

OUTLINE FOR SECURITY MARKET DEVELOPMENT STRATEGY 2010 - 2020

Presenter: Nguyen Son PHD, SSC

Ha noi, 12 May 2009



STRATEGY TARGETS

- Develop size, improve quality of security market operation
- Keep the market in order and safe
- Extent scope and improve market supervisions
- Protect investors' legally rights and interests
- Improve competetiveness and international financial market accessibility



VIEWS AND PRINCIPLES

- Appropriate with socio-economic development strategy
 - Under international standards and integrate international financial markets sooner or later
 - Organize the unique national market in an appropriate structure
 - Assure the transparency, encourage the participants
 - Connected with the development of monetary and insurance markets
- 

STRATEGY ORIENTATIONS

- 1. Capitalization:
 - - 2015: 45-50 % GDP
 - - 2020: 60-65 % GDP;
- 2. Market structure improvement:
 - - HCMC stock exchange
 - - Hanoi stock exchange;
 - - OTC market;
 - - separately Bond market



STRATEGY ORIENTATIONS (cons.)

- 3. Ownership transfer
 - - 1 member limited state company
 - - joint stock company;
 - - public company (listed)
- 4. Market technology system:
 - - on-floor transaction, coordination with off-floor transaction;
 - - on-line transaction;
 - - 1 level system for registration and deposit

STRATEGY ORIENTATIONS (cons.)

- 5. Development of intermediate institutions:
 - - Increase size, improve quality of security companies under reconstruction (bankruptcy, acquisition and merger);
 - - Develop investment funds, investment companies in diversification (open or close funds, hedging funds etc...);
 - - Set up supplement agencies (credit rating, transfer, settlement agencies)



STRATEGY ORIENTATIONS (cons.)

- 6. Development of institutional and individual investors:
 - - establish institutional investors system: banks; finance, security, insurance companies and mutual and pension funds etc...
 - - develop different types of investment funds to attract small and individual investors;



SUGGESTED SOLUTIONS

- 1. Improvement of legal and institutional framework :
 - - Amend Security Law;
 - - Position of regulated agencies (SSC);
- 2. Increase security supply
 - - Restructure bond market (issue big; restructure small, diversify maturities; build benchmark yield curve);
 - - Issue corporate bonds and going listed;

SUGGESTED SOLUTIONS

- 2. Increase security supply (cons.)
- - Enhance equitization in accordance with going to be listed groups and state corporations;
- - Sell a portion of state holding shares;
- - Develop the new securities: derivatives, DR, fund indices;
- -Strengthen supervision and regulation, corporate governance, information publicize

SUGGESTED SOLUTIONS

- 3. Incentives policies:
 - - Tax, fee policies for investors;
 - - Tax, fee policies for listed company, security company;
 - - Increase room for foreigners in integration;
 - - Simplify procedures for trading code providing.
 - - Set up foreign direct investment companies in the integration roadmap

SUGGESTED SOLUTIONS (cons.)

- 4. Improve operating quality of self-regulated institutions:
 - - On-line transactions of Stock Exchanges;
 - - Automatize depository system (reduce the time of settlement);
 - - 1 level system of register, depositor;
 - - 2 levels automatic supervision system;
 - - Automatic CBTT system;



SUGGESTED SOLUTIONS (cons.)

- 5. Improve operation quality of security market:
 - - Apply international practices and standards in corporate governance for listed companies, security companies;
 - - Automatic and legally information publicize;
 - - Qualification of professional, ethical profession;
 - - Audit quality;
 - - Extent the network for security deposit.

SUGGESTED SOLUTIONS (cons.)

- 6. Enhance state governance effectiveness:
- - Apply model of risk based management;
- - The State regulates market by tax policy, interest rate, investment policy etc..., reduce the administrative intervention;
- - Coordinate with agencies and ministries and ministry level to regulate effectively;
- - Strengthen supervision procedures, in-depth investigations and compliance.

SUGGESTED SOLUTIONS (cons.)

- 7. Promote the role of professional associations, improve independent consultants and policy defense from:
 - - Security trading association;
 - - Investment company association;
 - - Listed company association;
 - - Security analysis association
 - - Financial investment association.



SUGGESTED SOLUTIONS (cons.)

- 8. Develop human and information resources
- - Do researches and organize security courses (set up Security Institution)
- - Diversify training courses for security professional certificate and issue certificate under specialization.
- - International and domestic joint-training about human resources;
- - Enhance information propaganda;
Popularize stock market knowledge;

SUGGESTED SOLUTIONS (cons.)

- 9. International cooperation:
 - - Bilateral or multilateral cooperation in supporting human resource training, management skills and specialist knowledge;
 - - Signing MOU with international markets;
 - - Participating in international organizations relating to stock markets;
- 10. Project financing, infrastructures and technology.



Thank you

