



NEW REGULATIONS ON REGISTRATION AND CANCELLATION OF PUBLIC COMPANY STATUS: TOWARD A TRANSPARENT AND SUSTAINABLE SECURITIES MARKET

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On May 5, 2025, the Ministry of Finance issued Circular 19/2025/TT-BTC (**Circular 19**) providing regulations on the registration of public companies, cancellation of public company status, and audited report on contributed charter capital. Circular 19 provides detailed guidelines on certain provisions of the Law on Securities 2019, as amended and supplemented by Law 56/2024/QH15 (**Law on Securities**), and replaces certain articles of Circular 118/2020/TT-BTC providing guidelines on public offerings and issuance of securities, tender offers, share repurchases, registration of public companies and cancellation of public company status (**Circular 118**). Below are some key highlights of Circular 19.

Firstly, Circular 19 provides detailed regulations on the preparation of the audited report on contributed charter capital – one of the required documents in the application dossier for public company registration. Accordingly, it must satisfy the following conditions:

- The report on contributed charter capital must be prepared in accordance with the template provided in Appendix No. 01 attached to Circular 19.
- The reporting period for the contributed charter capital must be at least 10 years up to the time of public company registration.
 - In the case that the organization applying for public company registration has operated for less than 10 years, the reporting period shall be calculated from the date of establishment.
 - In the case of a joint-stock company equitized from a state-owned enterprise and has operated for less than 10 years, the reporting period shall be calculated from the date of the first enterprise registration certificate for the joint-stock company.
- The audit of the report on contributed charter capital must be conducted in accordance with applicable legal provisions to provide opinions on the honesty and reasonableness of the owner's contributed capital indicator.
- The auditor's opinion on the report must be an unqualified opinion. If the unqualified opinion includes an emphasis of matter or other matters, the organization applying for public company registration must provide an explanation with confirmation from the independent audit organization.

These new regulations aim to ensure accurate determination of a company's actual paid-in capital and clarify the

process of capital contribution, capital increases, and capital use prior to its registration as a public company, thereby enabling the State Securities Commission of Vietnam (**SSC**) to accurately assess whether the company meets the charter capital requirements for public company registration or not. In addition, the audited report on contributed charter capital also applies to the dossier for initial public offerings.

Secondly, Circular 19 adjusts the document templates required for public company registration dossiers. In addition to the newly introduced template for the audited report on contributed charter capital, Circular 19 also issues new or revised templates for the registration dossier with some noteworthy points as follows:

- Supplementing the Public Company Registration Form and the Shareholders List Form.
- Replacing the previous form of Public Company Information Disclosure Statement prescribed in Circular 118. The new version adds some notable updates, such as a list of individuals responsible for the content of the public company disclosure statement; the company's commitment to the legality, accuracy, truthfulness, and completeness of the dossier.

Thirdly, Circular 19 supplements detailed provisions on SSC's proactive authority to consider the cancellation of public company status. Specifically, in the case where a public company fails to fulfill its obligation to submit relevant dossier or reports to SSC after no longer meeting the requirements regarding capital or shareholder under point a, clause 1, Article 32 of the Law on Securities (The company must have the contributed charter capital of at least VND 30 billion, owner's equity of at least VND 30 billion and at least 10% of its voting shares held by at least 100 investors other than major shareholders), SSC shall proactively consider cancelling the company's public status as follows:

- In cases where the company **no longer meets the shareholder requirements**: Upon receipt of the shareholder list from the Vietnam Securities Depository and Clearing Corporation showing that the company no longer meets the shareholder requirements, SSC shall notify the public company about its failure to satisfy the public company conditions. After one year from the date that the company fails to meet the shareholder requirements, if the company still does not meet the condition for public companies based on the shareholder list provided by the Vietnam Securities Depository and Clearing Corporation, within 15 days, SSC shall consider cancelling its public company status, notify such cancellation to the company and the Stock Exchange where the company's securities are listed or registered for trading, and simultaneously disclose such cancellation on SSC's information disclosure platform.
- In cases where the company **no longer meets the capital requirements**: Based on the latest audited financial statements of the public company, if it fails to meet the capital requirements, SSC shall notify the company stating that it no longer qualifies as a public company. After one year from the date of no longer meeting the capital requirements, if the company's latest audited financial statements continue to show that it does not meet the required capital conditions, within 15 days, SSC shall consider cancelling the public company status, notify such cancellation to the company and the Stock Exchange where the company's securities are listed or registered for trading, and simultaneously disclose such cancellation on SSC's information disclosure platform.

Additionally, Circular 19 provides detailed provisions regarding the SSC's responsibilities in cancelling a company's public status in the case where that public company **(i)** fails to disclose its audited annual financial statements for two consecutive years; **(ii)** fails to disclose the resolutions of its annual General Meetings of Shareholders for two consecutive years; **(iii)** fails to comply with the regulations on the registration of shares with the Vietnam Securities Depository and Clearing Corporation, fails to list the securities or to register trading of stocks on the securities trading system.

Circular 19 was enacted to improve the legal framework governing the registration and cancellation of public company status in the context of recent amendments and supplements to the Law on Securities at the end of 2024, which contributes to strengthening state supervision and enhancing corporate accountability in securities market activities. In addition to the aforementioned provisions, Circular 19 also sets out provisions on the procedures for registering a public company, as well as the registration dossier required for companies formed through corporate division, separation, or merger. Circular 19 takes effect from May 5, 2025; therefore, enterprises intending to register as public companies, as well as existing public companies, should promptly update the new provisions introduced in Circular 19. Should you wish to gain a deeper understanding of the regulations and practical implementation of the procedures for registration or cancellation of public company status, NHQuang&Associates is ready to provide further legal clarification, support, and related legal consultancy services.