



Shortcomings in the Legal System on Securities in Vietnam*

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[10.15408/jch.v10i3.26449](https://doi.org/10.15408/jch.v10i3.26449)

Abstract

Vietnam's stock market has overgrown and attracted an increasing number of investors. However, among various factors that affect the investors' participation, psychological ones play a crucial role. In more than 20 years of development, the legal system on securities in Vietnam has exposed several limitations and inadequacies that result in inefficient operation of the stock market and unsafely for domestic and foreign investors. Therefore, the Article will study the shortcomings of the legal system on securities of Vietnam and propose some solutions to ensure the safety of investors in Vietnam's stock market participation. To research the psychological factors of stock investment in Vietnam, the authors combine the method of collecting and analyzing information (data). The primary research method used in this Article is collecting secondary data from the collected data. In general, the paper synthesizes data from many sources of information that the author's team can obtain and continuously analyzes tests, compares, and evaluates to identify the fundamental problems for studying. In addition, to approach the research subjects, the Article also uses a combination of popular research methods of economic fields such as statistical method, comparative method, economic efficiency analysis method, and descriptive method to analyze, evaluate and forecast the psychological factors of securities investment affecting Vietnam's stock market. According to the results, authors have given two main groups of solutions: Dealing with inaccurate information that affects the transparency of the stock market; and building and perfecting Vietnam's securities legal system.

Keywords: Stock; Legal System; Shortcomings; Law on Securities

* Received: May 15, 2022, Revised: June 22, 2022, Accepted: July 26, 2022, Published: December 30, 2022.

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Kekurangan dalam Sistem Hukum Sekuritas di Vietnam

Abstrak

Saat ini, pasar saham Vietnam mengalami pertumbuhan pesat dan menarik semakin banyak investor. Namun, di antara berbagai faktor yang mempengaruhi partisipasi investor, faktor psikologis memainkan peran penting. Dalam perkembangan lebih dari 20 tahun, sistem hukum sekuritas di Vietnam telah mengungkap beberapa keterbatasan dan kekurangan yang mengakibatkan operasi pasar saham yang tidak efisien dan tidak aman bagi investor domestik dan asing. Oleh karena itu, artikel ini akan mempelajari kekurangan dari sistem hukum sekuritas Vietnam, dari itu mengusulkan beberapa solusi untuk menjamin keselamatan investor dalam partisipasi pasar saham Vietnam. Untuk meneliti faktor psikologis investasi saham di Vietnam, penulis memilih menggabungkan metode pengumpulan dan analisis informasi (data). Metode penelitian utama yang digunakan dalam artikel ini adalah mengumpulkan data sekunder dari data yang dikumpulkan. Secara umum artikel menggunakan sintesa data dari berbagai sumber informasi yang dapat diperoleh tim penulis dan selalu menganalisis tes, membandingkan, mengevaluasi untuk mengidentifikasi masalah-masalah penting untuk dipelajari. Selain itu, untuk mendekati subjek penelitian, artikel ini juga menggunakan kombinasi metode penelitian populer bidang ekonomi seperti metode statistik, metode komparatif, metode analisis efisiensi ekonomi dan metode deskriptif untuk tujuan menganalisis, mengevaluasi, dan meramalkan kondisi psikologis. faktor investasi sekuritas yang mempengaruhi pasar saham Vietnam. Menurut hasil penulis telah memberikan dua kelompok solusi utama: Berurusan dengan informasi yang tidak akurat yang mempengaruhi transparansi pasar saham; dan membangun serta menyempurnakan sistem hukum sekuritas Vietnam.

Kata kunci: Stok; Sistem yang legal; Kekurangan; UU Surat Berharga

Недостатки правовой системы по ценным бумагам во Вьетнаме

Абстрактный

В настоящее время фондовый рынок Вьетнама быстро растет и привлекает все больше инвесторов. Однако среди различных факторов, влияющих на участие инвесторов, решающую роль играют психологические. За более чем 20 лет развития правовая система по ценным бумагам во Вьетнаме выявила ряд ограничений и недостатков, которые приводят к неэффективной работе фондового рынка и небезопасности для местных и иностранных инвесторов. Поэтому в статье будут изучены недостатки правовой системы о ценных бумагах Вьетнама, из которых предложены некоторые решения по обеспечению безопасности инвесторов при участии на фондовом рынке Вьетнама. Для исследования психологических факторов инвестирования в акции во Вьетнаме авторы выбрали комбинированный метод сбора и анализа информации (данных). Основным методом исследования, использованный в этой статье, — это сбор вторичных данных из собранных данных. В целом в статье используется синтез данных из многих источников информации, которые может получить авторский коллектив, и всегда анализируются тесты, сравниваются, оцениваются для выявления важных проблем для изучения. Кроме того, чтобы приблизиться к предметам исследования, в статье также используется сочетание популярных методов исследования экономических областей, таких как статистический метод, сравнительный метод, метод анализа экономической эффективности и описательный метод с целью анализа, оценки и прогнозирования психологического состояния. факторы инвестиций в ценные бумаги, влияющие на фондовый рынок Вьетнама. По результатам авторы выделили две основные группы решений: Работа с недостоверной информацией, влияющей на прозрачность фондового рынка; создание и совершенствование правовой системы Вьетнама по ценным бумагам.

Ключевые слова: Акции; Правовая Система; Недостатки; Закон О Ценных Бумагах

A. INTRODUCTION

Vietnam's stock market has been one of the fastest-growing fields in recent years. Its rapid development is in Southeast Asia, Asia, and the world. The market capitalization of the stock market/GDP and the number of listed companies have increased remarkably from 2019 to 2022. That shows the attraction and great potential of Vietnam's stock market. Recent research shows that "it is estimated that over the past 20 years, the stock market capitalization has grown at an average rate of more than 50% per year. By June 30, 2020, the total reached 5.5 million billion; the ratio had increased from 0.3% in 2000 to 104% of GDP in June 2020. The stock market capitalization reached over 4 million billion VND, equivalent to 64.5% of GDP in 2019 (the State Securities Commission). The bond market capitalization reached about 2.3 trillion VND, equivalent to 39% of GDP in 2019 (Government bonds reached 29.18%, and corporate bonds reached 10.28%). The rapid development of the stock market has helped to restructure Vietnam's financial system in a more balanced and sustainable manner. It is estimated that the proportion of the securities sector's capitalization in total assets of the financial system is about 30.6% currently, not too far from the level of 68.7% of the credit institution sector and much higher than the proportion of 21% in 2010." ([State Securities Commission, 2020](#))

However, these impressive figures do not guarantee growth in depth and long-term and do not decrease the risks of Vietnam's stock market. Alternatively, confirming that the Vietnam stock market has entered long-term stable and sustainable development is hard. It will likely boost in specific periods and quickly fall into recession or crisis. Therefore, even when it surpasses the historical milestone of 1530 points, there are still cautious comments like "Although the stock has reached its historic milestone, we start to worry" ([Law Newspaper, 2021](#)). Vietnam's stock market changes unexpectedly due to many subjective and objective factors. However, investors' psychological factors in securities investment or the lack of transparency on information disclosed on the stock market and limitations and inadequacies of the securities legal system are crucially essential factors that significantly impact the stability, sustainability and long-term development of Vietnam's stock market.

In Vietnam, "the stock market has become an essential part of the financial market" for a long time ([Pham, 2007 3](#)), and the stock market (capital market), which has always been identified as "the direct channel of capital for the economy" ([Nguyen, 2008](#)). Therefore, if the stock market is unstable and inefficient, it will adversely affect the economy. Moreover, the stock market is

now one of the most professional and modern investment channels. Therefore, it has always attracted many investors, for "it is the distribution of capital sources which is profitable for investors" ([Nguyen, 2019 1](#)). For the Government of Vietnam, "ensuring the stable and healthy development of the stock market is to protect the stability and development of both economy and social life" ([University of Law, Hanoi, 2012](#)). Therefore, it is essential to study the causes of psychological factors of stock investors and the limitations and inadequacies of the securities legal system in Vietnam for Vietnam's stock market to develop stably and sustainably and reduce the risks and losses for stock investors.

B. METHODS

A qualitative research method with a literature and statutory approach was used in the research on deficiencies in the securities law system in Vietnam. The qualitative research method aims to gain an in-depth understanding of a particular phenomenon by exploring subjective experiences, perspectives, and meanings attributed to it. In the context of researching deficiencies in the securities law system in Vietnam, this method allows for a comprehensive analysis of the existing literature and relevant statutory provisions. The literature approach involves reviewing and analyzing existing literature, such as academic papers, books, articles, reports, and other publications related to the securities law system in Vietnam. This approach helps researchers identify and understand the current system's key issues, debates, and gaps. By examining the literature, researchers can gain insights into the historical background, theoretical perspectives, and practical implications of the deficiencies in the securities law system. The statutory approach involves analyzing the relevant laws, regulations, and legal frameworks governing the securities market in Vietnam. Researchers will study the Securities Law, associated regulations, and other applicable legal instruments that shape the securities law system. This analysis helps identify the existing legal framework's strengths, weaknesses, gaps, inconsistencies, or outdated provisions. By combining the literature and statutory approaches, researchers can obtain a comprehensive understanding of the deficiencies in the securities law system in Vietnam. This method allows for a detailed examination of theoretical and practical aspects, including the historical development, regulatory context, and implementation challenges related to the securities law system. Additionally, qualitative research methods allow researchers to explore the perspectives of relevant stakeholders, such as market participants, regulators, investors, and legal experts, through interviews, focus groups, or

case studies. Overall, the qualitative research method with a literature and statutory approach enables researchers to critically analyze the deficiencies in the securities law system in Vietnam, shedding light on potential areas for improvement and suggesting recommendations for enhancing the effectiveness and efficiency of the legal framework.

C. RESULTS AND DISCUSSION

1. Stock Investors in Vietnam

Research shows that "business psychological factors greatly affect the psychology and decisions of investors in Vietnam" ([Nguyen, 2017](#)). Unlike capitalist countries, investors are inherently familiar with high-class and professional investment channels such as securities, real estate, gold, and digital money, because these have existed for a long time, and the investors have studied or trained quite thoroughly before investing in the markets. In Vietnam, since the country abolished the centralized economic management mechanism to open the door to building a socialist-oriented market economy (December 1986), the freedom of business and trade has brought investors significant changes in thinking and acting in production and business activities. That is because "Vietnam used to be an agricultural country... the one that specialized in agricultural production" ([Le, 1972](#)). "Vietnam used to be a country where farming was more important than trading for thousands of years" ([Pham, 2015](#)). During the feudal period, "Vietnam's economy was self-sufficient and agriculture-based. The development of industry and commerce depended on agriculture, which were agriculture's supporting fields. The proportion of professional traders was too small compared to the population of the whole country" ([Nguyen Et Al., 2007](#)). With "the infrastructure of the economy depended too much on agriculture, so the agricultural production was backward, scattered and fragmented" ([Nguyen, 2011](#)). Therefore, Vietnamese people were only familiar with agricultural production on a relatively small and straightforward scale for a long time. They would be puzzled when investing and trading in complex, sophisticated, professional and modern fields like securities channels. This is one of the important psychological factors for investors.

Furthermore, not only in the field of securities but also in others which are considered "quite hot" in Vietnam, such as real estate, gold, and virtual currency... is a common psychological factor of investment such as "herd behaviour", "following the crowd", "snatching", "compliance" or "due to close, trusted relationship"... that has existed for a long time and had a significant

impact on investment decisions of many Vietnamese investors. It can be said that these factors are pretty popular in almost all investments and businesses in Vietnam. Therefore, it is not strange that investors suddenly join massively and quickly flee the market. "Following the crowd has a direct consequence that investors give up their assessment to pursue that of the crowd in the market" (Pham, 2007 4). This is clearer during this market's extremely unusual ups and downs. For example, in times when the stock market is very active, "regardless of the elderly, the young, the retail traders, or even civil servants, public officials, they all discuss shares, liquidity, buy-in, sell-out, surf enthusiastically... although they may have only minimal understanding of securities or stock market" (Nguyen, 2017). Even at present, despite significant economic difficulties due to the heavy impact of the prolonged Covid-19 epidemic, F0 investors (the new entrants) keep participating and pouring a lot of money into the stock market (Vneconomy, 2021).

Table 1. Number of domestic and foreign stock trading accounts

Time	Number of securities trading accounts	Growth rate (the following year's compared to the previous year)
31/5/2017	1.772.021	---
31/5/2018	2.026.034	Increased 14,33%
31/5/2019	2.239.484	Increased 10,53%
31/5/2020	2.473.466	Increased 10,44%
31/5/2021	3.216.828	Increased 30,05%
30/4/2022	5.177.240	Increased 60,94%

A number of domestic and foreign stock trading accounts. (Source: Vietnam Securities Depository Center, 2022).

It can be seen from the table that the number of new securities trading accounts open in Vietnam in the following year tends to be higher than the previous year. Compared to the same period in about five years, the number of newly opened domestic and foreign stock trading accounts has increased by 292%. That shows Vietnam's stock market's great attraction to domestic and foreign investors. However, it can be seen that the vast majority of Vietnamese investors who follow the crowd often do not have a deep understanding of the economic or the regulations of Vietnam Securities Law. Clear evidence is that many investors immediately sign a contract with a securities company to provide services such as securities brokerage, investment consulting, etc., with only a glance at the contract. Perhaps, the common sense of these investors is only looking at the growing tendency of the stock market and the likely easy money-making chance. At the same time, they are enticed by their friends,

relatives and, with a quick profit-seeking desire that they, rush to stock investment. When the stock market is very active, most hasty investors fear losing the opportunity to surf if they do not buy quickly. Therefore, it is said that "people who have money want to invest for more while they are very unprofessional or affected by the crowd effect. That is, their greed is not reasonable" ([Dan Tri Online Newspaper, 2021](#)).

Besides, it can be seen that many Vietnamese people tend to join in fun activities with prizes. That is why lottery, gambling, and betting have been booming and attracting many people. Also, the composition of players is quite diverse, ranging from young to old or from farmers, workers, freelancers to artists and even intellectuals. Gambling can exist and develop because of the psychology of many Vietnamese people who want to get rich quickly but do not want to work hard. Alternatively, it is also the influence of the jealousy of the people around them, so many people want to work less but gain more and have to become rich quickly. In other words, some Vietnamese people want to get rich from gambling. However, this has significantly contributed to the psychology of stock investment if those invested in the stock market.

Research shows that "most stock price is up and down, the fluctuation does not reflect the company's business and production performances, but mainly due to psychological factors of investors in the market... the "following the crowd" trend still dominates." ([Pham, 2007 1](#)) This type of investor often thinks that stock investment is like buying lotteries, so they buy stocks and wait for chances to change their lives and get rich quickly. Vietnam's stock market is then like a casino for gamblers in that "it's a money-making machine that grinds money, kneads money and makes money everywhere..." ([Pham, 2007 4](#)). However, F0 investors in Vietnam do not know that the stock market is very sophisticated and complicated organized. Success or failure in the stock market can occur very quickly and unexpectedly. Therefore, if the investors do not have a basic knowledge of economics or do not understand securities law and especially securities investment skills, they mostly become empty-handed and must leave the market. Stock investment for these is similar to gambling.

Precisely, the stock buyers based on rumours or follow the crowd are not real investors or speculators but just "stock players" like the way they are buying lotteries for luck. Real stock investors usually have a deep understanding and knowledge and many experiences; they even live only on the dividends from the investment. Since "investment in the most general sense is the process of using current resources to gain some benefit in the future" ([Nguyen, 2006](#)), investment in general and stock investment, in particular,

should be in the long term with a deep understanding of the field. So that is why in capitalist countries, the stock market is defined as a long-term investment market, unlike Vietnam, with snatching behaviour in a short period and a surfing style. That is also why, in countries like the United States, Taiwan. The number of stock investors is vast. The number can be as much as one-third of the total population in these countries. This helps these stock markets to develop safely in the long term because most of the capital contributed to the market is of medium and long-term investment. However, in Vietnam, with the snatching and surfing behaviour, the source of investment capital in the stock market is constantly fluctuating, which significantly impacts the stability and long-term development of the market. Unlike stock investors, stock speculators are usually experts in the market and usually only hold a certain number of shares in a short time, wait for the bid, and ask spread to profit from surfing. Thereby, most investors in Vietnam's stock market are mainly "stock players" with participation from the enticement, advice, and considering stock investment as gambling.

"One of the reasons for the "herd behaviour", "following the investment movement", and "snatching" is due to the limitation of Vietnamese investors' understanding. That can be seen when a new strange promising business, industry or production field emerges (once the business of internet game, pawnshop, real estate brokerage, multi-level business, etc., was prevalent), it then will spread very quickly" ([Nguyen, 2017](#)). As mentioned above, that is the consequence of the lack of knowledge and the desire to get rich quickly, as well as common sense that many Vietnamese people would instead learn by doing than studying thoroughly before investment or production and business. Because of "following the investment movement", the "followers" and "the imitators" do not master the key factors or the specific regulations of the industry or field that they invest or do business in, which may lead to a great chance of failure. The success of new investors sometimes relies on luck. If those fail, the majority blame it for being unlucky" ([Nguyen, 2017](#)). The psychology and actions of many Vietnamese investors also result from their nature of being conservative, inflexible with limited knowledge, lazy to study, and the habit of blaming others for failure or avoiding responsibility. In fact, "doing business is a widespread movement" in Vietnam ([National Economics University, 2011](#)). It may be the ingrained habit of investors in general and stock investors in particular.

After all, the stock bubble in Vietnam was formed by investment psychology's desire to grab and follow the movement by herd behaviour and from the ignorance of many small, inexperienced investors. Therefore, in

Vietnam's present stock market, savvy investors with significant capital resources often take advantage of the panic and ignorance of inexperienced ones to create a short-term stock wave to confuse the market for profit. Therefore, it is often considered a convenient and accessible market for big investors to appropriate the capital of the small ones. In other words, in Vietnam's stock market, investors claim each other's wealth "through inflated prices" of securities. So it is not surprising that recently "stock prices increased by more than 635% in just over a month of consecutive increases despite the market's record decline" ([Vnexpress, 2021](#)). When the stock market falls into recession or crisis, many small investors who follow the movement with the herd behaviour quickly lose part of their capital or, more seriously, fall into debt, or bankruptcy, become frauds and run away. The instability of the stock market directly impacts the stability and development of Vietnam's economy and dramatically affects many people. Therefore, to maintain the stock market's strength and protect the legitimate rights and interests of investors, the legal system on securities should play a significant role.

Thereby, it can be seen that the psychological factors of investment greatly influence and affect the investment decision of many Vietnamese securities investors. Many investors join the stock market just because of the temptation, seduction or being manipulated, and the greed to get rich quickly and easily. That contributes to the fact that Vietnam's stock market often has short-term investment waves and promptly falls into recession and crisis. In other words, the Vietnamese stock market is quite volatile and has implicit risks for new investors in the market.

2. Shortcomings in The Current Legal System on Securities of Vietnam

- Lack of transparent public information in the market

For enterprises, "information is considered the fourth fundamental resource of every organization, every enterprise" ([Academy of Finance, 2008](#)). As for the stock market, "it can be said that the stock market is the market of information. Investors decide to buy and sell stocks depending on the information in the market" ([Le Et AL, 2015](#)). Therefore, stocks often carry a lot of risk for any investor. Correct, accurate, adequate, and timely access to information and the ability to process information always play a decisive role in the success or failure of investors. Therefore, to reduce the risks and protect the legitimate rights and interests of the investors, the Law on Securities 2019 of Vietnam stipulates quite clearly the information disclosure principles on the

stock market in which the disclosure of information on the stock market in Vietnam must be organized and implemented following the legal framework. Article 119 of the Law on Securities in 2019 states that the disclosure of information shall be done based on the following principles: (i) Information disclosed must be adequate, accurate, and timely; (ii) The disclosing entities are legally responsible for the information they disclose. In case of changes to the disclosed information, the disclosing entity shall promptly announce the changes and the reasons for those changes; (iii) Some disclosing entities, when disclosing information, shall simultaneously send information disclosure report to the State Securities Commission and the organization at which the securities are listed or registered; (iv) An organization's information shall be disclosed by its legal representative or the authorized spokesperson. An individual's information shall be disclosed by themselves or by an organization or individual authorized by the individual; (v) The subject to disclose information is responsible for preserving and keeping the published and reported information following the provisions of law.

Compared with the provisions on information disclosure in the Law on Securities 2006 (amended and supplemented in 2010), the Law on Securities 2019 has relatively complete, detailed and precise principles on information disclosure on the stock market. While the Law on Securities 2006 (amended and supplemented in 2010) stipulates information disclosure in Chapter VIII from Article 100 to Article 107, and there were no principles of information disclosure in this chapter, The Law on Securities 2019 continues to regulate information disclosure in Chapter VIII from Articles 118 to 128. In addition, the entire Article 119 has been dedicated to information disclosure principles. Therefore, this significantly improves information disclosure on securities law in Vietnam. This also shows that Vietnam's Law on Securities has always been very concerned and regularly revised flexibly and promptly to conform to the stock market. On the other hand, this also shows the uniquely important role of information disclosure in Vietnam's stock market. This is one of the essential bases to attract domestic and foreign investors to invest in Vietnam's stock market.

However, the practice of information disclosure on Vietnam's stock market shows that, in many situations, small retail investors have become panicky when they rush to buy or sell the shares they hold. This causes sudden up and down prices and huge losses for them. Besides, it should be mentioned that the information processing ability of many investors is still minimal. Therefore, in many cases, the rumours among investors are more valuable than information officially published by competent agencies and organizations.

Experienced investors then easily take advantage of these weaknesses. They spread false and misleading rumours about the performance of the issuers or "key members and leaders of issuers" ([Vnexpress online newspaper, 2013](#)). These consequences have shaken Vietnam's stock market and caused heavy losses to small retail investors lacking information and investment experience. In other words, false information has caused severe financial panic and heavy losses for Vietnamese investors ([Youth Online Newspaper, 2021](#)).

In addition, "according to the law, the entities shall fully accurately and promptly provide periodic and irregular information through the mass media. The Stock Exchange shall disclose information about securities trading on the market. Issuing organizations and listed organizations publicly disclose information about the company's annual financial and business operation, irregular occurrences of the company, and the stocks holding by the managers and executives of the company, of the majority shareholders" ([Le, 2015](#)). However, according to Clause 45, Article 4 of the Law on Securities in 2019, for "internal actors" (those holding important positions in the management and administration apparatus of enterprises, public funds, public securities investment companies...) since they have "internal information", if they intentionally disclose "unpublished" which may affect its securities price if published" ([Securities Law, 2019, Clause 44, Article 4](#)), they can quickly gain massive profits from exploiting them before small and retail investors can receive the information. For example, the Chief Accountant of a public company knows that the company's current financial situation is horrible and has to pay a lot of due debts shortly; creditors may request the Court to open bankruptcy proceedings, and he may secretly disclose inside information about the possibility of the company's bankruptcy to a few close people so that these investors can promptly sell-off all of their massive number of shares before they go bankrupt. And most likely, due to inaccurate information, many small and retail investors make a wrong judgment and accidentally buy these. Of course, if the company goes bankrupt, these investors will have to bear all the losses. Or, more tricky, those who know inside information can pretend to buy a lot to deliberately inflate the price of that stock for some consecutive sessions to deceive and attract the investors to follow them and then quickly get the capital of these new investors by selling at high prices and of course not repurchasing them. However, since the legal system is not strict and precise about managing published information and the sanctions for handling its violations, this phenomenon has been quite common for a long time. This causes heavy loss to the new trim and retail investors and affects Vietnam's stock market's stability, sustainability and reputation. Therefore, it can be seen that Vietnam's stock

market is a market of information. In many situations, the unexpected changes in the value of securities directly depend on the completeness, accuracy, transparency, and clarity of published information. The amendment of the legal system on securities information disclosure still has many limitations and inadequacies, so serious violations may occur quickly, significantly affecting the legitimate rights and interests of securities investors. In addition, the lack of transparency of information disclosure on the stock market is a factor that substantially affects the investment psychology of securities investors in Vietnam.

- Lack of stability, sustainability and long-term in the Law on Securities

In the period of over ten years from 2006 to 2019, the securities laws of Vietnam have been amended, supplemented, or promulgated three times in 2006, 2010 and 2019. Consequently, the sub-law (guiding document) system for implementing securities law must be revised and updated with quite wordy and complicated explanations of the implementation, application, and enforcement. This is also one of the reasons leading to the disputes in the securities sector and causing difficulties for both domestic and foreign investors in understanding to invest in the market for a long time. Furthermore, the unstable, unsustainable and inconsistent legal system is another essential factor that makes the complex and complicated implementation and makes it hard to build long-term trust for investors.

Another reason for the frequent and continuous adjustment of the securities legal system in Vietnam is due to the predictability and unprofessional management ability of the securities legal system that cannot cover all the market issues. Unlike the developed stock markets in Asia, such as Korea's, which are formed based on the investors' need to buy, sell and exchange, the legal system is subsequently enacted primarily to recognize and protect such relationships. That means the Law on Securities of Korea is mainly enacted to regulate issues to heighten the freedom and volunteer of the investors to buy, sell and exchange securities. Investors themselves form Korea's stock market, and the law only ensures the existence and operation of the market. Therefore, Korea's stock market develops very professionally and rarely needs to be regularly and continuously revised like that in Vietnam. The Law on Securities in Vietnam is often adjusted for many reasons, but unlike Korea, the legislators form Vietnam's stock market. Or it can be said that, in Vietnam, legislators design the stock market for investors, issuers, and intermediaries to conduct securities transactions. Investors do not create it, but legislators intend to raise business capital and have additional revenue from

taxes to the State. Therefore, the professionalism and modernity of the Vietnamese stock market are still relatively low with the limited experience in organization and operation. This is also why the Law on Securities in Vietnam must be continuously revised to adapt to market developments timely. However, that has hindered investors' freedom to do business and made Vietnam's stock market unprofessional and less attractive to foreign investors. In fact, "for each investor, the stable and consistent legislation has created a safe investment environment and at the same time created attractiveness for them" ([Nguyen, 2016](#)).

D. DISCUSSION

In the current stage of economic development, "most countries in the world have an open economy. The modern world economy is increasingly closely linked countries together" ([Pham, 2011](#)). Moreover, "the degree of interdependence between Vietnam's economy and the world's is increasing" ([Le, 2009](#)). Besides, "after many years of integration, Vietnam has been a member of many large organizations and economic forums worldwide, such as ASEAN, APEC, ASEM, WTO or more recently CPTPP, EVFTA, and has also participated in many FTAs with some other countries" ([Nguyen, 2020](#)). Therefore, Vietnam's stock market plays an increasingly important role in mobilizing capital for economic development and, at the same time, opening an investment environment to attract foreign investors.

The stock market is "one of the channels for capital accumulation" in capitalist countries" ([Pham, 2004](#)). "Because the stock market attracts investment capital and has excellent profitability. In these countries, the stock market greatly contributes to the economy" ([Nguyen, 2019 2](#)). As a developing country, if Vietnam wants to develop its economy, it is necessary to have a stable financial and monetary system, in which the stock market is a significant financial section. Therefore, the authors believe that to protect the legitimate rights and interests of domestic and foreign investors in Vietnam's securities market and ensure the market's safety and sustainability. The following solutions should be considered:

Firstly, dealing with inaccurate information that affects the transparency of the stock market:

"Information plays a significant role in activities on the securities market. Information is the basis for investors to consider and make their investment decisions. To ensure fairness, investors must have equal access to

market information. This source of information shall be publicly available" ([Hanoi Law University, 2012](#)). On the other hand, "the more publicly and transparently disclosed information is, the more investors are attracted to the stock market" ([Pham The Anh, 2007 2](#)). And as analyzed, the problem of non-transparent information is one of the significant risks for Vietnam's stock market.

In Vietnam, many people compare stock investment to gambling because winning and losing depend greatly on luck. Therefore, the non-transparent information has dramatically affected the legitimate rights and interests of the investors. In addition, "securities are adventurous and risky investments" ([Nguyen, 2021](#)). Therefore, the disclosure of inside information or the deliberate act of spreading false rumours to significantly affect the value of securities can cause serious effects, impacts and damages on the securities companies, small, retail and uninformed investors. Therefore, to prevent, deter and deal with the exploitation and use of information to manipulate the stock market, the Criminal Code 2015 (Amended and Supplemented In 2017) stipulates some offence titles, such as using internal information for trading Provision of false information or concealment of information in securities activities: "Article 209. Provision of false information or concealment of information in securities activities

1. Any person who deliberately provides false information or conceals information in the offering, listing, trading securities, market organization, registration, depositing, clearing, or paying for securities in any of the following cases shall be liable to a fine of from VND 100,000,000 to VND 500,000,000 or up to 02 years' community sentence or 03 - 24 months' imprisonment: a) The loss incurred by investors is from VND 1,000,000,000 to under VND 3,000,000,000; b) The illegal profit reaped is from VND 500,000,000 to under VND 1,000,000,000; c) The offender previously incurred a civil penalty for the same offence.

2. This offence committed in any of the following cases shall carry a fine of from VND 500,000,000 to VND 2,000,000,000 or a penalty of 01 - 05 years' imprisonment: a) An organized group commits the offence; b) The illegal profit reaped is VND 1,000,000,000 or over; c) The loss incurred by investors is VND 3,000,000,000 or over; d) Dangerous recidivism.

3. The offender might also be liable to a fine from VND 50,000,000 to VND 200,000,000 and be prohibited from holding certain positions or doing particular works for 01 - 05 years. 4. Punishments incurred by a corporate legal entity that commits any of the offences specified in this Article: a) A corporate legal entity that commits this offence in the case specified in Clause 1 of this

Article shall be liable to a fine of from VND 500,000,000 to VND 2,000,000,000; b) A corporate legal entity that commits this offence in the case specified in Clause 2 of this Article shall be liable to a fine of from VND 2,000,000,000 to VND 5,000,000,000; c) The violating corporate legal entity might also be prohibited from operating in particular fields or raising capital for 01 - 03 years.

Article 210. Use of internal information for trading securities

1. Any person who has information about a public company or public fund which has not been published and could remarkably affect the securities price of that public company or public fund but uses such information to deal in securities or discloses it or provides it for another person for trading securities and earns an illegal profit of from VND 300,000,000 to under VND 1,000,000,000 or causes a loss to investors of from VND 500,000,000 to under VND 1,500,000,000 shall be liable to a fine of from VND 500,000,000 to VND 2,000,000,000 or face a penalty of 07 - 36 months' imprisonment.

2. This offence committed in any of the following cases shall carry a fine of from VND 2,000,000,000 to VND 5,000,000,000 or a penalty of 02 - 07 years' imprisonment: a) An organized group commits the offence; b) The illegal profit reaped is VND 1,000,000,000 or over; c) The loss incurred by investors is VND 1,500,000,000 or over; d) Dangerous recidivism.

3. The offender might also be liable to a fine from VND 50,000,000 to VND 200,000,000 and be prohibited from holding certain positions or doing particular works for 01 - 05 years.

4. Punishments incurred by a corporate legal entity that commits any of the offences specified in this Article: a) A corporate legal entity that commits this offence in the case specified in Clause 1 of this Article shall be liable to a fine of from VND 1,000,000,000 to VND 5,000,000,000; b) A corporate legal entity that commits this offence in the case specified in Clause 2 of this Article shall be liable to a fine of from VND 5,000,000,000 to VND 10,000,000,000; c) The violating corporate legal entity might also be prohibited from operating in particular fields or raising capital for 01 - 03 years.

Article 211. Manipulation of securities market

1. A person who deliberately commits any of the following acts and earns a profit of from VND 500,000,000 to under VND 1,500,000,000 or causes a loss to investors of from VND 1,000,000,000 to under VND 3,000,000,000 shall be liable to a fine of from VND 500,000,000 to VND 2,000,000,000 or face a penalty of 06 - 36 months' imprisonment:

...

d) Trading securities by conspiring with another person or persuading another person to continuously place securities purchase and sale orders to remarkably affect the demand, supply, and securities prices or manipulate securities prices;

dd) Offer opinions, whether directly or via the media, about a type of securities or securities issuer to affect the cost of that type of security after a transaction has been made to have an advantage.

..."

However, the authors believe that the penalty frame for these crimes is less severe than the damage they cause since those who intentionally publish or disclose information illegally can be immensely profitable. Or it can be said that the current penalty framework of Vietnam is still not strict enough to deter and punish those who intentionally violate the obligation to disclose information. For example, a securities issuer has a market capitalization of tens of thousands of billion dong. Still, he who deliberately spreads false information is only fined a maximum of a few years in prison plus a few billion dongs. The punishment does not seem commensurate with the violation's consequences. Moreover, it is often challenging and complicated to detect the subject spreading false rumours or intentionally disclosing inside information because of the sophistication and ingenuity of these and not enough grounds to accuse them. Therefore, according to the authors, for the information disclosed on Vietnam's stock market to become apparent, transparent, complete, accurate, timely and fair for all investors, it is necessary to carry out synchronous measures as the followings:

- It is necessary to expand the scope of criminal components and strengthen the penalty framework for crimes related to the use of internal information, spreading false rumours that seriously affect the securities market in the Penal Code of Vietnam because it is the most effective tool to deter, prevent the violations of the obligation to disclose information on the stock market. Furthermore, severe punishment means that the offenders will fear and reduce the breach of the securities law.

- The inspection, examination and supervision of the stock market activities and especially for information disclosed on the market, should be strengthened. However, this can only be done efficiently with a team of inspectors and supervisors with sufficient capacity, qualifications and good ethical qualities. Therefore, it is necessary to pay more attention to training and

retraining the staff and having a reasonable remuneration regime to encourage and improve their responsibility for duty.

- More information channels should be built to receive news quickly from individuals, agencies and organizations for competent state management agencies in the securities field when there are violations in the information disclosure on the stock market.

Secondly, building and perfecting Vietnam's securities legal system

As analyzed, the securities legal system in Vietnam has often been revised and changed. In other words, there is no long-term sustainability and stability in the legal system, so this causes many difficulties not only for state management agencies but also for domestic and foreign investors, who feel less confident in Vietnam's stock market. Compared to the countries with the most advanced and modern securities legal systems in the world, like the United States, Great Britain, France, Germany, etc., it can be seen that the legal systems in these rarely change. Of course, there are sometimes adjustments when necessary, but the change seems to take a long time. In contrast, in Vietnam, the Law on Securities and other significant ones such as the Penal Code, the Civil Code, the Labor Code, the Enterprise Law etc., are also regularly revised, supplemented, or promulgated a new one. Therefore, it takes about 5 to 7 years for a law to be modified with amendments and supplements and about ten years for a new law to be promulgated. This causes a lot of shortcomings and inadequacies because investors often encounter too many changes and have to follow new regulations constantly, even though the current ones have just been newly issued and implemented in a short period. Thereby, the authors believe that, for the construction of the securities legal system in Vietnam, it is necessary to minimize the amendment, supplement, or new issuance in a short period. To do this, Vietnamese legislators need to be constantly renewed their way of thinking. They must do research and learn experiences in building securities laws from countries with advanced legal science. These also have developed stock markets such as Great Britain, China, Korea, Japan etc.

On the other hand, the issue of determining the competence of agencies that enact by-law documents on securities, such as the Government, the Ministry of Finance, the State Securities Commission etc., also needs to be considered. For the authors, there should be a narrow down the scope of promulgate authority. This aims at preventing the state agencies from arbitrarily promulgating by-law documents and then having to correct mistakes and shortcomings of previously issued ones. The authors believe that the authority to enact by-law documents in the field of securities in Vietnam should

not be given to too many agencies in the current situation. Still, they should only be assigned to a single agency responsible for managing securities issues, namely the State Securities Commission. In this way, it will be more accountable for developing and issuing sub-law documents on securities. At the same time, the status and role of the promulgated by-law documents become more valuable and essential. Only by doing so will it protect the legitimate rights and interests of securities investors and enhance the stability, long-term sustainability and reputation of Vietnam's stock market.

E. CONCLUSION

The psychology of securities investment of Vietnamese stock investors is often affected by many different factors. Among those, the main ones are following the crowd and these investors' limited understanding and experience. Moreover, it must be affirmed that the information on Vietnam's stock market is still unclear. In many cases, false information has caused panic and unpredictability for investors who lack knowledge and experience. Therefore, managing and regulating information disclosure on the stock market by law in Vietnam becomes even more critical. Thereby, essential solutions such as handling inaccurate information that affects the transparency of the stock market and the way to build and perfect the securities legal system of Vietnam are quite suitable for the current circumstance in Vietnam. Only in this way can we ensure the safety and fairness for all investors and maintain the transparency, publicity and credibility of Vietnam's stock market.

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