

Thematic report

VIETNAM STOCK MARKET UPGRADING

03/2024

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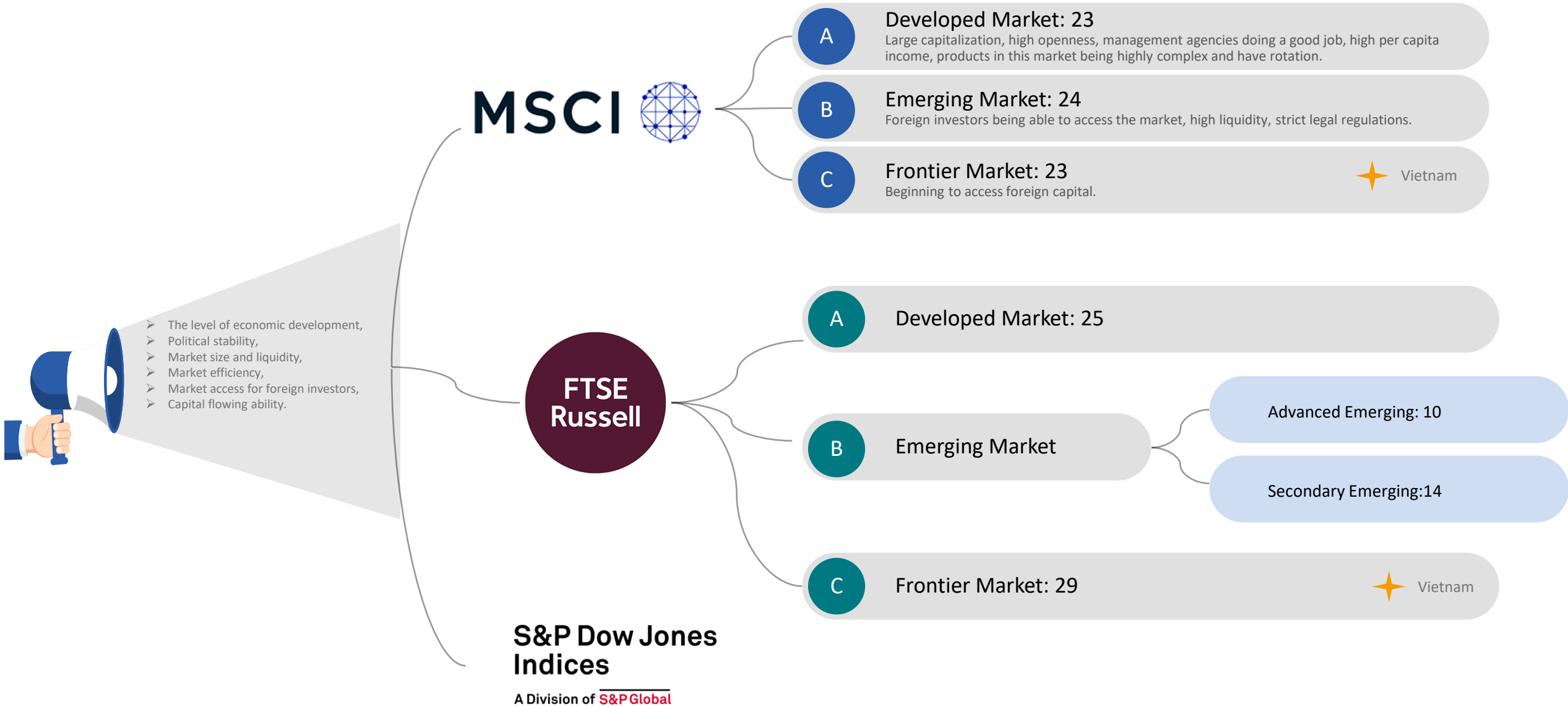
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Rating agencies





Established	Originally established as Capital International in 1969. After Morgan Stanley bought the data licensing rights and became Capital's largest shareholder in 1998, the company began using the abbreviation MSCI.	Established in 1987
Scale of use	98/100 of the world's largest money managers according to P&I rankings with an asset size of 14,900 billion USD invested according to the MSCI indexes.	94/100 of the world's largest money managers with assets of 5,100 billion USD invested according to the FTSE indexes (excluding real estate).
Construction criteria	Economic development, market size, liquidity, market accessibility	Economic development, market size, liquidity, market accessibility
Indexes	Indexes: + MSCI World Index + MSCI Emerging market Index + MSCI Frontier market Index;	FTSE GEIS: FTSE Developed total Cap; FTSE Emerging Total Cap; FTSE Secondary Emerging Total Cap; FTSE Frontier market Index
Review cycle	June	March and September
Assessment process	Extensive consultation with international investors; The advisory committee decides.	Extensive consultation with 100 international investors; The advisory committee decides.

Criteria	Frontier	Emerging	Developed
A. Economic Development			
A.1 Sustainability of economic development	No requirement	No requirement	Country GNI per capita 25% above the World Bank high income threshold* for 3 consecutive years
B. Size and Liquidity Requirements			
B.1. Number of companies meeting the following Standard Index criteria	2	3 ✓	5
Company size (full market cap)**	1,033 million USD	2,066 million USD	4,133 million USD
Security size (float market cap)**	73 million USD	1,033 million USD	2,066 million USD
Security liquidity***	2.5% ATVR	15% ATVR	20% ATVR
C. Market Accessibility Criteria ✨			
C.1 Openness to foreign ownership	At least some	Significant	Very high
C.2 Ease of capital inflows / outflows	At least partial	Significant	Very high
C.3 Efficiency of the operational framework	Modest	Good and tested	Very high
C.4 Availability of investment instruments	High	High	Unrestricted
C.5 Stability of the institutional framework	Modest	Modest	Very high

* High income threshold: 2021 GNI per capita of USD 13,205 (WB, Atlas method)

**Minimum in use for the May 2023 Index Review, updated on a quarterly basis

*** ATVR: Annual transaction value ratio calculated according to the formula of annual trading value/free-float adjusted trading value

✓ Vietnam met the criteria

Criteria	Developed	Advanced emerging	Secondary emerging	Frontier
World Bank GNI Per Capita Rating (Atlas Method)				
Credit Worthiness				
Market and Regulatory Environment				
Formal stock market regulatory authorities actively monitor market (e.g., SEC, FSA, SFC)	X	X	X	X
Fair and non-prejudicial treatment of minority shareholders	X	X		
No or selective incidence of foreign ownership restrictions	X	X		
No objections or significant restrictions or penalties applied to the investment of capital or the repatriation of capital and income	X	X	X	X
No or simple registration process for foreign investors	X	X		
Foreign Exchange Market				
Developed foreign exchange market	X	X		
Equity Market				
Brokerage fees – Sufficient competition to ensure high quality broker services	X	X	X	
Transaction costs – Implicit and explicit costs to be reasonable and competitive	X	X	X	
Tax: imposition of taxes to be reasonable and comparable between domestic and non-domestic investors	X	X		
Stock Lending is permitted	X			
Short sale is permitted	X			
Developed Derivatives Market	X			
Off-exchange transactions are permitted	X			
Efficient trading mechanism	X	X		
Transparency – market depth information / visibility and timely trade reporting process	X	X	X	X
Clearing, Settlement and Custody				
Settlement – costs associated with failed trades	X	X	X	X
Settlement Cycle (DvP)	X	X	X	X
Central Securities Depository	X	X	X	
Central Counterparty Clearing House (Equities)	X	X		
Settlement – Free delivery available	X			
Custody – Sufficient competition to ensure high quality custodian services	X	X	X	
Account structure operating at the Custodian level (securities and cash)	X			

Criteria for capitalization and proportion for Emerging/Developed

Entry	Emerging	Developed
Minimum number of shares	5	5
Investable market capitalization	6.98 bil USD	31.91 bil USD
Proportion in FTSE Emerging Allcap basket (%)	≥ 0.10	≥ 0.05
GNI	Average	High

Disqualified (placed on Watch List)	Emerging	Developed
Minimum number of shares	2	2
Investable market capitalization	3.49 bil USD	15.96 bil USD
Proportion in FTSE Emerging Allcap basket (%)	≥ 0.05	≥ 0.025

*For frontier markets: countries are not required to meet minimum requirements in terms of size and number of shares to create a national index.

Vietnam met the criteria

Proportion of countries in the FTSE Emerging Allcap basket

Country	No. of Cons	Net MCap (USDm)	Wgt %
Brazil	165	474,297	6.37
Chile	31	43,924	0.59
China	2361	2,003,081	26.90
Colombia	5	11,133	0.15
Czech Rep.	5	10,015	0.13
Egypt	9	11,845	0.16
Greece	29	44,089	0.59
Hungary	4	19,208	0.26
Iceland	14	8,946	0.12
India	462	1,651,593	22.18
Indonesia	79	162,797	2.19
Kuwait	21	69,677	0.94
Malaysia	79	139,905	1.88
Mexico	49	224,045	3.01
Pakistan	14	3,975	0.05
Philippines	35	57,393	0.77
Qatar	21	70,669	0.95
Romania	7	9,746	0.13
Saudi Arabia	90	348,028	4.67
South Africa	77	227,748	3.06
Taiwan	496	1,470,108	19.74
Thailand	130	169,341	2.27
Turkiye	137	91,585	1.23
UAE	36	124,014	1.67
Totals	4356	7,447,160	100.00

Comment: Vietnam currently has 5 companies that meet the criteria to be considered for upgrade to Emerging Market, including stocks: VCB, VHM, BID, VIC, GAS



Current status of Vietnam stock market



Basically, 9/18 criteria have been met, specifically:

- **Openness to foreign ownership (1/4):** level of requirements for investors.
- **Ease of capital inflows / outflows (1/2):** level of restrictions on capital flows.
- **Accessibility to the market (1/1):** registration process and account setup for investors.
- **Market organization (1/2):** legal regulations related to the market.
- **Market infrastructure (3/7):** depository/registration, monitoring, and trading activities in the market.
- **Availability of investment instruments (1/1)**
- **Stability of the institutional framework (1/1)**

9/18 criteria have not been met, specifically:

- **Openness to foreign ownership (3/4):** Limit foreign ownership, remaining foreign room for foreign investors, equal rights of foreign investors.
- **Ease of capital inflows / outflows (1/2):** Degree of freedom in the foreign exchange market.
- **Market organization (1/2):** Information flows.
- **Market infrastructure (4/7):** clearing, easy transferability, securities lending, short selling.

9/21 criteria have been met, specifically:

- **2/5 criteria on regulatory and legal environment:** management agencies actively monitor the market and do not object, restrict or impose penalties on investment/capital recovery activities.
- **4/9 criteria in the equity market:** appropriate transaction costs, appropriate taxes applied on foreign and domestic investors, quality consulting and brokerage activities, transparent information in the market and timely transaction reporting process.
- **3/7 criteria on payment, clearing and depository:** T+2 payment cycle, a Securities Depository Center capable of providing quality services.

12/21 criteria are limited and have not seen much improvement, specifically:

- **3/5 criteria on legal regulatory environment:** Fair treatment of minority shareholders, restriction of foreign ownership, simplification of the registration process for foreign investors.
- **5/9 criteria in the equity market:** underdeveloped derivatives market, no securities lending, no short selling, restricted foreign exchange trading activities, restricted effective trading mechanism.
- **4/7 criteria in payment, clearing and depository:** Central clearing partner transaction mechanism, ability to be ready for payment and transactions, account structure of custodial account (cash and securities).
- Degree of freedom in the foreign exchange market is still restricted.

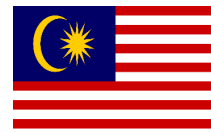


Criteria met by Vietnam



Criteria not met by Vietnam

Criteria	DEV WATCH	ADV WATCH	SEC EMG WATCH	FRONTIER WATCH	VIETNAM
World Bank GNI Per Capita Rating					Low average
Credit Worthiness					Speculative
Market and Regulatory Environment					
Formal stock market regulatory authorities actively monitor market (e.g., SEC, FSA, SFC)	X	X	X	X	Achieved
Fair and non-prejudicial treatment of minority shareholders	X	X			Restricted
No or selective incidence of foreign ownership restrictions	X	X			Restricted
No objections or significant restrictions or penalties applied to the investment of capital or the repatriation of capital and income	X	X	X	X	Achieved
No or simple registration process for foreign investors	X	X			Restricted
Foreign Exchange Market					
Developed foreign exchange market	X	X			Restricted
Equity Market					
Brokerage fees – Sufficient competition to ensure high quality broker services	X	X	X		Achieved
Transaction costs – Implicit and explicit costs to be reasonable and competitive	X	X	X		Achieved
Tax: imposition of taxes to be reasonable and comparable between domestic and non-domestic investors	X	X			Achieved
Stock Lending is permitted	X				Restricted
Short sale is permitted	X				Not achieved
Developed Derivatives Market	X				Restricted
Off-exchange transactions are permitted	X				Not achieved
Efficient trading mechanism	X	X			Restricted
Transparency – market depth information / visibility and timely trade reporting process	X	X	X	X	Achieved
Clearing, Settlement and Custody					
Settlement – costs associated with failed trades	X	X	X	X	Restricted
Settlement Cycle (DvP)	X	X	X	X	T+2
Central Securities Depository	X	X	X		Achieved
Central Counterparty Clearing House (Equities)	X	X			Not achieved
Settlement – Free delivery available	X				Not achieved
Custody – Sufficient competition to ensure high quality custodian services	X	X	X		Achieved
Account structure operating at the Custodian level (securities and cash)	X				Not achieved



	Emerging market				Frontier market
Market classification					
Openness to foreign ownership					
Investor qualification requirement	++	++	++	++	++
Foreign ownership limit (FOL) level	-	+	++	-	-
Foreign room level	-	++	++	-	-
Equal rights to foreign investors	-	+	+	+	-
Ease of capital inflows / outflows					
Capital flow restriction level	++	++	++	++	++
Foreign exchange market liberalization level	+	+	-	-	-
Market entry					
Investor registration & account set up	++	++	++	++	+
Market organization					
Market regulations	++	++	++	++	+
Information flow	++	++	+	++	-
Market infrastructure					
Clearing and Settlement	+	++	+	+	-
Custody	++	++	++	++	++
Registry / Depository	++	++	++	++	++
Trading	++	++	++	++	++
Transferability	++	+	+	++	-
Stock lending	+	++	+	-	-
Short selling	+	+	+	-	-
Availability of Investment Instruments	++	++	++	++	++
Stability of institutional framework	+	+	+	+	+

++: no problem; +: no significant problem and can improve; -: need improvement

Qualitative criteria

Based on assessments of foreign investment organizations when surveyed by FTSE/MSCI.

- Market accessibility
- Equal rights of investors, ability to access information



Needs improvement: Remaining foreign room for foreign investors, Equal rights for foreign investors, Information flow

Vietnam has achieved 5/5 targets of the Secondary Emerging market

Quantitative criteria

Vietnam has met the requirements of scale and liquidity. However, it still does not meet the infrastructure criteria:



- Transferability
- Clearing

- Payment cycle
- Transaction failed

Issues that need improvement

1. Establishment of a central clearinghouse (CCP).
2. Improve infrastructure, enhance transparency and quality of information disclosure of businesses.
3. Improve policy mechanisms and legal regulations.
4. Resolve the issue of foreign ownership ratio and account registration process for foreign investors.
5. Strengthen the protection of investors' rights.
6. Strengthen inspection and supervision.

❖ Among the qualitative criteria set by FTSE Russell and MSCI, the requirements from FTSE Russell are much simpler because FTSE Russell divides emerging markets into two levels based on the level of market development: Second emerging markets and Advanced emerging markets.

Efforts of authorities in the upgrade process

Actively cooperate internationally, hold investment promotion conferences, work with the Securities Commission, Stock Exchange, and world ranking organizations



BỘ TÀI CHÍNH
MINISTRY OF FINANCE



Efforts to put the KRX system into operation

Looking for pre-funding solutions



Seek coordination from the State Bank and the Ministry of Planning and Investment



2023

Q3/2023

- **July 2023:** Roundtable conference on capital market connection to build a green capital market between Vietnam - Luxembourg - August
- **August 2023:** Meeting with two organizations MSCI, FTSE and international investors to discuss solutions for upgrading market in Hong Kong
- **September 2023:** Working with credit rating organization S&P Global Ratings and signing a Letter of Intent between the State Securities Commission and Nasdaq Stock Exchange.



S&P Global



2023

Q4/2023

- **October 2023:** Participate in the OECD forum on Green Finance and Investment
- **November 2023:** Promote bilateral cooperation between the Vietnam Securities Commission and the US Securities Commission
- **December 2023:** Promote bilateral cooperation with the Australian Securities Commission and Investment



ASIC
Australian Securities & Investments Commission

- Ho Chi Minh City Stock Exchange and market members have actively tested and operated the KRX system

- **December 2023:** Leaders of the State Securities Commission have held meetings with market members, businesses, and relevant agencies to find solutions related to pre-transaction deposit content.

2024

Q1/2024

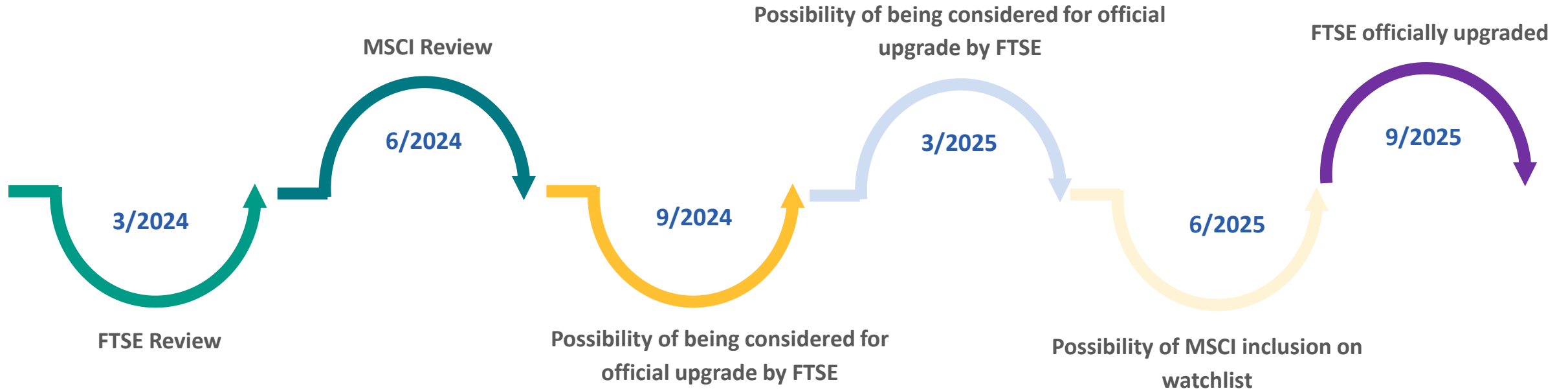
The Prime Minister chaired the Conference to deploy tasks and develop the stock market in 2024 - which emphasized the raising goals in addition to the participation of the State Bank and related agencies Ministry of Finance and Securities Commission participated in the Investment Promotion Conference in Seoul - Korea; Tokyo - Japan



- KRX system conversion rehearsal

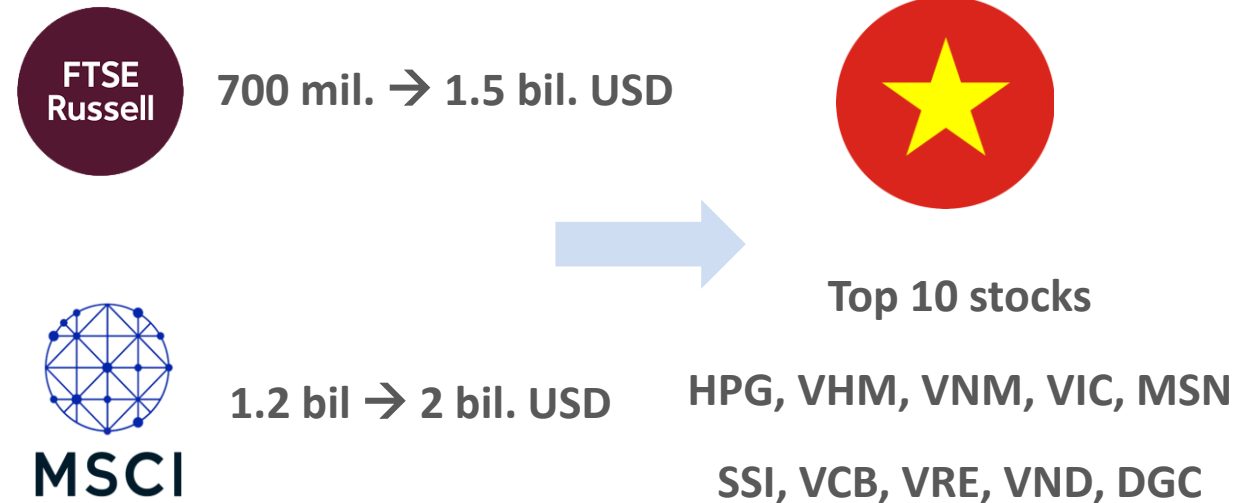
- **“Pre-funding”:** According to VSD leaders: applying the **central clearing partner (CCP)** model with the approval of the SBV, in which the depository bank must be a clearing member will be the optimal solution. Advantages for handling pre-funding problems.

- **“foreign ownership ratio”:** to solve this problem, it will be necessary to change the regulations for each industry and the list of market access restrictions for foreign investors. Regulations on foreign ownership ratio are currently regulated in: **Investment Law (Decree 31/2021/ND-CP guiding implementation), Securities Law (Decree No. 155/2020/ND-CP instruction)**. In addition, the research and pilot application of **non-voting depository certificates (NVDR)** - which the Thai stock market has implemented quite successfully - also requires a mechanism consistent with the provisions of the **Enterprise Law**.



Some notable timelines and events:

- Annual market classification assessment reports of market rating organizations - especially comments from FTSE.
- Actual progress of implementing the **KRX system**.
- The management agency's action in resolving outstanding issues is first the "pre-funding" criterion.
- **The movements of foreign investors and ETFs in the market** - in which the strong net buying of stocks that meet the criteria of foreign investors is a factor that needs careful observation.
- **Viewpoints of ministries and ministerial-level agencies** related to coordination in promoting the market upgrading process.





Potential of Vietnam stock market when upgraded

+ The local investors are key player
 ~ **84.61% avg trading value**
Net buy ~ 1 billion USD (2023)

+ Opportunity to upgrade the market
2024 -> 2025 ?

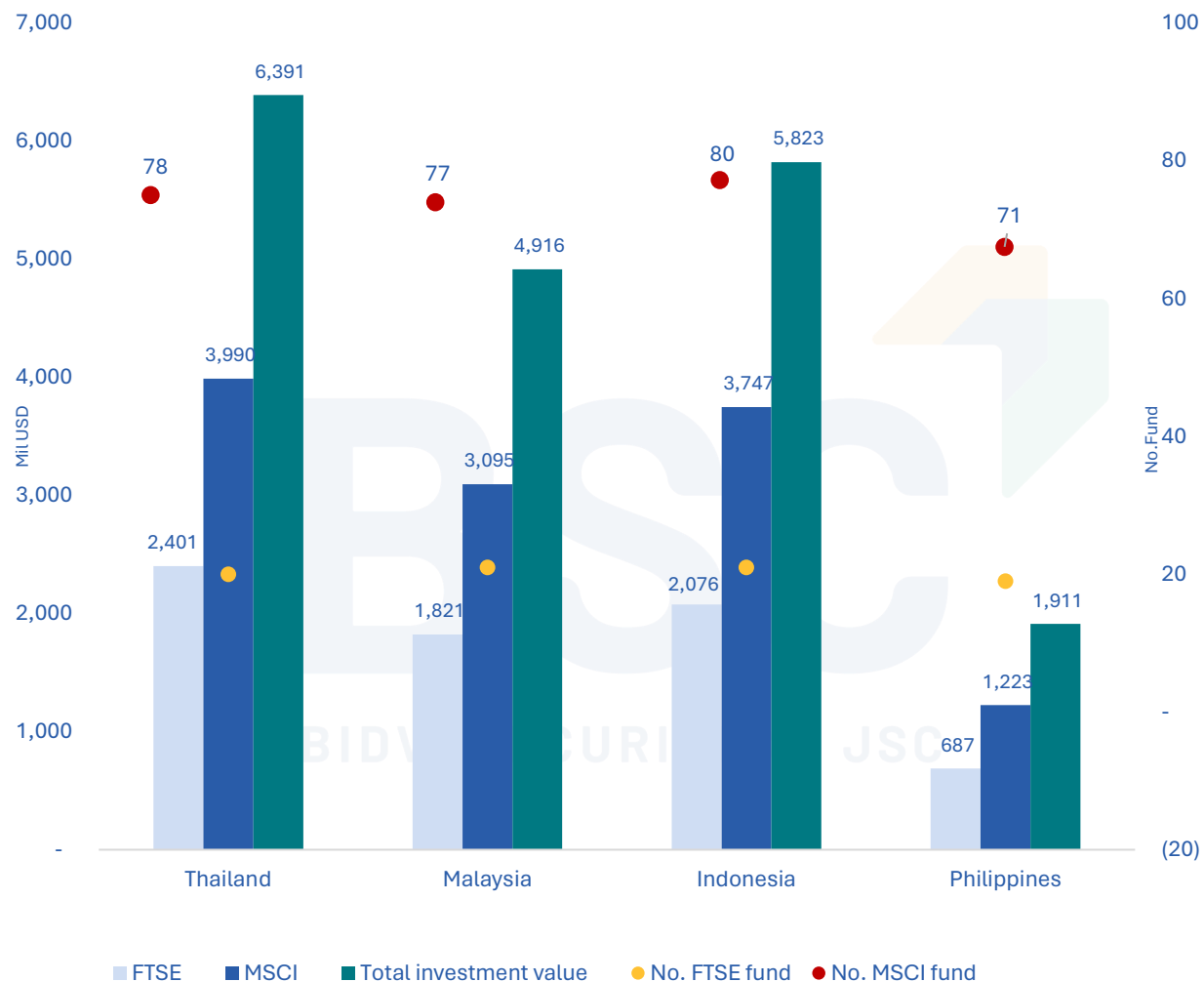
+ The Supply is limited
no new listing, IPO, issuance

- The Demand is tricky
no robot , deposit product

Criteria	Value (Bil. VND)	2023 % GDP	Targets for the stock market		Notes
			2025	2030	
Nominal GDP	10,221,815				
Marketcap	5,874,232	57.47%	≥ 100% GDP	≥ 120% GDP	31/12/2023
HSX	4,515,051	44.17%			
HNX	305,344	2.99%			
Upcom	1,053,837	10.31%			
Bond Market	2,950,016	28.86%	≥ 47% GDP	≥ 58% GDP	31/12/2023
Government bonds	1,799,665	17.61%			
Corporate bonds	1,150,351	11.25%	≥ 20% GDP	≥ 25% GDP	
Number of stock accounts	7,292,361		9,000,000	11,000,000	31/12/2023
Domestic	7,246,977				
Individual	7,230,742				Focus on developing institution and professional investors
Institution	16,235				
Foreign	45,384				
Individual	40,833				Focus on attracting foreign investors
Institution	4,551				
Other Objectives					

- A. 2025**
- Upgrade the stock market to emerging market;
 - Complete the division of shares listed at the Stock Exchange;
 - Towards the development level of the 4 leading countries in the ASEAN region;
- B. General**
- Integrate into world financial and stock markets, improve competitiveness, risk management, apply international standards and practices;
 - Applying corporate ESG practices and standards at stock exchanges and VSDs, aiming for sustainable development according to international practices

Market size and number of ETFs in ASEAN emerging markets



Open-end funds and ETFs in ASEAN emerging markets

Criteria		Thailand	Malaysia	Indonesia	Philippines
Index		SET Index	FBMEMAS Index	JCI Index	PASHR Index
MKC (Bil. USD)		476	320	758	314
Num of companies		685	262	880	281
Class	Stock Market	FTSE	Advanced Emerging Emerging Market		Secondary Emerging Emerging Market
		MSCI			
Ave. weight (%)	FTSE	1.81	1.44	2.20	0.94
	MSCI	3.04	1.85	2.28	0.99
	Total	2.77	1.60	2.23	0.96
ETFs funds	Number	20	21	21	19
	MSCI	78	77	80	71
	Total	98	98	101	90
Value (mil. USD)	FTSE	2,317	1,871	2,175	684
	MSCI	3,813	3,265	3,907	1,403
	Total	6,130	5,137	6,082	2,087
Ave. weight (%)	FTSE	0.76	0.60	1.26	0.30
	MSCI	1.36	0.90	2.42	0.52
	Total	1.30	0.87	2.31	0.49
Opend Funds	Number	12	8	9	11
	MSCI	91	77	114	79
	Total	103	85	123	90
Value (mil. USD)	FTSE	2,216	1,834	2,079	731
	MSCI	2,111	1,507	2,535	750
	Total	4,327	3,341	4,615	1,482
Ave. weight (%)	FTSE	1.29	1.02	1.73	0.62
	MSCI	2.20	1.38	2.35	0.76
	Total	2.04	1.24	2.27	0.73
Total	Number	32	29	30	30
	MSCI	169	154	194	150
	Total	201	183	224	180
Value (mil. USD)	FTSE	4,533	3,705	4,255	1,415
	MSCI	5,924	4,772	6,442	2,153
	Total	10,457	8,477	10,697	3,568

Source: BIDV Securities (BSC) compiled from Bloomberg. Data updated until March 08, 2024

List of large proportion stocks being held by foreign ETFs

	Premia	iShares	Fubon	FTSE Vietnam	Vaneck	CGS Fullgoal	
Index	MSCI Vietnam	Frontier and Select Emerging	FTSE Vietnam 30	FTSE Vietnam	MarketVector Vietnam Local	iEdge Vietnam 30 Sector Cap	VN30 Index
Issuer	MSCI	MSCI	FTSE	FTSE	MVIS - Vaneck	Singapore Stock Exchange	Ho Chi Minh Stock Exchange
Weight (%)	100%	29%	100%	100%	100%	100%	
HPG	10.46%	3.14%	10.87%	14.45%	6.91%	9.46%	VN30
VHM	8.32%	2.37%	8.63%	9.88%	6.57%	6.59%	VN30
VNM	6.70%	2.05%	9.16%	9.14%	6.72%	9.75%	VN30
VIC	6.74%	2.05%	8.50%	10.01%	6.42%	6.27%	VN30
MSN	5.69%	1.62%	7.83%	7.81%	4.24%	5.12%	VN30
SSI	4.51%	1.28%	6.96%	6.95%	5.83%	10.53%	VN30
VCB	6.28%	1.26%	8.86%	8.84%	6.27%	0.00%	VN30
VRE	2.88%	0.82%	3.85%	3.84%	2.11%	1.75%	VN30
VND	2.65%	0.74%	2.41%	2.39%	4.56%	4.87%	Not belonging
DGC	2.40%	0.73%	3.31%	3.31%	3.02%	3.32%	Not belonging
VJC	2.29%	0.68%	3.17%	3.16%	1.62%	1.83%	VN30
NVL	2.00%	0.59%	0.00%	0.00%	3.54%	2.85%	Not belonging
VCI	1.68%	0.48%	2.24%	2.23%	2.80%	2.91%	Not belonging
KDH	1.67%	0.48%	2.28%	0.00%	0.64%	0.51%	Not belonging
GEX	1.30%	0.41%	1.79%	1.79%	1.74%	1.93%	Not belonging
SHB	1.59%	0.40%	1.87%	1.86%	2.15%	2.37%	VN30
EIB	1.33%	0.39%	0.00%	1.84%	2.04%	2.58%	Not belonging
POW	0.90%	0.39%	0.99%	0.99%	1.27%	1.39%	VN30
VIX	1.42%	0.38%	0.00%	1.99%	2.50%	2.67%	Not belonging
BID	1.27%	0.37%	0.00%	0.00%	0.00%	7.90%	VN30
KBC	1.59%	0.37%	2.20%	2.19%	1.60%	1.29%	Not belonging
STB	1.04%	0.00%	1.92%	0.00%	0.00%	0.00%	VN30
SAB	1.10%	0.36%	1.68%	0.00%	1.95%	0.00%	VN30
KDC	1.06%	0.31%	1.63%	0.00%	1.34%	1.72%	Not belonging
DIG	1.03%	0.35%	1.43%	1.43%	1.60%	1.10%	Not belonging
PVD	1.01%	0.30%	0.00%	1.39%	1.02%	1.13%	Not belonging
DPM	0.71%	0.21%	1.20%	1.19%	1.09%	1.10%	Not belonging
HUT	0.48%	0.18%	0.00%	0.00%	2.09%	0.00%	Not belonging
PDR	1.16%	0.34%	1.15%	0.00%	1.89%	0.00%	Not belonging
VHC	0.93%	0.26%	0.00%	0.00%	1.64%	2.00%	Not belonging
BVH	0.00%	0.00%	0.55%	0.00%	0.93%	1.75%	VN30

Source: Bloomberg, BIDV Secutires (BSC) Research



Case Study

Asian countries upgraded to Secondary Emerging Market by FTSE

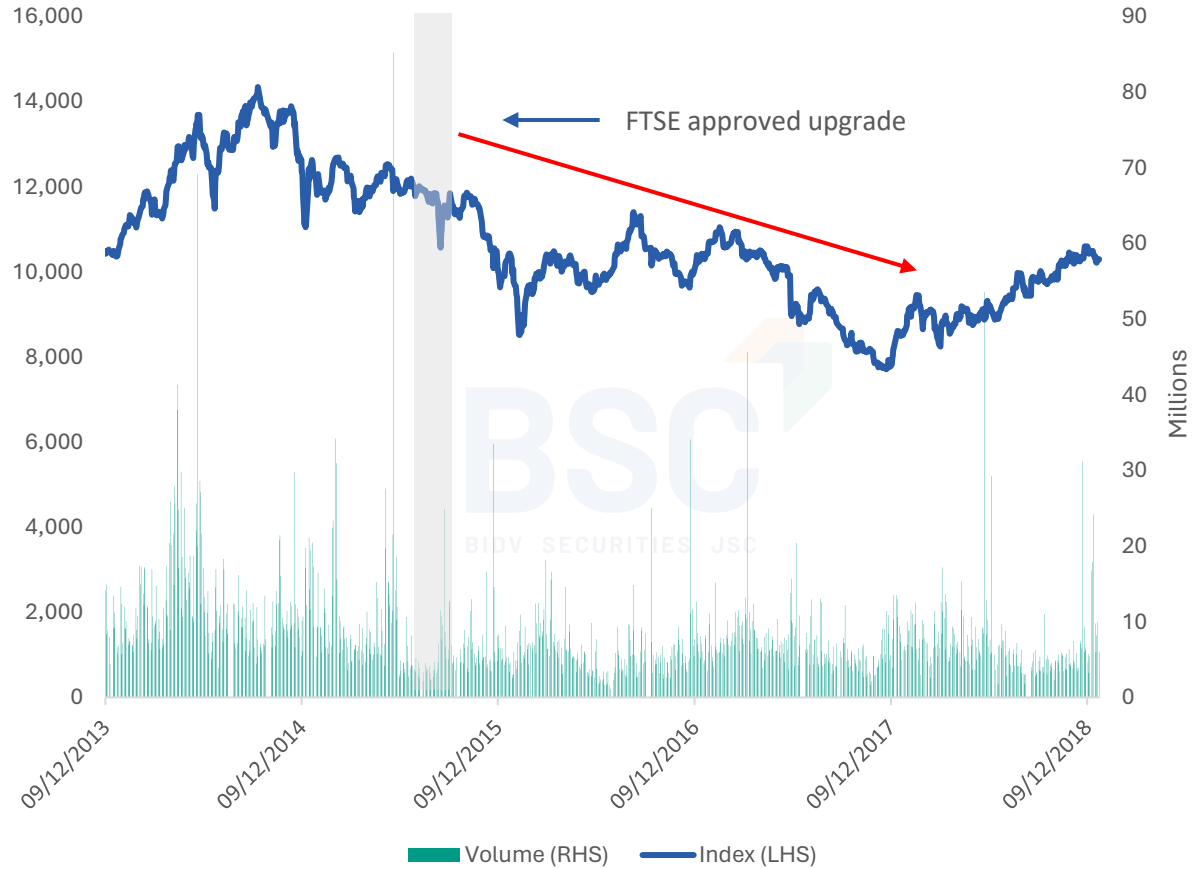


Some Criteria	Qatar	Kuwait	Saudi Arabia	China A	UAE
"Watch list" to Secondary Emerging	09/2013	09/2008	09/2015	< 09/2006	09/2008
FTSE approved the upgrade	09/2015	09/2017	03/2018	09/2018	09/2010
The time it takes for the conversion to complete	09/2016-03/2017	09/2018-12/2018	03/2019-06/2020	06/2019-06/2020	09/2010
Details of the conversion process	2 stages 50% in 09/2016 50% in 03/2017	2 stages 50% in 09/2018 50% in 12/2018	6 stages From 03/2019 to 06/2020	4 stages Each stage 25% from 06/2019 – 06/2020	
Market class	Frontier -> Secondary		Unclassified -> Secondary Emerging Market		
Time from "Watch list" -> "FTSE approved upgrade"	2 years	9 years	2.5 years	12 years	2 years
Preparation period after FTSE approval	1 year	1 year	1 year	1 year	
Total conversion completion time	0.5 year	0.25 year	1.25 years	1 year	
Reference index	Qatar Exchange	Boursa Kuwait All Share	Tadawul All Share	Shanghai Stock Exchange Composite	FTSE Abu Dhabi Exchange General
Market cap (bil. USD)/Number of companies	144/20	156/159	2,977/230	6,392/2,169	707/69

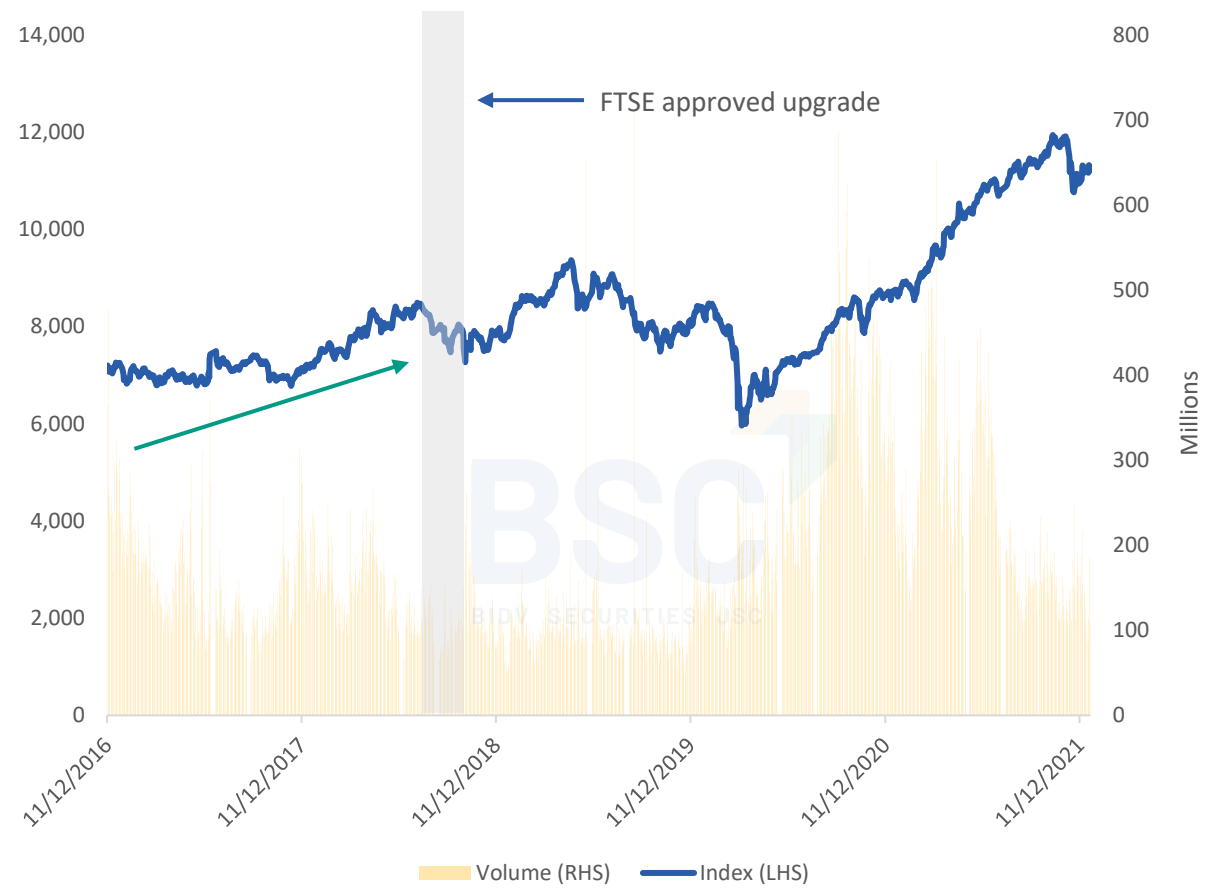


Stock market when FTSE approved upgrade to Secondary Emerging Market

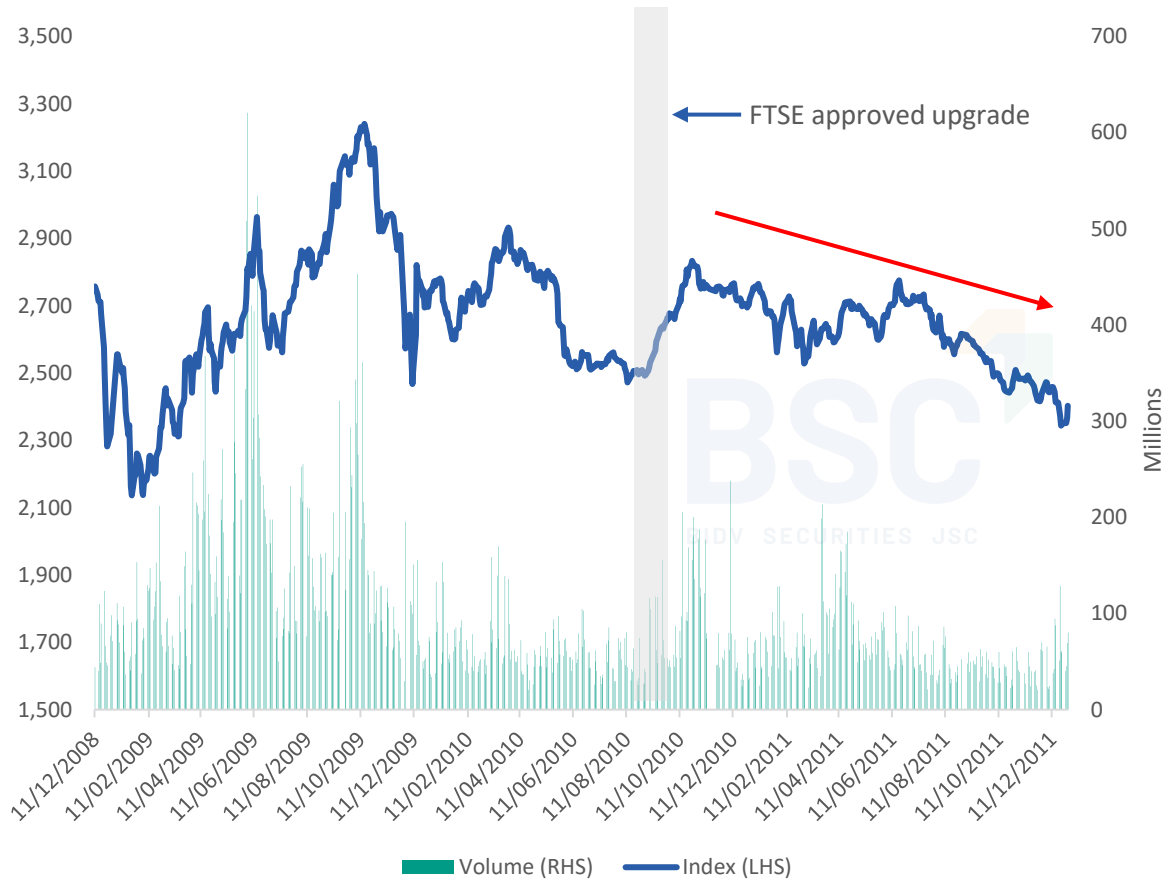
Qatar's Stock Market



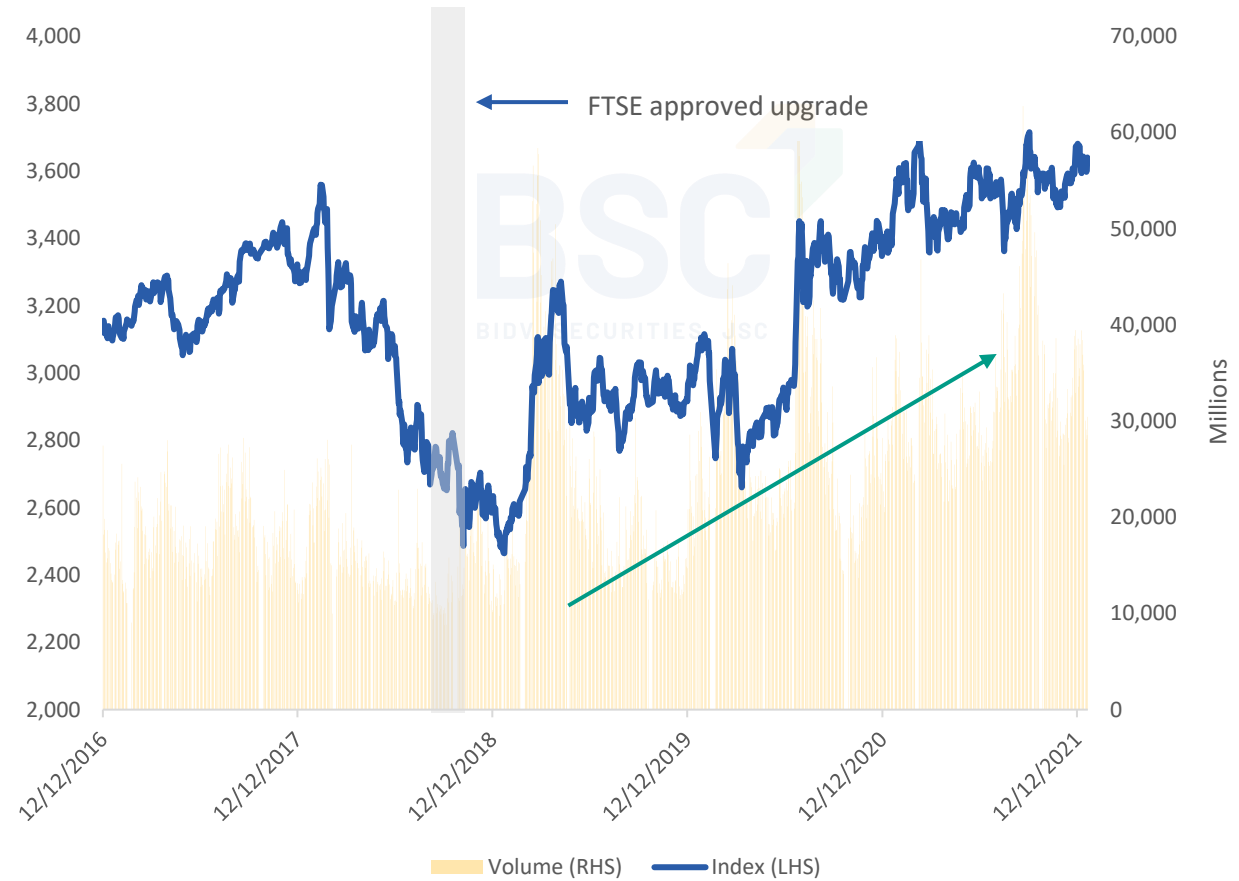
Saudi Arabia's Stock Market



UAE's Stock Market



China's Stock Market



Index and volume when FTSE approved upgrade to Secondary Emerging Market

%Index	Country	T0 (Approved Upgrade)											
		T0-1Y	T0-9M	T0-6M	T0-3M	T0+6M	T0+1Y	T0+1.25Y	T0+1.5Y	T0+1.75Y	T0+2Y	T0+2.5Y	
	Qatar	23.10%	-4.08%	0.26%	2.11%	0%	-10.90%	-8.77%	-14.41%	-8.88%	-14.87%	-24.51%	-25.11%
	Saudi Arabia	-11.52%	-5.24%	-8.44%	-8.48%	0%	-1.67%	10.23%	12.27%	0.34%	4.47%	-22.70%	3.84%
	China A	20.22%	17.83%	12.90%	-0.71%	0%	8.42%	7.11%	7.06%	-3.73%	4.60%	17.42%	23.02%
	UAE	19.45%	3.63%	8.55%	-3.66%	0%	-1.21%	-1.84%	-6.59%	-2.68%	-7.32%	-2.64%	14.72%

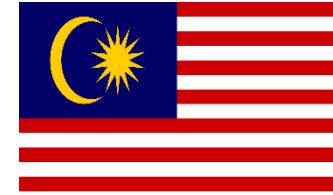
%Volume	Country	T0 (Approved Upgrade)											
		T0-1Y	T0-9M	T0-6M	T0-3M	T0+6M	T0+1Y	T0+1.25Y	T0+1.5Y	T0+1.75Y	T0+2Y	T0+2.5Y	
	Qatar	10.49%	75.67%	-7.77%	-33.87%	0%	-7.28%	-31.91%	-1.80%	37.56%	-47.20%	2.41%	-3.18%
	Saudi Arabia	-12.27%	-6.63%	-36.26%	38.89%	0%	-43.86%	-37.86%	69.96%	45.82%	30.19%	24.28%	185.44%
	China A	37.23%	53.60%	11.08%	-16.38%	0%	173.16%	30.01%	51.68%	115.00%	63.66%	33.57%	147.05%
	UAE	75.50%	-57.09%	-59.19%	-10.79%	0%	-47.63%	-56.67%	-79.04%	-22.08%	-52.79%	-42.82%	29.16%

*Note: Calculated volume is the average trading volume/month calculated during the evaluation period, for example T0 - is the time when FTSE officially approved the market upgrade for that country

Comment: The stock market will usually perform positively before FTSE approved upgrade with **clearly improved liquidity**, typically the Chinese stock market, but 2018 is also the period when China begins to enter the war. The trade war with the United States caused the stock market to record a decline - then the country's stock market continued to record impressive growth. After the upgrade approval information was announced, liquidity and index were declined in countries: **Qatar, UAE. For Saudi Arabia** - with a long transition period of 6 stages - liquidity was declined and the index was a slight increased after receiving official information approving the upgrade.

Besides that, the growth of stock market depends on the socio-economic context and geopolitical situation in each country at each time. The upgrade factor is not the main condition affecting the growth of the stock market.

ASEAN countries upgraded to Advanced Emerging Market

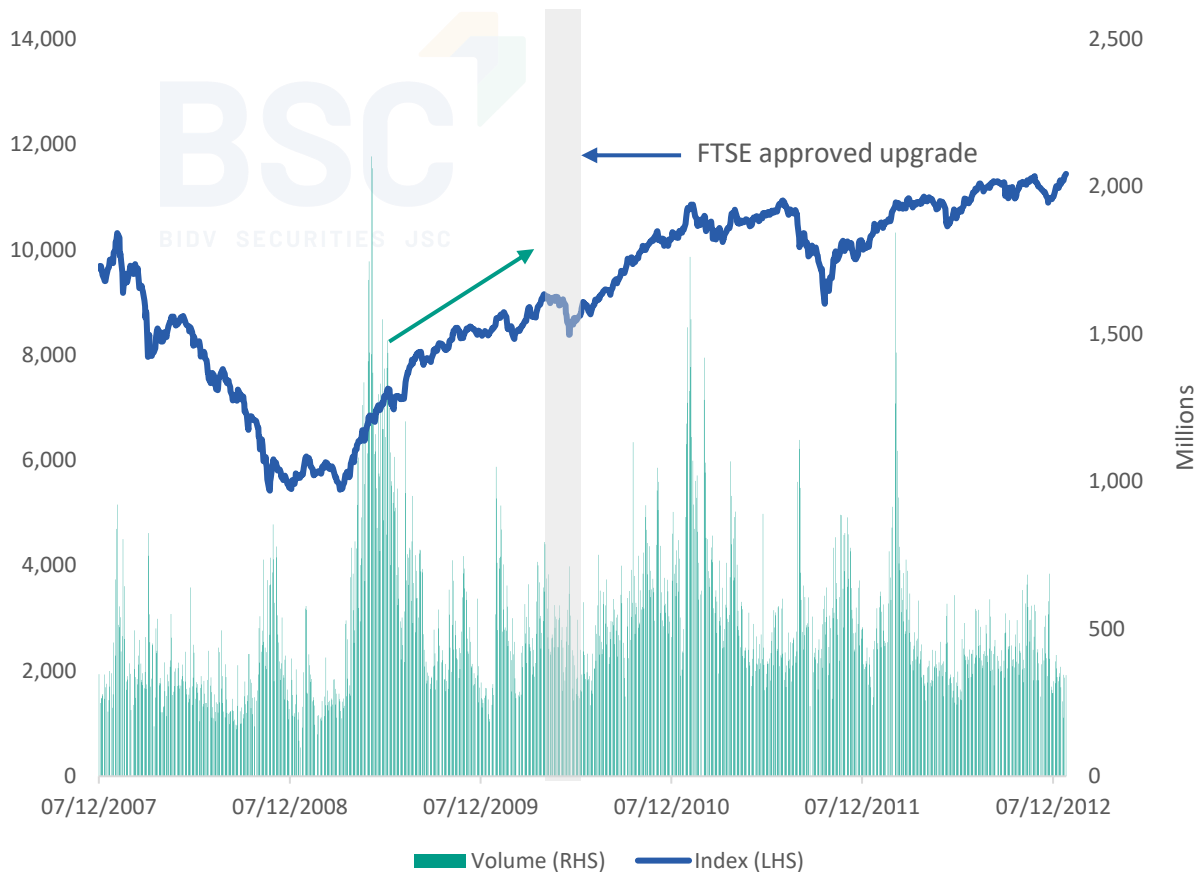


Some Criteria	Thailand	Malaysia
Time of Secondary Emerging*	01/11/1994	31/12/1986
“Watch list” to Advanced Emerging	09/2010	09/2009
FTSE approved the upgrade	09/2011	09/2010
The time it takes for the conversion to complete	03/2012	06/2011
Market class	Secondary -> Advanced Emerging Market	
Time from “Watch list” -> “FTSE approved upgrade”	1 year	1 year
Preparation period after FTSE approval	0.5 year	0.75 year
Time in Secondary Emerging until being on the “Watch list” Advanced Emerging	16 years	23 years
Reference index	Stock Exchange of Thailand	FTSE Bursa Malaysia EMAS
Market cap (bil. USD)/Number of companies	476/685	320/262

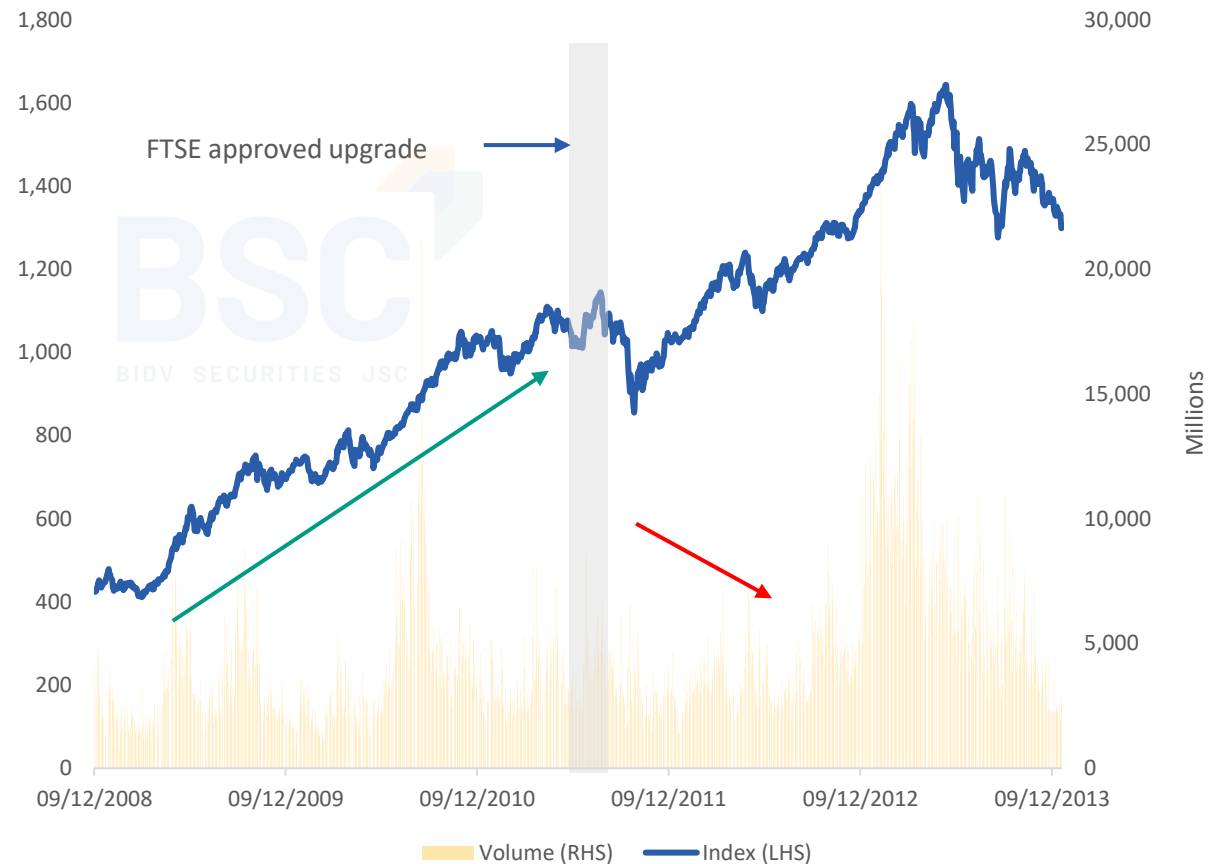
*Based on the market classification table published by FTSE in the market classification assessment report



Malaysia's Stock Market



Thailand's Stock Market



Index and volume when FTSE approved upgrade to Advanced Emerging Market

%Index	Country	T0 (Approved Upgrade)											
		T0-1Y	T0-9M	T0-6M	T0-3M	T0	T0+6M	T0+1Y	T0+1.25Y	T0+1.5Y	T0+1.75Y	T0+2Y	T0+2.5Y
	Thailand	5.79%	13.77%	17.73%	19.00%	0%	31.41%	40.18%	49.90%	61.42%	52.86%	62.52%	49.87%
	Malaysia	-16.90%	-12.74%	-7.14%	-10.09%	0%	6.58%	-5.89%	4.50%	11.12%	11.67%	14.05%	13.07%

%Volume	Country	T0 (Approved Upgrade)											
		T0-1Y	T0-9M	T0-6M	T0-3M	T0	T0+6M	T0+1Y	T0+1.25Y	T0+1.5Y	T0+1.75Y	T0+2Y	T0+2.5Y
	Thailand	5.79%	13.77%	17.73%	19.00%	0%	31.41%	40.18%	49.90%	61.42%	52.86%	62.52%	49.87%
	Malaysia	-16.90%	-12.74%	-7.14%	-10.09%	0%	6.58%	-5.89%	4.50%	11.12%	11.67%	14.05%	13.07%

*Note: Calculated volume is the average trading volume/month calculated during the evaluation period, for example T0 - is the time when FTSE officially approved the market upgrade for that country

Comment: Liquidity and growth of stock market in Thailand and Malaysia all recorded positive trends before being approved by FTSE to upgrade from Secondary to Advanced emerging market. This clearly reflects the stability of the Advanced market compared to Frontier/Unclassified markets. When FTSE approved the upgrade to Advanced, the markets of these countries developed positively when receiving large capital flows from foreign countries in the context of the impact of the 2008 financial crisis still affecting the global market.



Appendix

Developed (25 Markets)	Advanced Emerging (10 Markets)	Secondary Emerging (14 Markets)	Frontier (29 Markets)
Australia	Brazil	Chile	Bahrain
Austria	Czech Republic (7)	China (17)	Bangladesh
Belgium/Luxembourg	Greece (1 & 11)	Colombia	Botswana
Canada	Hungary (3)	Egypt	Bulgaria
Denmark	Malaysia (7)	Iceland (17 & 20)	Côte d'Ivoire
Finland	Mexico	India	Croatia
France	South Africa	Indonesia	Cyprus
Germany	Taiwan	Kuwait (15)	Estonia
Hong Kong	Thailand (8)	Pakistan	Ghana (9)
Ireland	Turkiye (7)	Philippines	Jordan
Israel (2)		Qatar (12)	Kazakhstan (14)
Italy		Romania (18)	Kenya
Japan		Saudi Arabia (16)	Latvia (13)
Netherlands		United Arab Emirates (5)	Lithuania
New Zealand			Malta (6)
Norway			Mauritius
Poland (3 & 15)			Mongolia (21)
Portugal			Morocco (10)
Singapore			Oman
South Korea (4)			Palestine (13)
Spain			Peru (19)
Sweden			Republic of North Macedonia
Switzerland			Serbia
UK			Slovak Republic
USA			Slovenia
			Sri Lanka
			Tanzania (18)
			Tunisia
			Vietnam

Appendix 2. FTSE Quality of Markets Matrix, effective from September 2023

CRITERIA	DEVELOPED	ADVANCED EMERGING	SECONDARY EMERGING	FRONTIER
World Bank GNI Per Capita Rating (Atlas Method)				
Credit Worthiness				
Market and Regulatory Environment				
Formal stock market regulatory authorities actively monitor market (e.g., SEC, FSA, SFC)	X	X	X	X
Fair and non-prejudicial treatment of minority shareholders	X	X		
No or selective incidence of foreign ownership restrictions	X	X		
No objection to or significant restrictions or penalties applied to the investment of capital or the repatriation of capital and income	X	X	X	X
No or simple registration process for international investors	X	X		
Foreign Exchange Market				
Developed foreign exchange market	X	X		
Equity Market				
Brokerage - Sufficient competition to ensure high quality broker services	X	X	X	
Transaction costs - implicit and explicit costs to be reasonable and competitive	X	X	X	
Tax – imposition of taxes to be reasonable, consistent in nature and comparable between domestic and non-domestic investors	X	X		
Stock lending permitted	X			
Short sales permitted	X			
Developed Derivatives Market				
Off-exchange transactions permitted	X			
Efficient trading mechanism	X	X		
Transparency - market depth information / visibility and timely trade reporting process	X	X	X	X
Clearing, Settlement and Custody				
Settlement - costs associated with failed trades	X	X	X	X
Settlement Cycle (DvP)	X	X	X	X
Central Securities Depository	X	X	X	
Central Counterparty Clearing House (Equities)	X	X		
Settlement - Free delivery available	X			
Custody-Sufficient competition to ensure high quality custodian services	X	X	X	
Account structure operating at the Custodian level (securities and cash)	X			

FTSE GEIS Coverage and modularity image

FTSE GLOBAL SMALL CAP

\$5.6 trillion net market cap
4,992 stocks

FTSE ALL-WORLD®

\$47.0 trillion net market cap
3,954 large & mid cap stocks

FTSE GLOBAL MICRO CAP

\$1.1 trillion net market cap
8,224 stocks

FTSE GLOBAL ALL CAP

\$52.6 trillion net market cap
8,946 large, mid & small cap stocks

FTSE DEVELOPED TOTAL CAP

\$48.2 trillion net market cap
11,527 large, mid, small & micro cap stocks

FTSE EMERGING TOTAL CAP

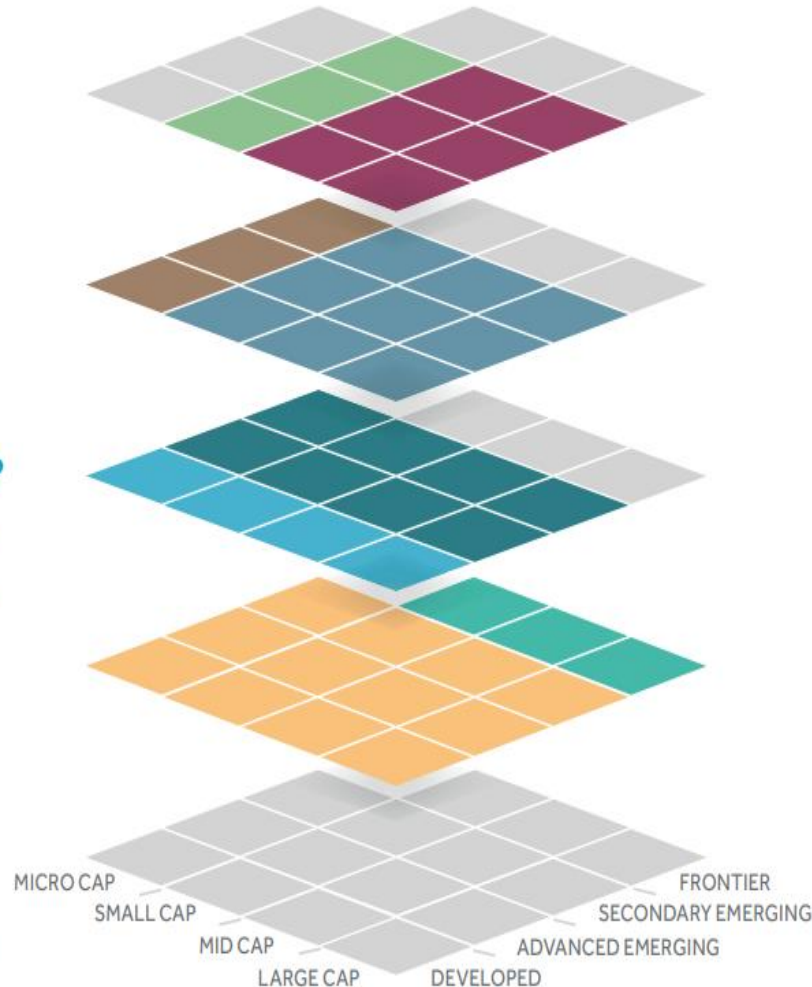
Advanced and Secondary
\$5.5 trillion net market cap
5,643 large, mid, small & micro cap stocks

FTSE FRONTIER

\$109.5 billion net market cap
364 large, mid & small cap stocks

FTSE GLOBAL TOTAL CAP

\$53.7 trillion net market cap
17,170 large, mid, small & micro cap stocks



FTSE GEIS

Data-driven classification at a granular level.
The confluence of top-down and bottom-up analysis

MARKET STATUS		SIZE		STYLE		SECTOR (ICB®)	
Developed	Advanced Emerging	Large	Mid	Growth	Value	Industries	Sectors
Secondary Emerging	Frontier	Small	Micro	Defensive	Dynamic	Supersectors	Subsectors

FTSE GEIS headline indexes

Index	FTSE Global Total Cap	FTSE Global All Cap	FTSE All-World®	FTSE Global Small Cap	FTSE Global Small/Micro Cap	FTSE Global Micro Cap
Included cap segments	Large, Mid, Small, Micro	Large, Mid, and Small	Large and Mid	Small	Small and Micro	Micro
% of FTSE Global Total Cap Index	100%	98%	88%	10%	12%	2%
Net Mcap (USDt)	53.7	52.6	47	5.6	6.7	1.1
Number of countries	49	49	49	48*	49	49
Developed	25	25	25	25	25	25
Emerging	24	24	24	23	24	24
Advanced Emerging	10	10	10	10	10	10
Secondary Emerging	14	14	14	13*	14	14
Number of constituents	17,170	8,946	3,954	4,992	13,216	8,224
Developed	11,631	5,580	2,172	3,525	9,355	5,830
Emerging	4,672	3,366	1,782	1,467	3,861	2,394
Advanced Emerging	2,489	1,030	413	617	2,022	1,405
Secondary Emerging	2,183	2,336	1,369	850	1,839	989

Source: FTSE Russell, data as of September 30, 2019.

* While FTSE GEIS covers 49 countries, the FTSE Global Small Cap Index covers 48, because Peru had no eligible Small Cap constituents as of the September 2019 review.



MSCI's market classification and latest comments on Vietnam's stock market

Developed Markets			Emerging Markets			Frontier Markets		
Americas	EMEA	APAC	Americas	EMEA	APAC	Americas	EMEA	APAC
Canada USA	Austria Belgium Denmark Finland France Germany Ireland Israel Italy Netherlands Norway Portugal Spain Sweden Switzerland UK	Australia Hong Kong Japan New Zealand Singapore	Brazil Chile Colombia Mexico Peru	Czech Republic Egypt Greece Hungary Kuwait Poland Qatar Saudi Arabia South Africa Turkey UAE	China India Indonesia Korea Malaysia Philippines Taiwan Thailand	—	Bahrain Benin* Burkina Faso* Croatia Estonia Guinea-Bissau* Iceland Ivory Coast* Jordan Kazakhstan Kenya Latvia Lithuania Mali* Mauritius Morocco Niger* Oman Romania Senegal* Serbia Slovenia Togo Tunisia	Bangladesh Pakistan Sri Lanka Vietnam
Standalone Markets¹								
						Americas	EMEA ²	APAC ³
						Argentina Jamaica Panama Trinidad and Tobago	Bosnia and Herzegovina Botswana Bulgaria Lebanon Malta Nigeria Palestine Ukraine Zimbabwe	—

Vietnam

Foreign Ownership Limit Level: Companies in certain conditional and sensitive sectors are subject to foreign ownership limits ranging from zero to 51 percent. These limitations still affect more than ten percent of the Vietnamese equity market.

Foreign Room Level: The equity market is significantly impacted by foreign room issues. More than one percent of the MSCI Vietnam IMI is impacted by low foreign room.

Equal Rights to Foreign Investors: Some company related information is not always readily available in English. In addition, the rights of foreign investors are limited as a result of the stringent foreign ownership limits imposed on both total as well as individual foreign investors.

Foreign Exchange Market Liberalization Level: There is no offshore currency market and there are constraints on the onshore currency market (e.g., foreign exchange transactions must be linked to security transactions).

Investor Registration & Account Set Up: Registration is mandatory and account setup requires the approval of the VSD.

Market Regulations: Not all regulations can be found in English.

Information Flow: Stock market information is not always disclosed in English and occasionally is not detailed enough.

Clearing and Settlement: There are no overdraft facilities and pre-funding of trades is required.

Transferability: Certain off-exchange transactions and in-kind transfers require prior approval from the State Securities Commission of Vietnam.



Classification of MSCI's equity investment indexes (MSCI Global Equity Indexes)

MARKET CAP	MSCI FACTOR AND STRATEGIC INDEXES	MSCI THEMATIC INDEXES	REAL ESTATE	MSCI ESG INDEXES	MSCI CUSTOM INDEXES
All Country (AC) (DM + EM)	Single Factor Indexes:	Economic Exposure	Sector Real Estate	Global Sustainability	Select Universe
Developed Markets (DM)	Quality	Emerging + Frontier Markets Workforce Index	Core Real Estate	Global SRI (Socially Responsible Investing)	Different Weighting
Emerging Markets (EM)	Value	Agriculture Food Chain	Liquid Real Estate	Global ex Controversial Weapons	Currencies & Tax Rates
Frontier Markets (FM)	Size	Commodity Producers	IPD Property Fund	Global Environment	
Domestic	Yield	Infrastructure	IPD Direct Property	Bloomberg Barclays MSCI ESG Fixed Income*	
Large Cap	Volatility	Faith based	Custom Real Estate	Sustainable Impact	
Mid Cap	Momentum			Low Carbon	
Standard (Large + Mid Cap)	Multi-Factor Series			ESG Focus	
Small Cap	Diversified Multiple-Factor				
SMD CAP (Small + Mid Cap)	Strategic Indexes:				
IMI (Large + Mid + Small Cap)	Capped:				
Micro Cap (DM only)	10/40				
All Cap (DM only)	25/50				
Value & Growth	Standard Capped				
	Hedged & Currency:				
	Hedged				
	FX Hedge				
	Currency				
	Adaptive Hedge				
	Short & Leveraged (Daily)				

Định nghĩa

Openness to foreign ownership

Investor qualification requirement	Existence of qualifying conditions for international investors. Existence of a level playing field for all international investors.
Foreign ownership limit (FOL) level	Proportion of the market being accessible to non-domestic investors
Foreign room level	Proportion of shares still available for non-domestic investors. Existence of a foreign board where non-domestic investors could trade with each other
Equal rights to foreign investors	Equal economic and voting rights as well as availability of information in English. Equal rights for minority shareholders.

Ease of capital inflows / outflows

Capital flow restriction level	Existence of restriction on inflows and outflows of foreign capital to/from the local stock market (excluding foreign currency exchange restrictions)
Foreign exchange market liberalization level	Existence of a developed onshore and offshore foreign exchange market.

Efficiency of the operational framework

Market entry	
- Investor registration & account set up	Existence/level of complexity of registration requirements for international investors such as Tax IDs as well as ease/complexity for setting up local accounts (e.g., documents to be provided, approvals required). The time to complete the process includes the preparation of the documents.
Market organization	
- Market regulations	Level of advancement of the legal and regulatory framework governing the financial market, the stock exchange and the various other entities involved in the financial markets, an important weight is assigned to: ease of access (including in English), lack of ambiguity and prompt enforcement of laws and regulations, as well as consistency over time.
- Information flow	Timely disclosure of complete stock market information items (e.g., stock exchange alerts, corporate news, float information, dividend information) in English and under reasonable commercial terms
Market infrastructure	
- Clearing and Settlement	Well functioning clearing and settlement system based on the broad framework published by the Bank for International Settlements including Delivery Versus Payment (DVP), the absence of prefunding requirements/practices and the possibility to use overdrafts. Availability of real omnibus structures.
- Custody	Level of competition amongst local custodian banks as well as the presence of global custodian banks. Existence of an efficient mechanism that prevents brokers to have unlimited access to the investor's accounts and guarantees the safekeeping of its assets.
- Registry / Depository	Well functioning central registry or independent registrars and a central depository
- Trading	Level of competition amongst brokers ensuring high quality services (e.g., cost efficient trading, ability to execute grouped trades at the same price for the various accounts of a fund manager)
- Transferability	Possibility of off-exchange transactions and "in-kind" transfers.
- Stock lending	Existence of a regulatory framework as well as an efficient mechanism allowing extensive use of stock lending
- Short selling	Existence of a regulatory and practical framework allowing short selling

Availability of Investment Instrument

Existence of restrictions on access to derived stock exchange information, data and products that prevents the creation of investment instruments

Stability of institutional framework

Basic institutional principles such as the rule of law and its enforcement as well as the stability of the "free-market" economic system. Track record of government intervention with regards to foreign investors

Source: MSCI, BIDV Securities (BSC) Research

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