

Securities Sector

Strengthening Foundations: How Financial Safety Ratio Reforms Support Risk Discipline and Prudence in Business Growth

On 27 October 2025, the Ministry of Finance (MOF) released revisions to the financial safety ratio (FSR) requirements for securities firms. While the minimum FSR (i.e. capital-to-risk-weighted-assets ratio) of 180% remains unchanged, the updated framework introduces significantly higher risk weights across key asset classes—including corporate bonds, receivables, and equity investments. Additionally, firms must now fully deduct capital for defaulted investments.

We view these changes as credit positive for the sector. The revised rules are designed to steer business growth toward lower-risk activities, curb excessive risk-taking, and mitigate concentration risks. They serve as a timely reminder of the importance of prudent business growth and robust risk governance, especially amid buoyant investor sentiment and rapid expansion.

Risk weights have increased notably for higher-risk asset classes (Exhibit 1). These include:

- Corporate bonds: maximum risk weights raised to 45% (from 40%); now tiered by credit rating
- Large customer advances: raised to 50% (from 8%)
- Business cooperation contracts (BCCs): maximum of 150% (from 100%)
- Equity investments in limited liability companies: now count towards single entity exposure limit; if limit is breached, exposures will incur an additional 30% risk weight

From 2020 to 9M2025, total assets of the top 30 securities firms by assets grew at a compound annual growth rate (CAGR) of 34% (Exhibit 2). Many firms—often affiliated with private banks—have actively financed large corporates, particularly in real estate and renewable energy, through corporate loans, bond investments, and margin lending. However, recent legal challenges and bond defaults among some large corporates have heightened credit risk exposure.

Banks' increasing reliance on securities subsidiaries to expand profits amplified spillover risks. Their expansion into securities services has led to greater credit concentration in large corporates, raising operational vulnerabilities and susceptibility to single-name credit events. Over the past three years, private bank-affiliated securities firms have gained significant market share by assets, supported by substantial capital injections (Exhibit 3).

Despite the regulatory tightening, the near-term impact on business growth is expected to be limited. Most securities firms maintain FSRs well above the 180% threshold (Exhibit 4), including the six publicly rated by VIS Rating: [MB Securities Joint Stock Company](#) (MBS, A+ Stable), [Sai Gon - Ha Noi Securities Joint Stock Company](#) (SHS, A Stable), [VNDIRECT Securities Corporation](#) (VND, A- Stable), [AIS Securities Joint Stock Company](#) (AIS, A- Stable), [Tien Phong Securities Corporation](#) (TPS, BBB Stable), [UP Securities Joint Stock Company](#) (UPS, BBB- Stable).

Firms focused on margin lending (e.g., MBS) and proprietary trading in liquid equities (e.g., SHS) remain well-positioned, with ratios ranging from 550% to 650% in 1H2025. Meanwhile, firms with greater exposure to corporate bonds (e.g., VND, TPS) are actively raising capital to strengthen loss-absorption capacity and support continued growth.

We expect the revised regulation will guide firms toward core activities, such as margin lending and fixed-income operations, while curbing non-core exposures, such as BCC receivables. Our analysis indicates that several firms hold significant BCC receivables, often linked to lending to corporates with weak cash flows, high leverage, and histories of bond defaults—posing elevated credit loss risks.

Importantly, the regulation now incorporates credit ratings—whether from international or domestic credit rating agencies—as a basis for determining risk weights on corporate bond investments. This aligns with the 2024 Securities Law, which mandates credit ratings for bond issuance and enables greater transparency for risk differentiation, particularly for firms specializing in bond investment and distribution.

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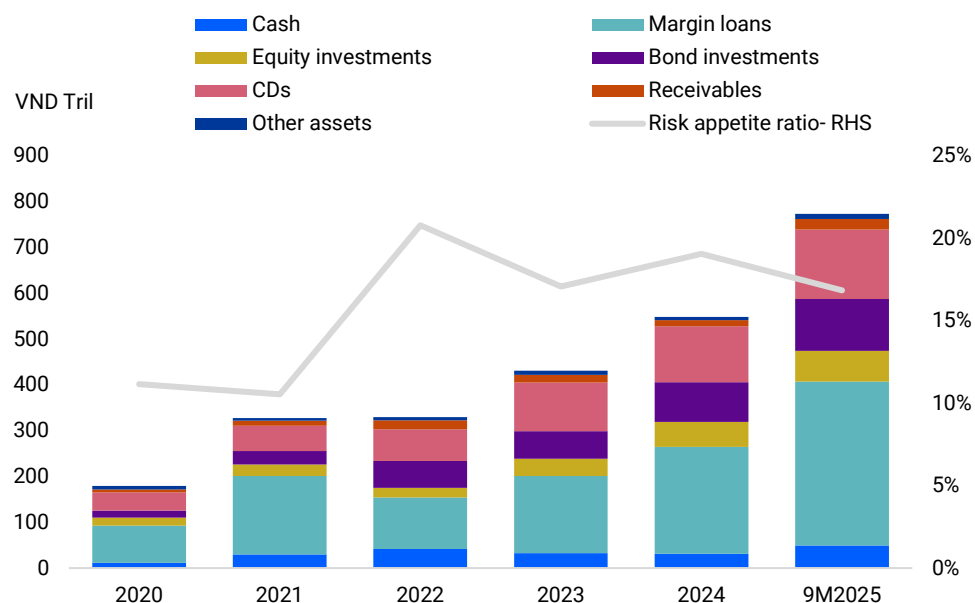


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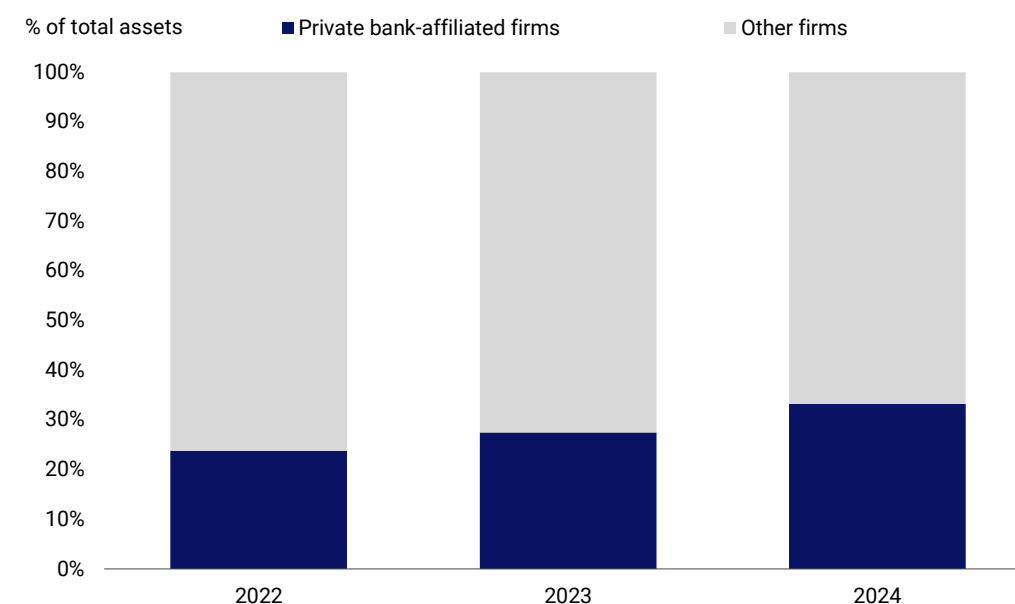
Exhibit 1: Summary of key changes in the revised regulation

Key policies	Details	Implication
 Exposure to higher-risk assets	Increase risk weights for: ➤ Corporate bond investments to 0–45% from 3–40%, based on credit ratings, issuer type, and tenor. ➤ High-risk receivables – such as BCC, real estate deposits: up to 150% (from ~100%) ➤ Large customer advances (e.g., accounting for 2-5% of total equity) from 8% to 50%. If counterparties default, the full credit loss will be deducted from firms' available capital	➤ Allow firms to operate on a risk-based approach using credit ratings ➤ Steer firms toward core margin lending and fixed-income operations, restricting non-core business activities
 Concentration risk	➤ Adding up to 30% risk weight on equity investments in limited liability companies when total investments in a single entity exceed 25% of securities firms' equity	➤ Mitigate concentration risk. This expands previous rules that applied only to stocks and bond investments.

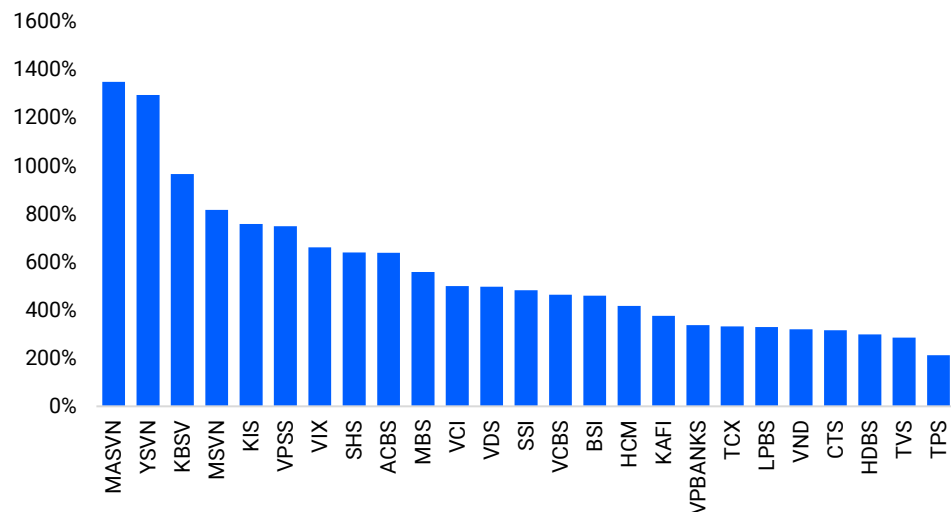
Source: MOF, VIS Rating

Exhibit 2: Rapid expansion in core margin lending and bond investments in Vietnam securities sector

Note: Data includes top 30 securities firms by assets, covering around 90% of total sector assets; Risk appetite ratio is calculated as total higher-risk assets, including corporate bonds, unlisted shares, overdue margin loans and receivables, and off-balance sheet exposures, divided by tangible assets
Source: Company data VIS Rating

Exhibit 3: Growing size of private bank-affiliated firms due to significant capital injection

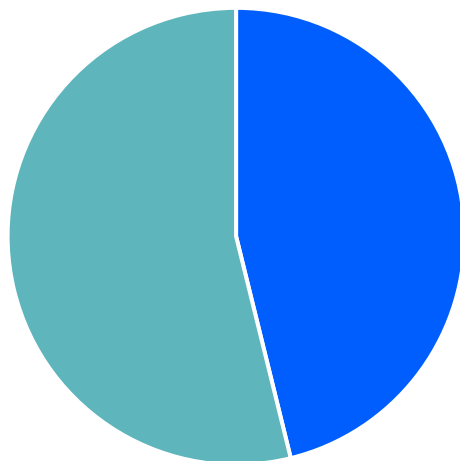
Note: Data includes top 30 securities firms by assets, covering around 90% of total sector assets
Source: Company data, VIS Rating

Exhibit 4: Most firms' financial safety ratios exceed regulatory limits of 180% in 1H2025

Source: Company data, VIS Rating

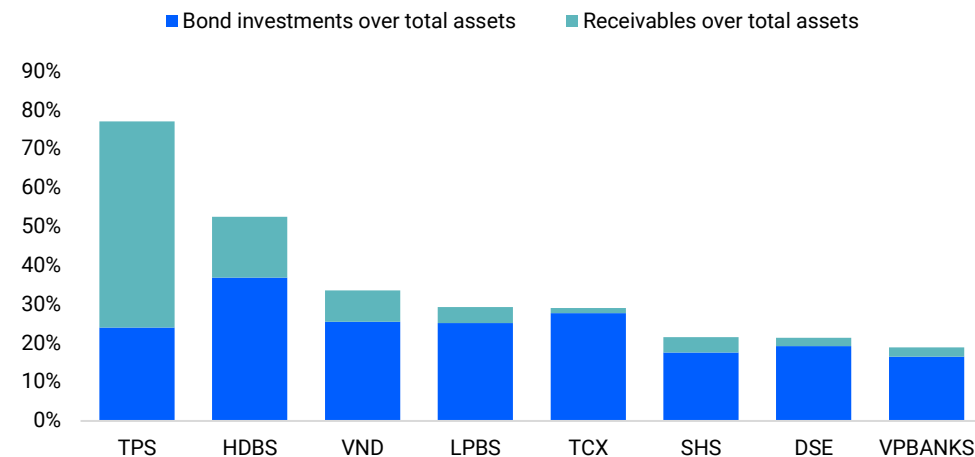
Exhibit 6: VIS Rating coverage: 6 of 13 Publicly Rated Securities Firms

■ VIS Rating ■ Other local credit rating agencies



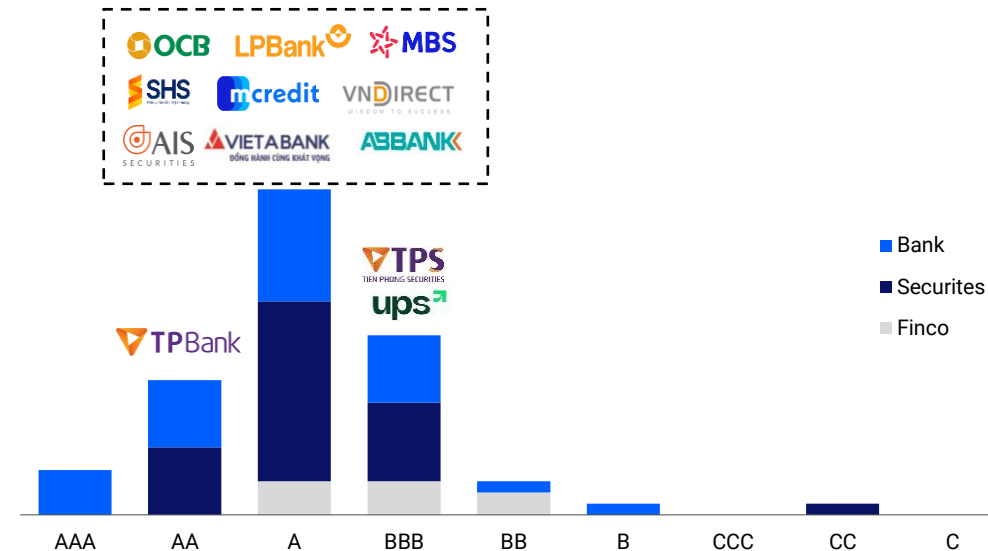
Note: Data as of 11M2025

Source: VIS Rating

Exhibit 5: Firms with sizeable corporate bond exposures will raise new capital to improve loss absorption buffers

Note: Asset structure as of 9M2025

Source: Company data, VIS Rating

Exhibit 7: Preliminary rating distribution for financial institutions in Vietnam

Source: VIS Rating

APPENDIX

The securities firms included in our analysis are as follows:

	Short name	Full name	Classification
1	SSI	SSI Securities Corporation	Large firm
2	TCX	Techcom Securities JSC	Large firm
3	VND	VNDirect Securities Corporation	Large firm
4	HCM	Ho Chi Minh City Securities Corporation	Large firm
5	VPSS	VPS Securities JSC	Large firm
6	MASVN	Mirae Asset Securities (Vietnam) JSC	Large firm
7	VPBANKS	VPBank Securities JSC	Large firm
8	ACBS	ACB Securities Co., Ltd.	Large firm
9	VCI	VietCap Securities JSC	Large firm
10	MBS	MB Securities JSC	Large firm
11	VIX	VIX Securities JSC	Mid-sized firm
12	KIS	KIS Vietnam Securities Corporation	Mid-sized firm
13	SHS	Saigon - Hanoi Securities JSC	Mid-sized firm
14	KAFI	KAFI Securities JSC	Mid-sized firm
15	VCBS	Vietcombank Securities Co., Ltd.	Mid-sized firm
16	ORS	Tien Phong Securities Corporation	Mid-sized firm
17	BSI	BIDV Securities JSC	Mid-sized firm
18	DSE	DNSE Securities JSC	Mid-sized firm
19	KBSV	KB Securities Vietnam JSC	Mid-sized firm
20	CTS	Viet Nam Bank For Industry & Trade Securities JSC	Mid-sized firm
21	FTS	FPT Securities JSC	Small firm
22	HDBS	HD Securities Corporation	Small firm
23	SSV	Shinhan Securities VietNam Co., Ltd.	Small firm
24	TVS	Thien Viet Securities JSC	Small firm
25	VDS	Viet Dragon Securities Corporation	Small firm
26	YSVN	Yuanta Securities Vietnam Ltd Company	Small firm
27	MSVN	Maybank Securities Limited	Small firm
28	DSC	DSC Securities Corporation	Small firm
29	BVS	Baoviet Securities Company	Small firm
30	LPBS	LPBank Security JSC	Small firm

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