

## Credit Insights

# New Public Bond Rules: A Boost for Issuance and Issuer Diversity, but Risk Standards Still Undermine Market Resilience

Effective September 11, 2025, new rules<sup>1</sup> governing public bond issuances in Vietnam introduce a 5x liabilities-to-equity leverage cap, streamline approval for credit institutions, and cut the process time for secondary market trading after registration from 90 to 30 days. Most notably, all public bond issuances—regardless of size—must now carry a credit rating at either the issuer or bond level, unless exempted by credit institution status or full guarantees.

We expect these changes to serve as a catalyst for improving efficiency and discipline in market practices, laying the groundwork for a more resilient bond market. Over time, issuers should gain faster, more flexible access to capital, while investors benefit from clearer risk signals and a more diverse range of investment options.

The new leverage cap adds to a broader set of financial soundness criteria that issuers must meet - capital adequacy, profitability, and no overdue debt. Based on our analysis of 1480 listed and UpCOM-registered companies, about 75% already meet the new requirements and are eligible to issue public bonds under the new framework. We expect the bond market to gradually pivot toward issuers with stronger balance sheets and more resilient cash flows. This shift marks a clear departure from the 2022–2023 liquidity crisis, which saw an unprecedented surge in bond defaults by debt-laden issuers with poor cash flow.

Streamlined regulatory and administrative processes are set to accelerate bond issuance timelines and boost market liquidity. The decision to mandate credit ratings for future public bond issuances marks a pivotal shift - years after the government first outlined this goal in its corporate bond market roadmap released in 2017<sup>2</sup>.

Yet, the current coverage remains limited: Vietnam's five licensed domestic credit rating agencies rate just 89 issuers and nine bonds, covering just 23% of issuers and 0.4% of outstanding bonds. This gap underscores the urgency—and opportunity—for mainstream uniform adoption of credit ratings.

If applied consistently and systematically for risk assessment and pricing - mirroring more-developed regional domestic bond markets where mandatory bond-level ratings were introduced since the 1990s - credit ratings will strengthen transparency and market reliability. As confidence builds among issuers and investors, Vietnam's bond market can transform and be better positioned to support more sophisticated financing structures and foreign investors.

The new rules exempt certain groups of issuers and bonds from either the leverage cap or the mandatory credit rating requirement, or both. While such waivers may stimulate market activity, they also risk entrenching uneven standards that may result in fundamental issues persisting - overlooked and unaddressed.

Specifically, the exclusion of credit institutions and guaranteed bonds from mandatory ratings—and the absence of compulsory bond ratings—should not be mistaken for risk-free status. These instruments still carry credit risk that must be rigorously assessed and priced. Bondholders must assess the strength and structure of credit guarantees and closely monitor the financial health of guarantors throughout the bond duration.

Today, risk-based pricing remains a critical blind spot. As Vietnam's bond market expands—with more issuers and increasingly complex instruments—the absence of a comprehensive market reference yield curve is a growing constraint. Without standardized benchmarks, investors struggle to compare bonds and determine fair value, heightening uncertainty and increasing the risk of capital misallocation. Building robust pricing mechanisms is no longer optional—it's foundational to market integrity and investor confidence.

<sup>1</sup> [Decree 245/2025/NĐ-CP](#) (Decree 245) amending Decree 155/2020/NĐ-CP (Decree 155)

<sup>2</sup> [Decision 1191/QĐ-TTg: Road map for development of bond market in the 2017 – 2020 period with a vision by 2030](#)

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**Exhibit 1: Summary of key changes in Decree 245 related to Vietnam's corporate bond market**

Key contents	Decree 155	Key changes in Decree 245
 <b>Credit rating requirement</b>	<p>Public bond issuance must have a credit rating if:</p> <ul style="list-style-type: none"> <li>» The total value of bonds issued at par value within any 12-month period exceeds VND 500 billion and is greater than 50% of the issuer's equity</li> </ul> <p>OR</p> <ul style="list-style-type: none"> <li>» The total outstanding bond debt at par value at the time of registration for public offering exceeds 100% of the issuer's equity</li> </ul>	<p>Change to:</p> <ul style="list-style-type: none"> <li>» The issuer or the bond registered for public offering must have a credit rating regardless of issuance size.</li> <li>» The exclusion included bonds issued by credit institutions (banks and consumer finance companies) and bonds fully guaranteed by domestic and foreign credit institutions</li> </ul>
 <b>Independent credit rating agency definition</b>	<ul style="list-style-type: none"> <li>» A credit rating agency that is granted a Certificate for business operations by the Ministry of Finance.</li> </ul>	<p>Add:</p> <ul style="list-style-type: none"> <li>» Moody's, Standard &amp; Poor's, Fitch Rating.</li> </ul>
 <b>SBV's approval requirement</b>	<ul style="list-style-type: none"> <li>» Public bond offerings by credit institutions must include written approval from the SBV for the issuance plan</li> </ul>	<p>Remove this requirement</p>
 <b>Timeline for registration to secondary trading</b>	<ul style="list-style-type: none"> <li>» The time from regulatory approval to market trading is 90 days</li> </ul>	<p>Reduce to 30 days</p>
 <b>Leverage threshold</b>	<ul style="list-style-type: none"> <li>» An issuer must meet capital requirements, show profitability, and have no overdue debts per the Securities Law 2024</li> </ul>	<p>Add:</p> <ul style="list-style-type: none"> <li>» (1) Total liability, including bond proceeds, does not exceed 5 times the issuer's equity. Except for state-owned enterprises, real estate businesses, credit institutions, insurance companies, securities firms, and fund management companies.</li> <li>» (2) For multiple tranches issuance, each tranche's par value cannot exceed the issuer's equity.</li> <li>» Exceptions for (1) and (2) apply to bonds fully guaranteed by a credit institution or foreign financial institutions</li> <li>» Bonds with refinancing purposes are not included in (1).</li> </ul>

Source: Decree 245/2025/NĐ-CP (Decree 245) amending Decree 155/2020/NĐ-CP (Decree 155); VIS Rating

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