

## TRADING

## UBS Looks To Capitalize on Vietnam's Growth

By MARIA TROMBLY

Extending its Asian and emerging-markets strategies, UBS obtained a license to buy and sell securities in Vietnam. The

license came just in time for Vietnam's admission into the World Trade Organization (WTO), which was approved Nov. 7. Vietnam's annual economic growth rate

of about 8 percent per year is second only to China among Asian nations, according to Chi-Won Yoon, the Hong Kong-based head of Asian equities for UBS Investment

Bank. "The country is rich in resources and, unlike many others in the region, is a net oil exporter, and we are confident that it will increasingly become the focus of international investors," he said.

Pre-WTO, foreign securities companies could only have representative offices in Vietnam. According to the American Chamber of Commerce in Vietnam, foreign brokerages now will be able to own up to 49 percent of joint ventures. Within five years, they will be able to own 100 percent of securities firms and open branches that offer asset management, advisory and clearing and settlement services. In addition, cross-border access will be comparable to that of Organization for Economic Cooperation and Development countries, the chamber said.

Today, foreign investors who want to buy listed equities in Vietnam are required to have trading codes, which regulators use to enforce the foreign-ownership limits—49 percent for most listed companies and 30 percent for banks, UBS said. The limits will be lifted as part of WTO membership.

"Vietnam's capital markets are poised to come of age," said Neil Katkov, Tokyo-based group manager for Asia research of Boston-based Celent. "Foreign investors' interest in the market is increasing, helped along no doubt by the IPO buzz in neighboring China. The country's securities commission is steadily building out the market infrastructure, and it is now moving beyond equities to create a secondary market in sovereign bonds. People have watched this market for a long time, and we can expect more foreign participation."

Usha Haley, director of the Global Business Center at the University of New Haven in Connecticut, said, "Vietnam presents a ground-floor opportunity for UBS, which is only the second foreign financial firm, after Merrill Lynch, to engage in portfolio investment" in Vietnam. Merrill Lynch was granted a trading license in August after releasing a bullish research report calling the country a "ten-year buy."

The Ho Chi Minh City Securities Trading Center is Asia's fastest-growing securities exchange this year, but with a total market capitalization of \$3.2 billion and only 51 listed companies, it is far smaller than the region's other capital markets, Haley said. "UBS is betting that Vietnam will assume more importance for foreign investors as India and China become more expensive for foreign direct investment," she added.

In a related deal, UBS signed a brokerage agreement with Ho Chi Minh City-based Bao Viet Joint Stock Securities Co., which will execute UBS's orders and assist with local marketing. UBS also said that it would begin publishing research on Vietnam's economy. ■

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