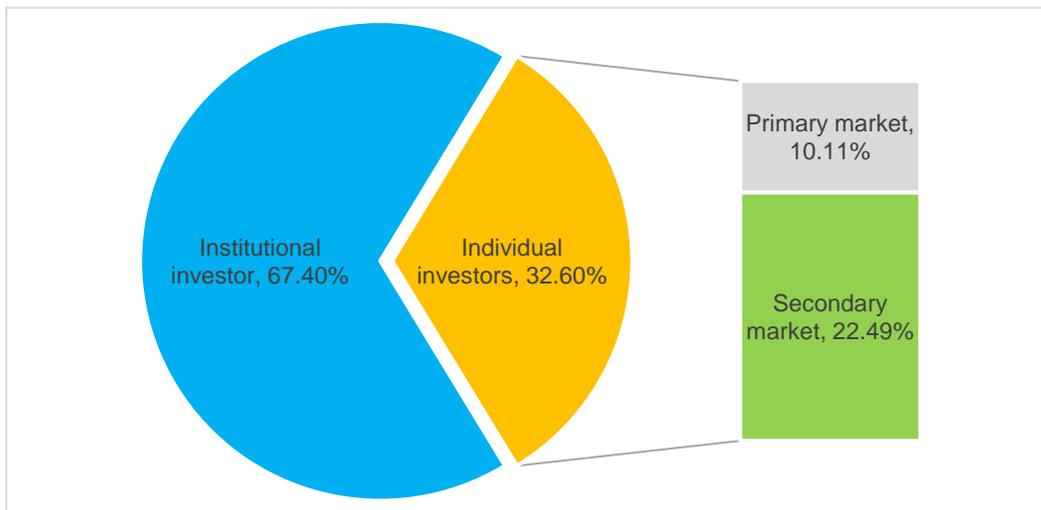
bondholders.

Participation of individual investors

The proportion of individual professional investors is expected to decrease:

According to the Ministry of Finance's data, the primary corporate bond market in the first 7 months of 2022 recorded 46.14% of investors as financial institutions, 22.43% were securities companies, while professional investors accounted for only 10.11% of the total purchase value. However, data from the secondary market shows that the proportion of corporate bonds held by individuals is up to 32.6%, mainly because of intermediary purchases with securities companies. It can be seen that there is a phenomenon of brokers enticing non-professional investors to invest in corporate bonds as a form of high-interest savings deposit.

Figure 3: The holding rate of corporate bonds by retail investors reached 32.6%, most of whom bought them from intermediaries of securities companies



Source: FiinRatings, Ministry of Finance

To control the risk of the aforementioned situation, the Decree also amended Article 8 on assessing qualified investor status. Specifically, qualified investors need to ensure that their portfolio of listed and registered securities must reach an average value of at least VND 2 billion for a minimum period of 6 consecutive months, excluding the value of margin loans and securities repurchases. The individual professional investor status will be valid for 3 months from the determination date. The average calculation can be said to ensure the interests of professional investors and ensure their capital flexibility and investment portfolios when participating in this market. We assess that Decree 65 has not been able to solve the legal loophole in this regard completely; however, the strict provisions will certainly make methods of "circumvention" significantly more expensive, along with regulation from Article 6 raising the par value of corporate bonds from VND 100 thousand to VND 100 million will also reduce the proportion of individual investors in the coming time compared to now. The new regulation on individual professional investors are expected to help reduce the possibility of fraud through margin loan accounts, trust contracts/capital contribution contracts, etc.

In tandem with the above control regulations, individual professional investors are also protected by the obligation to disclose information of issuers. Additionally, Decree 65 further

strengthens their protection by adding provisions on voting rights for them. Specifically, for professional investors owning corporate bonds representing at least 65% of the total number of bonds of the same type in circulation or more:

- Clause 4, Article 5, owners have the power to approve the enterprise's proposal for changes in the terms and conditions of the bond.
- Clause 3, Article 7, owners have the right to request redemption if the enterprise violates the stated conditions but cannot remedy it, or the remedial action is not approved.

In our opinion, although the conditions for determining individual qualified investors have become more stringent than before, in return, qualified investors are better protected when there is a better reporting mechanism and higher commitment responsibility by the enterprise, with voting rights on issues related to corporate bonds owned by them.

How will non-professional individual investors be affected?

Concerning the demand for corporate bonds, non-professional investors are compelled to purchase public offering bonds with certificates of registration for sale issued by the State Securities Commission or switch to purchasing fund certificates of investment funds. As a result, the purpose of purchasing corporate bonds is more rigorously regulated, causing private placement market to shift not only in size but also in participant diversification among qualified investors, insurance companies, bond funds, voluntary pension funds, etc. These intermediate investment organizations will make effective and professional investment decisions on behalf of non-professional investors to help regulate capital flows into the corporate bond market. Furthermore, encouraging non-banking financial institutions to expand their proportion of corporate bond holdings is a method of adjusting the market to develop in a long-term direction, given that the strategies of these funds are primarily focused on long-term investment portfolios that help reduce the dangers associated with short-term market changes.

Decree 65 additionally includes text on transitional procedures to protect the rights of non-professional investors who have outstanding balances of corporate bonds traded throughout the effective period of Decree No. 153/2020/ND-CP. In particular, the outstanding corporate bonds issued prior to the effective date of Decree 153/2020/ND-CP will continue to be deposited and traded in accordance with the approved bond issuance plan; outstanding corporate bonds issued under the provisions of Decree 153/2020/ND-CP, registration, depository, and transaction registration shall be carried out in accordance with the provisions of this Decree, but the objects of transactions are limited among qualified investors.

Impact on intermediate institutions

Impact on the banking system

Decree 65 is projected to help reduce the risk of capital imbalances in the financial system. Thus, commercial banks will gain from the new policy. Although up to 94% of real estate credit is medium and long-term loans, it is putting a strain on the commercial banking sector, which is focused on short-term mobilization. The real estate industry's capital demand put more pressure on banks, even though the credit room has been eased slightly. Furthermore, according to the State Bank's plan, these organizations will continue to be required to reduce the ratio of short-term capital for medium-long-term loans to 34% in the

future.

Outstanding corporate bonds reached around 1.5 million billion VND by June 2022, which is equivalent to one-third of the banking system's entire credit balance, indicating that the corporate bond market is rapidly expanding. We believe that Decree 65 will encourage more businesses to use the bond channel, reducing the burden on the current lending source. We anticipate that Decree 65 will contribute to the growth of the corporate bond market as the primary medium and long-term capital mobilization channel, relegating the bank credit channel to a source of short-term financing for consumer loans and home purchases.

From another perspective, banks are among key investors in the corporate bond market, especially when this is an investment with yield rates much higher than that of government bonds. However, with the investment and trading of corporate bonds currently limited by Circular 16 and the credit room condition, banks will only selectively invest in the corporate bond market. From this perspective, we believe that the corporate bond market still needs the participation of non-bank financial institutions such as bond funds, pension funds, etc.

Credit rating

Regarding credit rating, decree 65 amending Clause 2, Article 12 mandates enterprises in the following cases to include credit rating result in bond offering dossiers. According to Clause 2, Article 19, and Clause 3, Article 310 of Decree No. 155/2020/ND-CP dated 12/31/2020, private corporate bond issuances are required to provide credit rating results in case (i) Total bond value bonds in every 12 months is more than VND 500 billion and more than 50% equity in the most recent reporting period, or (ii) bond outstanding is greater than 100% of the equity in the most recent reporting period.

Mandatory ratings may assist decrease information asymmetry between issuers and retail investors, who are limited in financial knowledge, and self-analytical skills and are easily led by unorthodox information flow. Businesses with a solid financial status and legally qualified projects can raise money at a lower cost as the risk premium is reduced. In our opinion, this is not an attempt to rigorously restrict issuance conditions but helps the market operate more transparently and effectively.

Conclusion

Since the beginning of the second quarter, the corporate bond market has been stagnant due to the Tan Hoang Minh scandal, and Decree 65 is expected to assist the market's demand for capital soon. Even so, the market needs time to adjust to the new regulation and issue securities to meet capital demands. Hence, we expect corporate bond issuance to rise considerably starting next year, especially in 2023.

With increased requirements on bond offering dossiers and issuance processes, only businesses with capability and transparent records can meet these regulations. As a result, there will still be companies having trouble restructuring debts, resulting in insolvency. For healthy and sustained development, the Vietnamese market must acknowledge this market issue and foreign practice.

Appendix – Summary of some changes of Decree 65/2022/ND-CP

Articles of Decree 153	Decree 153/2020/ND-CP (old)	Decree 65/2022/ND-CP (new)
Clause 4 Article 4	“Secured bond” is a type of bond that is guaranteed to pay all or part of the interest and principal upon maturity with the assets of the issuing enterprise or the assets of a third party in accordance with the law on secured transactions; or having underwriting as prescribed by law.	“Secured bond” is... or payment guaranteed by a credit institution, foreign bank subsidiaries, overseas financial institution, or international financial institution in accordance with the law.
Clause 2 Article 5	The purpose of issuing bonds... to execute investment programs and projects; increase working capital; restructuring the company's capital or other purposes prescribed in specialized laws...	The purpose of issuing bonds... to execute investment programs and projects, restructuring the enterprise's debt or other purposes prescribed in specialized laws...
Supplement Clause 4 and 5 of Article 5		4. For bonds already issued in the domestic market, enterprises may only change the conditions and terms of bonds specified in Article 6 of this Decree when the following provisions are satisfied: a) It is approved by a competent authority of the issuing enterprise; b) Approved by bondholders representing at least 65% of the total number of bonds of the same type in circulation; 5. Information about the change of conditions and terms of the bond must be unusually disclosed by the issuing enterprise...
Point a, Clause 4, Article 6	a) Face value of a bond offered in the domestic market is VND 100.000 (one hundred thousand) or a multiple of VND 100.000 (one hundred thousand)	a) Face value of a bond offered in the domestic market is VND 100.000.000 (one hundred million) or a multiple of VND 100.000.000 (one hundred million).
Article 7	Article 7. Redemption of bonds before maturity, bond swaps 1. The issuer is entitled to redeem bonds before maturity or conduct a bond swap as agreed upon with bondholders in order to reduce or restructure its debts. The redemption of bonds offered in the international market before maturity must comply with SBV's regulations on foreign exchange management. Bonds must be disposed of after redemption. 2. The entity competent to approve the bond issuance plan shall have the power to approve the plan for the redemption of bonds before maturity or bond swap.	Article 7. Redemption of bonds before maturity, bond swaps 1. The issuer is entitled to redeem bonds before maturity or conduct a bond swap... 3. Cases of early bond redemption include: a) Early redemption under the agreement between the issuer and the bondholder. b) Compulsory bond redemption at the request of the investor when: - The issuer violates the law on issuing and trading of corporate bonds under the judgment of a competent authority, but the enterprise cannot remedy or the remedy is not approved by at least 65% of bondholders of the total number of bonds of the same type in circulation. - Other cases specified in the bond issuance plan are specified in Article 13 of this Decree (if any). 4. The provisions at Point b, Clause 3 of this Article do not apply to cases where bonds are withdrawn under a decision of a competent authority.
Article 8	Article 8. Bond buyers 1. Eligible bond buyers ... c) Organizations responsible for determination of professional investors and documents proving professional investors shall comply with the Decree providing guidelines for implementation of the Law on Securities	Article 8. Bond buyers 1. Eligible bond buyers ... d) The determination of individual professional investor according to the provisions of Point d, Clause 1, Article 11 of the Securities Law to purchase privately issued corporate bonds must ensure their portfolio of listed and registered securities held by investors have a minimum value of VND 2 billion determined by the daily average market value of the portfolio for at least 180 consecutive days prior to the date of eligibility for professional investor evaluation, excluding the value of loans for margin trading and the value of securities repurchase. Professional investor certification results will be valid for 3 months from the date of determination.

Articles of Decree 153	Decree 153/2020/ND-CP (old)	Decree 65/2022/ND-CP (new)
		<p>2. Responsibilities of bond buyers</p> <p>...</p> <p>d) Before buying bonds (both on the primary and secondary markets), investors must sign a document verifying that they have complied with the provisions of points a, b, and c of this Clause and are responsible for their decision to buy bonds after signing this confirmation document...</p> <p>3. Rights of bond buyers</p> <p>c) The right to request the issuing company to buy back the bonds before maturity as prescribed in Clause 3, Article 7 of this Decree...</p>
Clause 2 Article 10	2. Bonds offered in each wave must be distributed within 90 days from the date of disclosure of information before offering. Total duration for offering of bonds in multiple waves shall not exceed 12 months from the issue date of the first offering wave.	2. Bonds offered in each wave must be distributed within 30 days from the information disclosure date before offering. Total duration for offering of bonds in multiple waves shall not exceed 6 months from the issue date of the first offering wave.
Point c Clause 1 Article 11	c) The issuer shall organize the bond offering according to the methods prescribed in Article 14 hereof. The issuer shall complete the distribution of bonds within 90 days from the date of information disclosure before offering.	c) The issuer shall organize the bond offering according to the methods prescribed in Article 14 hereof. The issuer shall complete the distribution of bonds within 30 days from the date of information disclosure before offering.
Clause 2, 3, and 4 Article 12	<p>2. A bond offering dossier shall include the following documents:</p> <p>...</p> <p>dd) Rating results given by credit rating agencies with respect to the issuer and type of bonds issued (if any);</p> <p>...</p>	<p>2. A bond offering dossier shall include the following documents:</p> <p>...</p> <p>b) Documents satisfying all conditions for bond offering specified in Articles 9 and 10 of this Decree;</p> <p>...</p> <p>e) Credit rating results for bond issuers if the issuer falls under the conditions of which credit rating is required and the time of application is specified in Clause 2, Article 19 and Clause 3, Article 310 of Decree 155/2020/ND-CP.</p> <p>...</p>
Clause 1 Article 13	<p>Article 13. Bond issuance plan and authority to approve and accept bond issuance plan</p> <p>1. A bond issuance plan shall, inter alia, include the following...</p> <p>b) Bond issuance purposes...</p> <p>h) Some financial indicators of the issuer in 03 consecutive years preceding the year of issuance and any changes therein after the bond issuance, including:</p> <ul style="list-style-type: none"> - Equity; - Debt-to-equity ratio; - Ratio of outstanding bond debt to equity; - Losses/gains (in case of losses, losses in the fiscal year and accumulated losses are specified); - Return on equity (ROE). <p>...</p>	<p>Article 13. Bond issuance plan and authority to approve and accept bond issuance plan</p> <p>1. A bond issuance plan shall, inter alia, include the following ...</p> <p>b) Bond issuance purposes, including information about the investment program/project (in which the legal status and investment risks of the program or project are specified); restructured debt (specifically the value and term of the debt to be restructured)....</p> <p>d)... For secured bonds, specifying the type and value of collateral valued by an organization specializing in price appraisal, the legal status of the collateral, the registration of the collateral in accordance with the law on the registration of collateral and the order of payment of bondholders when liquidating collateral for debt payment.</p> <p>g) Cases, terms, conditions and commitments of the issuing enterprise on early redemption of bonds, and bond swapping;</p> <p>h) Financial indicators of the enterprise in three consecutive years preceding the year of issuance and changes after the issuance (if any), including:</p> <ul style="list-style-type: none"> - Owner's equity (specify the owner's investment capital, funds deducted from after-tax profits and undistributed after-tax profits, asset revaluation difference, exchange rate difference...); - Total liabilities, including bank loans, debt from bond issuance, etc. and other payables (specify payables); - Indicators on capital structure including: total liabilities/total assets ratio, liabilities/equity ratio; - Liquidity indicators including: short-term ratio (short-term assets/short-term liabilities), quick ratio ((short-term assets - inventories)/short-term liabilities); - Total outstanding loans (including all forms of bonds)/equity;

Articles of Decree 153	Decree 153/2020/ND-CP (old)	Decree 65/2022/ND-CP (new)
		<ul style="list-style-type: none"> - Profit before tax, profit after tax (in case of loss, specify between loss in the fiscal year and accumulated loss); - Profitability indicators including: profit after tax ratio/total assets, profit after tax ratio/equity; - Prudential limits and ratio in operation in accordance with specialized laws. k) Report on the issuance and use of capital... l) Evaluation of the enterprise's financial situation and ability to pay due debts, and the repayment capacity for the bonds to be issued; ... p) Plan to use capital from bond issuance... q) Plan on arrangement of sources and methods of payment of bond interest and principal; d) Rights and responsibilities of investors buying bonds, specifying the percentage of votes to approve issues that must be approved by bondholders but not less than the 65 % of total outstanding bonds of the same type.
Article 14	<p>Article 14. Issuance methods and service providers</p> <p>...</p> <p>3. Organizations providing bidding, underwriting and brokerage services include securities companies, credit institutions and financial institutions licensed to provide such bidding, underwriting and brokerage services as prescribed by law.</p> <p>4. ... When rendering counseling services, the counseling organization shall review the fulfillment of bond offering requirements and bond offering dossier as prescribed herein and the Law on Securities...</p>	<p>Article 14. Issuance methods and service providers</p> <p>...</p> <p>3. Organizations responsible for determining investor status:</p> <p>a) For professional investors: comply with the provisions of Clause 1, Article 8 of this Decree.</p> <p>b) For strategic investors: issuing enterprises (when offering bonds) and securities companies (where investors buy on the secondary market) are responsible for determining strategic investors based on in the Resolution of the General Meeting of Shareholders of the issuing company on the selection of strategic investors in accordance with the provisions of the securities law.</p> <p>c) The organization determining investor status is responsible for signing and certifying the investor's written certification before buying bonds according to the form in Appendix V issued together with this Decree and is responsible before the law regarding investor status.</p> <p>4. Bidding organizations, underwriters and corporate bond issuance agents include:</p> <p>a) A securities company licensed to provide bidding, underwriting and issuance agency services in accordance with the Law on Securities;</p> <p>b) Commercial banks and foreign bank subsidiaries are allowed to provide issuance agency services when licensed by the State Bank of Vietnam in accordance with the Law on Credit Institutions and approved by the State Securities Commission.</p> <p>5. Responsibilities of the bidding, underwriting organization and corporate bond issuance agent when providing services:</p> <p>...</p> <p>b) Main responsibilities of the bidding organization, underwriter and the issuing agent when distributing bonds or the responsibility of the issuing enterprise acting as a credit institution that sells bonds directly to investors:</p> <ul style="list-style-type: none"> - ... ensure that there is no content that would let investors confuse between buying corporate bonds and depositing money at credit institutions;... must not provide false or misleading information about bonds for investors; - ...must not offer or entice investors who are not qualified to buy privately issued corporate bonds; <p>...</p> <ul style="list-style-type: none"> - In the case of underwriting in accordance with the provisions of securities law, it is necessary to provide sufficient information to investors about the scope of the underwriting, ensuring that there is no content that would let investors confused between underwriting and bond underwriting.

Articles of Decree 153	Decree 153/2020/ND-CP (old)	Decree 65/2022/ND-CP (new)
		<p>- Confirm that the proceeds from the bond offering have been transferred to the bond purchaser's account and sent to the issuer to keep in the bond offering file and disclose information on the results of the bond offering in accordance with regulations.</p> <p>6. ...</p> <p>a) The Organizations providing counseling on bond offering dossiers must sign a service provision contract with the issuing enterprise, clearly stating the rights and responsibilities of each party.</p> <p>b) The main responsibilities of the organizations providing counseling on bond offering dossiers when providing services include: - Review the fulfillment of bond offering requirements and bond offering dossier as prescribed in this Decree and the Securities Law and Business Law and confirm the result of the review at the information disclosure before the bond offering. - Must not advise or assist the issuer in providing false or misleading information about bonds in the offering documents.</p> <p>7. The representative of bondholders must be a depository member of the Vietnam Securities Depository and Clearing Corporation or a securities investment fund management company appointed or selected to represent the interests of bondholders as prescribed in Clause 13, Article 3 of Decree 155/2020/ND-CP</p> <p>a) The bondholders' representative must sign a service provision contract with the issuer, clearly stating the rights and responsibilities of each party. ... c) The bondholders' representative may change when approved by the number of bondholders representing 65% of the number of bonds of the same type in circulation. In case of changes to other terms in the contract of representation of bondholders, the change must be simultaneously approved by the competent authority of the issuing enterprise. ... 10. The Ministry of Finance shall provide guidelines for providing counseling on bond offering dossiers, underwriting, bidding, private brokering of corporate bonds, and bondholders' representative.</p>
Article 15	<p>Article 15. Registration and depositing of bonds</p> <p>1. An enterprise that performs the private placement of bonds must carry out registration and depositing of bonds within the following time limits: a) 05 working days from the date on which SSC gives notification of receipt of report on the private placement of convertible bonds or warrant-linked bonds by a public company, securities company or fund management company. b) 05 working days from the completion date of the private placement of corporate bonds by entities other than those specified in Point a of this Clause.</p> <p>2. At a given time, each code of corporate bonds shall be registered and deposited at the one registering and depository organization.</p>	<p>Article 15. Registration and depositing of bonds</p> <p>1. An enterprise that performs the private placement of bonds must register bonds at the Vietnam Securities Depository and Clearing Corporation ("VSDCC") within the following time limits: ... c) When registering bonds at the VSDCC, the issuer must enclose a list of bondholders and take full responsibility before the law for the list of bondholders meeting the right subjects to buy corporate bonds according to the provisions of this Decree and the provisions of the Securities Law.</p> <p>2. Bonds must be centrally deposited at the VSDCC through depository members before trading or transferring ownership unless otherwise guided by the Ministry of Finance. ... </p>
Article 16	Article 16. Bond trading ...	<p>Article 16. Bond trading</p> <p>1. Enterprises must register for the trading of issued bonds on the trading system of private placement bonds at the Stock Exchange.</p>

Articles of Decree 153	Decree 153/2020/ND-CP (old)	Decree 65/2022/ND-CP (new)
	4. The Ministry of Finance shall provide guidelines for trading of privately placed corporate bonds at the Stock Exchange according to the provisions of this Article in conformity with the market development.	...
Clause 2 Article 21	2. The information to be disclosed shall comply with guidelines given by the Ministry of Finance and include the followings: ... c) Reports on use of funds raised from the bond issuance.	2. The information to be disclosed shall comply with guidelines given by the Ministry of Finance and include the followings: ... c) Report every 6 months and annually on the use of the proceeds from the bond issuance for outstanding bonds audited by a qualified auditing organization . e) Report the implementation of commitments made by the issuer to bondholders .
Clause 1 Article 30, supplement of Clause 1a of Article 30	1. Within 10 days from the completion date of the bond offering, the issuer shall send information on offering results to the Stock Exchange. The information on offering results to be disclosed shall comply with guidelines given by the Ministry of Finance.	1. Within 5 days from the completion date of the bond offering, the issuer shall send information on offering results to the Stock Exchange. The information on offering results to be disclosed shall comply with guidelines given by the Ministry of Finance. 1a. In case the enterprise offers unsuccessfully or cancels the bond offering, within 05 working days from the completion date of the bond offering, the enterprise shall disclose information and send the information disclosure content to the Stock Exchange.
Clause 2 Article 31	2. The information to be disclosed shall comply with guidelines given by the Ministry of Finance and include the followings: ... c) Reports on use of funds raised from the bond issuance. In case of changes in the purposes of raised funds, the issuer must specify such changes and reasons thereof. ...	2. The information to be disclosed shall comply with guidelines given by the Ministry of Finance and include the followings: ... c) Report every 6 months and annually on the use of the proceeds from the bond issuance for outstanding bonds. ... e) Report the implementation of commitments made by the issuer to bondholders.
Article 32	Article 32. Corporate bond information webpage of the Stock Exchange ... 2. The corporate bond information webpage shall include the following contents: a) Information on issuance of corporate bonds in the domestic market, including: name of issuer, code of bond (if any), issue date, quantity, face value and maturity date; ...	Article 32. Corporate bond information webpage of the Stock Exchange ... 2. The corporate bond information webpage shall include the following contents: a) The situation of corporate bond issuance in the domestic market, including: issuer name, a number of financial indicators (bond outstanding (including all forms of bond), debt/equity ratio, total bond outstanding (including all forms of bond)/equity ratio, interest coverage ratio (earnings before tax and interest)/interest), bond code, offering object of each bond code, interest rate, issue date, volume, par value, maturity date, report on payment of principal and interests of bonds, disclosure of unusual information, credit rating results for bond issuers in the cases subject to credit rating as prescribed; ... d) Disclose cases where the issuer fails to fully pay the bond principal and interest , misuse of funds regarding bond purpose, fails to fulfill commitments to investors, compulsory early redemption cases according to reports of bidding organizations, underwriters, brokerage service providers, representatives of bondholders, and issuer's disclosure.
Supplement of Clauses 6 and 7, Article 34		Article 34. Responsibilities of bond issuers 6. Responsible for explaining to investors information related to the issuance plan, legal risks, investment risks, risks of using capital, rights, interests, liabilities of issuers and investors. 7. Issuing enterprises must redeem bonds ahead of time as prescribed in Clause 3, Article 7 of this Decree

Articles of Decree 153	Decree 153/2020/ND-CP (old)	Decree 65/2022/ND-CP (new)
Article 35	<p>Article 35. Responsibilities of providers of counseling on bond offering dossiers</p> <ol style="list-style-type: none"> 1. Comply with regulations of the Law on Securities and those herein when providing counseling on bond offering dossiers. 2. Comply with regulations on reporting laid down herein. 3. Bear the management and supervision of SSC in accordance with regulations of the Law on securities and those herein. If the service provider commits violations while providing services, it shall be liable to administrative penalties in accordance with regulations on penalties for administrative violations against regulations on securities and securities market. 	<p>Article 35. Responsibilities of providers of counseling on bond offering dossiers</p> <ol style="list-style-type: none"> 1. Comply with regulations of the Securities Law and Article 14 of those herein when providing counseling on bond offering dossiers. 2. Comply with regulations on reporting laid down herein. 3. Under the management and supervision of the State Securities Commission in accordance with law provisions. If committing any violations while providing services, the service provider shall be liable to administrative penalties in accordance with regulations on penalties for administrative violations against regulations on securities and securities market or criminal prosecution
Article 36	<p>Article 36. Responsibility of registering and depository organization</p> <p>...</p> <ol style="list-style-type: none"> 3. If committing any violations while providing services, the registering and depository organization shall be liable to administrative penalties in accordance with regulations on penalties for administrative violations against regulations on securities and securities market. 	<p>Article 36. Responsibilities of the bondholder's representative</p> <p>...</p> <ol style="list-style-type: none"> 3. Under the management and supervision of the State Securities Commission in accordance with law provisions. If committing any violations while providing services, the service provider shall be liable to administrative penalties in accordance with regulations on penalties for administrative violations against regulations on securities and securities market or criminal prosecution.
Article 37	<p>Article 37. Responsibility of bidding, underwriting and brokerage service providers</p> <p>...</p> <ol style="list-style-type: none"> 4. If committing any violations while providing services, the service provider shall be liable to administrative penalties in accordance with regulations on penalties for administrative violations against regulations on securities and securities market. 	<p>Article 37. Responsibility of bidding, underwriting and brokerage service providers</p> <p>...</p> <ol style="list-style-type: none"> 3. If committing any violations while providing services, the service provider shall be liable to administrative penalties in accordance with regulations on penalties for administrative violations against regulations on securities and securities market or criminal prosecution.

Copyright Statement and Disclaimer by FiinGroup and FiinRatings

- *This document is prepared by FiinGroup Joint Stock Company for reference purposes only. This document does not make recommendations to buy, sell or hold any particular stock or transaction.*
- *The information in this report, including data, charts, tables, analytical opinions, and assessments of FiinGroup is used for reference only at your discretion and risk. FiinGroup will not be responsible for any loss or damage that may be caused by the use of the information in this report.*
- *This document is subject to change without prior notice. The content and assessments contained in this report may be changed or out of date depending on the facts and additional information available to us. FiinGroup will not be responsible for updating, modifying, and supplementing the content in accordance with such changes.*
- *All information is compiled and processed based on public information and other sources obtained by FiinGroup, we do not have procedures to perform independent verification of the accuracy, completeness, or suitability for use and we make no commitment as to the accuracy of such information.*
- *FiinGroup Joint Stock Company owns the copyright to this document and the entire content of the report. This document is protected under the provisions of copyright laws in Vietnam and other countries under treaties between Vietnam and other countries.*
- *None of the data, charts, tables, models, and statements contained in this report may be reproduced, copied, modified, commercialized, or published in whole or in part in any way without the approval of FiinGroup.*
- *FiinGroup is a company specializing in financial analysis services and credit ratings under license number 02/GXN-XHTN of the Ministry of Finance of Vietnam dated March 30, 2020. Accordingly, FiinGroup does not participate in and is not allowed to engage in securities brokerage and consulting activities, banking services, and auditing services. We maintain a system of controls to ensure that all directors, managers, and employees comply with these regulations and to avoid conflicts of interest to ensure absolute independence in any of our activities.*
- *FIINRATINGS, FIIN, and FIINGROUP are registered trademarks of FiinGroup Joint Stock Company.*