



No discrimination in debt trading



There must be no discrimination in regulations with regard to debt trading between domestic and foreign participants, deputy prime minister Vuong Dinh Hue has said.

At a meeting in Hanoi on Wednesday, Hue directed relevant authorities to compile a draft decree on debt trading.

Deputy governor of the State Bank of Vietnam Nguyen Phuoc Thanh, concurring with Hue, said that the debt trading decree must ensure a level playground for all individuals and institutions.

Admitting that the compilation of the decree is difficult, as Vietnam does not have the experience in debt trading and investment, Hue required the drafting board to scrutinise the concepts related to the business as well as the conditions and responsibilities businesses must show to be eligible to provide the services.

The decree must obey the Constitution as well as ensuring the freedom of business and be compliant with the regulations of the Investment Law and the Enterprise Law, he said.

“All businesses, including both the Vietnam Asset Management Company and the Debt and Asset Trading Corporation, must comply with the regulations as they participate in the debt trading market,” Hue said.

He also instructed the Ministry of Finance and the Ministry of Planning and Investment to amend another decree on handling administrative violation cases in doing business, including debt trading.

Debt trading and investment is among industries that require business conditions under the amended Investment Law, but the government has not so far announced the conditions for the business yet. Therefore, a legal framework for the business is indispensable when the government has to announce business conditions for all industries from July 1 this year.

Besides, experts said that there is no debt trading market in Vietnam which is professional and large enough for businesses to trade in. Debts have been either lying still, thus causing big losses to involved parties, or have been transferred around.

Online newspaper Vietnamnet quoted Nguyen Van Hung, finance director of AASC, a finance service and auditing firm, as saying that debt trading would be a large market. In developed markets, the debts would be securitised in the form of a bond and transacted on the stock market.

According to the drafting board, the debt trading decree aims to develop a legal framework for the launch of debt trading services, including the foundation of debt trading floors where debt trading, consultancy and brokerage take place.

To qualify for the participation, the businesses which want to trade debts must have minimum legal capital of VND100 billion (US\$4.44 million), while the businesses which run trading floors must have

VND1 trillion at least.

The required minimum legal capital for businesses providing other services is VND10 billion.

The drafting board is expected to complete the draft decree soon to be able to submit to the government at its meeting in May.

Source: intellasia.net