

VIETNAM'S CARBON EXCHANGE LAUNCH: ARCHITECTURE AND STRATEGIC IMPACTS

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On 19 January 2026, the Government of Vietnam issued Decree No. 29/2026/NĐ-CP ("Decree 29"), with effect to formally establishing the legal, institutional and operational framework for Vietnam's domestic carbon exchange.

Decree 29 represents a major milestone in Vietnam's climate and market-based emissions reduction policy. It operationalizes the carbon market under Decree No. 06/2022/NĐ-CP, as amended by Decree No. 119/2025/NĐ-CP, and integrates environmental regulation with Vietnam's securities market infrastructure.

Key Highlights

- Creation of a centralised, exchange-based domestic carbon market
- Mandatory central registration and domestic code issuance
- Trading conducted on the Hanoi Stock Exchange
- Custody and settlement handled by the Vietnam Securities Depository and Clearing Corporation
- Same-day, instant settlement on a transaction-by-transaction basis
- Pilot phase until 31 December 2028, during which no exchange service fees apply

Market Structure and Regulatory Roles

- *Ministry of Agriculture and Environment (MoAE)*
Operates the National Registration System; registers emission quotas and carbon credits; issues domestic codes; updates ownership records post-settlement; oversees environmental compliance.
- *Hanoi Stock Exchange (HNX)*
Operates the carbon trading system; executes and monitors trades; may suspend and resume trading where necessary.
- *Vietnam Stock Exchange (VNX)*
Supervises HNX; issues transaction monitoring rules; oversees carbon trading members.
- *Vietnam Securities Depository and Clearing Corporation (VSDC)*
Provides custody, clearing and settlement services; effects ownership transfer upon settlement; manages deposits and withdrawals.
- *State Securities Commission (SSC)*
Oversees market conduct; selects and supervises settlement banks; coordinates inspections and enforcement.

Tradable Instruments

Only greenhouse gas emission quotas and carbon credits approved for trading under environmental legislation are eligible.

MoAE determines and notifies eligible instruments, together with applicable first and last trading dates.

Trading and Account Structure

- Trading is conducted exclusively on the HNX carbon trading system.
- Each participant may maintain:
 - ◇ One trading account with a carbon trading member; and
 - ◇ One custody account with a carbon depository member.
- Carbon trading must be strictly segregated from securities trading, including separate accounting and system display.
- Buy orders require sufficient funds; sell orders require sufficient quotas or credits.

Settlement and Payment

- Transactions are settled on the same trading day, on an instant, transaction-by-transaction basis.
- There is no central counterparty clearing mechanism.
- Settlement follows delivery-versus-payment (DvP) principles.
- Payments are processed through SSC-approved settlement banks, based on obligations determined by VSDC.

Trading Members, Depository Members and Settlement Banks

- Only licensed securities companies meeting financial, operational and IT requirements may act as carbon trading or depository members.
- Members are subject to:
 - ◇ Continuous monitoring and reporting;
 - ◇ Suspension (up to 90 days) or termination for non-compliance.
- Settlement banks must meet stringent capital, profitability, infrastructure and reporting criteria.
- During the pilot phase (to 31 December 2028), only one settlement bank will operate; this may expand from 1 January 2029.

Fees and Pilot Phase

- No service fees will be charged by HNX, VNX or VSDC during the pilot phase ending 31 December 2028.
- From 1 January 2029, service fees may be introduced in accordance with law.

Important clarification: This provision does not override sector-specific approval regimes under laws such as the Electricity Law or PPP Law; it clarifies sequencing and planning reliance only.

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