LEGAL UPDATE

DRAFT AMENDMENTS TO THE LAW ON SECURITIES AND DRAFT DECREE ON PUBLIC OFFERING OF BONDS BY PUBLIC-PRIVATE PARTNERSHIP PROJECT ENTERPRISES

1. Background

The Ministry of Finance has released the Draft Law amending and supplementing a number of articles of the 2019 Law on Securities ("**Draft Amended Law**") and the Draft Decree regulating the public offering of bonds by project enterprises implementing investment projects under the public-private partnership ("**PPP**") method ("**Draft Decree**").

The Draft Amended Law proposes a number of changes intended to address issues identified in the implementation of the 2019 Law on Securities and to further strengthen Vietnam's regulatory framework for the securities market.

Meanwhile, the Draft Decree sets out a new framework for the public offering of bonds by PPP project enterprises. It supplements the existing securities law regime by taking into account the specific characteristics of PPP project enterprises, with a view to broadening their financing options while creating additional investment opportunities for investors.

This legal update outlines the key proposed amendments under the Draft Amended Law and the principal provisions of the Draft Decree, as well as highlights their potential implications for businesses and investors in Vietnam.

2. New Amendments to the 2019 Law on Securities under the Draft Amended Law

2.1. Share Distribution Requirement for Initial Public Offering of Shares ("IPO") Shifted to a Post-offering Compliance Requirement

Under the 2019 Law on Securities, an issuer is required, as a condition for conducting an IPO, to offer at least 15% of its voting shares to at least 100 investors who are not major shareholders. For issuers with charter capital of VND 1,000 billion or more, the minimum offering ratio is reduced to 10%.[1]

The Draft Amended Law proposes to remove this requirement as a precondition for an IPO.[2] Instead, compliance with the share distribution requirement would be assessed upon completion of the offering and would constitute a ground for the State Securities Commission ("**SSC**") to revoke the public offering. Accordingly, the SSC may revoke the public offering if, upon completion of the IPO: (i) the issuer fails to ensure that at least 15% of its voting shares, including the shares distributed in the offering, are held by at least 100 investors who are not major shareholders; or (ii) where the issuer has charter capital of VND 1,000 billion or more at the time of registration for the IPO, less than 10% of its voting shares, including the shares distributed in the offering, are held by at least 100 investors who are not major shareholders.[3]

The proposed amendment reflects a shift from the current ex ante (pre-check) regulatory approach to an ex post (post-check) compliance model. Rather than requiring issuers to satisfy the share distribution requirement before proceeding with an IPO, the Draft Amended Law would permit compliance to be assessed after the offering has been completed. This approach provides issuers with greater flexibility in conducting an IPO while preserving the policy objective of ensuring an adequate public float and promoting market liquidity through the SSC's authority to revoke a public offering that fails to satisfy the prescribed distribution requirement.

2.2. Codification of Bond Payment Guarantee Regulations

The Draft Amended Law introduces bond payment guarantees as a recognised securities business activity under the 2019 Law on Securities.[4] It also provides a statutory definition of bond payment guarantee as an irrevocable

[1] Article 15.1(d) of 2019 Law on Securities
[2] Article 1.27 of Draft Amended Law
[3] Article 1.7 of Draft Amended Law
[4] Article 1.1(a) of Draft Amended Law

unilateral undertaking by a bond payment guarantor to perform, on behalf of the issuer, the issuer's payment obligations to bondholders where the issuer fails to perform, performs incompletely, or fails to duly and timely perform its obligations to pay the principal and interest of the bond in accordance with the bond terms and the bond payment guarantee agreement.[5]

To support this new framework, the Draft Amended Law establishes a legal mechanism for the establishment, licensing, and operation of bond payment guarantee organisations. Entities wishing to conduct bond payment guarantee activities would be required to satisfy specific conditions and obtain a license from the competent authority before commencing operations. The detailed conditions and procedures would be prescribed by the Government.[6]

These proposed amendments provide a dedicated legal framework for bond payment guarantee activities, which have become increasingly common in Vietnam's corporate bond market but have not previously been subject to a comprehensive regulatory regime. By formalising the legal status of bond payment guarantees and introducing a licensing framework for guarantors, the Draft Amended Law is expected to enhance credibility and strengthen investor protection. The proposed framework may also be regarded as a legal basis for the implementation of the Draft Decree, given that a bond payment guarantee is one of the required conditions for the public offering of bond by PPP project enterprises.[7]

3. Introduction of a Framework for the Public Offering of Bond by PPP Project Enterprises under Draft Decree

3.1. Conditions for the Public Offering of Bond by PPP Project Enterprises

The Draft Decree sets out a number of additional conditions applicable to the public offering of bond by PPP project enterprises. In addition to satisfying the conditions set out under the 2019 Law on Securities[8], a PPP project enterprise would be required to:[9] (i) have entered a PPP project contract; (ii) ensure that the payment of the entire principal and interest of the bond is secured by guarantee and/or collateral; (iii) engage a securities company to advise on the dossier for registration of the public bond offering; (iv) appoint a bondholders' representative; (v) satisfy the applicable credit rating requirements; (vi) ensure that the total loan amount does not exceed the total loan amount stipulated under the PPP project contract; and (vii) have no payables that have remained overdue for more than one year.

These additional requirements reflect a markedly stricter regime for PPP project enterprises than that under the 2019 Law on Securities and are aimed at protecting bondholders against the cash-flow risks typically associated with large, long-tenor PPP projects. However, the cumulative burden of these requirements may pose practical difficulties for smaller or early-stage project enterprises, underscoring the need for clearer implementing guidance and calibrated flexibility to support the broader policy objective of expanding funding channels for PPP projects.

3.2. Reporting and Disclosure Regimes of PPP Project Bond Issuers

3.2.1. Reporting the Use of Capital and the Proceeds Raised from the Offering

The Draft Decree carries over the reporting and disclosure obligations under Article 9 of Decree No. 155/2020/ND-CP ("**Decree 155**"). From the completion of the offering until the bonds are fully repaid or the proceeds raised from the offering are fully disbursed, whichever occurs first, the issuer must report and disclose information on the use of capital and the proceeds raised from the offering. Such reports must be submitted to the SSC and disclosed on the issuer's website and the stock exchange's information disclosure system within five working days from the end of the above reporting periods. In addition, the issuer must disclose the report on the use of offering proceeds, as audited by an approved audit firm, at the annual General Meeting of Shareholders, the Members' Council meeting, or in the report to the company owner, or alternatively provide

[5] Article 1.1(đ) of Draft Amended Law
[6] Article 1.18 of Draft Amended Law
[7] Article 6.3 of Draft Decree
[8] Articles 15.3(a), (c), (d), (e), (h), (i) of 2019 Law on Securities
[9] Article 6 of Draft Decree

© 2026 ACS Legal Vietnam Company Limited – All rights reserved
This legal update is not advice and should not be treated as such.

detailed explanations of the use of the proceeds in the audited annual financial statements.[10]

Notably, in order to ensure the proper use of the capital and the proceeds raised from the offering, the Draft Decree introduces a requirement for bondholders' consent before a PPP project enterprise may change the plan for using the capital and proceeds raised from the offering, compared with Decree 155. Specifically, such change must be approved by bondholders representing at least 65% of the total outstanding bonds of the same class.[11]

The periodic reporting and audited disclosure requirements enable ongoing monitoring of the issuer's compliance with its disclosed capital use plan, while the newly introduced consent requirement for any change to such plan helps ensure that any material deviation is subject to appropriate oversight before being implemented. Taken together, these obligations reflect a broader policy objective of strengthening market discipline and supporting the sustainable development of the PPP project bond market.

3.2.2. Information Disclosure Obligations

The Draft Decree also requires both the issuer and the bond listing organisation to comply with the information disclosure requirements under the securities laws until the bond has been fully repaid. Moreover, PPP project enterprises would be required to make the following periodic and ad hoc disclosure:[12] (i) periodic disclosure of the implementation progress of the PPP project; (ii) annual disclosure of the credit rating report for the bonds (and, where applicable, the bond payment guarantee organisations); and (iii) ad hoc disclosure within 24 hours of any event affecting the collateral or the issuer's ability to repay the bonds, together with the reasons for, and remedial measures relating to, such event.

4. Conclusion

The Draft Amended Law and the Draft Decree represent a significant step in the continued development of Vietnam's securities and capital markets. Together, they seek to strengthen the regulatory framework by enhancing transparency, investor protection and market supervision, while introducing a dedicated regime for public bond offerings by PPP project enterprises.

If adopted in their current form, these proposed changes are expected to provide greater legal certainty for market participants and facilitate broader access to capital, particularly for PPP project enterprises, while supporting the sustainable development of Vietnam's capital market.

For more information, please contact:

Thang Nguyen / Managing Partner
thang.nguyen@acsvlegal.com

Linh Hoang Nguyen / Associate
linhh.nguyen@acsvlegal.com

[10] Article 15.1 of Draft Decree
[11] Article 15.2(c) of Draft Decree
[12] Article 16 of Draft Decree

© 2026 ACS Legal Vietnam Company Limited – All rights reserved
This legal update is not advice and should not be treated as such.