

Key Takeaways from the Forum:

Expanding the Investor Base for the Capital Market: Policy Directions and International Experience from Infrastructure Investment Trust Models for Vietnam

The analyses and perspectives in this report are synthesized from the presentations delivered by speakers at the Vietnam Bond Market Forum 2026, co-organized by FiinRatings, FiinGroup, and S&P Global Ratings in Hanoi on April 2, 2026. The speakers included:

- Mr. Bui Ngoc Huyen, Deputy Director, Department of Securities Offering Regulation, State Securities Commission of Vietnam: Presenter on “Policy Directions for Corporate Bond Market Development”
- Mr. Nguyen Ba Hung, Principal Country Economist, Asian Development Bank (ADB): Presenter on “International Experience in Developing Infrastructure Investment Trusts and Implications for Vietnam”

April 24th, 2026

This report does not constitute a credit rating action.

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Key Highlights:

- Current policy direction focuses on establishing a “segmentation” mechanism to improve the investor structure in the corporate bond (C-bond) market. Accordingly, individual investors are being steered toward safer and more transparent products (such as public bonds and investment funds), while participation conditions in the private placement bond market are enhanced through requirements such as credit ratings and payment guarantee/collateral mechanisms.
- Local institutional investors are increasingly encouraged to participate in the C-bond market through the continued development of the legal framework for long-term investment vehicles (e.g. infrastructure bond funds), alongside the consideration of appropriately relaxing certain investment restrictions.
- The new regulatory framework is expanding access for foreign investors. The formal recognition of foreign institutional investors as professional investors, together with improved transparency and the adoption of market standards such as credit ratings is expected to attract foreign capital inflows and strengthen market discipline.
- Key policy reform pillars are being strengthened in a coordinated manner to enhance investor confidence and participation, including improving issuer quality standards, increasing disclosure and transparency, diversifying products, and developing the intermediary ecosystem.
- Developing infrastructure assets and structured financial products will help broaden the investor base. Given the substantial infrastructure investment needs (estimated at USD 10–20 billion annually), which exceed the capacity of the state budget and banking system, the role of the corporate bond market as a long-term funding channel will become increasingly critical. However, to attract institutional investors, it is essential to structure infrastructure products with stable, long-term cash flows and incorporate credit enhancement mechanisms to improve creditworthiness and reduce funding costs.
- International experience shows that “packaging” infrastructure assets into investable products is key to attracting institutional investors. Models such as Infrastructure Investment Trusts (InvITs) in India and infrastructure debt securitization in Singapore demonstrate how long-term assets can be transformed into liquid, highly rated instruments with stable yields. This provides important implications for Vietnam in developing infrastructure bonds, structured products, and guarantee mechanisms to mobilize long-term capital from insurers, investment funds, and foreign investors, leveraging a pipeline of operational, revenue-generating infrastructure projects.

Background: In the context of Vietnam entering a new phase of growth, with ambitions for double-digit GDP expansion and the stock market officially upgraded in line with FTSE Russell standards, the need to deepen capital markets, particularly the C-bond market, has become more urgent than ever. The role of the C-bond market is especially critical as the credit-to-GDP ratio has exceeded 140%, and the banking system is increasingly required to pursue more selective, rather than rapid, credit growth. However, the current investor base, largely concentrated among retail investors and commercial banks, has constrained the effectiveness of this funding channel.

The presentations by Mr. Bui Ngoc Huyen and Mr. Nguyen Ba Hung at the Vietnam Bond Forum 2026 offered two complementary perspectives: one from the domestic policy and regulatory standpoint, and the other from international market experience. Together, they highlighted key policy reform directions, product development priorities, and potential international models and solutions to broaden the investor base and enhance the mobilization of long-term capital in the bond market.

1. Restructuring the Investor Base: Policy Framework Under Implementation

According to Mr. Bui Ngoc Huyen, the investor base development strategy currently being implemented by the State Securities Commission of Vietnam under Decision 3168 of the Ministry of Finance focuses on establishing a segmentation mechanism. This approach aims to channel different investor groups into products that are aligned with their financial capacity, risk tolerance, and ability to assess risks. Key directions include:

Safer Allocation for Retail Investors

The current investor structure in Vietnam's corporate bond market poses potential systemic risks, as retail investors account for a significant share of the private placement bond segment, originally intended for professional investors with strong financial analysis capabilities and higher risk tolerance. To address this issue, the amended Securities Law 2024 introduces new provisions aimed at enhancing investor protection and strengthening market discipline. Under these regulations, individual investors, even those qualifying as professional investors, are only permitted to purchase and trade privately placed corporate bonds if such bonds are credit-rated and backed by collateral or payment guarantees. This policy does not seek to exclude retail investors from the market. Rather, it aims to redirect them toward more suitable products, such as public bonds or professionally managed investment funds, where risks are better structured and managed. This, in turn, helps mitigate systemic risks, particularly during periods of market stress.

Expanding Opportunities for Institutional and Foreign Investors

In parallel with tighter controls on retail participation, the new regulatory framework seeks to expand access for two underrepresented but strategically important investor groups in Vietnam's corporate bond market: foreign investors (currently accounting for less than 1% of holdings) and local institutional investors (with a share of below 30%).

Foreign investors	Local institutional investors
The amended Securities Law 2024 formally recognizes foreign institutions as professional investors for the first time and clarifies their unrestricted investment rights in corporate bonds. Beyond capital inflows, foreign investors also bring higher standards in governance, transparency, and credit ratings, thereby creating meaningful and lasting market discipline.	At the policy level, Decision 3168/2025 sets out targets for the development of the investment fund industry through 2030, while Circular 136/2025 establishes the legal framework for infrastructure bond funds. In addition, several policy measures are currently under consideration, including: increasing investment limits for pension funds in secured corporate bonds; allowing insurance companies to invest in corporate bonds for debt restructuring purposes; and strengthening training and professionalization of investment advisory services.

In addition, Mr. Huyen also highlighted other core policy pillars of the bond market, key factors that are essential for ensuring effective market functioning, deepening market development, and maintaining stability. These pillars also form the foundational conditions for strengthening investor confidence and encouraging broader market participation:

- **Enhancing issuer standards:** Decree 245/2025/ND-CP and the Enterprise Law 2025 introduce a cap on the liabilities-to-equity ratio (≤ 5 times), applied consistently to issuers in both public offerings and private placements (this requirement excludes state-owned enterprises, issuers undertaking real estate projects, credit institutions, securities companies, investment funds, and insurance companies; for private placements, it applies specifically to joint-stock companies that are not public companies). This serves as a “technical safeguard” to prevent bond issuance beyond an issuer’s financial capacity.
- **Product diversification:** The State Securities Commission of Vietnam is finalizing a decree on public issuance of green bonds and developing a dedicated legal framework for public-private partnership (PPP) project bonds. These initiatives aim to expand long-term financing channels beyond traditional bank credit.
- **Information transparency:** From January 1, 2026, mandatory credit ratings will apply to privately placed corporate bonds sold to individual investors; publicly issued bonds under Decree 245 must also obtain independent ratings. For private bonds, issuers are required to separately track proceeds from bond issuance and disclose audited financial statements.
- **Strengthening the intermediary ecosystem:** The professional functioning of the corporate bond market depends critically on the completeness and effectiveness of its intermediary institutions, spanning the full value chain, from underwriters and issuing agents to auditors, valuation firms, and credit rating agencies. With the introduction of the Securities Law 2024 and Decree 245, legal responsibilities across these participants have been tightened, notably including the requirement for a bondholders’ representative for public bonds to provide more substantive investor protection. At the same time, the development of payment guarantee mechanisms is being explored as a key tool to enhance institutional investor confidence and unlock long-term capital flows, grounded in greater transparency and accountability among market intermediaries.

2. Infrastructure as an Asset Class: Opportunities in the Capital Market for Institutional Investors

The effectiveness of regulatory improvements and expanded access for financial institutions will remain limited in the absence of high-quality, scalable investment products. In this context, Mr. Nguyen Ba Hung (Asian Development Bank) emphasized the role of infrastructure as a critical “anchor” asset class for achieving the goal of diversifying the investor base.

Vietnam faces a significant challenge: to meet its infrastructure investment target of 8–10% of GDP in the coming years, the country requires an additional USD 10–20 billion annually. Without diversified funding channels, this demand would place considerable pressure on the banking system. At the same time, given the limited capacity of the state budget relative to the capital demand, leveraging public funds through financial structuring mechanisms, such as risk-sharing and credit enhancement, can mobilize significantly larger pools of capital to finance infrastructure projects and generate sustainable revenue streams. This presents a clear opportunity for the corporate bond market to play a more prominent role in long-term financing and to establish infrastructure as a foundational asset class for sustained market development.

However, infrastructure is a unique asset class characterized by a J-curve revenue profile, with high upfront costs and relatively low initial income, while stable cash flows are only realized once projects are fully operational. With complex risk structures across multiple phases and investment horizons of 15–40 years, infrastructure-based financial products must be carefully structured to align both with the corporate bond market, traditionally based on issuer balance sheets, and with the needs of institutional investors seeking long-term, stable, and predictable cash flows with appropriate credit ratings. These characteristics make infrastructure particularly well-suited for institutional investors, given its ability to support asset-liability matching (ALM).

In practice, the key constraint is not a lack of investment demand, but rather a shortage of well-structured infrastructure financial products. In particular, the market requires robust credit enhancement mechanisms, supported by government participation and multilateral development banks (MDBs), to improve project creditworthiness.

Mr. Hung highlighted internationally proven models that effectively align project financing needs with institutional investor preferences:

Infrastructure Investment Trusts (InvITs) – Lessons from India

The InvIT model, with 12 active funds and a total market capitalization of approximately USD 19.6 billion, is based on converting operational infrastructure assets into listed investment units. By transferring infrastructure assets into a trust structure and distributing over 90% of project cash flows to investors, InvITs create an efficient capital recycling mechanism: project sponsors can accelerate capital recovery and reinvest in new projects; diversified asset portfolios help stabilize cash flow volatility; investors gain access to liquid instruments offering stable long-term yields

Infrastructure Debt Securitization – The Case of Bayfront Infrastructure Management (Singapore)

This model, with six transactions totaling over USD 2 billion in issuance, was developed under the Clifford Capital Holdings initiative, involving participation from ADB, AIIB, and 21 commercial banks. Unlike InvITs, which transfer asset ownership into a trust, the Bayfront model securitizes infrastructure debt from bank balance sheets. By pooling loan portfolios and applying risk tranching, where the highest-risk portion (up to 10%) is absorbed through equity capital, the platform is able to issue bonds rated as high as AAA to the public market. A key feature of this model lies in its credit enhancement mechanism: Bayfront retains the first-loss tranche (around 10%), significantly reducing funding costs while freeing up bank balance sheets to support new infrastructure lending.

Implications for Expanding Vietnam's Investor Base

Vietnam can consider piloting similar investment models to diversify medium- and long-term funding channels and reduce reliance on bank credit. A key priority is the development of debt instruments backed by stable and reliable cash flows. At the same time, advancing green bond issuance and structured financial products would help meet the diverse maturity and risk preferences of investors, particularly large institutional investors with long investment horizons and demand for stable, credit-rated income streams. Supporting elements such as credit ratings and credit enhancement mechanisms will be critical to improving issuance quality and should be further promoted. In the short term, such measures can also help ease pressure on new credit growth by enabling banks to recycle capital from completed, operational infrastructure projects.

These directions will contribute to a more sustainable expansion and restructuring of the investor base. Specifically, well-rated debt instruments with stable cash flows can attract long-term institutional investors such as insurers and investment funds. Meanwhile, green bonds and structured products can help tap into specialized investor segments, including foreign investors.

Mr. Hung emphasized that completing the legal framework is a key enabler for the sustainable development of capital markets. This includes clarifying participation conditions for different investor groups, as well as issuance standards, particularly for use-of-proceeds such as financial asset acquisitions or infrastructure investments. In addition, consideration of tax optimization policies and improvements in the efficiency of both primary and secondary markets will enhance transparency, liquidity, and overall market attractiveness.

3. Conclusion

Overall, current policy directions reflect a clear commitment to enhancing the quality of Vietnam's corporate bond market and, in particular, strengthening its investor base. Improvements in issuance discipline, transparency, and the development of a more robust intermediary ecosystem will provide the necessary foundation to attract long-term capital from both domestic and international institutions. At the same time, the development of high-quality, well-structured investment products will play a critical role in meeting the preferences of these investors. If implemented in a coordinated manner, these reforms will help shape a stronger institutional investor base, thereby enhancing the overall attractiveness and long-term sustainability of the market.

Speakers' presentations from the Forum are available at: [THIS LINK](https://fiinratings.vn/en/market-commentary.html)

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