**SECURITIES INVESTMENT FUND**

1. **Securities Investment Fund:** According to the provisions of Article 4.37 of Law on Securities 2019, a securities investment fund is a fund established through capital contribution by investors to make investment in securities or other assets, including real estate. Investors do not have the right to daily control the investment decisions of the fund.
2. **Types of securities investment funds:** Article 99 of Law on Securities 2019
* Public funds: Open-end funds and Closed-end funds.
* Private funds

**SUMMARY TABLE OF SECURITIES INVESTMENT FUND PROCESS AND CONDITIONS**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Closed-end funds** | **Open-end funds** | **Private Funds** |
| **Definition** | An close-end fund is a public fund whose publicly offered fund certificates cannot be redeemed at the request of the investors.**(Article 4.40 of Law on Securities 2019)** | An open-end fund is a public fund whose publicly offered fund certificates have to be redeemed at the request of the investors.**(Article 4.39 of Law on Securities 2019)** | A private fund means a securities investment fund that has 02 - 99 capital contributors who are all professional investors.**(Article 4.41 of Law on Securities 2019)** |
| **Subject responsible for carrying out the establishment procedure** | * Fund management company;
* Have to register with State Securities Commission (“**SSC”**).

**(Article 100.1 of Law on Securities 2019)** | * Fund management company;
* Have to report to SSC.

**(Article 100.2 of Law on Securities 2019)** |
| **Conditions of establishment** | * There are at least 100 investors, not including professional investors in fund certificates, except exchange traded fund;
* The total value of fund certificates sold is at least 50 billion VND.
* The entire capital contributed by investors shall be transferred to a separate account under management of the supervisory bank and shall not be used until capital is fully raised.
* The fund management company shall submit SSC a capital raising report verified by the supervisory bank within 10 days from the completion date of capital raising.

**(Article 108 of Law on Securities 2019)** | * The contributed capital is not smaller than 50 billion VND;
* There are 02 – 99 capital contributors who are all professional securities investors;
* The fund is managed by a fund management company;
* The private fund’s assets are deposited at 01 depository bank that is independent from the fund management company.

**(Article 113.2 of Law on Securities 2019)****Conditions of the fund management company**: at least 02 executives who have fund management certificates; is not facing warning, put under control, special control or suspension; has implemented all decisions on administrative penalties for violations against securities laws. **(Article 222.2 of Decree 155/2020/ND-CP).** |
| **The process of setting up a securities investment fund** | * **Step 1:** Public offering of closed-end fund certificates.

**(Article 233.1 of Decree 155/2020/ND-CP)**1. Satisfying the conditions for the initial public offering (IPO) of fund certificates:
* The total value of the offered fund certificates is 50 billion VND;
* There is a plan for issuance and use of capital generated by the offering as prescribed by Law on Securities 2019;
* The offering is supervised by a supervisory bank as prescribed by Law on Securities 2019;
* The publicly offered fund certificates are listed on the securities trading system after the end of the offering, except open-end fund certificates;
* The securities investment fund management company has at least 02 executives who have fund management certificates; is not facing warning, put under control, special control or suspension; has implemented all decisions on administrative penalties for violations against securities laws.
1. Submit application for registration of public offering of closed-end fund certificates.

**(Article 234.1 of Decree 155/2020/ND-CP)**The fund management company shall submit the application for public offering of fund certificates to SSC. Within 30 days from the receipt of the satisfactory application, SSC shall issue the certificate of registration of public offering of fund. In case the application is rejected, SSC shall issue a written rejection and provide explanation. The capital for establishment of a public fund shall be raised within 90 days from the effective date of the certificate of public offering of fund certificates. **(Article 108.1 of Law on Securities 2019)*** **Step 2:** Submit application for registration of setting up a closed-end fund.

Application for registration of a closed-end fund: Article 235 Decree 155/2020/ND-CP.* **Step 3:** Receive the result.

Within 10 days from the offering completion date, the fund management company shall submit the application for fund registration to SSC. Within 07 working days from the receipt of the satisfactory application, SSC shall issue the certificate of fund registration. In case the application is rejected, SSC shall issue a written rejection and provide explanation.**(Article 239 of Decree 155/2020/ND-CP)** | * **Bước 1:** Public offering of open-end fund certificates.

**(Article 241.1 of Decree 155/2020/ND-CP)**1. Conditions similar to those for offering closed-end fund certificates.
2. Submit application for registration of public offering of open-end fund certificates.

Application dossier specified in Article 241.2 of Decree 155/2020/ND-CP.The fund management company shall submit the application for public offering of fund certificates to SSC. Within 30 days from the receipt of the satisfactory application, SSC shall issue the certificate of registration of public offering of fund. In case the application is rejected, SSC shall issue a written rejection and provide explanation.The capital for establishment of a public fund shall be raised within 90 days from the effective date of the certificate of public offering of fund certificates. **(Article 108.1 of Law on Securities 2019)*** **Step 2:** Submit application for registration of setting up a open-end fund.

Application dossier for setting up an open-ended fund: Article 235 of Decree 155/2020/ND-CP.* **Step 3:** Receive the result.

Within 10 days from the offering completion date, the fund management company shall submit the application for fund registration to SSC. Within 07 working days from the receipt of the satisfactory application, SSC shall issue the certificate of fund registration. In case the application is rejected, SSC shall issue a written rejection and provide explanation.**(Article 239 of Decree 155/2020/ND-CP)** | * **Bước 1:** Submit application for registration of setting up a private fund

Application dossier: Article 223 of Decree 155/2020/ND-CP..* **Step 2:** Receive the result from SSC.

Within 15 days from the receipt of the satisfactory application, SSC shall issue the certificate of fund registration. In case the application is rejected, SSC shall issue a written rejection and provide explanation. The fund’s capital shall only be disbursed after the certificate of fund registration is issued by SSC.**(Article 230 of Decree 155/2020/ND-CP)** |