

No.: 111/2018/TT-BTC

Hanoi, November 15, 2018

CIRCULAR**PROVIDING GUIDELINES FOR ISSUANCE AND SETTLEMENT OF GOVERNMENT DEBT INSTRUMENTS IN DOMESTIC MARKET**

Pursuant to the Law on public debt management dated November 23, 2017;

Pursuant to the Law on state budget dated June 25, 2015;

Pursuant to the Law on securities dated June 29, 2006 and the Law on amendments to the Law on securities dated November 24, 2010;

Pursuant to the Government's Decree No. 87/2017/ND-CP dated July 26, 2017 defining functions, tasks, powers and organizational structure of the Ministry of Finance;

Pursuant to the Government's Decree No. 95/2018/ND-CP dated June 30, 2018 providing for issuance, registration, listing and trading of government debt instruments in securities market;

At the request of the Director of the Department of Banking and Financial Institutions;

The Minister of Finance promulgates a Circular providing guidelines for issuance and settlement of government debt instruments in domestic market.

Chapter I**GENERAL PROVISIONS****Article 1. Scope and regulated entities**

1. Scope: This Circular provides guidelines for the issuance of government debt instruments in the domestic market, settlement of government debt instrument principals and interests, and responsibility of relevant organizations and individuals.

2. This Circular applies to the State Treasury, the State Bank of Vietnam ("SBV"), SBV's Operations Center, the Stock Exchange designated by the Ministry of Finance to perform bidding activities according to regulations herein, Vietnam Securities Depository, market makers, and other organizations and individuals involved in the issuance and settlement of government debt instruments in the domestic market.

Article 2. Interpretation of terms

For the purposes of this document, in addition to the terms defined in the Government's Decree No. 95/2018/ND-CP dated June 30, 2018, the terms below are construed as follows:

1. "T-bill" refers to Treasury Bill which is issued by the State Treasury in accordance with the Decree No. 95/2018/ND-CP and regulations herein.
2. "initially issued T-bill" refers to a new T-bill which is issued for the first time on the primary market.
3. "additional T-bill" refers to the T-bill which is additionally issued, and has the same code and maturity date with an outstanding T-bill.
4. "T-bill's issue date" refers to the date on which the purchase amount of T-bills is paid. The issue date of an initially issued T-bill is also its effective date.
5. "date of organizing the T-bill issue" refers to the bidding date of T-bill.
6. "T-bill settlement date" refers to the date on which investors make payments of T-bill purchase amounts to the issuer.
7. "T-bill's record date" refers to the date for Vietnam Securities Depository determining the owners entitled to the T-bill's next scheduled payment.
8. "bond" refers to the government bond or development bond which is issued by the State Treasury in accordance with the Decree No. 95/2018/ND-CP and regulations herein.
9. "initially issued bond" refers to a new bond which is issued for the first time on the primary market.
10. "additional bond" refers to the bond which is additionally issued, and has the same code, coupon rate and maturity date with an outstanding bond.

11. "bond's issue date" refers to the date on which the purchase amount of bonds is paid. The issue date of an initially issued bond is also its effective date.
12. "date of organizing the bond issue" refers to the bidding date of bonds or the date on which the State Treasury enters into the underwriting agreement for bond issuance.
13. "bond settlement date" refers to the date on which investors make payments of bond purchase amounts to the issuer.
14. "term to maturity" refers to the actual remaining life of a bond between when the bond is additionally issued and when it matures.
15. "zero-coupon bond" refers to a bond which is issued below par and makes no periodic interest payments; the bond principal plus interest shall be fully paid at the maturity date.
16. "bond's record date" refers to the date for Vietnam Securities Depository determining the owners entitled to the next scheduled payment of the bond principal and interest.
17. "coupon rate" refers to the annual interest rate on a bond, expressed as a percentage (%) of the bond's face value and paid by the issuer to bondholders in interest payment periods according to terms and conditions of the bond.

Article 3. Developing and publishing issuance plans

1. Based on the funds to be raised for the state budget according to the assignment by the Ministry of Finance, the State Treasury shall formulate and publish the annual plan for issuance of government debt instruments.
2. Based on the annual plan for issuance of government debt instruments, the State Treasury shall formulate and publish the quarterly plan for issuance of government debt instruments.
3. The annual and quarterly plans for issuance of government debt instruments shall be published on the websites of the Ministry of Finance, the State Treasury and the Stock Exchange.

Article 4. Organization of bidding for T-bills and bonds

1. The bidding for T-bills shall be organized by the SBV's Operations Center.
2. The bidding for bonds shall be organized by the Stock Exchange.
3. The State Treasury shall directly organize the bidding for T-bills or bonds in accordance with the Ministry of Finance's specific guidelines.

Article 5. Issuance schedule

1. Issuance schedule of T-bills

a) Issuance of T-bills through bidding:

- Monday of the issue week shall be the date of organizing the T-bill issue. Based on the plan for issuance of government debt instruments, the funds to be raised for the state budget and budget management requirements, the date of organizing the T-bill issue may be another day in the issue week according to the State Treasury's decision;

- The T-bill settlement date shall be the business day after the date of organizing the T-bill issue.

b) Issuance of T-bills directly to SBV: The date of organizing the T-bill issue and the T-bill settlement date shall be agreed upon between the Ministry of Finance and SBV according to the issuance plan approved by the Prime Minister.

2. Issuance schedule of bonds

a) Issuance of bonds through bidding or underwriting:

- The date of organizing the bond issue shall be Wednesday of the issue week. Based on the plan for issuance of government debt instruments, the funds to be raised for the state budget and budget management requirements, the date of organizing the bond issue may be another day in the issue week according to the State Treasury's decision;

- The bond settlement date shall be the business day after the date of organizing the bond issue;

- The State Treasury shall annually provide the Stock Exchange with the issuance schedule of bonds through bidding by December 31.

b) Private placement of bonds:

- Based on the plan for private placement of bonds approved by the Ministry of Finance, the State Treasury shall publish the schedule and organize the private placement of bonds in accordance with regulations herein.

- The bond settlement date is the date on which investors receive the bond at the State Treasury or make payments of purchase amounts of bonds to the State Treasury's designated account.

Chapter II

T-BILL ISSUANCE

Article 6. Bidding for T-bills

1. At least three (03) business days before the date of organizing the T-bill issue, the State Treasury shall give notification of T-bill issue to the SBV's Operations Center and the Stock Exchange. Such notification includes:

- a) The code of the T-bill to be issued, which is granted by Vietnam Securities Depository;
- b) Term of T-bill, the quantity of T-bills offered through bidding, and form of T-bill to be issued, initially issued T-bill or additional T-bill. With regard to the issuance of additional T-bills, the notification must include terms and conditions of the outstanding T-bill;
- c) The date of organizing the T-bill issue, T-bill's issue date, T-bill settlement date and maturity date, sorted by each T-bill's code;
- d) Method of payment of T-bills due;
- dd) Bidding form;
- e) Method of determining bidding result:
- g) The State Treasury's account for receiving T-bill purchase amounts.

2. At least two (02) business days before the date of organizing the T-bill issue, at the request of the State Treasury, the SBV's Operations Center shall give notification of T-bill issue to market makers and publish the T-bill issue-related information on its website.

3. Not later than 10:30 AM on the date of organizing the T-bill issue, market makers shall provide the SBV's Operations Center with their bid information according to the bid submission procedures and bid form announced by the SBV's Operations Center. Each market maker or his/her customer participating in the competitive bid is allowed to submit a maximum of five (05) bid rates on a bid form for each code of T-bill offered through bidding. Each bid rate is submitted for both the interest rate offered (rounded to 2 decimal places) and the corresponding quantity of T-bills to be bid for. If a market maker buys T-bills for his/her customers, he/she must provide sufficient information about such customers such as the customer's name, interest rate and corresponding quantity of T-bills bid for by each customer.

4. Within fifteen (15) minutes after the bid submission deadline mentioned in Clause 3 of this Article, the SBV's Operations Center shall open the bids, prepare and submit a consolidated report on bids to the State Treasury.

5. Not later than 11:30 AM on the date of organizing the T-bill issue, based on the consolidated report on bids provided by the SBV's Operations Center, the State Treasury shall determine the interest rate for each code of T-bills offered through bidding and notify it to the SBV's Operations Center for determining the T-bill bidding result in accordance with Article 11 hereof.

6. Publishing of bidding result:

- a) The SBV's Operations Center shall electronically provide the bidding result for market makers through the electronic T-bill bidding system.
- b) The SBV's Operations Center shall give notice of the T-bill issue results (including the bidding result mentioned in Point a of this Clause and results of the additional issuance of T-bills after the bidding session as regulated in Article 8 hereof, if any) to the State Treasury, Vietnam Securities Depository and the Stock Exchange by using the notice form provided in the Appendix 1 enclosed herewith. The T-bill issue results must be also published in accordance with Clause 1 Article 30 hereof.

Article 7. T-bill price

The price of an initially issued T-bill or an additional T-bill is calculated by adopting the following formula:

$$G = \frac{MG}{1 + \frac{L_t \times n}{365}}$$

Where:

G = The price of a T-bill (rounded off to the nearest Dong);

MG = T-bill's face value;

L_t = Interest rate of T-bills issued to holders (%/365 days);

n = Actual days between the settlement date and the maturity date of the T-bill.

Article 8. Additional issuance of T-bills after the bidding session

1. Based on the bidding result prescribed in Article 6 hereof, the State Treasury shall decide the additional issuance of T-bills immediately after the bidding session and inform the SBV's Operations Center of such additional issue in accordance with Clause 2 of this Article.

2. Procedures for additional issuance of T-bills after the bidding session:

a) Rules for additional issuance of T-bills after the bidding session:

- Only T-bills of the code for which the result of the bidding session held at 10:30 AM is available according to the notice of bidding result mentioned in Clause 6 Article 6 hereof shall be additionally issued;

- The quantity of T-bills to be additionally issued shall be decided by the State Treasury but not exceed 50% of the maximum quantity of T-bills offered through bidding of each code as specified in the T-bill issue notification mentioned in Clause 1 Article 6 hereof;

- The interest rate of each code of additional T-bills is the bid-winning interest rate in case of fixed-rate tender, or the weighted average of bid-winning interest rates in case of variable-rate tender, and rounded to 02 decimal places.

b) The State Treasury shall provide the SBV's Operations Center with notification of the additional issuance of T-bills after the bidding session and interest rate of additional T-bills in accordance with regulations laid down in Clause 5 Article 6 hereof. Such notification includes: Code of the additional T-bill, quantity of additional T-bills, interest rate and deadline for registration of purchase of additional T-bills.

c) The SBV's Operations Center shall inform market makers of the additional issuance of T-bills after the bidding session.

d) All market makers who are successful in the bidding session held at 10:30 AM for any T-bill's code are allowed to purchase additional T-bills themselves or for their customers. The quantity of additional T-bills of each code to be purchased by a market maker (including the amounts of additional T-bills he/she purchases for his/her customers) shall not exceed the maximum quantity of T-bills additionally issued after the bidding session as notified by the State Treasury and the SBV's Operations Centers as per Point b and Point c of this Clause.

dd) Market maker's registration form of purchase of additional T-bills includes:

- Code of the additional T-bill to be purchased;

- The quantity of additional T-bills to be purchased, sorted by T-bill's code;

- Customer's name.

e) Rules for determining the quantity of additional T-bills offered to market makers:

- If the sum of additional T-bills registered by market makers is smaller than or equal to the maximum quantity of T-bills additionally issued after the bidding session, the amount of additional T-bills issued to each market maker shall be the one registered by that market maker;

- If the sum of additional T-bills registered by market makers exceeds the announced quantity of T-bills additionally issued after the bidding session, the amount of additional T-bills of each code issued to each market maker shall be determined according to the ratio of that market maker's registered quantity of additional T-bills to the sum of additional T-bills registered by all market makers, and rounded off to the nearest ten thousand. The odd remainder of additional T-bills shall be offered to the market maker who registers for purchase of additional T-bills first. If the sum of additional T-bills to be offered to this market maker exceeds his/her registered one, market makers successively register for purchase of additional T-bills will continue to be accepted until all additional T-bills are sold out.

g) The SBV's Operations Centers shall take charge of determining the quantity of additional T-bills offered to each market maker and notifying it to the State Treasury.

h) Upon the completion of the issue of additional T-bills, the SBV's Operations Center shall notify the results of the additional issuance of T-bills to market makers registering for purchase of T-bills additionally issued after the bidding session.

Article 9. Issuance of T-bills directly to SBV

1. The Ministry of Finance shall play the leading role and cooperate with SBV in formulating and submitting the T-bill issuance scheme to the Prime Minister for decision in accordance with Clause 1 Article 12 of the Decree No. 95/2018/ND-CP. If the T-bill's maturity date does not fall in the same year with the issue date, the Ministry of Finance is required to submit a report thereof to the Government for obtaining the Standing Committee of the National Assembly's decision before organizing the T-bill issue.

2. Based on the T-bill issuance scheme approved by the Prime Minister, the Ministry of Finance shall organize the issuance of T-bills directly to the SBV in accordance with Clause 2, Clause 3, Clause 4 and Clause 5 Article 12 of the Decree No. 95/2018/ND-CP. The agreement on issuance of T-bills directly to SBV shall be made according to guidelines provided in the Appendix 2 enclosed herewith.

Chapter III

BOND ISSUANCE

Section 1. BOND ISSUANCE THROUGH BIDDING

Article 10. Bidding procedures

1. At least four (04) business days before the date of organizing the bond issue, at the request of the State Treasury, the Stock Exchange shall give notification of the bond issue to all market makers and publish the bond issue-related information on its website. Such notification includes:

a) The code of the bond to be issued, which is granted by Vietnam Securities Depository;

b) Term of the bond, and the quantity of bonds of each code to be offered through bidding, initially issued bonds or additional bonds. With regard to the issuance of additional bonds, the notification must include terms and conditions of the outstanding bond;

c) The date of organizing the bond issue, issue date, settlement date, interest payment date and maturity date, sorted by each bond's code;

d) Method of principal and interest payment;

dd) Bidding form;

e) Method of determining bidding result;

g) The reference rate and method of determining interest rate and selling price of the bond in case it has floating interest rate;

h) The State Treasury's account for receiving bond purchase amounts.

2. Not later than 10:30 AM on the date of organizing the bond issue, market makers must provide the Stock Exchange with bid information which is made by using the bid form provided by the Stock Exchange. Each market maker or his/her customer participating in the competitive bid is allowed to submit a maximum of five (05) bid rates on a bid form for each code of bonds offered through bidding. Each bid rate is submitted for both the interest rate offered (rounded to 2 decimal places) and the corresponding quantity of bonds to be bid for. If a market maker buys bonds for his/her customers, he/she must provide sufficient information about such customers such as the customer's name, interest rate and corresponding quantity of bonds bid for by each customer.

3. Within fifteen (15) minutes after the bid submission deadline mentioned in Clause 2 of this Article, the Stock Exchange shall open the bids, prepare and submit a consolidated report on bids to the State Treasury.

4. Based on the consolidated report on bids submitted by the Stock Exchange, the State Treasury shall determine the interest rate of each code of bonds to be offered through bidding, and inform it to the Stock Exchange for determining the bidding result according to Article 11 hereof.

5. Publishing of bidding result:

a) The Stock Exchange shall electronically provide the bidding result for market makers through the electronic bidding system;

b) The Stock Exchange shall give notice of the bond issue results (including the bidding result mentioned in Point a of this Clause and results of the additional issuance of bonds after the bidding session as regulated in Article 13 hereof, if any) to the State Treasury, and Vietnam Securities Depository by using the notice form provided in the Appendix 3 enclosed herewith. The bond issue results must be also published in accordance with Clause 2 Article 30 hereof.

Article 11. Bidding result determination

1. Bid-winning interest rate, coupon rate, quantity and selling price of bonds offered shall be determined according to:

- a) The quantity of bonds offered through bidding;
- b) The interest rate and quantity of bonds bid for;
- c) The bond interest rate bracket announced by the Ministry of Finance.

2. Method of determining bid-winning interest rate:

a) For fixed-rate tender:

The bid-winning interest rate is the highest bid interest rate which is commonly applied to all bidders (for both competitive and non-competitive bids), considered in the ascending interest rate order, and must satisfy the following conditions:

- It must be conformable with the interest rate bracket announced by the Ministry of Finance; and
- The accrued quantity of bonds offered sequentially at up to the bid-winning interest rate shall not exceed the announced quantity of bonds offered through bidding.

b) For variable-rate tender:

- The bid-winning interest rate of a bidder in the competitive bid is the bid interest rate submitted that participant, considered in the ascending interest rate order, and must satisfy the following conditions:

+ The weighted average of bid-winning interest rates does not exceed the highest interest rate of bond announced by the Ministry of Finance;

+ The accrued quantity of bonds offered sequentially at up to the highest bid-winning interest rate shall not exceed the announced quantity of bonds offered through bidding.

- The bid-winning interest rate applied to bidders of non-competitive bid is the weighted average of bid-winning interest rates, which is rounded off to 02 decimal places.

3. Method of determining the quantity of bonds issued to each successful bidder:

a) Bonds issued through the competitive bid:

The quantity of bonds issued to each successful bidder in the competitive bid is the bond quantity stated on the bid form submitted by that bidder. If the accrued quantity of bonds sold out sequentially at up to the highest bid-winning interest rate exceeds the maximum quantity of bonds offered through bidding, the amount of bonds that remains after subtracting the amount of bonds offered at lower bid interest rates shall be issued to bidders having the highest bid interest rate at a percentage in proportion to their quantities of bonds stated in their bid forms. The quantity of bonds issued to each bidder shall be rounded off to the nearest ten thousand. The odd remainder of bonds shall be offered to the bidder firstly offering the bid which is the highest bid-winning interest rate. If total amount of bonds offered to this bidder exceeds the bond quantity stated in his/her bid form, bidders successively submitting the bids will continue to be accepted until total amount of bonds offered reaches the announced quantity of bonds to be issued through bidding.

b) Bonds issued in the form of combination of competitive bid and non-competitive bid:

- The quantity of bonds issued to each successful bidder in the competitive bid is the one stated on the bid form submitted by that bidder. If the accrued quantity of bonds bid for at up to the highest bid-winning interest rate exceeds the quantity of bonds offered through bidding, the amount of bonds that remains after subtracting the amount of bonds to be issued to bidders of the non-competitive bid and the one issued to bidders submitting lower interest rates shall be issued to bidders having the highest bid-winning interest rate at a percentage in proportion to their quantities of bonds stated in their bid forms. The quantity of bonds to be offered to each successful bidder shall be rounded off to the nearest ten thousand. The odd remainder of bonds shall be offered to the bidder firstly offering the bid which is the highest bid-winning interest rate. If total amount of bonds offered to this bidder exceeds the bond quantity stated in his/her bid form, bidders successively submitting the bids will continue to be accepted until total amount of bonds offered reaches the announced quantity of bonds to be issued through bidding after subtracting the amount of bonds issued to bidders of the non-competitive bid.

- The quantity of bonds issued to each bidder of the non-competitive bid is the one stated on the bid form submitted by that bidder. If the sum of bonds offered to bidders of the non-competitive bid exceeds the limit prescribed in Point b Clause 4 Article 15 of the Decree No. 95/2018/ND-CP, the amount of bonds offered to each bidder of the non-competitive bid shall be in proportion with the amount of bonds he/she bids for as stated in his/her bid form, and be rounded off to the nearest ten thousand. The odd remainder of bonds shall be issued to the bidder firstly offering the bid in the non-competitive bid. If total amount of bonds issued to this bidder exceeds the quantity of bonds that he/she bids for as stated in his/her bid form, bidders successively submitting the bids will continue to be accepted until total amount of bonds offered reaches the announced quantity of bonds offered through the non-competitive bid.

- If none of bidders of the competitive bid is successful, bonds shall not be offered to bidders of non-competitive bid.

4. Examples of the determination of bid-winning interest rate, coupon rate and the quantity of bonds issued to each successful bidder are available in the Appendix 4 enclosed herewith.

5. Proceeds from the bond issue shall be equal to the quantity of bonds offered multiplied by the bond price.

Article 12. Bond price

1. The price of a zero-coupon bond which is either initially or additionally issued shall be determined by adopting the following formula:

$$GG = MG \times \frac{1}{(1 + L_t)^{\left(\frac{a}{E} + t - 1\right)}}$$

Where:

GG = The price of a zero-coupon bond (rounded off to the nearest Dong);

MG = The bond's face value;

a = Actual days between the bond settlement date and the next interest payment date as assumed;

E = Total days of an interest payment period according to the assumption that the payment is made;

t = Total interest payment periods as assumed between the bond settlement date to the maturity date;

L_t = The bond's interest rate (%/year).

2. The price of a fixed-rate bond which has interest payments made periodically at equal intervals:

a) Initially issued bonds:

- The price per bond is determined by adopting the following formula:

$$GG = MG \times \left\{ \frac{L_c}{L_t} \times \left[1 - \frac{1}{\left(1 + \frac{L_t}{k}\right)^t} \right] + \frac{1}{\left(1 + \frac{L_t}{k}\right)^t} \right\}$$

b) Additional bonds:

- If the bond settlement date falls on or before the record date of the next scheduled interest payment period, the price per bond is calculated by adopting the following formula:

$$GG = MG \times \left(1 + \frac{L_t}{k}\right)^{\left(1 - \frac{d}{E}\right)} \times \left\{ \frac{L_c}{L_t} \times \left[1 - \frac{1}{\left(1 + \frac{L_t}{k}\right)^t} \right] + \frac{1}{\left(1 + \frac{L_t}{k}\right)^t} \right\}$$

- If the bond settlement date falls after the record date of the next scheduled interest payment period, the price per bond is calculated by adopting the following formula:

$$GG = MG \times \frac{1}{\left(1 + \frac{L_t}{k}\right)^{\left(\frac{d}{E}\right)}} \times \left\{ \frac{L_c}{L_t} \times \left[1 - \frac{1}{\left(1 + \frac{L_t}{k}\right)^{(t-1)}} \right] + \frac{1}{\left(1 + \frac{L_t}{k}\right)^{(t-1)}} \right\}$$

Where:

GG = The price of a bond (rounded off to the nearest Dong);

MG = The bond's face value;

L_c = Coupon rate (%/year). The coupon rate of an initially issued bond is the weighted average of the bid-winning interest rates of bidders of the competitive bid and rounded off to one decimal place. With regard to additional bonds, L_c is the coupon rate of the outstanding bond for which bonds are additionally issued;

k = Number of periodic interest payments during a year;

d = Actual days between the bond settlement date and the first interest payment date after the bond settlement date;

E = Actual days of an interest payment period in which bonds are additionally issued;

t = Number of bond interest payments between the bond settlement date and its maturity date;

L_t = The bond's interest rate (%/year).

3. The price of a fixed-rate bond which has interest payments made periodically but the first interest payment period is shorter or longer than the next ones:

a) Calculation of interest on a bond:

- The interest on a bond in the first interest payment period which is shorter than the next one shall be calculated by the following formula:

$$GL_1 = MG \times \frac{L_c}{k} \times \frac{a1}{E}$$

- The interest on a bond in the first interest payment period which is longer than the next one shall be calculated by the following formula:

$$GL_1 = MG \times \frac{L_c}{k} \times \left(1 + \frac{a2}{E}\right)$$

Examples of calculation of interest on a bond in the first interest payment period which is longer than the next one are available in the Appendix 5 enclosed herewith.

- The interest on a bond in the next interest payment periods shall be calculated by the following formula:

$$GL_n = MG \times \frac{L_c}{k}$$

Where:

GL_1 = Interest on a bond in the first interest payment period (rounded to the nearest Dong);

GL_n = Interest on a bond in the next interest payment periods (rounded to the nearest Dong);

MG = The bond's face value;

L_c = Coupon rate (%/year). The coupon rate of an initially issued bond is the weighted average of the bid-winning interest rates of bidders of the competitive bid and rounded off to one decimal place. With regard to additional bonds, L_c is the coupon rate of the outstanding bond for which bonds are additionally issued;

k = Number of periodic interest payments during a year;

a1 = Actual days between the bond settlement date and the first interest payment date after the bond settlement date;

a2 = Actual days between the bond settlement date and the ordinary interest payment date as assumed;

E = Total days of an ordinary interest payment period according to the assumption that the payment is made.

b) Calculation of the price of an initially issued bond:

- The price of a bond which has interest payments made periodically but the first interest payment period is shorter than the next ones:

$$GG = \frac{1}{\left(1 + \frac{L_t}{k}\right)^{\left(\frac{a1}{E}\right)}} \left\{ GL_1 + MG \times \left\{ \frac{L_c}{L_t} \times \left[1 - \frac{1}{\left(1 + \frac{L_t}{k}\right)^{(t-1)}} \right] + \frac{1}{\left(1 + \frac{L_t}{k}\right)^{(t-1)}} \right\} \right\}$$

- The price of a bond which has interest payments made periodically but the first interest payment period is longer than the next ones:

$$GG = \frac{1}{\left(1 + \frac{L_t}{k}\right)^{\left(1 + \frac{a2}{E}\right)}} \left\{ GL_1 + MG \times \left\{ \frac{L_c}{L_t} \times \left[1 - \frac{1}{\left(1 + \frac{L_t}{k}\right)^{(t-1)}} \right] + \frac{1}{\left(1 + \frac{L_t}{k}\right)^{(t-1)}} \right\} \right\}$$

GG = The price of a bond (rounded off to the nearest Dong);

GL₁ = Interest payable on a government bond in the first interest payment period, rounded to the nearest Dong (by adopting the formula provided in Point a of this Clause);

MG = The bond's face value;

L_t = The bond's interest rate (%/year);

L_c = Coupon rate (%/year) which is the weighted average of bid-winning interest rates of bidders of the competitive bid and rounded off to one decimal place. With regard to additional bonds, L_c is the coupon rate of the outstanding bond for which bonds are additionally issued;

k = Number of periodic interest payments during a year;

a1 = Actual days between the bond settlement date and the first interest payment date after the bond settlement date;

a2 = Actual days between the bond settlement date and the ordinary interest payment date as assumed;

E = Total days of an ordinary interest payment period;

t = Number of interest payments between the bond settlement date and maturity date of the bond.

c) With regard to additional bonds:

- If the bond settlement date falls before or on the record date of the first interest payment period:

+ If the initially issued bond has the first interest payment period shorter than the next one, the price of an additional bond shall be calculated by adopting the formula which is employed to calculate the price of that initially issued bond with a shorter interest payment period;

+ With regard to the initially issued bond which has the first interest payment period longer than the next one: The price of an additional bond shall be calculated by adopting the formula which is employed to calculate the price of the initially issued bond with a longer interest payment period if the additional issuance date falls before or on the ordinary interest payment date as assumed; otherwise, the price of the additional bond shall be calculated by adopting the formula which is employed to calculate the price of the initially issued bond with a shorter interest payment period if the additional issuance date falls after the ordinary interest payment date as assumed.

- If the bond settlement date falls after the record date of the first interest payment period, the price of an additional bond shall be determined according to the guidelines for pricing of a bond which has equal interest payment periods and is additionally issued provided in Point b Clause 2 of this Article.

4. Determination of the reference rate and interest rate which are used to calculating the price of a floating-rate bond shall follow specific guidelines given by the Ministry of Finance.

Article 13. Additional issuance of bonds after the bidding session

1. Based on the bidding result prescribed in Article 10 hereof, the State Treasury shall decide the additional issuance of bonds immediately after the bidding session and inform the Stock Exchange of such additional bond issue in accordance with Clause 2 of this Article.

2. Procedures for additional issuance of bonds after the bidding session:

a) Rules for additional issuance of bonds after the bidding session:

- Only bonds of the code for which the result of the bidding session held at 10:30 AM is available according to the notice of bidding result mentioned in Point a Clause 5 Article 10 hereof shall be additionally issued;
 - The quantity of additional bonds offered to market makers (including the amounts of additional bonds they purchase for their customers) shall not exceed 50% of the maximum quantity of bonds of each code offered through bidding as specified in the bond issue notification mentioned in Clause 1 Article 10 hereof.
 - The interest rate of each code of additional bonds is the bid-winning interest rate in case of fixed-rate tender, or the weighted average of bid-winning interest rates in case of variable-rate tender, and rounded to 2 decimal places.
- b) The State Treasury shall provide the Stock Exchange with a notification of the additional issuance of bonds after the bidding session and the interest rate of additional bonds in accordance with regulations laid down in Clause 4 Article 10 hereof. Such notification includes: Code of the additional bond, quantity of additional bonds, interest rate and deadline for registration of purchase of additional bonds.
- c) The Stock Exchange shall electronically provide the additional bond issuance-related information for market makers through the electronic bidding system.
- d) All market makers who are successful in a bidding session for any bond's code are allowed to register for purchase of bonds additionally issued after the bidding session for themselves or for their customers. The quantity of additional bonds of each code to be purchased by a market maker (including the amounts of additional bonds he/she purchases for his/her customers) shall not exceed the maximum quantity of bonds additionally issued after the bidding session as notified by the State Treasury and the Stock Exchange as per Point b and Point c of this Clause.
- dd) Market maker's registration form of purchase of additional bonds includes:
- Code of the additional bond to be purchased;
 - The quantity of additional bonds to be purchased, sorted by the bond's code;
 - Customer's name.
- e) Rules for determining the quantity of additional bonds offered to market makers after the bidding session:
- If the sum of additional bonds registered by market makers is smaller than or equal to the maximum quantity of bonds additionally issued after the bidding session, the amount of additional bonds issued to each market maker shall be the one registered by that market maker;
 - If the sum of additional bonds registered by market makers exceeds the maximum quantity of bonds additionally issued after the bidding session, the amount of additional bonds of each code issued to each market maker shall be determined according to the ratio of that market maker's registered quantity of additional bonds to the sum of additional bonds registered by all market makers, and rounded off to the nearest ten thousand. The odd remainder of additional bonds shall be offered to the market maker who registers for purchase of additional bonds first. If the sum of additional bonds to be offered to this market maker exceeds his/her registered one, market makers successively register for purchase of additional bonds will continue to be accepted until all additional bonds are sold out.
- g) The Stock Exchanges shall take charge of determining the quantity of additional bonds offered to each market maker and notifying it to the State Treasury.
- h) Upon the completion of the additional issue, the Stock Exchange shall electronically provide results of the additional bond issue for market makers through the electronic bidding system.

Section 2. BOND ISSUANCE THROUGH UNDERWRITING

Article 14. Procedures for selection of members of an underwriter syndicate

1. When the State Treasury wishes to issue bonds through underwriting, it shall publish the bond underwriting plan on its website and websites of the Ministry of Finance and the Stock Exchange so that interested organizations may apply to become a leader underwriter. Information to be published includes:

- a) Information about the bond issue through underwriting:
- Terms and conditions of the bond to be issued, including: Currency, term, face value, and method of principal and interest payment;
 - Planned quantity of bonds to be issued;

- Expected dates of negotiation and entering into the underwriting agreement.
- b) Information concerning the selection of the lead underwriter/ co-lead underwriter:
 - Eligibility requirements and standards of a lead underwriter/ co-lead underwriter as defined in Clause 2 Article 16 of the Decree No. 95/2018/ND-CP.
 - Deadline and forms of receiving applications for registration as the lead underwriter/ co-lead underwriter.
- 2. Any organizations that meet all eligibility requirements and wish to become a lead underwriter or co-lead underwriter shall submit a sealed application as regulated by the State Treasury. Such application includes:
 - a) The application form for registration as the lead underwriter/ co-lead underwriter made by using the form provided in the Appendix 6 enclosed herewith.
 - b) The plan for bond issue through underwriting, which includes the following contents:
 - Forecasts about the bond market developments and the possibility of the bond issuance through underwriting;
 - The underwriting plan, including: Planned members of the underwriter syndicate, method and time of the bond issue, planned quantity and interest rate of bonds issued, and underwriting fee;
 - Commitments of the lead underwriter.
 - c) Documentary evidences of the satisfaction of eligibility requirements by the lead underwriter/ co-lead underwriter, including:
 - The copy of the establishment and operation license (The copy derived from the original register, the certified true copy or the copy with the original copy for verification purposes);
 - Documents proving the applicant's experience in securities underwriting and financial status (accompanied by audited financial statements of the last two years).
- 3. After the application submission deadline, the State Treasury shall organize the opening of the received applications for evaluating and selecting qualified lead underwriter/ co-lead underwriter according to conditions and the plan for bond issue through underwriting.
- 4. The State Treasury shall give written notification and publish the result of the selection of the lead underwriter/ co-lead underwriter on its website and the websites of the Ministry of Finance and the Stock Exchange.
- 5. The State Treasury and the selected lead underwriter/ co-lead underwriter shall conduct a negotiation and enter into the principle contract for bond underwriting using the form provided in the Appendix 7 enclosed herewith. Based on the principle contract, the lead underwriter/ co-lead underwriter shall select other members of the underwriter syndicate.
- 6. The lead underwriter/ co-lead underwriter shall submit the list of selected underwriter syndicate participants to the State Treasury for approval by using the form provided in Section 1 of the Appendix 8 enclosed herewith.

Article 15. Bond issuance through underwriting

1. The lead underwriter/ co-lead underwriter and the underwriter syndicate participants shall prepare and submit consolidated reports on allocation of bonds to investors to the State Treasury for monitoring according to forms provided in Section 2 and Section 3 of the Appendix 8 enclosed herewith.
2. Based on the negotiation results between the State Treasury and the lead underwriter/ co-lead underwriter, on the date of organizing the bond issue, the State Treasury shall enter into the underwriting agreement with the lead underwriter/ co-lead underwriter by using the form provided in Section 4 of the Appendix 8 enclosed herewith.
3. Within the business day after the signing date of the underwriting agreement for bond issuance, the State Treasury shall inform Vietnam Securities Depository and the Stock Exchange of the underwriting results, and publish the same on its website as well as the websites of the Ministry of Finance and the Stock Exchange.
4. Proceeds from the bond issue through underwriting shall be determined according to regulations in Clause 5 Article 11 hereof.
5. The selling price per bond shall be determined according to regulations in Article 12 hereof.

Section 3. PRIVATE PLACEMENT OF BONDS

Article 16. Procedures for private placement of bonds

1. Bonds offered directly by the State Treasury

a) Based on the plan for private placement of bonds approved by the Ministry of Finance, the State Treasury shall provide organizations and individuals that wish to buy bonds with the following:

- The planned issue date, bond settlement date, interest payment date and maturity date of bond;
- The quantity and term of bonds to be issued;
- Bond buyers;
- Coupon rate;
- Form of the bond;
- Method of principal and interest payment;

b) Based on the received registration forms for bond purchase, the State Treasury shall decide to carry out each private placement bond issue and request the registered investors to make payments to the designated account of the State Treasury;

c) Based on payment confirmation letters, the State Treasury shall record the bond purchase amounts transferred by investors as the state budget revenues in accordance with applicable regulations of the Law on state budget and carry out procedures for issuance of bond ownership certificates to buyers in accordance with applicable regulations.

2. Bonds offered by a provincial-level or district-level State Treasury

a) Based on the plan for private placement of bonds approved by the Ministry of Finance, at least ten (10) business days before the private placement bond issue, the State Treasury shall decide the organization of the private placement of bonds by a provincial-level or district-level State Treasury and publish related information on its website, the websites of the Ministry of Finance and the Stock Exchange, and other means of mass media. Information to be published includes:

- The quantity and term of bonds to be issued;
- Bond buyers;
- Coupon rate;
- Form of the bond;
- Method of principal and interest payment;
- Time and location of the bond issue.

b) In case of cash payments, investors shall carry out procedures for payment of bond purchase amounts at the location of the bond issue. Based on the amounts of money paid by the investor, the State Treasury shall carry out procedures for offering of bonds to that investor according to terms and conditions of the bond issue.

c) In case of payment of bond purchase amounts by bank transfer, investors shall transfer money to the account designated by the State Treasury, Based on payment receipts and credit notes given by banks, the State Treasury shall offer bonds under terms and conditions of the bond issue to investors.

d) The State Treasury shall carry out procedures for recording proceeds from bond offering as state budget revenues in accordance with applicable regulations of the Law on state budget; deliver bond certificates to buyers (if bonds are issued in the form of certificates) or carry out procedures for issuance of bond ownership certificates to bondholders (if bonds are issued in the form of book entries or electronic data).

dd) Based on regulations laid down in Point a, Point b and Point c of this Clause and management requirements, the State Treasury shall provide specific guidance on each private placement bond issue for its affiliated provincial-level or district-level State Treasury.

Article 17. Proceeds and price of bonds issued through private placement

1. Proceeds from the private placement bond issue shall be determined according to regulations in Clause 5 Article 11 hereof.

2. The price of a bond offered through private placement shall be determined according to regulations in Article 12 hereof.

Article 18. Keeping, pledging and transferring bonds offered by State Treasury

1. Bondholders shall themselves keep bonds which are issued in the form of bond certificates. Bondholders may also request the State Treasury offering bonds to keep bonds they purchased without any fee payments.

2. Pledging and transfer of bonds offered through private placement via the State Treasury's system shall be performed in accordance with regulations in Point b Clause 1 Article 7 of the Decree No. 95/2018/ND-CP. The transfer of book-entry bonds which are registered/ deposited at Vietnam Securities Depository shall be carried out at the State Treasury where such bonds are offered.

Section 4. ISSUING BONDS TO ENSURE LIQUIDITY FOR MARKET MAKERS

Article 19. Obligation to provide price quotation with firm commitment

1. Based on the plan for raising funds for state budget and market developments, the State Treasury shall publish the standard bond codes on its website and the website of the Stock Exchange so that market makers to fulfill their obligation to provide price quotations with firm commitment. Information to be published includes: The standard bond's code, term, code's scale, planned date of organizing the initial bond issue or reopening the code of an issued bond, planned date of providing price quotations with firm commitment.

2. Based on the issuance results of standard bond codes on the primary market, at least five (05) business days before quoting prices with firm commitment, the State Treasury shall officially publish the time when market makers shall begin quoting prices on its website and the Stock Exchange's website, and notify the same to every market maker.

3. Market makers shall quote prices of standard bond codes with firm commitment from 09:00 AM to 10:30 AM on the trading system of the Stock Exchange. Frequency, quantity, and spread between the interest rate used to calculate the bid price and the one used to calculate the ask price with firm commitment shall follow the Ministry of Finance's regulations on market makers' obligation to trade in the secondary market.

4. Market makers are allowed to stop quoting prices with firm commitment in the following circumstances:

a) Prices are quoted before or after the price quoting session with firm commitment prescribed in Clause 3 of this Article;

c) The market maker's buy/ sell offer with firm commitment has been performed with a frequency and quantity announced by the Ministry of Finance as regulated in Clause 3 of this Article;

c) The State Treasury gives a notification of suspension of issuance of government bonds to ensure the market liquidity in accordance with regulations herein.

5. After market makers have fulfilled their obligation to give price quotations with firm commitment as regulated, they are entitled to decide whether to stop or continue quoting prices with firm commitment. If a market maker continues quoting prices with firm commitment, he/she must ensure that the spread between the interest rate used to calculate the bid price and the one used to calculate the ask price shall not exceed the one adopted by the Ministry of Finance.

Article 20. Limit, validity, hedge ratio, price of bonds issued, margin and costs of performance of liquidity support agreement

1. The quantity of bonds of each code issued to ensure the liquidity of a market maker at a specific time shall not exceed the minimum quantity of bonds of that code of which the price is quoted during a price quoting session with firm commitment.

2. A liquidity support agreement shall be valid up to 28 days only, including extensions (if any), and shall not last over the record date of the next interest payment period.

3. The hedge ratio shall be determined as follows:

a) With regard to bonds with term to maturity less than five (05) years, the hedge ratio shall be equal to 5% of the bond's price which is determined according to Clause 4 of this Article;

b) With regard to bonds with term to maturity of five (05) years or longer, the hedge ratio shall be equal to 10% of the bond's price which is determined according to Clause 4 of this Article.

4. The price of bonds issued to ensure the liquidity is higher than one of the following prices:

a) The selling price of government bonds of an equivalent term in the nearest bond issue on the primary market within ten (10) business days before the signing date of the liquidity support agreement. A bond of equivalent term refers to the bond whose term to maturity is shorter than or not more than three (03) days longer than the term to maturity of the bond for which an application for liquidity support is submitted;

b) The highest ask price with firm commitment of the bond's code for which the application for liquidity support is submitted in the same price quoting session with firm commitment.

5. The margin to be provided by the market maker is determined by adopting the following formula:

$$MR = GG \times M \times (1 + HC)$$

Where:

MR = Margin;

GG = The bond's price calculated according to Clause 4 of this Article;

M = The quantity of bonds issued to ensure the liquidity;

HC = The hedge ratio as prescribed in Clause 3 of this Article.

6. Cost of performance of the liquidity support agreement shall be determined by adopting the following formula:

$$P = L_{tick} \times GG \times M \times n/365$$

Where:

P = Cost of performance of liquidity support agreement;

L_{tick} = Re-discount rate announced by the SBV at the time before the signing date of the detailed agreement or extension agreement;

GG = The bond's price calculated according to Clause 4 of this Article;

M = The quantity of bonds issued to ensure the liquidity;

n = Total days of liquidity support.

Article 21. Procedures for issuance of bonds to ensure liquidity

1. The State Treasury shall enter into a principle contract for liquidity support with the relevant market maker by using the form provided in Section 1 of the Appendix 9 enclosed herewith.

2. Issuance of bonds to ensure the liquidity:

a) When seeking for liquidity support, the market maker shall send a written request to the State Treasury by using the form provided in Section 2 of the Appendix 9 enclosed herewith;

b) The State Treasury shall review the market maker's satisfaction of the requirements mentioned in Clause 1 Article 20 of the Decree No. 95/2018/ND-CP in order to issue bonds to ensure the market maker's liquidity and request the market maker to sign a detailed agreement according to the form provided in Section 3 of the Appendix 9 enclosed herewith;

c) Not later than 16:00 PM on the date of offering price quotations with firm commitment, the market maker shall enter into the detailed agreement with the State Treasury;

d) Not later than 09:00 AM on the date following the signing date of the detailed agreement with the State Treasury, the market maker must ensure that the margin has been paid and credited to the account designated by the State Treasury;

dd) After receiving the margin, the State Treasury shall issue bonds to the market maker for ensuring the liquidity according to terms and conditions stated in the signed detailed agreement and inform Vietnam Securities Depository and the Stock Exchange for registration, depositing and listing of the issued bonds.

3. If a market maker wishes to extend the liquidity support agreement, not later than 11:30 AM on the business day before the maturity date of the agreement, he/she must submit a written request to the State Treasury by using the form provided in Section 4 of the Appendix 9 enclosed herewith. The State Treasury shall review the liquidity support conditions. To be specific:

a) If the market maker meets the requirements for extension, the State Treasury and the market maker shall enter into the extension agreement by using the form provided in Section 5 of the Appendix 9 enclosed herewith by 14:30 PM on the same day;

b) If the market maker fails to meet the requirements for extension, the State Treasury shall notify it to the market maker and carry out procedures for finalization of the liquidity support agreement according to Clause 4 of this Article.

4. When the liquidity support agreement matures, the finalization shall be made as follows:

- a) Not later than 16:00 Pm on the day before the maturity date of the agreement, the State Treasury shall request Vietnam Securities Depository and the Stock Exchange to cancel registration, depositing and listing of bonds issued to the market maker;
 - b) Not later than 15:00 PM on the maturity date of the agreement, Vietnam Securities Depository and the Stock Exchange shall carry out procedures for cancellation of registration, depositing and listing of bonds issued to market maker in accordance with regulations laid down in Point a of this Clause, and inform results to the State Treasury;
 - c) Not later than 16:00 PM on the maturity date of the agreement, the State Treasury shall transfer the received margin to the market maker after deducting cost of performance of the liquidity support agreement, and record such cost as the state budget revenue.
5. If a market maker fails to have enough bonds on his/her account on the maturity date (including extensions):
- a) Not later than 16:00 PM on the date before the maturity date, the market maker must inform his/her status to the State Treasury;
 - b) Not later than 16:00 PM on the maturity date, the State Treasury shall finalize the liquidity support agreement and record the full margin as proceeds from issuance of government bonds of the state budget.
6. Examples of issuance of bonds to ensure liquidity for market makers are available in the Appendix 10 enclosed herewith.

Chapter IV

T-BILL/BOND SETTLEMENT AND T-BILL/BOND PRINCIPAL AND INTEREST PAYMENT

Article 22. T-bill settlement and penalties for late settlement of T-bills issued through bidding

1. The settlement of T-bills shall be made in accordance with regulations in Point a Clause 1 Article 23 hereof.
2. Penalties for delayed settlement of T-bills:
 - a) If an investor makes payment after the T-bill settlement date, the State Treasury is entitled to collect late settlement penalties in accordance with regulations in Clause 2 Article 23 hereof; The late settlement penalty shall be calculated by adopting the formula provided in Clause 1 Article 27 hereof;
 - b) Within five (05) business days after the prescribed T-bill settlement date, if the successful bidder fails to make payment or makes part payment of T-bill purchase amounts, the State Treasury is entitled to cancel the bidding result in respect to the unpaid T-bills and shall give written notification to that bidder, the SBV's Operations Center, the Stock Exchange and Vietnam Securities Depository.

Article 23. Bond settlement and penalties for late settlement of bonds

1. Bond settlement:
 - a) Bonds issued through bidding or underwriting:
 - Not later than 11:30 AM on the bond settlement date as notified by the State Treasury shall, market makers (in case bonds are issued through bidding) or the lead underwriter (in case bonds are issued through underwriting) must ensure that total amount used to buy bonds (including bonds purchased for market makers' customers or underwriter syndicate participants) have been paid and credited to the account designated by the State Treasury. If a market maker's customer or underwriter syndicate participant fails to make payment for bonds, the market maker or the lead underwriter shall assume responsibility to make full payment for bonds purchased by that customer or participant;
 - An investor who buys bonds through a market maker or lead underwriter may make payment for purchased bonds through such market maker or lead underwriter, or transfer money directly to the account designated by the State Treasury provided that such money transfer must be made by the prescribed payment deadline. If the investor makes bond settlement through the market maker or lead underwriter who shall transfer the received money to the account designated by the State Treasury, the market maker or lead underwriter must provide sufficient information about the bond code, the bondholder, the quantity of purchased bonds and total amount paid by that bondholder;
 - The State Treasury shall provide Vietnam Securities Depository with the written confirmation of bond settlement for carrying out procedures for registration and depositing of bonds.
 - b) Bonds issued through private placement via the State Treasury's system, the bond settlement may be made as follows:

- The buyer may make cash payment immediately when purchasing bonds at the bond issue location announced by the State Treasury; or
- The buyer may transfer the bond purchase amounts to the account designated by the State Treasury offering bonds.

2. Late settlement penalties:

a) If an investor makes payment after the bond settlement date prescribed in Clause 1 of this Clause, the State Treasury is entitled to impose penalties for late payment as follows:

- The penalty for delayed settlement of bonds shall be calculated by adopting the formula provided in Clause 1 Article 27 hereof;

- The State Treasury shall give a written notification to the investor who makes late settlement of bonds. Such notification should indicate the penalty payable for late payment, payment deadline and receiving account;

- The investor who makes late settlement of bonds must make payment of penalty to the state budget as notified by the State Treasury. Penalties for late settlement of bonds shall be recorded as state budget revenues in accordance with applicable regulations of the Law on state budget and relevant instructional documents.

b) With regard to bonds issued through bidding or underwriting, within five (05) business days after the bond settlement date, if the investor fails to make full payment of purchased bonds, the State Treasury is entitled to cancel the issuance of bonds to that investor with respect to unpaid bonds, and shall give written notification to that investor, the Stock Exchange and Vietnam Securities Depository.

Article 24. Payment of T-bills upon their maturity date

1. T-bills issued through bidding:

a) Payment of T-bills issued through bidding shall be made in accordance with regulations in Clause 1 and Clause 3 Article 25 hereof;

b) In case the State Treasury or Vietnam Securities Depository makes late payment of T-bills, the late payment penalty shall be calculated according to Clause 2 Article 27 hereof.

2. T-bills issued directly to SBV:

a) The payment of T-bills registered and deposited at Vietnam Securities Depository shall be made according to Point a Clause 1 of this Article;

b) With regard to T-bills which are not registered or deposited at Vietnam Securities Depository:

- At least five (05) business days before the scheduled payment of T-bills, the SBV shall notify the State Treasury of the T-bill amounts payable, payment date and the SBV's account (if changed);

- The State Treasury shall make payment of T-bills to the SBV's designated account within the required T-bill payment date.

3. If the T-bill payment date falls on weekly days off or public holidays as regulated, the payment shall be made on the next business date.

Article 25. Payment of bond principal and interest upon their maturity date

1. Bonds issued through bidding or underwriting:

a) Not later than the 25th day of every month, Vietnam Securities Depository shall notify the State Treasury of total amount of bond principals and interests payable in the following month and payment date;

b) Based on the notification given by Vietnam Securities Depository, the State Treasury must ensure that total amount payable of bond principals and interests has been paid and credited to the account notified by Vietnam Securities Depository by 11:30 AM on the scheduled date of bond principal and interest payment;

c) On the scheduled date of bond principal and interest payment, Vietnam Securities Depository shall make payment of bond principals and interests through depository members to bondholders defined on the record date;

d) If the State Treasury makes payment of bond principals and interests to the account designated by Vietnam Securities Depository after the payment deadline prescribed in Point b Clause 1 of this Article, the State Treasury must incur late payment penalty. Vietnam Securities Depository shall calculate and transfer late payment penalties as notified by the State Treasury to accounts of

bondholders in corresponding with their proportion of owned bonds. The late payment penalty shall be calculated in accordance with regulations in Clause 2 Article 27 hereof;

dd) In case the State Treasury has made payment of bond principals and interests to the account designated by Vietnam Securities Depository according to Point b Clause 2 of this Article but Vietnam Securities Depository makes payment of bond principals and interests to accounts of bondholders after the scheduled date of bond principal and interest payment, Vietnam Securities Depository shall be liable to pay interest on late payments to bondholders. The interest on late payment shall be calculated in accordance with regulations in Clause 2 Article 27 hereof;

2. Bonds issued through private placement:

a) Principals and interests on bonds registered and deposited at Vietnam Securities Depository shall be paid in accordance with regulations in Clause 1 of this Article;

b) Payment of principals and interests on bonds which are not registered and deposited at Vietnam Securities Depository shall be made in accordance with the State Treasury's specific guidelines.

3. If the scheduled date of bond principal and interest payment falls on weekly days off or public holidays as regulated, the payment shall be made on the next business date.

Article 26. Fees for issuance of T-bills/bonds and payment of T-bill/bond principals and interests

1. Costs incurred during the issuance of T-bills/bonds and payment of T-bill/bond principals and interests shall be covered by the central-government budget.

2. Costs of bidding for issuance of T-bills paid to the SBV's Operations Center:

a) The cost of bidding for T-bill issue held at the SBV's Operations Center shall be paid to the SBV's Operations Center and equal to 0.01% of the nominal value of T-bills issued through bidding (this regulation shall not apply to T-bills issued directly to the SBV);

b) The received amounts of costs of bidding for T-bill issuance shall be considered as SBV's revenues, managed in accordance with regulations on SBV's financial management regulations, and used to cover the following: Direct costs of each bidding session; costs of acquisition of fixed assets, repair and maintenance of equipment and technologies; costs of organizing seminars, surveys or learning experience in bidding for T-bills; costs of information dissemination activities; costs of rewards given to organizations and individuals having excellent performance in bidding (this cost shall not exceed 10% of the sum of costs of T-bill issuance and payment); costs of developing and upgrading bidding software programs; costs of meetings, training courses, preliminary and final summing-up of annual bidding activities; costs of organizing periodical meetings to preliminarily review bidding activities and discuss operating plans; costs of purchase of office stationery serving the bidding for T-bill issues; other costs serving the bidding for T-bill issues.

3. Costs of bidding for bond issuance through the Stock Exchange shall be paid in accordance with the Ministry of Finance's specific guidelines.

4. Underwriting fee paid to the lead underwriter/ co-lead underwriter shall not exceed 0.1% of the nominal value of bonds issued through underwriting. Based in the market developments and the complication of each bond issue through underwriting (including the quantity and term of bonds to be offered), the State Treasury shall discuss and reach an agreement with the lead underwriter/ co-lead underwriter on the underwriting fee which must be specified in the signed underwriting agreement.

5. Fees for T-bill/ bond principal and interest payment shall be paid to Vietnam Securities Depository according to fee rates announced by the Ministry of Finance.

6. Costs of issuance of T-bills/bonds and payment of T-bill/bond principals and interests paid to the State Treasury:

a) Costs incurred by the State Treasury include: Direct costs of T-bill/ bond issuance, and payment of T-bill/ bond principals and interests; costs of printing bond certificates (if any) in case bonds are issued through private placement via the State Treasury's system; costs of acquisition, maintenance and repair of equipment and technologies; costs of organizing meetings, training courses, surveys, market research and development; costs of information dissemination; costs of rewards given to organizations and individuals with excellent performance according to the State Treasury's regulations; and other costs;

b) The State Treasury shall make cost estimate with respect to spending contents mentioned in Point a of this Clause in order to aggregate such estimated costs into the annual estimate of state budget revenues and expenditures in accordance with applicable regulations of the Law on state budget and relevant instructional documents.

Article 27. Penalties for late settlement of T-bills/bonds and late payment of T-bills/ bond principals and interests upon their maturity

1. The penalty for late settlement of T-bills or bonds purchased shall be determined by adopting the following formula:

$$P = GG \times N \times \frac{L_0}{k} \times 150\% \times \frac{n}{E}$$

Where:

P = Penalty for late payment;

GG = Total amount payable per T-bill or bond;

N = The quantity of T-bills or bonds for which late payment is made;

L₀ = Overnight interbank interest rate announced by SBV on the first date of late payment (%/year);

k = 1, if the T-bill or bond makes no periodic interest payments, or k = the number of interest payments during a year of the T-bill or bond which has periodic interest payments;

n = Actual days of late payment from the scheduled payment date;

E = 365 for T-bills; or E = actual days of an interest payment period in which the late payment occurs if the bond makes periodic interest payments; or E = actual days during the year in which bonds are issued with no periodic interest payments.

2. Interest on late payments of T-bills upon their maturity or late payments of bond principals and interests shall be also calculated according to Clause 1 of this Clause. In which, GG is the face value in case of T-bill payment, or the face value in case of bond principal payment, or the interest payable in case of bond interest payment; E is equal to 365 in case of T-bill payment, or the actual days of a principal/ interest payment period in which the late payment occurs in case of bonds with periodic interest payments, or the actual days during the maturity year in case of bonds with no periodic interest payments.

Chapter V

REPORTING AND INFORMATION PUBLISHING

Article 28. Report on each issue

1. Report on each T-bill issue:

a) With regard to T-bills issued through bidding via the SBV's Operations Center, within five (05) business days from the completion of the T-bill issue, the State Treasury must provide the Ministry of Finance with a report on the T-bill issue, which includes the following contents:

- The quantity and terms/conditions of issued T-bills;
- Issuance results: Successful bidders, quantity of T-bills issued, interest rate and price of T-bill.

b) With regard to T-bills issued directly to SBV, within ten (10) business days from the completion of T-bill issue, the State Treasury must provide the Ministry of Finance with a report on the T-bill issue. Such report includes:

- The quantity and terms/conditions of T-bills issued to SBV;
- Issuance results: Quantity and interest rate of T-bills.

2. Report on each bond issue:

a) With regard to bonds issued through underwriting, within five (05) business days from the completion of the bond issue, the State Treasury must provide the Ministry of Finance with a report on the bond issue, which includes the following contents:

- The quantity and terms/conditions of bonds issued;
- Underwriting by the underwriter syndicate participants: Number of the underwriter syndicate participants, quantity and interest rate of bonds registered by each participant;
- Issuance results: Underwriter syndicate participants, quantity and interest rate of bonds issued, the bond's price.

b) With regard to bonds issued through private placement, within thirty (30) business days from the completion of the bond issue, the State Treasury must provide the Ministry of Finance with a report on the bond issue. Such report includes:

- The quantity and terms/conditions of bonds issued;
- Issuance results: Quantity, issuance interest rate, coupon rate and payment of issuance fees.

3. Reports may be submitted electronically or by hand as requested by the Ministry of Finance at each period.

Article 29. Reports on issuance of T-bills/ bonds, T-bill/bond principal and interest payment, and price quotation with firm commitment by market makers

1. By the 10th day of each month, the State Treasury shall provide the Ministry of Finance with a report on issuance and payment of T-bills/ bonds in the previous month. If the 10th day each month falls on days off or public holidays as regulated, the monthly report shall be submitted on the business date following such public holidays. Such report includes:

- a) Total quantity of bonds/ T-bills issued during the month, sorted by term and issuance method;
- b) Total quantity of bonds/ T-bills paid in the reporting month;
- c) Total quantity of bonds/ T-bills to be paid in the following month.

2. Vietnam Securities Depository shall send monthly reports to the Ministry of Finance and the State Treasury on the ownership of bonds/T-bills by domestic and foreign investors, bonds/T-bills on depository accounts of the SBV's Operations Center by using the form provided in the Appendix 11 enclosed herewith.

3. Not later than 11:30 AM on the date of offering price quotes with firm commitment, the Stock Exchange shall provide the Ministry of Finance and the State Treasury with information concerning price quotations given by each market maker for each standard bond code.

4. Reports may be submitted electronically or by hand as requested by the Ministry of Finance at each period.

Article 30. Information publishing

1. Publishing information concerning T-bill issuance results and payment of T-bills upon their maturity

a) The SBV's Operations Center, the State Treasury and the Stock Exchange shall publish information concerning results of T-bill bidding through the SBV's Operations Center and results of additional issuance of T-bills after the bidding session (if any) on the websites of the SBV, the Ministry of Finance, the State Treasury and the Stock Exchange within the date of organizing the T-bill issue. Information to be published includes:

- T-bill's code;
- Term of T-bill;
- Issue date, maturity date, and payment date of T-bills;
- The quantity of T-bills to be offered through bidding, the quantity of T-bills bid for, the quantity of T-bills issued to successful bidders, total payment for T-bills paid by successful bidders; the registered quantity of additional T-bills, the quantity of T-bills to be additionally issued, total payment for additional T-bills;
- The lowest bid interest rate, the highest one and issuance interest rate;
- Number of market makers participating in the bidding, total bid forms received; number of market makers registering for purchase of additional T-bills.

b) With regard to T-bills registered at Vietnam Securities Depository, Vietnam Securities Depository shall cooperate with the Stock Exchange in publishing information concerning the T-bill payment date in the following year on the websites of both the Stock Exchange and Vietnam Securities Depository by December 31 every year. Information to be published includes:

- Code of the T-bill paid during the year;
- Payment date of T-bills of each code;
- Record date in the year of each T-bill's code.

2. Publishing information concerning bond issuance results and payment of bond principals and interests

a) The Stock Exchange and the State Treasury shall publish information concerning bidding results for the bond issue, including results of additional issuance of bonds after the bidding session (if any) on their websites on the date of organizing the bond issue. Information to be published includes:

- Bond's code;
- Bond's term;
- Issue date, maturity date, and date of principal and interest payment;
- The quantity of bonds to be offered through bidding, the quantity of bonds bid for, the quantity of bonds issued to successful bidders, total payment for bonds paid by successful bidders; the registered quantity of additional bonds, the quantity of bonds to be additionally issued, total payment for additional bonds;
- The lowest bid interest rate, the highest one, issuance interest rate and coupon rate;
- Number of market makers participating in the bidding, total bid forms received; number of market makers registering for purchase of additional bonds.

b) With regard to bonds registered at Vietnam Securities Depository, Vietnam Securities Depository shall cooperate with the Stock Exchange in publishing information concerning the date of bond principal and interest payment in the following year on the websites of both the Stock Exchange and Vietnam Securities Depository by December 31 every year. Information to be published includes:

- Code of the bond of which principal and interest paid in the year;
- Payment date of bond principal and interest of each bond's code;
- Record date in the year of each bond's code.

Chapter VI

RESPONSIBILITY OF RELEVANT ORGANIZATIONS

Article 31. State Treasury's responsibility

1. Organize the issuance and payment of T-bills and bonds in accordance with regulations herein.
2. Submit sufficient reports on the issuance of T-bills and bonds in accordance with regulations herein and relevant laws.
3. Cooperate with SBV's Operations Center, Vietnam Securities Depository and the Stock Exchange in publishing information in accordance with regulations herein.
4. Develop and announce bond issuance plans/ schedules in accordance with regulations herein.
5. Publish the list of standard bonds and time when market makers shall begin to perform their obligation to provide price quotations with firm commitment with respect to each standard bond code in accordance with regulations herein.
6. Organize issuance of government bonds to ensure the liquidity in accordance with regulations herein.

Article 32. SBV's responsibility

1. Cooperate with the State Treasury in organizing bidding for T-bill issues, and supervising the bidding activities so as to ensure the compliance with regulations herein.
2. Provide instructions on procedures for bidding for T-bill issues at SBV.
3. Provide bid information and results of bidding for T-bill issues for the Ministry of Finance, the State Treasury, Vietnam Securities Depository and the Stock Exchange in accordance with regulations herein.
4. Keep relevant documents of each bidding session for T-bill issue to serve the performance of state management tasks in accordance with applicable lawsoft.
5. Publish information in accordance with regulations in Article 30 hereof.

Article 33. Stock Exchange's responsibility

1. Formulate regulations on and organize bidding for bond issues in accordance with regulations herein.
2. Provide necessary figures and documents concerning the bidding for issuance of T-bills and bonds in accordance with regulations herein and/or at the request of the Ministry of Finance. Keep and manage information concerning the bidding for bond issues in accordance with applicable regulations.

3. Cooperate with the State Treasury, Vietnam Securities Depository and the SBV's Operations Center in publishing information in accordance with regulations herein.

Article 34. Responsibility of Vietnam Securities Depository

1. Carry out procedures for registration, depositing and cancellation of registration and depositing of T-bills and bonds in accordance with regulations laid down in the Decree No. 95/2018/ND-CP and regulations herein.

2. Ensure full payment of T-bill/bond principals and interests on scheduled payment dates in accordance with regulations herein.

3. Provide the State Treasury with codes of T-bills and bonds to be issued for the first time for publishing on the websites of the SBV's Operations Center and the Stock Exchange in accordance with regulations herein.

4. Provide necessary figures and documents concerning its managing sectors in accordance with regulations herein or at the request of the Ministry of Finance (if any).

5. Cooperate with the State Treasury, the SBV's Operations Center and the Stock Exchange in publishing information in accordance with regulations herein.

Chapter VII

IMPLEMENTATION

Article 35. Transition

Bidders in the government bond market selected by Ministry of Finance in 2018 shall continue enjoying rights and benefits, and performing obligations regulated in the Circular No. 111/2015/TT-BTC dated July 28, 2015 by the Ministry of Finance and the Ministry of Finance's official dispatches providing bidders' obligations until December 31, 2018 inclusively.

Article 36. Implementation

1. This Circular comes into force from January 01, 2019.

2. This Circular supersedes the following:

a) The Circular No. 111/2015/TT-BTC dated July 28, 2015 by Ministry of Finance;

b) The Joint Circular No. 92/2016/TTLT-BTC-NHNN dated June 27, 2016 by the Ministry of Finance and the SBV; and

c) Clause 2 Article 2, Clause 1 Article 3 and Clause 3 Article 3 of the Circular No. 15/2018/TT-BTC dated February 07, 2018 by the Ministry of Finance.

Article 37. Implementation organization

1. Chief of Office of the Ministry of Finance, the Director of the Department of Banking and Financial Institutions, General Director of the State Treasury, Director of the SBV's Operations Center, General Director of the Stock Exchange, General Director of Vietnam Securities Depository and heads of relevant units shall be responsible for implementing this Circular.

2. Any difficulties that arise during the implementation of this Circular must be promptly reported to the Ministry of Finance for consideration./.

**PP. THE MINISTER
DEPUTY MINISTER**

Huynh Quang Hai