

NEW PROVISIONS ON OFFER AND TRADING OF PRIVATELY PLACED CORPORATE BONDS

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On September 16, 2022, the Government promulgated Decree 65/2022/ND-CP (**Decree 65**) amending and supplementing some articles of Decree 153/2020/ND-CP on offer and trading of privately placed corporate bonds in the domestic market and offer of corporate bonds to the international market (**Decree 153**). The following demonstrates several noteworthy contents in Decree 65:

Firstly, amending regulations on bond issuance purposes. Decree 65 has added "restructuring of corporate debts" as one of the purposes to issue privately placed corporate bonds, replacing the purpose of "increasing operating capital or restructure capital sources of issuing enterprises" in Decree 153.

Secondly, supplementing the principles for offering privately placed corporate bonds as follows:

- For bonds issued in the domestic market, enterprises may only change the terms and conditions of bonds specified in Article 6 of Decree 65 when satisfying the following provisions: (i) being approved by the competent authority of the issuing enterprises; and (ii) being approved by the number of bondholders representing at least 65% of the total outstanding bonds of the same type.
- Information on the change of terms and conditions of bonds must be disclosed as extraordinary information by the issuing enterprise in accordance with Article 22 of Decree 65.

Thirdly, changing par value of privately placed corporate bonds. Under Decree 153, the par value of privately placed corporate bonds is VND 100,000 or multiple of VND 100,000; however, under Decree 65, the par value of privately placed corporate bonds has increased to a par value of VND 100,000,000 or multiple of VND 100,000,000.



Fourthly, amending the bond distribution period of each privately placed corporate bond offering. In detail, in the case where an enterprise offers bonds in multiple offerings, the bond distribution period of each offering must not exceed 30 days from the date of information disclosure prior to the offering. The total period of multiple privately placed corporate bond offerings must not exceed 06 months from the issuance date of the first offering.

Fifthly, supplementing the cases of premature redemption of bonds as follows:

- Premature redemption of bonds under agreements between the issuing enterprises and bondholders;
- Compulsory redemption at investors' request, including: (i) The issuing enterprises violate the law on offer and trading of corporate bonds under decisions of the competent authority, which cannot be remedied or the remedy is not approved by the number of bondholders representing at least 65% of the total outstanding bonds of the same type; (ii) The issuing enterprises violate bond issuance plans, which cannot be remedied or the remedy is not approved by the number of bondholders representing from at least 65% of the total number of outstanding bonds of the same type; and (iii) Other cases specified in the bond issuance plans (if any).

Sixthly, supplementing the responsibility of issuing enterprises in identifying professional securities investors, especially for individual professional securities investors. Accordingly, professional securities investors must meet the conditions on financial capacity or professional qualifications in securities as prescribed by the Law on Securities. At the same time, professional securities investors being individuals must ensure to hold a portfolio of securities listed and registered for trading with the

value of at least VND 2,000,000,000, which is determined by the daily average market value of the securities portfolio in at least 180 consecutive days prior to the date of determining the professional securities investor status.

The value of this securities portfolio does not include the value of loans for margin trading and the value of securities for redemption. The determination of individual professional securities investors is valid within 3 months from the date of confirmation.

In addition, issuing enterprises should note that the time for disclosing information on bond offering results has been shortened by Decree 65 from 10 days to 5 business days.

COMMENTS AND RECOMMENDATIONS

The issuance of Decree 65 with amendments and supplements related to information disclosure, verification of professional securities investors, etc., will contribute to the establishment of an organized corporate bond trading market and support the development of a transparent and sustainable corporate bond market, protecting the interests of both issuing enterprises and investors. Decree 65 takes effect from September 16, 2022. Enterprises and individuals involved in offering and trading privately placed corporate bonds need to pay attention to updating the provisions of Decree 65 and other relevant legal documents to carry out their relevant activities in accordance with the law.