MINISTRY OF FINANCE

THE SOCIALIST REPUBLIC OF VIETNAM Independence - Freedom - Happiness

No. 87/2017/TT-BTC

Hanoi, August 15, 2017

CIRCULAR

PRUDENTIAL INDICATORS AND ACTIONS AGAINST SECURITIES-TRADING ORGANIZATIONS THAT FAIL TO ACHIEVE PRUDENTIAL INDICATORS

Pursuant to the Law on Securities dated June 29, 2006;

Pursuant to the Law on amendments to some articles of the Law on Securities dated November 24, 2010;

Pursuant to the Law on Enterprises dated November 26, 2014;

Pursuant to the Government's Decree No. 58/2012/ND-CP dated July 20, 2012 elaborating and providing guidelines for some articles of the Law on Securities and the Law on amendments to some articles of the Law on Securities;

Pursuant to the Government's Decree No. 60/2015/ND-CP dated June 26, 2015 on amendments to some articles of the Government's Decree No. 58/2012/ND-CP dated July 20, 2012 elaborating and providing guidelines for some articles of the Law on Securities and the Law on amendments to some articles of the Law on Securities;

Pursuant to the Government's Decree No. 42/2015/ND-CP dated May 05, 2015 on derivative securities and derivative securities market;

Pursuant to the Government's Decree No. 86/2016/ND-CP dated July 01, 2016 on requirements for investment and trading in securities;

Pursuant to the Government's Decree No. 87/2017/ND-CP dated July 26, 2017 defining functions, tasks, powers and organizational structure of the Ministry of Finance;

At the request of the President of the SSC;

The Ministry of Finance promulgates a Circular on prudential indicators and actions against securities-trading organizations that fail to achieve prudential indicators.

Chapter I

GENERAL PROVISIONS

Article 1. Scope and regulated entities

1. Scope

This Circular deals with the determination of prudential indicators, regulation on report on prudential ratios of securities-trading organizations, actions against and responsibilities of relevant parties to securities-trading organizations that fail to achieve prudential indicators. The Circular shall not apply to the determination of tax payable to the state budget by securities-trading organizations.

2. Regulated entities

- a) Securities companies, branches of foreign securities companies in Vietnam (below collectively referred to as "securities companies"), fund management companies, branches of foreign fund management companies in Vietnam (below collectively referred to as "fund management companies");
- b) Relevant organizations and individuals.

Article 2. Definitions

For the purposes of this Circular, the terms below shall be construed as follows:

- 1. "securities-trading organizations" include securities companies, branches of foreign securities companies in Vietnam, fund management companies, branches of foreign fund management companies in Vietnam.
- 2. "value at risk" means a value equivalent to a loss likely to be incurred when the market price of assets owned and expected to be owned by an organization according to underwriting commitment adversely fluctuates.
- 3. "settlement risk value" means a value equivalent to a loss likely to be incurred when a partner fails to settle or transfer assets on schedule as committed.
- 4. "operational risk value" means a value equivalent to a loss likely to be incurred due to a technical, systematic or professional procedure breakdown or a human error in the course of performance, or due to working capital shortages resulting from investment costs or losses or for other objective reasons.
- 5. "total risk value" means the total of the value at risk, settlement risk value and operational risk value.
- 6. "liquid capital" means the equity which can be converted into cash within ninety (90) days.
- 7. "liquid capital ratio" means a percentage of the liquid capital value to the total risk value.

- 8. "payment guarantee" means an commitment to fulfill financial obligations in order to secure the payment by a third party.
- 9. "underwriting period" means a period from the date on which the underwriting obligation arises in the form of firm commitment to the date on which the underwriter is paid as agreed.
- 10. "net position in a security at a specific time" (hereinafter referred to as "net position in a security") means the number of securities currently held by a securities-trading organization after the number of lent securities is reduced, the number of securities is protected by put warrant or futures contract, and the number of borrowed securities is increased in accordance with regulations of law.
- 11. "net payment position in a partner at a specific time" (hereinafter referred to as "net position in a partner") means the value of loans and receivables after debts owed and payable to such partner are adjusted.
- 12. "related group" includes:
- a) Parent company, subsidiaries, joint-venture companies or associate companies of such organization;
- b) Parents, adoptive parents, spouses, children, adopted children, blood siblings, brother-in-law or sister-in-law of such individual.
- c) Business entity 30% or more of charter capital of which is held by such individual, persons and companies specified in Points a and b of this Clause.
- 13. "margin value" means the total of the following values:
- a) The value in cash or securities contributed to the clearing fund of the Vietnam Securities Depository by a securities-trading organization.
- b) The value in cash or securities accepted as by a securities-trading organization as margins for investment, self-trading and derivatives market making;
- c) The margins in cashes and the payment guarantee value of a bank in case a securities-trading organization issues a covered warrant.
- 14. "open interests of a derivative at a specific time" (hereinafter referred to as "open interests") mean the number of derivatives which is traded at that time, is yet to be liquidated or closed.
- 15. "accredited audit organization" means an audit organization which is permitted by the State Securities Commission (hereinafter referred to as "SSC") to audit a public interest units in terms of securities.

- 16. "in-the-money" means a call warrant whose exercise price (exercise index) is lower than the market price (index) of the underlying securities or a put warrant whose exercise price (exercise index) is higher than the price (index) of the underlying securities..
- 17. "exercise price" means the price at which the warrant holder has the right to buy (call warrant) or sell (put warrant) the underlying securities (a stock or ETF certificate) to the issuer or on which the issuer bases to calculate the payout to the warrant holder.
- 18. "conversion ratio" indicates the number of warrants required to convert into one unit of the underlying securities.

Article 3. Rules for application of prudential indicators

- 1. The securities-trading organization shall calculate its prudential indicators and take responsibility for the accuracy of the calculations.
- 2. Assets and capital sources used for calculation of the liquid capital value and risk values up to the time of calculation shall be updated.
- 3. The securities-trading organization is not required to calculate the value of various risks against assets which have been deducted from liquid capital as prescribed in Articles 5 and 6 of this Circular.
- 4. The securities-trading organization that has subsidiaries shall calculate prudential indicators according to its own financial terms.
- 5. The prudential ratio report of June 30 must be examined by an accredited audit organization according to the Vietnam's Audit Standard for Examination. The prudential ratio report of December 31 and the prudential ratio report used for proving that a securities-trading organization is eligible to have warning, control or special control lifted must be audited by an accredited audit organization according to the Vietnam's Audit Standard Special considerations Audits of financial statements prepared in accordance with special purpose frameworks and other relevant Audit Standards.
- 6. The securities-trading organization must establish an internal control and information system for recording, monitoring, and updating the financial information and detailed information serving the preparation, examination, and audit of the prudential ratio reports. The Board of Directors (administration board) of the securities-trading organization shall prepare and present the prudential ratio report as prescribed in this Circular.

Chapter II

PRUDENTIAL INDICATORS

Section 1. LIQUID CAPITAL

Article 4. Liquid capital

- 1. The liquid capital of a securities company shall be determined according to Appendix VI hereof. To be specific:
- a) Equity, excluding refunded preferred equity (if any);
- b) Share capital surplus, excluding refunded preferred equity (if any);
- c) Options on conversion from bond to stake (for the securities company issuing convertible bond);
- d) Other equity;
- dd) Differences upon asset valuation according to the reasonable value;
- e) Foreign exchange differences;
- g) Additional reserve fund of charter capital;
- h) Operational risk and financial reserve funds; <0}
- i) Other funds which are established in accordance with regulations of law;
- k) Undistributed profits;
- 1) Provision for impairment of assets;
- m) Fifty percent (50%) of the increase in of fixed assets which are revalued in accordance with regulations of law (in case the value of these assets is increased), or the entire decrease in value (in case the value of these assets is reduced);
- n) Deductions specified in Article 5 of this Circular;
- o) Increases specified in Article 7 of this Circular;
- p) Other capitals (if any).
- 2. The liquid capital of a fund management company shall be determined according to Appendix V hereof. To be specific:
- a) Paid-in capital, excluding refunded preferred equity (if any);
- b) Share capital surplus, excluding refunded preferred equity (if any);
- c) Additional reserve fund of charter capital;

- d) Investment and development fund (if any);
- dd) Operational risk and financial reserve funds;
- e) Other funds which are established in accordance with regulations of law;
- g) Undistributed profit after tax;
- h) Provision for impairment of assets;
- i) Fifty percent (50%) of the increase in value of fixed assets which are revalued in accordance with regulations of law (in case the value of these assets is increased), or the entire decrease in value (in case the value of these assets is reduced);
- k) Foreign exchange differences;
- 1) Deductions specified in Article 6 of this Circular;
- m) Increases specified in Article 7 of this Circular;
- n) Other capitals (if any).
- 3. The liquid capital specified in Clause 1 and Clause 2 of this Article shall be adjusted to reduce treasury stock (if any).

Article 5. Deductions from liquid capital of a securities company

1. Margin value.

In case a securities company has secured assets in order for the bank to guarantee payment when issuing covered warrants, the deduction value equals the minimum value of payment guarantee value of the bank; secured assets value determined as prescribed in Clause 6, Article 10 of this Circular. <0}

- 2. The asset value used for securing other organizations and individuals' obligations has the remaining term of over ninety (90) days. The asset value shall be determined as prescribed in Clause 6, Article 10 of this Circular.
- 3. The entire decrease in value of financial assets according to their book value, excluding the securities specified in Clause 7 of this Article, shall be calculated according to the difference between the book value and the market price determined according to Appendix II hereof.
- 4. Other deductions shall be determined according to Appendix VI hereof, including:
- a) Long-term assets, except for those specified in Clause 6 of this Article;

- b) The following short-term assets:
- Securities specified in Clause 7 of this Article in the short-term financial assets;
- Prepayments;
- Receivables with the payback period or remaining maturity of over ninety (90) days;
- Advances that may be returned after over ninety (90) days;
- Other short-term assets, except for those specified in Clause 5 of this Article.
- c) Amounts mentioned in the qualified opinions, adverse opinions or disclaimer of opinions (if any) in the audited and examined financial statements but yet to be deducted from the liquid capital as prescribed in Points a and b of this Clause. In case an audit organization certifies that exceptions no longer exist, the securities-trading organization is not required to deduct them.
- 5. The following indicators are not included in the deductions from liquid capital specified at Points a and b, Clause 4 of this Article:
- a) Assets against which market risks shall be identified as prescribed in Clause 2, Article 9 of this Circular, except for the securities specified in Clause 7 of this Article;
- b) Provision for impairment of assets recorded at book value;
- c) Provision for impairment of other assets;
- d) Provision for non-performing receivables.
- 6. When determining assets to be deducted from liquid capital specified in Clause 1, Clause 2, Points a and b of Clause 4 of this Article, the securities-trading organization may reduce the value of deductions as follows:.
- a) For the asset used for securing the obligation of the securities-trading organization, upon calculation of deductions, the minimum value of the market value of these assets determined as prescribed in the Appendix II hereof (if any), book value and remaining value of the obligation may be deducted;
- b) For the asset secured by client's property, upon calculation of deductions, the minimum value of the market value of such property determined as prescribed in Clause 6, Article 10 of this Circular and book value may be deducted.
- 7. The following securities classified as short-term and long-term financial assets shall be considered deductions from liquid capital:

- a) Securities issued by organizations are related to securities-trading organizations in the following cases:
- They are parent companies, subsidiaries, joint-venture companies or associate companies of securities-trading organizations;
- They are subsidiaries, joint-venture companies or associate companies of parent companies of securities-trading organizations.
- b) Securities to be restricted from transfer for over ninety (90) days from the date of calculation.

Article 6. Deductions from liquid capital of a fund management company

- 1. The entire decrease in value of investments, excluding the securities specified in Clause 5 of this Article, shall be calculated according to the difference between the book value and the market price determined according to Appendix II hereof.
- 2. Other deductions shall be determined according to Appendix V hereof, including:
- a) Long-term assets, except for those specified in Clause 3 of this Article;
- b) The following short-term assets:
- Securities specified in Clause 5 of this Article in the short-term financial assets;
- Prepayments;
- Receivables with the payback period or remaining maturity of over ninety (90) days;
- Advances that may be returned after over ninety (90) days;
- Other short-term assets, except for those specified in Clause 3 of this Article.
- c) Amounts mentioned in the qualified opinions, adverse opinions or disclaimer of opinions (if any) in the audited and examined financial statements in the audited and examined financial statements but yet to be deducted from the liquid capital as prescribed in Points a and b of this Clause. In case an audit organization certifies that exceptions no longer exist, the securitiestrading organization is not required to deduct them.
- 3. The following indicators are not included in the deductions from liquid capital specified at Points a and b Clause 2 of this Article:
- a) Assets against which market risks shall be identified as prescribed in Clause 2, Article 9 of this Circular, except for the securities specified in Clause 5 of this Article;
- b) Provision for investment markdown;

- c) Provision for non-performing receivables.
- 4. When determining assets to be deducted from liquid capital specified in Points a and b Clause 2 of this Article, the securities-trading organization may reduce the value of deductions as follows:
- a) For the asset used for securing the obligation of a securities-trading organization or third party , upon calculation of deductions, the minimum value of the market value of these assets determined as prescribed in the Appendix II hereof (if any), book value and remaining value of the obligation may be deducted;
- b) For the asset secured by client's property, upon calculation of deductions, the minimum value of the market value of such property determined as prescribed in Clause 6 Article 10 of this Circular and book value may be deducted.
- 5. The following securities included in the ratio of short-term and long-term financial assets shall be considered deductions from liquid capital:
- a) Securities issued by organizations are related to securities-trading organizations in the following cases:
- They are parent companies, subsidiaries, joint-venture companies or associate companies of securities-trading organizations;
- They are subsidiaries, joint-venture companies or associate companies of parent companies of securities-trading organizations.
- b) Securities to be restricted from transfer for over ninety (90) days from the date of calculation.

Article 7. Increases

- 1. The entire increase in value of investments and financial assets according to the book value, excluding the securities specified in Clause 7, Article 5, Clause 5, Article 6 of this Circular, shall be calculated according to the difference between the book value and the market price determined according to Appendix II hereof.
- 2. The debts which can be converted into equity include:
- a) Convertible bonds, except for those considered liquid capital specified in Point c Clause 1 Article 4 of this Circular and preferred stocks issued by a securities-trading organization which satisfy all of the following conditions:
- The initial term is at least five (05) years;
- They are not secured by assets of the securities-trading organization;

- The securities-trading organization shall only early redeem these bonds and stocks at the request of the holder or redeem them on the secondary market after informing the SSC as prescribed in Clauses 5 and 6 of this Article;
- The securities-trading organization may stop paying interests and transferring accumulated interests to the subsequent year in case the payment of interests causes business losses in the year;
- In case of dissolution of the securities-trading organization, payment may be made to the bond and stock holder only after the securities-trading organization pays debts to all other secured and unsecured creditors;
- The interest rate, including the interest rate and the reference interest rate added shall only be increased after five (05) years after the date of issuance and increased once throughout the term before these preferred stocks are converted into common stocks;
- They have been registered as increases in liquid capital as prescribed in Clause 4 of this Article.
- b) Other debt instruments which satisfy all of the following conditions:
- It is the debt which shall, in any circumstances, be paid to a creditor after the securities-trading organization has paid debts to all other secured and unsecured creditors;
- The initial term is at least ten (10) years;
- They are not secured by assets of the securities-trading organization;
- The securities-trading organization may stop paying interests and transferring accumulated interests to the subsequent year in case the payment of interests causes business losses in the year;
- The securities-trading organization may early pay debts to the creditor after informing the SSC as prescribed in Clauses 5 and 6 of this Article;
- The interest rate, including the interest rate and the interest rate added to the reference interest rate shall only be increased after five (05) years after the date on which a contract is signed and increased once throughout the life of the loan;
- They have been registered for inclusion in the liquid capital as prescribed in Clause 4 of this Article.
- 3. Limitations upon calculation of increases in liquid capital:
- a) The value of debts specified in Points a and b Clause 2 of this Article shall be gradually depreciated according to the following rules:

- Over the last five (05) years before the deadline for payment and conversion into common stocks, the initial value of the debts specified in Points a and b Clause 2 of this Article shall be decreased by 20% each year;
- Over the last four (04) quarters before the deadline for payment and conversion into common stocks, the remaining value after the decrease prescribed the abovementioned regulation shall be decreased by an additional 25% on a quarterly basis.
- b) Total value of the debts specified in Clause 2 of this Article used for increasing liquid capital must not exceed 50% of equity.
- 4. The securities-trading organization shall apply for registration as increases of debts prescribed in Clauses 2 and 3 of this Article in liquid capital with the SSC. An application for registration as increases in liquid capital includes:
- a) An application form made using the form in the Appendix VII hereof with respect to the use of convertible bonds, preferred stocks and debts used to increase liquid capital;
- b) A meeting minute, Resolution of the Board of Directors, Board of Members, holder's decision on the use of debts convertible into equity for addition to liquid capital;
- c) Valid copies of loan agreements or equivalent documents. Loan contracts or equivalent documents must contain commitments made by the two parties and all proper contents specified in Clauses 2 and 3 of this Article.
- 5. The securities-trading organization may redeem convertible bonds and preferred stocks or early pay debts registered as increases in liquid capital in the following cases:
- a) The liquid capital ratio after the redemption of convertible bonds and preferred stocks or early payment of debts registered as increases in liquid capital must not fall below 180%;
- b) In case the securities-trading organization fails to satisfy the requirement specified in Point a of this Clause, it must have new increases in capital sources in order to ensure that the minimum liquid capital ratio does not fall below 180%.
- 6. The securities-trading organization shall submit a report to the SSC at least fifteen (15) days before redeeming convertible bonds and preferred stocks or early paying debts registered as increases in liquid capital. The report includes:
- a) The documents prescribed in Point a, Clause 4 of this Article;
- b) The documents specified in Points b and c, Clause 4 of this Article about new convertible bonds, preferred stocks and debts that are used for addition to liquid capital in replacement of convertible bonds and preferred stocks which must be redeemed or debts which must be paid (if any).

Section 2. RISK VALUES

Article 8. Operational risk value

- 1. The operational risk of a securities-trading organization is either 25% of such trader's operating costs in twelve (12) months by the time of calculation or 20% of the legal capital, whichever is greater.
- 2. The operating cost of a securities-trading organization equals the total costs incurred in a period, minus:
- a) Depreciated cost;
- b) Cost or reversal of provision for impairment of short-term financial assets and collateral;
- c) Cost or reversal of provision for impairment of long-term financial assets;
- d) Cost or reversal of provision for impairment of receivables;
- dd) Cost or reversal of provision for impairment of other short-term financial assets;
- 3. The operating cost of a fund management company equals the total costs incurred in a period, except for:
- a) Depreciated cost;
- b) Cost or reversal of provision for impairment of short-term investments;
- c) Cost or reversal of provision for impairment of long-term investments;
- d) Cost or reversal of provision for non-performing receivables.
- 4. In case a securities-trading organization that has operated for less than one (01) year, its operational risk shall be either three (03) times the average monthly operating cost beginning from the time this trader commences its operation or 20% of its legal capital, whichever is greater.

Article 9. Value at risk

- 1. At the end of a trading day, a securities-trading organization shall determine the value at risk of its assets specified in Clause 2 of this Article.
- 2. Market risk of the following assets shall be determined:
- a) Securities from proprietary trading accounts, excluding the number of covered warrants that are yet to be completely issued; (applicable to securities companies) or securities trading

accounts (applicable to fund management companies and securities companies not involved in proprietary trading of securities), entrusted securities , other investment securities. These securities include securities transferred from the seller;

- b) Securities provided by other individuals and organizations in accordance with regulations of law, including securities borrowed by the securities-trading organization itself and securities borrowed on behalf of other individuals and organizations;
- c) Clients' securities used by the securities-trading organization as secured assets. The trader may either use such securities or lend them to a third party in accordance with regulations of law;
- d) Cash, cash equivalents, negotiable instruments and valuable papers owned by the securities-trading organization;
- dd) The securities which are underwritten by the securities-trading organization in the form of firm commitment, which remain undistributed and to which full payment has not been made throughout the underwriting period.
- 3. The securities and assets specified in Clause 2 of this Article shall not include:
- a) Treasury stocks;
- b) The securities specified in Clause 7 Article 5 and Clause 5 Article 6 of this Circular;
- c) Due bonds, debt instruments and valuable papers on the monetary market.
- d) The securities that have been prevented from risks with call warrant or futures contract. The call warrant and warrant agreement shall be used for preventing risks from underlying securities.
- 4. The value at risk of the assets specified at Points a, b, c and d Clause 2 of this Article shall be determined according to the following formula:

Value at risk = Net position x Asset price x Market risk coefficient

- a) Market risk coefficient shall be determined according to Appendix 1 hereof;
- b) Asset price shall be determined according to Appendix 2 hereof.
- 5. The value at risk of each asset determined as prescribed in Clause 4 of this Article shall be increased in case the securities-trading organization invests too much in such asset, except the securities underwritten in the form of firm commitment, government bonds and government-guaranteed bonds. This value shall be increased according to the following rules:
- a) Increased by 10% in case the total investment in an organization's share and bond accounts for from more than 10% to 15% of the securities-trading organization's equity;

- b) Increased by 20% in case the total investment in an organization's share and bond accounts for from more than 15% to 25% of the securities-trading organization's equity;
- c) Increased by 30% in case the total investment in an organization's share and bond accounts for more than 25% of the securities-trading organization's equity.
- 6. The securities-trading organization shall aggregate the value of stock dividends, bond yields, and the value of preferred rights whenever they arise (applicable to securities), or loan interests (applicable to deposits and cash equivalents, negotiable instruments and valuable papers) with the asset price upon determination of the value at risk.
- 7. The value at risk applicable to the securities that are not fully distributed and whose trading price is lower than the underwriting price under the firm commitment underwriting agreement shall be determined according to the following formula:

Value at risk =
$$(Q_0 \times P_0 - V_c) \times R \times (r + \frac{(P_0 - P_1)}{P_0} \times 100\%)$$

Where:

Qo: Undistributed securities or distributed securities for which payment has not been paid

Po: underwriting price

V_c: Value of security asset (if any)

R: Issuance risk coefficient

r: Market risk coefficient

P₁: Trading price

- a) The trading price shall be determined according corresponding securities prescribed in Sections 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 21 and 22 of the Appendix II hereof. In case of initial public offering, including initial equity auction or bond auction, the trading price equals the book value per stock of the issuer, which is determined at the nearest time, or reserve price (if the book value is unidentifiable) or par value (applicable to bonds);
- b) Market risk coefficient shall be determined according to corresponding securities prescribed in the Sections II, III, IV, V, VI and VII of the Appendix I hereof;
- c) The underwriting risk coefficient shall be determined according to the remainder of the distribution period, including its ending day under the contract, which must not exceed the distribution deadline prescribed by law. To be specific:

- If the remainder of the distribution period, including its ending day, is more than sixty (60) days, the underwriting risk coefficient is 20%;
- If the remainder of the distribution period, including its ending day, is between thirty (30) and sixty (60) days, the issuance risk coefficient is 40%;
- If the remainder of the distribution period, including its ending day, is under sixty (30) days, the issuance risk coefficient is 60%;
- During the period from the ending day of the distribution to the due date of payment to the issuer, the issuance risk coefficient is 80%.
- d) After the deadline for paying the issuer, the securities-trading organization shall determine the value at risk of the securities which cannot be fully distributed as prescribed in Clause 4 of this Article.
- dd) The clients' collateral value shall be determined as prescribed in Clause 6 Article 10 of this Circular.
- 8. The securities company shall determine the value at risk of the outstanding covered warrant issued by the securities-trading organization. This value shall be determined according to the following formula:

Value at risk = $(P_0 \times Q_0 \times k - P_1 \times Q_1) \times r - MD$

Where:

P_o: settlement price of the underlying securities at the date of calculation determined and announced by the Stock Exchange

Q₀: the number of outstanding warrants of the securities company.

k: conversation ratio

P1: price of the underlying securities determined as prescribed in the Appendix II hereof

Q₁: the number of the underlying securities used by a securities-trading organization as guarantee of the obligation to make payment for the covered warrant issued by such trader.

r: the market risk coefficient of the warrant, which is determined according to Appendix I hereof

MD: the margin value in case the securities company issues the covered warrant

a) The underlying securities used for calculation of market risk according to the abovementioned formula must satisfy the following conditions:

- The use of underlying securities have been included in the issuance plan and registered with the SSC for on proprietary trading accounts in order to prevent risks upon issuance of covered warrants have been issued in the issuance plan and registered with the SSC;
- Shares are used as underlying securities of the covered warrant
- b) In case the warrant issued by a securities company is out-of-the-money as prescribed in Clause 16, Article 2 of this Circular, the securities company shall not calculate the market risk of the issued warrant but shall calculate the market risk of the underlying securities derived from management of risks to the issued warrants.
- c) The securities company shall determine the value at risk of the difference between underlying security value used for management of risks to its covered warrants by such company and underlying security value necessary for prevention of covered warrants from risks. The value necessary for prevention of covered warrants from risks must be equivalent to the prevention value.
- 9. The value at risk of the futures contract shall be determined according to the following formula:

- Buy-in securities value is the value of underlying securities which a securities-trading organization buys in to guarantee the obligation to settle the futures contract;
- Margin value is the value of asset accepted by a securities-trading organization as margins for investment, self-trading and derivatives market making.

Article 10. Settlement risk value

- 1. At the end of a trading day, the securities-trading organization shall determine the settlement risk value of the following contracts and transactions:
- a) Time deposits at credit institutions and loans provided for other organizations and individuals;
- b) Securities borrowing agreement in accordance with regulations of law;

- c) Securities sale contracts which contain commitments to redeem securities in accordance with regulations of law;
- d) Securities purchase contracts which contain commitments to resell securities in accordance with regulations of law;
- dd) Securities margin lending and purchase contracts in accordance with regulations of law;
- e) Firm commitment underwriting agreement signed with other organizations in an underwriting syndicate in which the securities-trading organization is the principal underwriter;
- g) Due receivables of the securities-trading organization, receivables of clients in securities brokerage;
- h) Overdue receivables, including also mature bonds, valuable papers, mature debt instruments for which payment has not been paid;
- i) Assets the lime limit for transfer of which has expired, including securities in trading activities of the securities-trading organization and securities of clients in securities brokerage;
- 2. For the contracts specified in Points a, b, c, d, dd and g, Clause 1 of this Article, the settlement risk value before the deadline for transfer of securities, cash and contract liquidation shall be determined as follows:

Settlement risk value = Settlement risk coefficient by partner x Value of assets with potential settlement risk

- a) The settlement risk coefficient by partner shall be determined according to credit ratings of trading partner(s) under the rules prescribed in Appendix III hereof;
- b) Asset value with potential settlement risk shall be determined under the rules prescribed in Appendix IV hereof. The stock dividends, bond yields and the value of preferred rights whenever they arise (applicable to securities), or deposit interests, loan interests and other surcharges (applicable to credits) shall be aggregated with the value of assets with potential settlement risk.
- 3. For the contracts specified in Point e, Clause 1 of this Article, the settlement risk value equals 30% of the remaining value of unpaid underwriting agreements.
- 4. For the overdue receivables and securities that are yet to be transferred on schedule as prescribed in Points h and i Clause 1 of this Article, including securities and cash that are yet to be received from due transactions and contracts prescribed in Points a, b, c, d, dd and g, Clause 1 of this Article, the settlement risk value shall be determined according to the following rules:

Settlement risk value = Settlement risk coefficient by time x Value of assets with potential settlement risk

- a) The settlement risk coefficient by time shall be determined according to the overdue settlement period under the rules prescribed in the Appendix III hereof;
- b) The value of assets with potential settlement risk shall be determined as follows:
- For securities purchase or sale transactions by clients or the securities-trading organization itself: This value is the market value of contracts, calculated according to the rules prescribed in Appendix II and Appendix IV hereof;
- For margin lending and purchase transactions, securities sale transactions with a commitment to redeem securities, securities purchase transactions with a commitment to resell, borrow or lend securities: This value shall be determined according to the rules prescribed in Appendix IV hereof:
- For receivables, mature bonds and due debt instruments: This value is the value of receivables calculated according to their par value. The unpaid interests and related expenses shall be added, and actually received payments (if any) shall be deducted.
- 5. A securities-trading organization may decrease the value of secured assets of its partners and clients upon determination of the value of assets with potential settlement risk prescribed in Clause 1 of this Article if these contracts and transactions satisfy the following conditions:
- a) Partners and clients provide secured assets to ensure the fulfillment of their obligations and these secured assets are cash, cash equivalents, valuable papers and negotiable instruments on the monetary market or securities listed or registered for trading on the Stock Exchange, government bonds and bonds underwritten by the Ministry of Finance;
- b) The securities-trading organization may dispose of, manage, use and transfer secured assets in case its partners fail to fulfill the settlement obligation within the time limit under the contracts.
- 6. The value of secured assets to be deducted as prescribed in Clause 5 of this Article shall be determined as follows:

Value of secured asset = Volume of assets x Asset price x (1 - Market risk coefficient)

- a) The asset price shall be determined according to the rules provided in Appendix II hereof;
- b) The market risk coefficient shall be determined according to the rules provided in Appendix I hereof.
- 7. When determining the settlement risk value, the securities-trading organization may make mutual net offsetting of the asset value with potential settlement risk if the following conditions are satisfied:
- a) The settlement risk is related to the same partner;

- b) The settlement risk arises during the same type of transaction specified in Clause 1 of this Article:
- c) The mutual offsetting has been agreed upon in writing by the parties.
- 8. The settlement risk value shall be increased in the following cases:
- a) Increased by 10% in case the value of deposit contract, loans, due receivables, securities purchase contract with a commitment to resell securities, sale contract with a commitment to repurchase securities, total value of loans provided for an organization, individual and related group (if any), accounts for from more than 10% to 15% of the equity;
- b) Increased by 20% in case the value of deposit contract, loans, due receivables, securities purchase contract with a commitment to resell securities, sale contract with a commitment to repurchase securities, total value of loans provided for an organization, individual and related group (if any), accounts for from more than 15% to 25% of the equity;
- c) Increased by 30% in case the value of deposit contract, loans, due receivables, securities purchase contract with a commitment to resell securities, sale contract with a commitment to repurchase securities, total value of loans provided for an organization, individual and related group (if any), or an individual and parties related to him/her (if any), accounts for more than 25% of the equity.
- 9. In case a partner is totally insolvent, the loss calculated according to the contract value shall be deducted from liquid capital.

Section 3. LIQUID CAPITAL RATIO AND REGULATION ON REPORTING BY SECURITIES-TRADING ORGANIZATIONS

Article 11. Liquid capital ratio and warning levels

1. The liquid capital ratio shall be determined according to the following rules:

T. 1. 1. 1. 1. 1. 1.	_	Liquid capital		1000
Liquid capital ratio	= -		X	100%
		Total risk value		

2. The SSC shall issue the decision to issue warning to the securities-trading organization as prescribed in Article 13 of this Circular, place it under control or under special control as prescribed in Article 14 and Article 16 of this Circular. Within twenty-four (24) hours since the decision is issued, the SSC shall publish this decision on its website. The securities-trading organization shall publish this decision on its website and websites of SSC and Stock Exchange.

Article 12. Liquid capital reporting

1. Periodic reporting

- a) The securities-trading organization shall submit monthly prudential ratio reports made using the form in the Appendix V or VI hereof to the SSC. The report must be electronically submitted within ten (10) days from the end of the month.
- b) The securities-trading organization must submit prudential ratio reports of 30 June and 31 December made using the form in the Appendix V or VI hereof and publish them on its website after they have been examined and audited by an accredited audit organization. These reports must be submitted to the SSC and published at the same time as the disclosure of information about the examined biannual financial statement and the audited annual financial statement.

2. Unscheduled reporting

- a) Since its liquid capital ratio falls below 180%, the securities-trading organization shall submit an liquid capital ratio report made using the form in the Appendix V or VI hereof to the SSC twice a month (on the 15th and 30th). The report must be electronically submitted within three (03) working days after the 15^{th} and 30^{th} . <0}
- b) Since its liquid capital ratio falls below 150%, the securities-trading organization shall submit a weekly report on liquid capital ratio made using the form in the Appendix V or VI hereof to the SSC. The report must be electronically submitted before 16:00 on every Friday.
- c) Since its liquid capital ratio falls below 120%, the securities-trading organization shall submit a daily report on liquid capital ratio made using the form in the Appendix V or VI hereof to the SSC. The report must be electronically submitted before 16:00 every day.
- 3. The securities-trading organization may prepare periodic reports as prescribed in Clause 1 of this Article when its liquid capital ratio reaches or surpasses 180% during the reporting periods for three (3) consecutive months.

Chapter III

ACTIONS AGAINST SECURITIES-TRADING ORGANIZATIONS THAT FAIL TO ACHIEVE PRUDENTIAL INDICATORS

Section 1. WARNING

Article 13. Warning

- 1. The SSC shall issue the decision to issue warning to a securities-trading organization in the following cases:
- a) The liquid capital ratio reaches from 150% to below 180% during the reporting periods for three (3) consecutive months; or
- b) The liquid capital ratio that has been examined or audited by an accredited audit organization reaches from 150% to below 180%; or

- c) The prudential ratio report about which the accredited audit organization issues a dissenting or contrary opinion, or a disclaimer of opinion, or fails to issue any opinion, or issues a qualified opinion that, the liquid capital ratio is from 150% to below 180%, if the exceptions are not included in the liquid capital.
- 2. A securities-trading organization may have the warning lifted if its liquid capital ratio reaches at least 180% for three (3) consecutive months, and the liquid capital ratio during the last reporting period must be audited by an accredited audit organization.

Section 2. CONTROL

Article 14. Control

- 1. The SSC shall issue the decision to place a securities-trading organization under control in the following cases:
- a) The liquid capital ratio reaches from 120% to below 150% during the reporting periods for three (03) consecutive months; or
- b) The liquid capital ratio that has been examined or audited by an accredited audit organization reaches from 120% to below 150%; or
- c) The prudential ratio report about which the accredited audit organization issues a dissenting or contrary opinion, or a disclaimer of opinion any opinion, or fails to issue any opinion, or issues a qualified opinion, the liquid capital ratio is from 120% to below 150%, if the exceptions are not included in the liquid capital.
- 2. The control period must not exceed 12 months from the day on which the securities-trading organization is placed under control.
- 3. After 6 months from the day on which the control is placed, the Stock Exchange shall partially suspend the trading by the affiliated securities companies that fail to successfully take remedial actions against the control. The period of suspension of the trading by the Stock Exchange will end when the affiliated securities companies have the control lifted by the SSC. The procedures for suspension of the trading by the affiliated securities companies shall be compliant with regulations of the Stock Exchange.
- 4. A securities-trading organization may have the control lifted if its liquid capital ratio reaches at least 180% for three (03) consecutive months, and the liquid capital ratio during the last reporting period must be audited by an accredited audit organization.

Article 15. Remediation plan

1. Within fifteen (15) days from the day on which the SSC issues the decision to place a securities-trading organization under control, the securities-trading organization shall submit a detailed report on financial position, reasons and remediation plan to the SSC.

- 2. The remediation plan shall cover the next two (02) years and specify a detailed roadmap, conditions, deadline and monthly and quarterly plans for implementation. The SSC may request the securities-trading organization to make adjustments to the remediation plan at any time if it is unfeasible or inconsistent with market conditions or regulations of law.
- 3. The remedial measures include:
- a) Sale of high-risk assets; restriction on or cessation of the purchase of treasury stock;
- b) Recovery of debts; resale of shares or stake to the creditor;
- c) Reduction of operating and corporate governance costs; reorganization of the management apparatus and human resources or staff reduction;
- d) Narrowing of the operation scope and area; shutdown of some branches or transaction offices; reduction of securities services;
- dd) Suspension of the payment of stock dividends and distribution of profits; increase of capital in accordance with law;
- e) Consolidation into or merger with a securities-trading organization conducting the same business line or of the same type in accordance with law;
- g) Other measures that are not contrary to regulations of law.

Section 3. SPECIAL CONTROL

Article 16. Special control

- 1. The SSC shall issue the decision to place a securities-trading organization under special control in the following cases:
- a) The liquid capital ratio that is calculated by the securities-trading organization itself or has been examined or audited by an accredited audit organization is below 120%; or
- b) The securities-trading organization fails to take remedial actions against the special control within twelve (12) months as prescribed in Clause 2 Article 14 of this Circular; or
- c) The securities-trading organization has not prepared any prudential ratio report for two (02) consecutive reporting periods, or fails to carry out audits or examine prudential ratio reports or fails to publish the prudential ratio reports examined or audited by a accredited audit organization as prescribed in Point b Clause 1 Article 12 of this Circular; or
- d) The prudential ratio report about which the accredited audit organization issues a dissenting or contrary opinion, or a disclaimer of opinion, or fails to issue any opinion, or issues a qualified

opinion, the liquid capital ratio is below 120%, if the exceptions are not included in the liquid capital.

- 2. The special control period must not exceed four (04) months from the day on which the securities-trading organization is placed under special control.
- 3. In case the special control is placed as prescribed in Point b Clause 1 of this Article, after two (02) months from the day on which the special control is placed, the Stock Exchange shall partially suspend the trading of the affiliated securities companies that fail to take remedial actions against the special control. The period of suspension of the trading by the Stock Exchange will end if the affiliated securities companies have the special control lifted by the SSC. The procedures for suspension of the trading by the affiliated securities companies shall be compliant with regulations of the Stock Exchange.
- 4. A securities-trading organization may have the special control lifted if its liquid capital ratio reaches at least 180% for three (03) consecutive months, and the liquid capital ratio during the last reporting period must be audited by an accredited audit organization.
- 5. After the special control period ends as prescribed in Clause 2 of this Article, if the securities-trading organization still fails to take remedial actions against the special control and has a gross loss (the undistributed profit on the balance sheet) exceeding 50% of its charter capital, its operation shall be suspended. The procedures for suspending the operation shall be compliant with the regulations on organizational structure and operation of securities companies and fund management companies.
- 6. After the special control period ends as prescribed in Clause 2 of this Article, if the securities-trading organization still fails to take remedial actions against the special control and has a gross loss (the undistributed profit on the balance sheet) reaching below 50% of its charter capital or fails to settle all debts and other financial obligations as prescribed by the law on enterprises and law on bankruptcy, the SSC shall request the securities-trading organization to suspend its operation.
- 7. Within twenty-four (24) hours since the SSC requests the securities-trading organization to suspend its operation, the SSC shall publish such information on its website.
- 8. Within fifteen (15) days since the written request for suspension of operation submitted by the SSC is received, the securities-trading organization shall publish information about the suspension and issues concerning the licensed securities services during the suspension on its website and on the website of the Stock Exchange, and complete the procedures for suspension in accordance with regulations of the law on enterprises and regulations on the establishment, organizational structure and operation of a securities-trading organization promulgated by the Ministry of Finance.
- 9. The suspension of the operation of a securities-trading organization prescribed in Clause 6 of this Article shall last until:

- a) The securities-trading organization has the liquid capital ratio that satisfies regulations specified in Clause 4 of this Article; or
- b) The securities-trading organization is merged into or consolidated with another securities-trading organization, or dissolves, or declares bankruptcy in accordance with the law on enterprises, law on bankruptcy and regulations on establishment, organizational structure and operation of a securities-trading organization promulgated by the Ministry of Finance.

Article 17. Remediation plan

- 1. Within fifteen (07) days from the day on which the SSC issues the decision to place a securities-trading organization under special control, the securities-trading organization shall submit a detailed report on financial condition, reasons and remediation plan to the SSC.
- 2. The remediation plan shall be implemented as prescribed in Clauses 2 and 3 Article 15 of this Circular.

Section 4. RESPONSIBILITIES OF RELEVANT PARTIES

Article 18. Responsibilities of individuals and securities-trading organization placed under control or special control

- 1. The Board of Directors, Board of Members, President, Director General (Director) of the securities-trading organization placed under control or special control shall:
- a) Formulate a remediation plan and organize the implementation of such plan;
- b) Continue managing, controlling and administering operation and ensuring safety of securities-trading organization's assets in accordance with law;
- c) Take responsibility for the issues concerning organizational structure and operation of the securities-trading organization before, during and after the period of control or special control;
- d) Provide assistance for or enable other organizations to perform their duties as prescribed in this Circular and perform other tasks at the request of the SSC.
- 2. Before 16:00 every Friday, the securities-trading organization shall submit a report on the implementation of remediation plan and results thereof.
- 3. During the control or special control period:
- a) A securities-trading institution shall not pay stock dividends to its shareholders, divide profits to its capital contributors or give bonuses to members of the Board of Directors, Board of Members, Board of Controllers, Director General (Director), Deputy Director General (Deputy Director), chief accountant, staff members and relevant individuals;

- b) The securities-trading organization must not convert unsecured debts into debts secured by its assets;
- c) The securities-trading organization must not purchase treasury stocks or redeem the stake from capital contributors;
- d) The securities-trading organization must not sign new and extended margin trading contracts, securities lending and purchase contracts, purchase transactions with a commitment to resell securities and contracts on provision of loans to customers without secured assets and continue carrying out these contracts and transactions; and must not sign the firm commitment underwriting agreement;
- dd) The securities-trading organization must not establish new transaction offices, branches and representative offices, expand its operation area and provide new services; e) The securities-trading organization must not contribute capital to establish subsidiaries, joint-venture or associate companies, and invest in real estate; must avoid investment in high-risk assets or business operations that increase its risk value and reduce liquid capital.
- 4. During the suspension period prescribed in Clause 6, Article 16of this Circular:
- a) The securities-trading organization must not sign new economic contracts or extend the economic contracts related to the licensed securities services, and must stop other securities services according to the following rules:
- For securities companies: must not open transaction accounts for new clients, close the contracts to provide securities brokerage services (contracts to open securities trading accounts), and transfer the clients' accounts to a substitute securities company at the request of clients and in accordance with relevant regulations of law (applicable to securities brokerage services), must not provide margin trading services and other financial services related to securities services; must not sign new investment consulting agreement (applicable to investment consulting services) or underwriting agreement (applicable to underwriting services) or extend it; stop the proprietary securities trading, close the proprietary trading accounts under the guidance of the SSC (applicable to proprietary trading);
- For fund management companies: must not raise capital to create new funds or new securities investment companies; must not increase the charter capital of the fund and investment companies under their management; must not sign new or extend investment management agreements and investment consulting agreements; must hand over managerial responsibility and transfer trust assets to a substitute fund management company at the request of the clients, general meeting of investors and in accordance with other relevant regulations of law (if any);
- b) The securities-trading organization still has to pay the outstanding tax and fulfill other unsettled financial obligations to the State;
- c) For the unexpired contracts signed with clients and employees, the securities-trading organization must keep paying the debts and fulfill financial obligations, and fulfilling the

commitments and obligations under the terms of the signed contracts in accordance with regulations of the civil law, law on enterprises, law on securities, and other relevant regulations of law (if any) unless otherwise agreed by the clients, employees or creditors; close the economic contracts right after fulfilling the obligations of the securities-trading organization;

- d) The securities institution must keep implementing the remediation plan as prescribed in Article 15 and Article 17 of this Circular, and comply with regulations of the law on securities and securities market; protect the lawful rights and interests of clients and investors as prescribed by law;
- dd) The Stock Exchange and Vietnam Securities Depository shall suspend the clearing by the securities-trading organization until the end of the suspension period;
- e) The SSC must not allow securities-trading organizations to expand their coverage provide new securities services; must not allow the provision of margin trading services and other financial services; must not approve the investments and transactions that are subject to the approval of the SSC in accordance with regulations of the law on securities and securities market, except for the transfer, consolidation, merger, capital increase, or removal of securities services.

Article 19. Responsibilities of other relevant organizations

- 1. The Stock Exchange and Vietnam Securities Depository, depository members, supervisory banks, payment banks and other relevant organizations shall sufficiently and promptly provide the SSC with information and documents on transactions, investment and trading operations of the securities-trading organization placed under control or special control at the request of the SSC.
- 2. The Stock Exchange and Vietnam Securities Depository, supervisory banks, payment banks and relevant securities-trading organizations shall provide guidance, assistance and securities services for clients of the securities-trading organization placed under control or special control at the request of the SSC.
- 3. The Stock Exchange and Vietnam Securities Depository shall comply with relevant regulations of this Circular.

Chapter IV

IMPLMENTATION

Article 20. Implementation

1. This Circulars comes into force from October 10, 2017 and supersedes the Circular No. 226/2010/TT-BTC dated December 31, 2010 of the Minister of Finance promulgates on prudential indicators and actions against securities-trading organizations that fail to achieve the prudential indicators and the Circular No. 165/2012/TT-BTC dated October 09, 2012 of the Minister of Finance on amendments to some articles of the Circular No. 226/2010/TT-BTC dated

December 31, 2010 on prudential indicators and actions against securities-trading organizations that fail to achieve the prudential indicators.

2. The amendments to this Circular shall be decided by the Minister of Finance./.

PP. THE MINISTER THE DEPUTY MINISTER

Tran Xuan Ha

APPENDIX I

MARKET RISK COEFFICIENT

(Enclosed with the Circular No. 87/2017/TT-BTC dated August 15, 2017 of the Minister of Finance)

No.	Types of assets	Market risk coefficient (%)
I	CASH	
1	Cash (VND)	0
2	Cash equivalents	0
3	Financial instruments, negotiable instruments on the monetary market, deposit certificates	0
II	DEBT INSTRUMENTS	
	Government bonds	
4	Zero-coupon Government bonds	0
5	Coupon Government bonds: Government bonds (including previously issued bonds and project bonds), Government bonds in OECD countries or guaranteed by Government or Central Banks of these countries, bonds issued by international organizations including IBRD, ADB, IADB, AFDB, EIB and EBRD.	3
	Corporate bonds	
6	Listed bonds with a maturity of less than 01 year, including convertible bonds	8

	Listed bonds with a maturity of from 01 to less than 03 years, including convertible bonds	10
	Listed bonds with a maturity of from 03 to less than 05 years, including convertible bonds	15
	Listed bonds with a maturity of at least 05 years, including convertible bonds	20
	Unlisted bonds with a maturity of less than 01 year, including convertible bonds	25
7	Unlisted bonds with a maturity of from 01 to less than 03 years, including convertible bonds	30
/	Unlisted bonds with a maturity of from 03 to less than 05 years, including convertible bonds	35
	Unlisted bonds with a maturity of at least 05 years, including convertible bonds	40
III	STOCKS	
8	Common stocks and preferred stocks of the listed organizations on Ho Chi Minh City Stock Exchange; open-ended fund certificates.	10
9	Common stocks and preferred stocks of the listed organizations at the Hanoi Stock Exchange;	15
10	Common stocks and preferred stocks of public companies that are yet to be registered for trading on the UpCom	20
11	Common stocks and preferred stocks of public companies that have been registered or deposited but are yet to be listed or registered for trading; stocks that are in the initial public offering issuance (IPO)	30
12	Stocks of other public companies	50
IV	CERTIFICATE OF SECURITIES INVESTMENT FUNDS	
13	Public funds, including public investment companies	10
14	Member funds, separate investment companies	30
V	RESTRICTED SECURITIES	
15	Securities suspended from trading	40
16	Delisted or canceled securities	50
VI	DERIVATIVE SECURITIES	
17	Stock index futures contract	8
18	Government bond futures contract	3
VII	OTHER SECURITIES	

19	Shares, stakes and other types of securities	80
20	Stocks listed on foreign market that are on the indexes provided in the Appendix VIII	25
21	Stocks listed on foreign market that are not on the indexes provided in the Appendix VIII	100
22	Covered warrants listed on the Ho Chi Minh City Stock Exchange	8
23	Covered warrants listed on the Hanoi Stock Exchange	10
24	Difference in transaction price	2

APPENDIX II

RULES FOR SECURITY VALUATION

(Enclosed with the Circular No. 87/2017/TT-BTC dated August 15, 2017 of the Minister of Finance)

No.	Types of assets	Rules for valuation of trading price on the market
Cash a	nd cash equivalents, money market in	nstruments
1	Cash (VND)	Account balance on the valuation date
2	Foreign currencies	Value exchanged to VND according to current exchange rate announced at credit institutions that are permitted to trade in foreign currencies on the date preceding the valuation date
3	Term deposits	Value of deposits, plus unpaid interests, up to the date preceding the valuation date
4	Treasury bills, bank drafts, commercial papers, deposit certificates, negotiable certificates of deposit, bonds and money market instruments	The purchase price, plus accrued interests, up to the date preceding the valuation date
Bonds		
5	Listed hands	- The average quoted price announced on the Stock Exchange on the latest trading date prior to the valuation date, plus accrued interest (if the quoted price is yet to be included in the accrued interest);
		- In case there is no transaction over a period longer than two (02) weeks prior to the valuation

		date, the trading price in the market is the maximum value of the following values:
		+ The purchase price, plus accrued interest;
		+ The par value, plus accrued interest;
		+ The price determined by employing the internal method of the securities-trading organization, including accrued interest.
		Or:
		Max (purchase price, plus accrued interest, par value, plus accrued interest, price determined by employing the internal method, including accrued interest).
		The trading price in the market is the maximum value of the following values:
	Unlisted bonds	+ The quoted price (if any) announced on quotation systems selected by the securitiestrading organization, plus accrued interest;
		+ The purchase price, plus accrued interest;
6		+ The par value, plus accrued interest;
		+ The price determined according to internal regulations of the securities-trading organization, including accrued interest.
		Or:
		Max (quoted price (if any), purchase price plus accrued interest, par value, plus accrued interest, price determined by employing the internal method, including accrued interest).
STOC	KS	
	Stocks listed on the Ho Chi Minh City	- The closing price on the latest trading date prior to the valuation date;
, ,	Stock Exchange	- In case there is no transaction over a period longer than two (02) weeks prior to the valuation date, the trading price in the market is the

		maximum value of the following values:
		+ Book value;
		+ Purchase price;
		+ The price determined by employing the internal method of the securities-trading organization.
		Or:
		Max (book value, purchase price, price determined by employing the internal method)
		- The closing price on the latest trading date prior to the valuation date;
	Stocks listed on the Hanoi Stock Exchange	- In case there is no transaction over a period longer than two (02) weeks prior to the valuation date, the trading price in the market is the maximum value of the following values:
		+ Book value;
8		+ Purchase price;
		+ The price determined by employing the internal method of the securities-trading organization.
		Or:
		Max (book value, purchase price, price determined by employing the internal method)
		- The closing price on the latest trading date prior to the valuation date;
	Stocks of public companies that have been registered for trading on the UpCom	- In case there is no transaction over a period longer than two (02) weeks prior to the valuation date, the trading price in the market is the maximum value of the following values:
		+ Book value;
		+ Purchase price;
		+ The price determined by employing the internal

		method of the securities-trading organization.
		Or:
		Max (book value, purchase price, price determined by employing the internal method)
		- The average value determined on the basis of quoted prices of at least 03 securities companies that are not related to the fund on the latest trading day prior to the valuation date.
	Stocks which have been registered or deposited but are yet to be listed or registered for trading	- In case it is unable to obtain quoted prices from at least 03 securities companies, the trading price in the market is the maximum value of the following values:
		+ The price determined on the basis of quoted price;
10		+ The price announced on the latest reporting period;
		+ Book value;
		+ Purchase price;
		+ The price determined according to internal regulations of the securities-trading organization.
		Or:
		Max (price determined on the basis of quoted price, price announced on the latest reporting period, book value, purchase value, price determined according to internal regulations of the securities-trading organization).
		The trading price in the market is the maximum value of the following values:
11	Stocks which are suspended from trading or delisted, or the registration for trading of which is cancelled	+ Book value;
		+ Par value;
		+ The price determined by employing the internal

		method of the securities-trading organization.
		Or:
		Max (book value, par value, price determined by employing the internal method).
12	Stocks of issuers that are under dissolution or bankruptcy	80% of the liquidation value of such stocks (the stock price is divided because the issuer is under dissolution or bankruptcy or book value) determined at the date of preparing the latest balance sheet, or price determined by employing the internal method of the securities-trading organization.
		The trading price in the market is the maximum value of the following values:
		+ Book value;
		+ Purchase price/value of contributed capital;
13	Other shares or stakes	+ The price determined according to internal regulations of the securities-trading organization.
		Or:
		Max (book value, purchase price/value of contributed capital, price determined according to internal regulations of the securities-trading organization).
Funds/	stocks of securities investment compa	nnies
		- The closing price on the latest trading date prior to the valuation date;
1 14	Public closed-end fund/Exchange- Traded Fund	- In case there is no transaction over a period longer than two (02) weeks prior to the valuation date, the price is net asset value (NAV)/fund certificate on the last reporting period prior to the date of calculation.
	Member funds/Open-end funds/stocks of separate securities investment companies	NAV per unit of contributed capital/fund certificate unit/stock on the latest reporting period prior to the date of calculation
16	Other cases	Under the internal regulations of the securities-trading organization

Fixed :	assets	
17	Land use right	Value determined by an independent valuation organization selected by a securities-trading organization
18	Houses/architectures including capital construction items in progress	Value determined by an independent valuation organization selected by a securities-trading organization/Accumulated expenses for capital construction in progress
19	Equipment, machines, vehicles, etc.	Remaining value of assets
20	Other fixed assets	Value determined by an independent valuation organization selected by a securities-trading organization
OTHE	R SECURITIES	
21	Covered warrants issued by the securities-trading organization	The closing price on the latest trading date prior to the valuation date;The purchase price (if the covered warrant is yet
		to be listed).
	Stocks listed on foreign market	 Price (in foreign currency) x VND exchange rate on the date of calculation The closing price on the latest trading date prior
22		to the valuation date; - In case there is no transaction over a period longer than two (02) weeks prior to the valuation date, the trading price in the market is the maximum value of the following values:
		+ Book value;
		+ Purchase price;
		+ The price determined by employing the internal method of the securities-trading organization.
		Or:
		Max (book value, purchase price, price determined by employing the internal method)

Notes:

- Accrued interest refers to the amount of interest that has accumulated from the last interest payment up to the calculation date;
- The book value of a stock is determined according to the latest audited or examined financial statement.
- The securities-trading organization may refer prices on bond quotation systems (Reuters/Bloomberg/VNBF, etc.).

APPENDIX III

RISK COEFFICIENT

(Enclosed with the Circular No. 87/2017/TT-BTC dated August 15, 2017 of the Minister of Finance)

3.1. Settlement risk coefficient by partner

No.	Partners make payment to securities-trading organization	Market risk coefficient
1	Government, the issuers guaranteed by the Government, Central Banks of OECD countries; People's Committees of provinces and central-affiliated cities;	0%
2	Securities Exchange, Vietnam Securities Depository	0.8%
3	Credit institutions, financial institutions, securities-trading organizations that are established in the OECD countries and have credit coefficient satisfying other conditions according to the internal regulation of the securities-trading organization.	3.2%
4	Credit institutions, financial institutions, securities-trading organizations that are established outside the OECD countries and fail to satisfy other conditions according to the internal regulation of the securities-trading organization	4.8%
5	Credit institutions, financial institutions, securities-trading organizations that are established and operate in Vietnam	6%
6	Other organizations and individuals	8%

3.2. Settlement risk coefficient by time

No.	Overdue period of securities payment and transfer	Risk coefficient
1	0-15 days after the period of securities payment and transfer	16%
2	16-30 days after the period of securities payment and transfer	32%

L	3	31-60 days after the period of securities payment and transfer	48%
	4	At least 60 days after the period of securities payment and transfer	100%

Notes:

- The period of securities payment/transfer according to the regulation on derivative securities (applicable to derivative securities) is T+2 (applicable to listed stocks), T+1 (applicable to listed bonds) or T+n (applicable to the transactions that are traded outside the trading system in n days as agreed upon by both parties)
- The payment risk value is increased as prescribed in Clause 8, Article 10 of this Circular according to the information provided by clients in relation to the regulation specified in Clause 12, Article 2 of this Circular.

APPENDIX IV

ASSET VALUE WITH POTENTIAL RISKS

(Enclosed with the Circular No. 87/2017/TT-BTC dated August 15, 2017 of the Minister of Finance)

$\textbf{4.1.} \ \textbf{The asset value with potential settlement risks upon securities lending and borrowing,} \\ \textbf{margin trading, repurchase}$

No.	Types of transactions	Value of assets with potential settlement risk
1	Term deposits, loans unsecured by asset	The entire value of loan
2	Securities lending	Max{(Market value of the contract - Value of secured asset (if any)), 0}
1 3	Securities borrowing	Max{(Value of secured asset - Market value of the contract), 0}
	Securities purchase contracts with resale commitment	Max{(Contract value calculated according to the purchase price - Market value of the contract x (1 - Market risk coefficient)),0}
5	Securities purchase contracts with redemption commitment	Max{(Market value of the contract x (1 - Market risk coefficient) - Contract value calculated according to the purchase price),0}
6	Margin lending and purchase contracts	Max{(Credit balance - Value of the contract), 0}

(for	clients taking			
loan	is to purchase			
secu	rities)/Business			
agre	ements with			
the	same nature			

Notes:

- The credit balance includes the loan value, loan interest and costs;
- In case it is not possible to determine the reasonable price of the collateral, it shall be determined by employing the internal regulation of the securities-trading organization.

4.2. The asset value with potential risks during securities trading

No.	Time	Value of assets with potential settlement risk						
${f A}$ - Regarding securities sale (the seller is a securities-trading organization or a client of securities-trading organization during brokerage activity)								
1	Before the term of payment receipt	0						
		Market value of the contract (in case the market price is lower than the trading price)						
2	receipt	0 (in case the market price is higher than the trading price)						
	B - Regarding securities sale (the seller is a securities-trading organization or a client of a securities-trading organization)							
1	Before the period of securities transfer	0						
2		Market value of the contract (in case the market price is lower than the trading price)						
2	transfer	0 (in case the market price is higher than the trading price)						

Notes: The period of securities payment/transfer according to the regulation on derivative securities (applicable to derivative securities) is T+2 (applicable to listed stocks), T+1 (applicable to listed bonds) or T+n (applicable to the transactions that are traded outside the trading system in n days as agreed upon by both parties).

APPENDIX V

PRUDENTIAL RATIO REPORT BY FUND MANAGEMENT COMPANY (Enclosed with the Circular No. 87/2017/TT-BTC dated August 15, 2017 of the Minister of Finance)

NAME OF COMPANY	THE SOCIALIST REPUBLIC OF VIETNAM
	Independence - Freedom - Happiness
	[place],[date]

To: The State Securities Commission

PRUDENTIAL RATIO REPORT

Dated:																													
Duicu.	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	۰

We undertake that:

- (1) The report is prepared according to the data updated on the date of preparing this report in accordance with the Circular No. 87/2017/TT-BTC dated August 15, 2017 of the Ministry of Finance, on the prudential indicators and actions against the securities-trading organizations that fail to achieve prudential indicators;
- (2) The issues that may affect the financial position of the company which arise after this report is prepared shall be addressed in the succeeding report;
- (3) We take full responsibility to law for accuracy and truthfullness of the report.

Chief accountantHead of Internal Control(General) Director(Signature and full name)Division(Signature, full name and seal)

I. LIQUID CAPITAL WORKSHEET

		Liquid capital							
No.	CONTENT	Liquid capital	Decreases	Increases					
1	Paid-in capital, excluding refunded preferred equity (if any	V							

2	Share capital surplus, excluding refunded preferred equity (if any)	$\sqrt{}$		
3	Treasury stocks	(√)		
4	Additional reserve fund of charter capital (if any)	$\sqrt{}$		
5	Investment and development fund (if any)	$\sqrt{}$		
6	Operational risk and financial provision funds	V		
7	Other funds from equity	√		
8	Undistributed after-tax profit	V		
9	Unused provisions against impairment of asset	$\sqrt{}$		
10	Difference due to reassessment of value of fixed assets	$\sqrt{}$		
11	Exchange difference	$\sqrt{}$		
12	Convertible debts			$\sqrt{}$
13	Entire decrease or increase of the securities in financial investment target		√	√
14	Other capitals (if any)	$\sqrt{}$		
1A	Total			
В	Short-term assets			
B	Short-term assets Cash and cash equivalents			
I	Cash and cash equivalents			
I II	Cash and cash equivalents Short-term financial investment Short-term investment Securities with potential market risk prescribed in Clause 2 Article 9			
I II	Cash and cash equivalents Short-term financial investment Short-term investment Securities with potential market risk prescribed in			
I II	Cash and cash equivalents Short-term financial investment Short-term investment Securities with potential market risk prescribed in Clause 2 Article 9 Securities to be deducted from liquid capital prescribed in Clause 5 Article 6 Provision for investment markdown			
I II 1	Cash and cash equivalents Short-term financial investment Short-term investment Securities with potential market risk prescribed in Clause 2 Article 9 Securities to be deducted from liquid capital prescribed in Clause 5 Article 6			
1 11 1	Cash and cash equivalents Short-term financial investment Short-term investment Securities with potential market risk prescribed in Clause 2 Article 9 Securities to be deducted from liquid capital prescribed in Clause 5 Article 6 Provision for investment markdown Short-term receivables, including receivables from			
1 11 1	Cash and cash equivalents Short-term financial investment Short-term investment Securities with potential market risk prescribed in Clause 2 Article 9 Securities to be deducted from liquid capital prescribed in Clause 5 Article 6 Provision for investment markdown Short-term receivables, including receivables from entrustment			
1 11 1 2 111	Cash and cash equivalents Short-term financial investment Short-term investment Securities with potential market risk prescribed in Clause 2 Article 9 Securities to be deducted from liquid capital prescribed in Clause 5 Article 6 Provision for investment markdown Short-term receivables, including receivables from entrustment Trade receivables		√	
1 11 1 2 111	Cash and cash equivalents Short-term financial investment Short-term investment Securities with potential market risk prescribed in Clause 2 Article 9 Securities to be deducted from liquid capital prescribed in Clause 5 Article 6 Provision for investment markdown Short-term receivables, including receivables from entrustment Trade receivables Trade receivables with a maturity of 90 days or less		\ \ \ \	
I	Cash and cash equivalents Short-term financial investment Short-term investment Securities with potential market risk prescribed in Clause 2 Article 9 Securities to be deducted from liquid capital prescribed in Clause 5 Article 6 Provision for investment markdown Short-term receivables, including receivables from entrustment Trade receivables Trade receivables with a maturity of 90 days or less Trade receivables with a maturity of over 90 days		,	

	- Receivables from trading services with a maturity of over 90 days		\checkmark	
	Short-term intra-company receivables			
4	- Intra-company receivables with a maturity of 90 days or less			
	- Intra-company receivables with a maturity of over 90 days		V	
	Receivables from securities trading			
5	- Receivables from trading services with a maturity of 90 days or less			
	- Receivables from trading services with a maturity of over 90 days		V	
	Other revenues			
6	Other receivables with a maturity of 90 days or less			
	- Other receivables with a maturity of over 90 days		$\sqrt{}$	
7	Provision for bad debts			
IV	Inventory		$\sqrt{}$	
V	Other short-term assets			
1	Short-term prepaid costs		$\sqrt{}$	
2	Deducted VAT			
3	Taxes and receivables from the State			
4	Other short-term assets			
4.1	Advances			
4.1	- Advances that may be returned after 90 days or less			
	- Advances that may be returned after over 90 days		$\sqrt{}$	
4.2	Other short-term assets		$\sqrt{}$	
1B	Total			
C	Long-term assets	,		
I	Long-term receivables, including receivables from entrustment			
1	Long-term trade receivables			
	- Long-term trade receivables with a maturity of 90 days or less			

	- Long-term trade receivables with a maturity of over 90 days	\checkmark	
2	Working capital at the affiliated entity	$\sqrt{}$	
3	Long-term intra-company receivables		
	- Long-term intra-company receivables with a maturity of 90 days or less		
	- Long-term intra-company receivables with a maturity of over 90 days	$\sqrt{}$	
4	Other long-term receivables		
	- Other long-term receivables with a maturity of 90 days or less		
	- Other long-term receivables with a maturity of over 90 days	$\sqrt{}$	
5	Provision for long-term bad debts		
II	Fixed assets	$\sqrt{}$	
III	Investment assets	$\sqrt{}$	
IV	Long-term financial investment		
1	Investment in subsidiaries		
2	Investments in jointly controlled entities	$\sqrt{}$	
3	Investment in associated companies, joint-venture companies	$\sqrt{}$	
4	Long-term securities investment		
	- Securities with potential market risk according to Clause 2, Article 9		
	- Securities to be deducted from liquid capital according to Clause 5, Article 6	$\sqrt{}$	
5	Outward long-term investments	$\sqrt{}$	
6	Other long-term investments	\checkmark	
7	Provision for long-term financial investment markdown		
V	Other long-term assets	$\sqrt{}$	
1	Long-term prepaid costs	\checkmark	
2	Deferred tax asset	$\sqrt{}$	
3	Long term deposits	,	

	The assets are the amounts that are mentioned in the qualified opinions, adverse opinions or disclaimer of opinions in the audited and examined financial statements but yet to be deducted as prescribed in Article 6	√	
1C	Total		
	LIQUID CAPITAL = 1A-1B-1C		

Notes:

- 1) The entries with " $\sqrt{}$ " must be calculated
- 2) When calculating the deduction from the liquid capital (sections B and C), the securities-trading organization may reduce the value of deduction as follows:
- For the assets used as secured assets for the obligations of the securities-trading organizations or a third party (if the sale contract contains a commitment to buy back, in which the securities-trading organization is the seller), when calculating the deductions, the smallest value of the following values may be reduced: the market value of the asset calculated as prescribed in the Appendix II, the book value, and remaining value of the obligations;
- For the asset secured by client's property (such as margin trading contract, trading of purchase with a resale commitment where the securities trading organization is the buyer) upon calculating deduction, the smallest value of the following values is reduced: the market value of the secured assets determined in accordance with Clause 6, Article 10, the book value.

The book value is the remaining value of the secured asset (in case of fixed assets) at the time of contract conclusion or the value determined by employing the internal method of the securities-trading organization at the time of contract conclusion (in case of other assets).

II. RISK VALUE WORKSHEET

	A. MARKET RISK						
	Investment portfolio	coefficient	Risk scale	Risk value			
		(1)	(2)	(3)=(1)x(2)			
I. C	ash and cash equivalents, money market instruments						
1	Cash (VND)	0					
2	Cash equivalents	0					
	Financial instruments, negotiable instruments on the monetary market, deposit certificates	0					

II. (II. Government bonds							
4	Zero-coupon Government bonds	0						
5	Coupon Government bonds: Government bonds (including previously issued bonds and project bonds), Government bonds in OECD countries or guaranteed by Government or Central Banks of these countries, bonds issued by international organizations including IBRD, ADB, IADB, AFDB, EIB and EBRD.	3						
III.	III. Corporate bonds							
	Listed bonds with a maturity of less than 01 year, including convertible bond	8						
	Listed bonds with a maturity of from 01 to less than 03 years, including convertible bonds	10						
	Listed bonds with a maturity of from 03 to less than 05 years, including convertible bonds	15						
	Listed bonds with a maturity of at least 05 years, including convertible bonds	20						
	Unlisted bonds with a maturity of less than 01 year, including convertible bonds	25						
7	Unlisted bonds with a maturity of from 01 to less than 03 years, including convertible bonds	30						
'	Unlisted bonds with a maturity of from 03 to less than 05 years, including convertible bonds	35						
	Unlisted bonds with a maturity of at least 05 years, including convertible bonds	40						
IV.	IV. STOCKS							
8	Common stocks and preferred stocks of the listed organizations at the Ho Chi Minh city Stock Exchange; open-ended fund certificates							
9	Common stocks and preferred stocks of the listed organizations at the Hanoi Stock Exchange	15						
10	Common stocks and preferred stocks of public companies that are yet to be listed or registered for trading on the UpCom	20						
11	Common stocks and preferred stocks of public companies that have been registered deposit but are yet to be listed or registered for trading; stocks that are in the initial public offering issuance (IPO)	30						

12	Stocks of other public companies					50		
V. (CERTIFICATE OF SECURITIES INV	ESTN	MENT	FUN	DS		, ,	
13	Public funds, including public investment companies					10		
14	4 Member funds, separate investment companies					30		
VI.	RESTRICTED SECURITIES							
15	Securities suspended from trading					40		
16	Delisted or canceled securities					50		
VII	. Other assets							
17	17 Shares, stakes and other types of securities		es			80		
18	Other investment assets					80		
	I. The additional risk (if any) (determinations)	ed acc	cordin	g to th	ie liqu	id capi	tal afte	er making all
	Securities codes				Inc	reases	Risk scale	Risk value
1								
							1 1	
2								
_	 FOTAL VALUE OF MARKET RISKS	(A =						
A. 7	 FOTAL VALUE OF MARKET RISKS I+III+IV+V+VI+VII+VIII)	(A =						
- A. [[+]]		(A =						
- A. [I+I]	I+III+IV+V+VI+VII+VIII) SETTLEMENT RISK	(A =		Risk	value			Total risk value
A. [I+III+IV+V+VI+VII+VIII)	(A =	(2)	Risk (3)	value (4)	(5)	(6)	
A. T I+I B. S	I+III+IV+V+VI+VII+VIII) SETTLEMENT RISK		(2)			1	(6)	
A. 7 I+I) B. S	I+III+IV+V+VI+VII+VIII) SETTLEMENT RISK Types of transactions		(2)			1	(6)	
A. 7 I+II B. S	SETTLEMENT RISK Types of transactions Lisk before the maturity Term deposits, loans without collateral, and receivables from the securities		(2)			1	(6)	
A. 7 I+II B. S	Types of transactions Types of transactions Tisk before the maturity Term deposits, loans without collateral, and receivables from the securities trading and securities services Securities lending/Business agreements		(2)			1	(6)	
A. 7 I+II B. S I. R 1	Types of transactions Types of transactions Tisk before the maturity Term deposits, loans without collateral, and receivables from the securities trading and securities services Securities lending/Business agreements with the same nature Securities borrowing/Business		(2)			1	(6)	

	repurchase commitment/Business agreements with the same nature								
6	Margin lending and purchase contracts (for clients taking loans to purchase securities)/Business agreements with the same nature								
II. F	Risk after the maturnity								
	Overdue period	F	Risk coefficient Risk sca				scale	le Risk value	
	0-15 days after the period of securities payment and transfer								
	16-30 days after the period of securities payment and transfer								
	31-60 days after the period of securities payment and transfer								
71	From more than 60 days after the period of securities payment and transfer								
III.	III. Increased risk (if any)								
	Specify each loan and each partner		Increases			Risk scale	Risk value		
1									
B. TOTAL VALUE OF SETTLEMENT RISK (B=I+II+III)									
C. (C. OPERATIONAL RISK (CALCULATING WITHIN 12 MONTHS)								
	Total of operating costs incurred within 12 months by month xx year $20xx$							Value	
	Amounts deducted from the total costs								
	1. Depreciation								
II	2. Cost/Reserved provision against devaluation of short-term investments								
	3. Cost/Reserved provision against devaluation of long-term investments								
	4. Cost/Reversed allowance for bad debts								
Ш	II Total cost after deduction (III = I – II)								
IV	25% of total cost after deduction (IV = 25% III)								
V	20% of legal capital of the securities-trading organization								
C. TOTAL VALUE OF OPERATIONAL RISK (C=Max{IV, V})									

D. TOTAL VALUE OF RISK (A+B+C)

Notes:

- (1): Value of settlement risk of the Government, the issuers guaranteed by the Government, the Ministry of Finance, State Bank, Government and Central Banks of OECD countries; People's Committees of provinces and central-affiliated cities.
- (2): Value of settlement risk of the Stock Exchange, the Vietnam Securities Depository.
- (3): Value of settlement risk of credit institutions, financial institutions, securities-trading organizations that are established and operate in OECD countries.
- (4): Value of settlement risk of credit institutions, financial institutions, securities-trading organizations that are established outside OECD countries.
- (5): Value of settlement risk of credit institutions, financial institutions, securities-trading organizations that are established and operate in Vietnam.
- (6): Value of settlement risk of other organizations and individuals.

III. SUMMARY OF RISKS AND LIQUID CAPITAL

No.	Risks and liquid capital	Risk value/liquid capital	Notes (if any)
1	Total value of market risk		
2	Total value of settlement risk		
3	Total value of operational risk		
4	Total value of risk (4=1+2+3)		
5	Liquid capital		
6	Liquid capital ratio (6=5/4)		