

**JSC BANK FOR FOREIGN  
TRADE OF VIETNAM**

Address: 198 Tran Quang Khai, Hanoi  
Business Registration No. 0100112437  
(15<sup>th</sup> revision dated April 14<sup>th</sup>, 2022)

**SOCIALIST REPUBLIC OF VIETNAM  
Independence - Freedom - Happiness**

Hanoi, April 28<sup>th</sup> 2022

**PROPOSAL**

**ON SUPPLEMENTING OPERATIONS OF JSC BANK FOR  
FOREIGN TRADE OF VIETNAM WITH CLEARING AND  
SETTLEMENT SERVICES FOR SECURITIES  
TRANSACTIONS**

*Pursuant to:*

*Law on Securities dated November 26, 2019 promulgated by the National Assembly of the Socialist Republic of Vietnam (“The Securities Law”);*

*Decree No. 155/2020/ND-CP dated December 31<sup>st</sup> 2020 of Government on elaboration of some articles of the Law on Securities (“Decree 155”);*

*Circular No. 40/2011/TT-NHNN dated December 15<sup>th</sup> 2011 of the State Bank of Vietnam (SBV) on the issuance of licenses and the organization, operation of commercial banks, foreign bank branches, representative offices of foreign credit institutions, other foreign organizations having banking activities in Vietnam;*

*Circular No. 28/2021/TT-NHNN dated December 31<sup>st</sup> 2021 of SBV regarding amendments to Circular No. 40/2011/TT-NHNN (“Circular 28”);*

*License No. 138/GP-NHNN dated May 23<sup>rd</sup> 2008 issued by the State Bank of Vietnam about License for establishment and operations of JSC Bank for Foreign Trade of Vietnam and other related amendments;*

*License No. 14/GPHDTLK dated May 02<sup>nd</sup> 2003 issued by the State Securities Commission (SSC) for securities depository activity;*

*Certificate of depository membership No. 18/GCNTVLK by the Vietnam Securities Depository (VSD) first granted on July 07<sup>th</sup> 2006, 5<sup>th</sup> amendment on September 15<sup>th</sup> 2021;*

*Charter on organization and operation of the Joint Stock Commercial Bank for Foreign Trade of Vietnam which has been approved by 2021 Annual General Shareholders Meeting under Resolution No. 14/TN2021/NQ-DHDCD dated April 23<sup>rd</sup> 2021;*

*Resolution No. 152/NQ-VCB-HDQT dated April 05<sup>th</sup> 2022 of the Board of Directors of Joint Stock Commercial Bank for Foreign Trade of Vietnam (BOD of VCB) approving the submission of an application to include clearing and settlement services for securities transactions and supervisory bank activity in the operations of JSC Bank For Foreign Trade Of Vietnam,*

BOD of VCB hereby respectfully submit for consideration and approval of the Annual General Shareholders Meeting (AGM) the addition of clearing and settlement services for securities transactions into operations of VCB as follows:

#### **1. Legal basis and rationale for providing clearing and settlement services for securities transactions**

The clearing and settlement services for securities transactions under the current payment mechanism is a crucial part of the depository service for which VCB is licensed and has been providing to individual and institutional customers. Pursuant to The Securities Law and Decree 155, banks are allowed to provide clearing and settlement services for securities transactions under a new model – Central Counterparty (CCP) which separates clearing and settlement activities from depository service. The Stock Exchanges and VSD are urgently working on building and launching a new payment system following the new model in the near future.

Pursuant to Clause 3 Article 1 Circular 28, a bank needs to be licensed/approved by State management agencies which include SBV, SSC

and VSD in order to provide clearing and settlement services for securities transactions under CCP in line with the Securities Law.

However, the current scope of operation under VCB's existing license only includes depository service which does not cover clearing and settlement services for securities transactions under CCP. Therefore, in order to legally to provide clearing and settlement services for securities transactions after CCP's official launch, VCB needs to complete the procedures to obtain necessary licenses/certificates from the SBV and the SSC, as well as register as a clearing member of VSD, details as follows:

- For the license issued by the SBV: SBV has issued Official Document No. 700/QĐ-NHNN dated April 19<sup>th</sup> 2022 approving the addition of "*clearing and settlement services for securities transactions as described in Point a Clause 4 Article 56 of the Securities Law*" into the operations of VCB.

- For the Certificate of eligibility to provide clearing and settlement services for securities transactions issued by the SSC: Pursuant to Clause 1 Article 152 Decree 155, VCB shall submit an application to SSC, which contain *Decision of the AGM approving the provision of clearing and settlement services for securities transactions.*

- For the Certificate of clearing membership issued by VSD: Upon receipt of the Certificate of eligibility to provide clearing and settlement services for securities transactions from SSC as described above, pursuant to Article 159 Decree 155, VCB shall start the process of applying to VSD for a Certificate of clearing membership.

## **2. Proposals to the AGM**

Based on the above report, in consideration of potential benefits and the need to provide clearing and settlement services for securities transactions in compliance with the Law on Securities, the BOD of VCB hereby respectfully propose the followings to the AGM for consideration and approval:

i. Introduce clearing and settlement services for securities transactions into the scope of VCB's operations to ensure compliance with the Securities Law and other relevant legal codes.

ii. Assign/Authorize the Board of Directors to undertake necessary procedures as required by the State management agencies and in compliance with applicable laws and VCB's regulations to achieve the objective described under point i above.

Respectfully,

**ON BEHALF OF THE BOARD OF DIRECTORS  
CHAIRMAN**

**Pham Quang Dzung**