

Securities Nominal Holding

An anticipated supplemental account type in Vietnam

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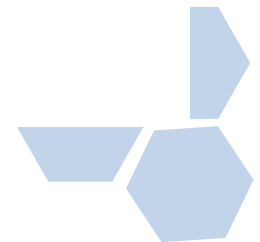
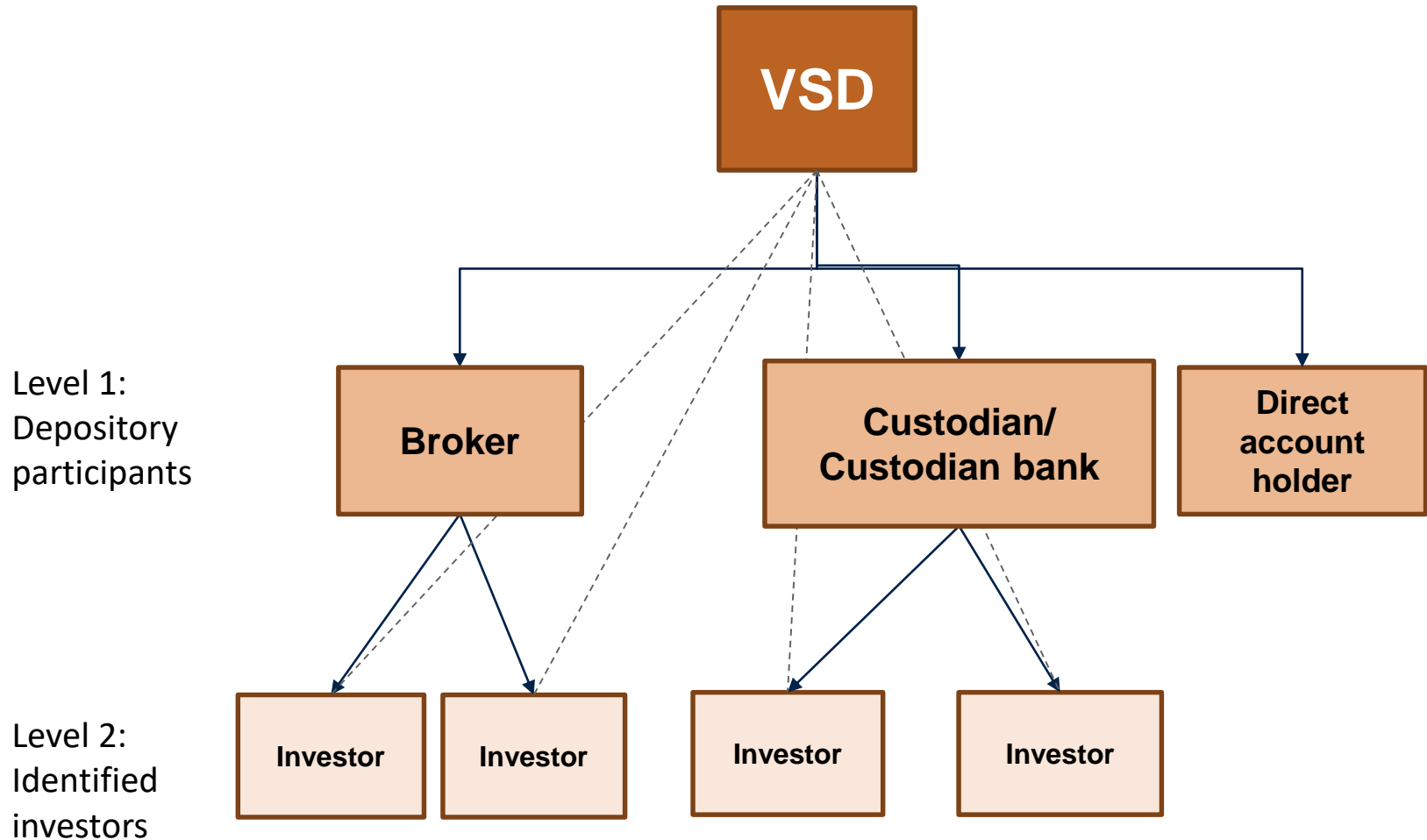
Hanoi - September 2021

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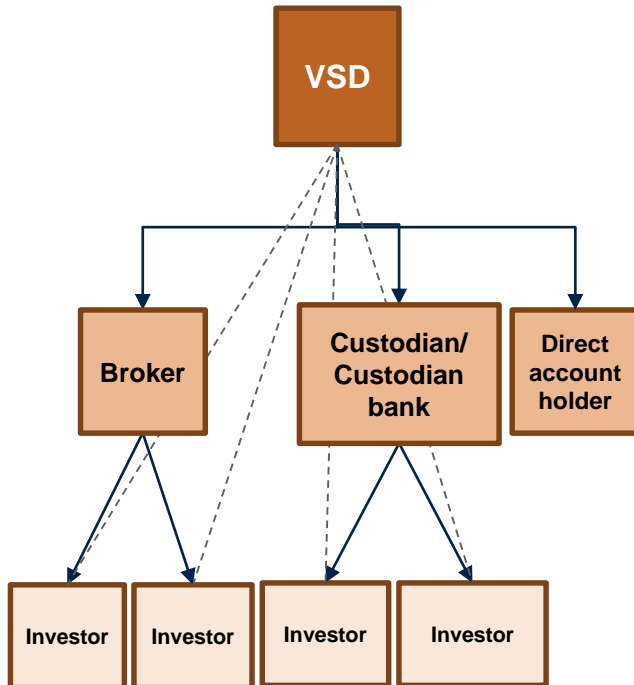


1. Current securities holding model in Vietnam



- Depository members (brokers, custodians/custodian banks and direct account holders) have direct connection to VSD.
- Investors in general open securities account at brokers or custodian banks, who are member of VSD.
- Direct account holders are some special institutions like commercial banks, insurance companies..., who can connect and open securities account directly at VSD.



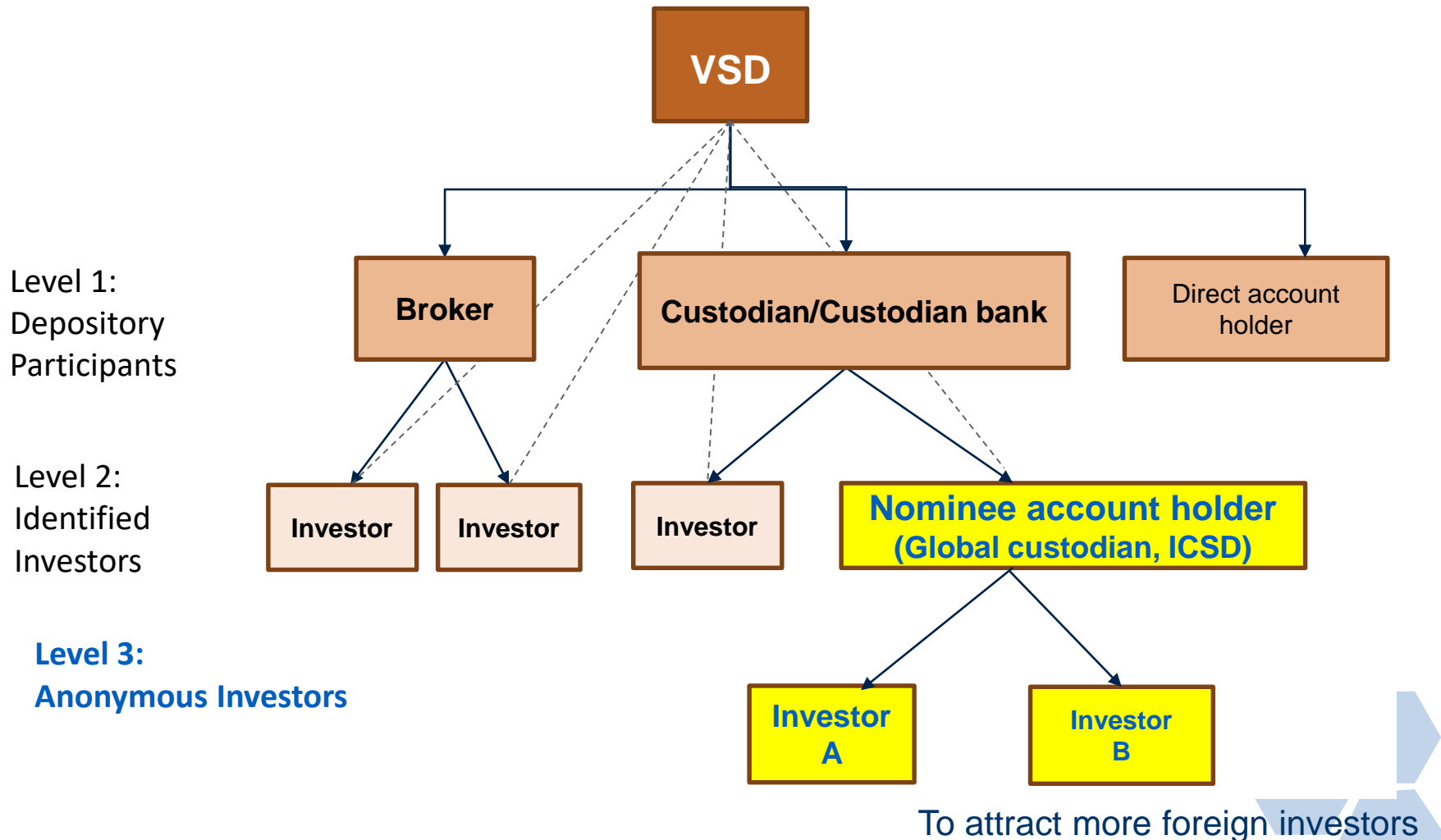


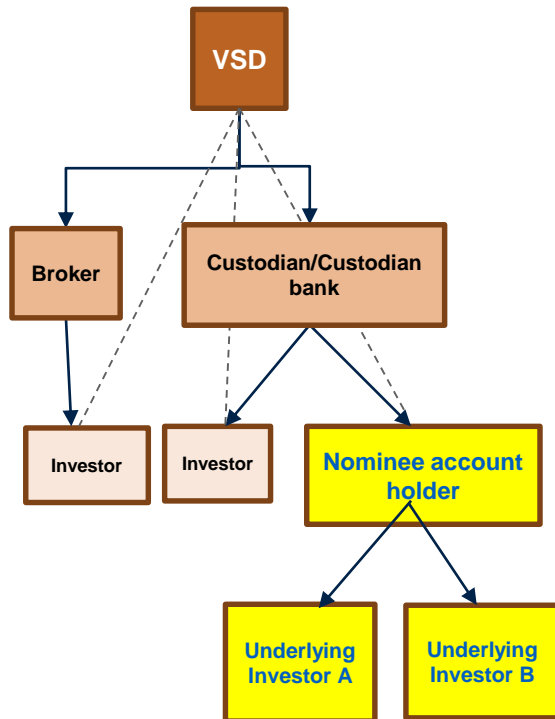
- Investor opens securities account at broker or custodian bank
- Broker and custodian will update investor's ID and account number into VSD system
- For investor's trade settlement, VSD will debit seller's account and credit buyer's account accordingly.

VSD manage every investor's account incl. their ID and portfolio.



2. Anticipated nominal securities holding as supplement



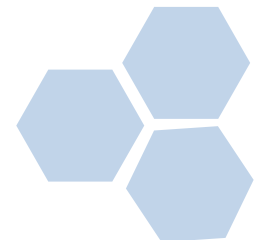


- **Nominee account holder** (global custodian, ICSD) opens securities account at a local custodian bank like an identified investor.

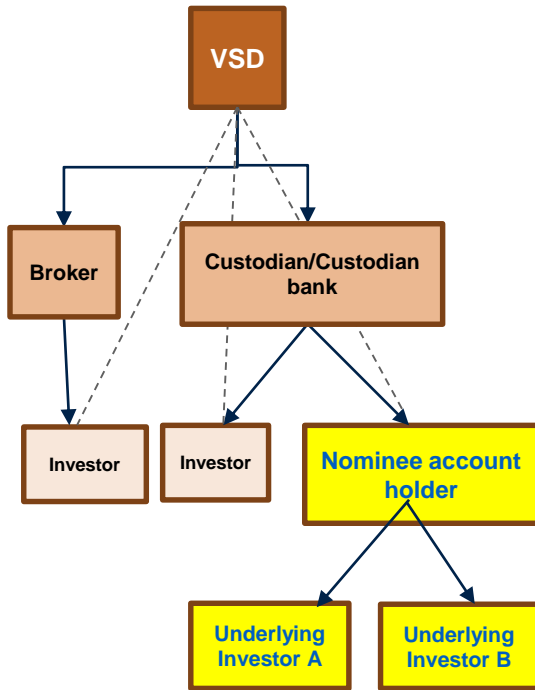
- Global custodian and ICSD (as **Nominee account holder**) then offer custody service to underlying investors.

-> Only nominee account holder can have information on ID and portfolio of underlying investors.

-> VSD doesn't have information of the underlying investors. Underlying investors are anonymous to VSD.



3. Problems to face with securities indirect holding



1. Investor disclose

VSD has to ask nominee account holder to provide its investor's information. It takes time and the information maybe not always correctly.

2. Losing of trading fees

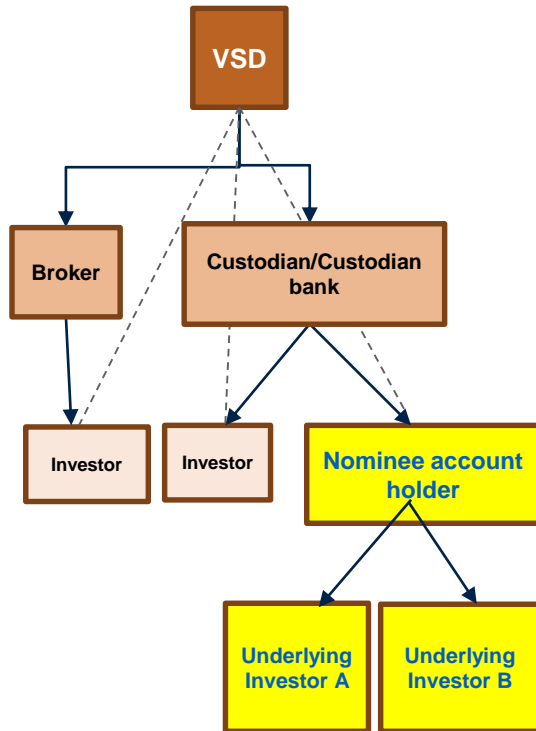
Underlying investors can do internal trading between themselves without sending order to broker.

3. No protection for underlying investor by local law.

- Underlying investors shall be relied on its nominee account holder.
- Any legal disputes between the two shall be handled to laws of the country where the nominee account holder is incorporated. Local law will not interfere those issues.



3. Problems to face with securities indirect holding (*continuous*)



4. Voting right

Who are allowed to vote at AGM?

- Only nominee account holder OR
- Also underlying Investor/beneficiary owner?

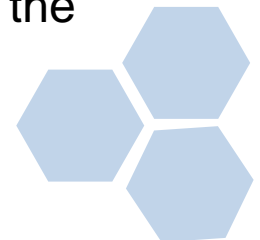
5. Possession of both types of account?

An investor can open account at a nominee account holder and also account at local custodian too?

6. Clearing and Settlement

How shall trades of underlying investors be cleared and settled?

Shall their trades cleared and settled under the name of their nominee account holder?



4. Your experiences on nominal holding

- CSDC
- KSEI
- Bursa Malaysia Depository
- ...

5. Q&A





TRUNG TÂM LƯU KÝ CHỨNG KHOÁN VIỆT NAM
VIETNAM SECURITIES DEPOSITORY



ASIA-PACIFIC CSD GROUP

Thank you