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Designing a Startup Capital Market for Vietnam: Comparative Evidence from South Korea, Malaysia and Taiwan Region

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Abstract

Innovation-driven entrepreneurship has emerged as an important source of economic growth, productivity improvement, and job creation in both developed and emerging economies. In Vietnam, the rapid expansion of the startup ecosystem has increased demand for financing mechanisms that are suitable for innovative and high-growth enterprises. However, startup enterprises continue to face substantial challenges in accessing capital due to limited operating histories, information asymmetries, inadequate collateral, and the absence of an organized secondary market that provides liquidity and investor exit opportunities. This paper examines the feasibility of establishing a dedicated capital market for startup enterprises in Vietnam. Using a comparative institutional approach, the study reviews startup market models in South Korea, Malaysia, and Taiwan region and evaluates their relevance for Vietnam's legal and market environment. The analysis identifies several financing constraints affecting Vietnamese startups, including fundraising barriers, fragmented investor networks, disclosure deficiencies, and limited exit mechanisms. Based on these findings, the paper proposes a stock exchange-operated startup capital market combining simplified fundraising procedures, enhanced disclosure standards, investor protection measures, and a dedicated trading platform for startup securities. The paper further recommends legal reforms concerning securities issuance, crowdfunding, innovation certification, and investor participation. The study concludes that a specialized startup capital market could strengthen Vietnam's innovation ecosystem by improving access to capital, increasing transparency, and creating more effective pathways for startup growth and investor exits.

Keywords

Startup Enterprises, Capital Markets, Venture Capital, Crowdfunding,

Innovation Policy, Vietnam

1. Introduction

Innovation and entrepreneurship are increasingly recognized as fundamental drivers of long-term economic growth and economic transformation. While traditional growth models emphasize investment, trade, and labor productivity, recent research highlights the role of innovative startup enterprises in generating new technologies, creating employment opportunities, and accelerating structural change within economies (Audretsch & Thurik, 2004; Stel et al., 2005; Hessels & Stel, 2011). Furthermore, modern empirical studies on firm dynamics underscore that it is the age of the enterprise, rather than its size alone, that plays a defining role in net employment expansion, as young, high-growth startups serve as primary engines for economic dynamism (Haltiwanger, 2012; Haltiwanger et al., 2013). However, macro trends indicate that newly founded firms in recent decades face a changing environment, often starting operations at a smaller scale and demonstrating different long-term growth trajectories than historical cohorts (Reedy & Litan, 2011).

Vietnam has actively promoted innovation-driven entrepreneurship over the past decade. The issuance of Decision No. 844/QD-TTg by the Prime Minister in 2016 established a national framework for supporting innovative startups and developing a comprehensive innovative ecosystem. As a result, Vietnam has emerged as one of Southeast Asia's most dynamic startup markets. According to various ecosystem reports, the country hosts more than 3000 startup enterprises and has attracted substantial domestic and international venture capital investment. Nevertheless, access to finance remains one of the most significant barriers to startup growth. Similar trends can be observed across Southeast Asia, where startup enterprises have become important contributors to digital transformation and innovation-led growth. According to the e-Conomy SEA reports published by Google, Temasek, and Bain & Company, Southeast Asia's digital economy has experienced rapid expansion and continues to attract substantial venture capital investment (Google et al., 2024, 2025). In Vietnam, startup investment reached approximately USD 851 million in 2019 (Pham, 2022), while more than 3000 startup enterprises were operating across sectors such as fintech, e-commerce, logistics, and digital services. Recent ecosystem data reinforces that while funding pipelines have matured, tech investments continue to navigate fluctuating macroeconomic climates, requiring startups to adapt their capital structures (National Innovation Center [NIC] & Do Ventures, 2024). Despite this progress, access to early-stage financing remains one of the most frequently cited obstacles to startup growth (World Bank, 2023). On a global scale, structured monitoring of small business financing reveals that micro-shocks and tightening credit conditions disproportionately restrict the operational liquidity of early-stage, innovative ven-

tures (Organization for Economic Co-operation and Development [OECD], 2023).

For this paper, a startup enterprise refers to an innovative and scalable business organization established to develop and commercialize new products, services, technologies, or business models under conditions of considerable uncertainty. This definition is consistent with the entrepreneurial framework proposed by Steve Blank (2010) and the concept of innovative startup enterprises under Vietnam's Law on Support for Small and Medium-sized Enterprises.

Startup enterprises differ from conventional small and medium-sized enterprises (SMEs) and newly established firms. SMEs are generally classified according to employment size, assets, or revenue, whereas startup enterprises are distinguished by innovation intensity, scalability potential, and dependence on risk capital. Similarly, not all newly established firms qualify as startups because many operate traditional business models without significant innovation objectives.

Although startup enterprises play an important role in economic development, their financing needs differ substantially from those of mature companies. Most startups possess limited operating histories, uncertain cash flows, and few tangible assets that can serve as collateral. Consequently, conventional financing channels such as bank lending and public securities markets are often inaccessible during the early stages of development.

International experience suggests that specialized capital markets can improve financing conditions for startups by facilitating fundraising, reducing information asymmetries, improving investor matching, and creating liquidity mechanisms for investors. The efficiency of these markets is closely linked to the strategic alignment between founders and different types of investors, as investment horizons, duration, and eventual exit pathways vary significantly depending on whether a startup is backed by independent venture capital or corporate venture programs (Guo et al., 2015). Several Asian economies, including South Korea, Malaysia, and Taiwan region, have established dedicated startup market platforms that combine simplified regulatory requirements with investor protection measures.

This paper examines whether a similar market structure could be developed in Vietnam. Through comparative analysis of international experiences and assessment of Vietnam's legal and market conditions, the paper proposes a dedicated capital market framework designed to support innovative startup enterprises while maintaining market integrity and investor protection.

2. Methodology

This study adopts a comparative institutional and policy analysis approach. The research combines three components.

First, the study reviews academic literature concerning startup finance, venture capital, crowdfunding, and entrepreneurial ecosystems.

Second, the study conducts comparative case analysis of startup capital market models in South Korea, Malaysia, and Taiwan region. These jurisdictions were

selected because they have established dedicated financing mechanisms for startup enterprises while sharing several characteristics relevant to Vietnam, including active government support for innovation, developing capital markets, and policies promoting technology-based entrepreneurship.

The comparison focuses on five policy dimensions:

1) eligibility requirements for participating enterprises;

2) investor access and participation rules;

3) disclosure and governance requirements;

4) trading and liquidity mechanisms;

5) government or exchange-based support measures.

Third, the study evaluates Vietnam's existing legal framework and startup financing environment to identify institutional gaps and potential policy solutions. The analysis draws upon Vietnamese securities legislation, investment regulations, government policy documents, stock exchange regulations, and publicly available reports on startup ecosystem development. Comparative analysis is conducted through qualitative examination of regulatory frameworks and institutional arrangements in the selected jurisdictions.

3. International Experience in Organizing Capital Markets for Startup Enterprises

The organization of capital markets for startup enterprises under a centralized model largely depends on each country's institutional experience, legal framework, and level of startup ecosystem development. Several countries with institutional and economic characteristics comparable to those of Vietnam—such as South Korea, Malaysia, and Taiwan region—have successfully developed dedicated capital market models for startup enterprises.

3.1. The Korean Startup Market (KSM)—South Korea

Market Structure

The Korean Startup Market (KSM) was officially launched on November 16, 2016. In essence, KSM is an online trading platform utilizing blockchain technology to facilitate capital mobilization for startup enterprises. The Korea Exchange (KRX) adopted the proprietary Coinstack blockchain technology developed by Blocko, a technology startup, to build, manage, and operate the KSM platform.

The Korean Startup Market (KSM) was established with the primary objective of promoting investment in startup enterprises. KSM provides investors with opportunities to trade shares of startup enterprises while also creating an exit mechanism for investments in startups. In addition, KSM enhances transparency and information disclosure between buyers and sellers, as the market is open not only to institutional investors but also to individual investors.

Furthermore, KSM supports the broader startup ecosystem and contributes to the policy orientation of the South Korean government in fostering startup devel-

opment. The platform also plays an important role in completing the financing and listing pipeline for startup enterprises in South Korea, beginning with crowdfunding activities on KSM and subsequently supplying qualified firms to the KONEX and KOSDAQ markets.

Startup Enterprises on KSM

The primary target enterprises of KSM are technology companies with high growth potential. To be eligible for registration and trading on KSM, startup enterprises must either successfully complete a crowdfunding campaign or obtain recommendations from investors or government-supported SME funds.

In addition to providing technological infrastructure for startup financing, KSM also facilitates greater access for participating start-ups to venture capital funds. Moreover, KSM actively advises registered firms on listing procedures for KONEX and KOSDAQ. At the same time, the Korea Exchange (KRX) has introduced special regulatory provisions enabling companies listed on KSM to transition more easily to the KONEX market.

Investment Restrictions

With respect to participation in the Korean Startup Market (KSM), regulations permit both professional investors, as defined under securities law, and individual investors to participate in the market. However, investment by individual investors is subject to certain limitations. Specifically, an individual investor may invest a maximum of KRW 2 million (approximately USD 2,000) per company per year. Although investments may be made in multiple companies, the total annual investment amount may not exceed KRW 5 million (approximately USD 5000).

3.2. The LEAP Market—Malaysia

Market Structure

Under the securities regulations of Malaysia, the issuance, offering, and trading of securities on stock markets—including startup markets independently organized by stock exchanges—do not require prior approval from the securities regulator. The LEAP Market (Leading Entrepreneur Accelerator Platform) was developed and operated by the Bursa Malaysia to facilitate capital raising for newly established enterprises and small and medium-sized enterprises (SMEs) through the stock market.

Through LEAP, startup enterprises and SMEs are provided with opportunities to mobilize additional funding from the capital market. The LEAP Market was specifically designed as a trading platform for newly established enterprises and/or companies presenting a higher degree of risk than firms listed on the main Malaysian stock exchange.

Startup Enterprises on the LEAP Market

Enterprises participating in the LEAP Market must be public companies incorporated in Malaysia. In addition, each participating enterprise is required to appoint an advisory firm responsible for sponsoring and ensuring compliance with

listing standards. Eligible firms must operate independently and maintain a clearly defined business line.

Companies applying for listing on LEAP are only required to maintain a public shareholding ratio equivalent to 10% of total issued shares at the time of registration on the LEAP Market.

Investment Restrictions

The LEAP Market is exclusively accessible to professional investors.

3.3. GISA—Taiwan Region

Market Structure

In 2013, the Financial Supervisory Commission (FSC) of Taiwan region approved an equity crowdfunding (ECF) platform intended to support startup enterprises in Taiwan region. This platform, known as the Go Incubation Startup Board (GISA), is managed and operated by the Taipei Exchange (TPEx). GISA is among the few crowdfunding platforms worldwide that receive direct support and participation from the public sector.

Under FSC regulations, shares issued through GISA are classified as exempt securities and are therefore not subject to the registration and disclosure requirements prescribed under Article 22 of Taiwan region's Securities and Exchange Act governing public offerings of shares. With the objective of establishing a financing channel to support the growth of innovative SMEs, GISA targets startup enterprises at various stages of development, particularly those operating in technology-related sectors or possessing innovative business models.

The certification mechanism for determining the innovative nature of startup enterprises involves significant participation from independent third parties within Taiwan region's startup ecosystem. Specifically, TPEx requires enterprises applying to participate in GISA to pass an "Innovation & Creativity Examination" assessing the innovativeness and creativity of their business models, thereby ensuring that the platform remains focused on supporting genuinely innovative startup enterprises.

The Go Incubation Startup Board (GISA) platform allows startup enterprises to offer shares to investors through an electronic platform developed by the Taipei Exchange (TPEx). In addition, GISA cooperates with accounting and auditing firms to provide support programs that assist startups in developing internal financial management systems, corporate governance structures, and financial reporting frameworks.

GISA directly supports startup enterprises in two principal stages: first, the advisory stage prior to admission to the GISA platform; and second, the equity offering stage after the enterprise has been accepted onto the platform. In practice, the effective provision of direct support to innovative startups requires substantial financial assistance from the government budget, particularly for advisory and brokerage-related expenses.

After satisfying the eligibility requirements for an initial equity offering and

prior to official registration on GISA, startup enterprises are required to select and enter into an advisory agreement with a third-party provider of designated shareholder services. This advisory institution is responsible for shareholder relationship management, share distribution, and supporting the enterprise throughout both the issuance and post-issuance processes.

For initial share offerings, companies participating in GISA may issue shares either to professional investors or to the general investing public. All offering activities conducted before and after participation in GISA must be carried out through the GISA platform.

During both the pre- and post-participation fundraising stages on the Go Incubation Startup Board (GISA), startup enterprises retain a proactive role in fulfilling disclosure obligations relating to share offerings, selecting participating investors, proposing offering prices, and conducting negotiations with potential investors. The custody and settlement procedures following the completion of an offering are handled by the designated shareholder service provider.

The Taipei Exchange (TPEx) acts as the operator of the platform, enabling relevant parties to participate in offering transactions through the system, assisting startup enterprises in meeting disclosure requirements prior to the offering, and supervising post-offering disclosure obligations once firms become registered on GISA.

The regulatory framework governing the organization and operation of GISA does not impose specific restrictions on the transferability of shares issued by participating startup enterprises. In addition, GISA does not operate a secondary trading market for shares issued through the platform.

Startup Enterprises on GISA

Most startup enterprises participating in GISA are nominated by local governments or independent institutions, including private research institutes, startup incubators, and universities. TPEx establishes partnerships with these organizations to support nominated startups in developing financial management systems, corporate governance structures, and access to capital markets.

At present, TPEx has established partnerships with more than 60 nominating organizations, including municipal governments, industry associations, universities, research institutes, and private incubators. On average, more than 50% of startups registered on GISA receive certification or nomination from five major nominating institutions, including local governments and reputable science and technology research institutes in Taiwan region.

Investment Restrictions

The Go Incubation Startup Board (GISA) crowdfunding platform permits participation by both professional and individual investors. However, GISA imposes an annual investment limit of NTD 150,000 (approximately USD 5,000) for individual investors.

3.4. Comparative Lessons for Vietnam

The comparative analysis provides several important lessons for Vietnam.

First, South Korea's KSM demonstrates the value of providing a regulated secondary trading mechanism for startup securities. By improving liquidity and facilitating investor exits, KSM addresses one of the principal barriers to startup investment. This feature is particularly relevant for Vietnam, where investment exits remain heavily dependent on acquisitions and private negotiations.

Second, Malaysia's LEAP Market illustrates the effectiveness of stock exchange operation combined with sponsor-based supervision. The use of approved advisors helps reduce compliance burdens for startups while ensuring an acceptable level of disclosure and investor protection. Vietnam could adapt this model through designated advisory organizations operating under stock exchange supervision.

Third, Taiwan region's GISA highlights the importance of innovation certification and ecosystem-based support mechanisms. Cooperation among exchanges, universities, incubators, research institutions, and local governments improves startup quality and investor confidence. Vietnam may benefit from adopting a similar innovation certification framework.

Fourth, all three jurisdictions utilize proportionate regulation rather than imposing conventional public market requirements on startup enterprises. This approach recognizes the unique characteristics of startups and allows them to access capital despite limited operating histories and uncertain profitability.

Based on these experiences, Vietnam should adopt exchange-based supervision, simplified fundraising procedures, innovation certification mechanisms, and investor protection measures. At the same time, policymakers should avoid imposing excessive disclosure and listing requirements that could prevent genuine startups from accessing the market.

4. Assessment of the Current Situation and Proposed Solutions for Vietnam

4.1. Legal Framework for Startup Capital Mobilization

Current securities regulations governing securities offerings permit joint-stock companies to conduct both public offerings and private placements. However, the existing legal framework remains inadequately suited to the fundraising activities of startup enterprises and continues to present numerous practical obstacles.

Under the previous Securities Law, listing requirements were considered excessively demanding for startup enterprises. Listing conditions for the Ho Chi Minh Stock Exchange (HOSE) and the Hanoi Stock Exchange (HNX) were respectively prescribed under Articles 53 and 54 of Decree No. 58/2012/ND-CP and Clause 15, Article 1 of Decree No. 60/2015/ND-CP.

For the UPCoM market, participation criteria were stipulated under Article 56 of Decree No. 58/2012/ND-CP and further guided by Circular No. 180/2015/TT-BTC. To qualify for registration and trading on UPCoM, an enterprise must satisfy the legal definition of a public company. Pursuant to Article 25 of Securities Law No. 70/2006/QH11, a public company is defined as a company that has con-

ducted a public share offering, has securities listed on a stock exchange, or has shares held by at least 100 non-professional investors with contributed charter capital of at least VND 10 billion.

These requirements are generally inconsistent with the conditions and operational realities of most startup enterprises in Vietnam today.

Nevertheless, the issuance and trading activities of startup enterprises may be guided under the new Securities Law enacted in 2019, which introduced provisions permitting stock exchanges to organize equity markets specifically for startup enterprises.

In addition to securities regulations, several other legal instruments have also established a preliminary legal foundation for the development of a capital market for startup enterprises in Vietnam, including:

1) Decree No. 38/2018/ND-CP dated March 11, 2018, which provides detailed regulations on investment in innovative small and medium-sized enterprises (SMEs). This decree clarifies the legal status of innovative startup investment companies and startup investment funds, areas that had previously not been clearly regulated under Vietnam's legal framework.

2) Decision No. 242/QD-TTg dated February 28, 2019 of the Prime Minister approving the restructuring plan for the securities and insurance markets for the period 2020 - 2025. This decision introduced the initial legal basis for crowdfunding activities in Vietnam.

4.2. Current Situation of Capital Mobilization and Equity Transfer Activities of Startup Enterprises

Although more recent startup ecosystem reports indicate continued growth, the period around 2018 - 2020 is emphasized because it coincides with the introduction of key regulatory reforms, including Decree No. 38/2018/ND-CP and subsequent policy initiatives supporting startup financing. In Vietnam, the year 2018 marked significant achievements in the development of the national innovative startup ecosystem. Major economic conglomerates substantially increased their investments in startup support activities. For example, VinaCapital established VinaCapital Ventures with committed capital of USD 100 million. Similarly, Vingroup established a Startup Support Fund and a Science and Technology Research Support Fund with total investments of VND 2 trillion, alongside a USD 300 million venture capital fund dedicated to supporting breakthrough technological innovations.

Vietnamese startups also attracted notable investment rounds. Foody successfully raised USD 64 million; Tiki secured USD 44 million from South Korean and Chinese investment funds; and Sendo raised USD 51 million from Asian investors. Beyond startups operating domestically, Vietnamese-founded startups established overseas—such as Misfit, Got It, and Kyber Network—also achieved considerable international success. These developments demonstrate the growing recognition of Vietnamese creativity, technological capability, and entrepreneurial ambition on the global stage.

However, according to the 2018 report jointly published by the Vietnam Cham-

ber of Commerce and Industry (VCCI) and United States Agency for International Development (USAID), most Vietnamese startup enterprises remained at either the business model formation stage (36% of surveyed enterprises) or the early revenue-generation stage (50% of surveyed enterprises). International experience indicates that access to capital is particularly critical during these phases, enabling startup enterprises to sustain operations and accumulate resources necessary for subsequent growth stages.

Given their characteristics—including small operational scale, lack of historical financial data, unstable cash flows, and limited development resources—startup enterprises often face substantial difficulties in accessing venture capital financing.

According to the *White Book on Vietnamese Enterprises 2020* (General Statistics Office of Vietnam, 2020), as of December 31, 2019, Vietnam had 758,610 active enterprises, representing an increase of 6.1% compared with the same period in 2018. Among these, 138,139 enterprises were newly established, reflecting a 5.2% increase from 2018. In addition, 39,421 enterprises resumed operations in 2019, an increase of 15.9% compared to the previous year and the highest level recorded during the 2014 - 2019 period. The average registered capital per enterprise was approximately USD 200,000 - 300,000.

According to estimates by the Small and Medium Enterprises Association, SMEs accounted for 97.5% of all enterprises and contributed approximately 43.2% of GDP in 2018. Annually, SMEs contribute around 40% of GDP, 30% of state budget revenues, 33% of industrial output value, 30% of export value, and generate nearly 60% of total employment.

According to statistics from the then Ministry of Planning and Investment, the number of startup enterprises in Vietnam had exceeded 3000 companies. In 2019 alone, Vietnamese startups attracted approximately USD 851 million in investment capital. Following the enactment of Decree No. 38/2018/ND-CP, several new investment funds were established, including Startup Viet Partners, a VND 100 billion venture capital fund specializing in technology solutions for SMEs in Vietnam.

Numerous organizations from both the public and private sectors have increasingly focused on developing technological ideas and strengthening linkages with universities and research institutes. During the 2016 - 2018 period, Vietnam's startup ecosystem experienced significant growth in foreign investment participation, with major investors entering the market, including Sea Limited, UTC Investment, Starchart PE, Goldman Sachs, and Mekong Capital.

In Vietnam, investment clubs and angel investor networks supporting innovative entrepreneurship have also gradually emerged, including VIC Impact, Hatch! Angel Network, iAngel, and Angel4us. These developments constitute positive signals demonstrating that Vietnam's startup ecosystem is increasingly attracting diverse financial and institutional resources to support the growth of startup enterprises.

5. Market Failures in Startup Financing in Vietnam

The evidence presented above indicates that, despite the rapid development of

Vietnam's startup ecosystem, significant institutional and financing constraints remain. These constraints reflect broader market failures that limit the efficient allocation of capital to innovative startup enterprises. Identifying these market failures is essential because they provide the economic rationale for government intervention and the establishment of a specialized startup capital market.

Hence, the analysis of Vietnam's startup ecosystem reveals several market failures that justify the establishment of a specialized startup capital market.

First, startup enterprises face significant fundraising constraints. Most startups lack operating histories, audited financial statements, collateral assets, and predictable cash flows. Consequently, traditional financing channels such as bank lending remain largely inaccessible.

Second, information asymmetries between entrepreneurs and investors increase transaction costs and investment risks. Investors often lack sufficient information to evaluate startup business models, technologies, and growth prospects.

Third, investor matching remains fragmented and highly dependent on personal networks. Many startups encounter difficulties identifying suitable investors, while investors face challenges in discovering investment opportunities.

Fourth, Vietnam currently lacks a dedicated secondary market for startup securities. This creates substantial liquidity constraints and limits exit opportunities for founders, angel investors, and venture capital funds.

Fifth, existing securities regulations were primarily designed for mature companies and may impose disproportionate compliance costs on startup enterprises.

These market failures collectively reduce capital formation, hinder startup growth, and limit the development of Vietnam's innovation ecosystem. A specialized startup capital market could address these challenges by improving transparency, facilitating fundraising, expanding investor participation, and creating liquidity mechanisms for startup investments.

6. Developing a Capital Market for Startup Enterprises in Vietnam

Based on the assessment of the current legal framework and operational conditions of startup enterprises in Vietnam, it is evident that access to investment capital is critically important for startups and innovative enterprises. On this basis, this study proposes the establishment of a specialized capital market designed to facilitate both capital mobilization and investment exit mechanisms for startup enterprises in Vietnam.

6.1. Organizational Model

The proposed market model would operate under the supervision of the Ministry of Finance of Vietnam. The market itself would be managed and operated by the stock exchange. Entities subject to direct supervision within this framework would include startup enterprises and securities companies acting as designated advisory organizations. The proposed investment limits are broadly consistent with inves-

tor protection mechanisms adopted in South Korea's KSM and Taiwan region's GISA platforms, both of which impose annual investment caps on retail investors participating in startup investments. Such limits recognize the inherently high-risk nature of startup financing while allowing broad public participation. Similarly, stock exchange approval serves as a gatekeeping mechanism comparable to sponsor-based admission systems used in Malaysia's LEAP Market and certification procedures employed by Taiwan region's GISA. These mechanisms help reduce information asymmetry, improve market quality, and strengthen investor confidence.

1) Primary Market

The primary market would serve the function of capital issuance for startup enterprises. Startups would conduct private placements to investors through a trading system provided by the stock exchange. Non-public startup enterprises registered on the primary trading platform operated by the stock exchange would be eligible for approval of private offerings by the exchange itself.

For non-public startup enterprises that have not yet been authorized by the stock exchange to participate in secondary market trading, applications for approval of private placements would be processed in accordance with the provisions of the new Securities Law.

Eligible participants in this market would include professional investors, foreign investors, and institutional investors. With respect to individual investors, consideration should be given to limiting investments to no more than VND 50 million per company or project per year, while the aggregate annual investment amount by an individual investor within this market should not exceed VND 100 million.

2) Secondary Market

The secondary market would function as an investment exit mechanism for both domestic and international investors participating in startup enterprises. For secondary trading activities, startup enterprises would be required to register for trading with the stock exchange through a designated advisory organization and complete securities depository registration with the Vietnam Securities Depository (VSD).

Institutional investors, foreign investors, professional investors, and individual investors would all be eligible to participate on this platform. Institutional, foreign, and professional investors would not be subject to investment limits. However, individual investors would only be permitted to invest a maximum of VND 50 million in any single enterprise, with total annual investments capped at VND 100 million.

These restrictions are intended to mitigate investment risks and discourage inexperienced retail investors from excessively participating in the startup market during its initial stages of formation and development, thereby enhancing the stability and long-term sustainability of the market.

6.2. Implementation Framework

To establish an appropriate legal framework for the creation and operation of a

startup equity capital market, this study proposes amendments and supplements to the following policy instruments:

- **Amendments to the Law on Investment:**

Certain regulatory provisions concerning investment controls and investment limits applicable to foreign organizations and investors participating in startup capital markets organized by stock exchanges should be exempted or relaxed. Such reforms would facilitate investment procedures and shorten investment timelines, thereby promoting the stronger development of startup capital markets under the supervision of centralized securities market institutions.

- **Promulgation of a Decree on the Establishment of a Specialized Capital Market for Startup Enterprises:**

A dedicated governmental decree should be introduced to provide guidance for the implementation of the new Securities Law and the Law on Investment with respect to startup enterprises. Such a decree should establish regulations governing issuance registration through the electronic trading platform operated by the stock exchange, while adopting an exemption-based mechanism that relaxes requirements relating to profitability, operational history, and audited financial statements for startup enterprises. The decree should also provide specific guidelines for the stock exchange in organizing and supervising a specialized capital market for startup enterprises, particularly with respect to trading management and capital issuance mechanisms.

- **New policy by Ministry of Finance:**

The Ministry of Finance of Vietnam considers issuing regulations governing crowdfunding activities for startup enterprises, venture capital funds, and supplementary provisions specifically applicable to startup capital markets. Such regulations should address trading activities, taxation, fees, accounting and auditing standards, disclosure obligations, securities depository and settlement mechanisms, as well as data-sharing mechanisms for startup enterprises through the national startup information portal in accordance with the Law on Support for Small and Medium-sized Enterprises and Decree No. 38/2018/ND-CP on innovative startup investment.

- **Issuance of Innovation Certification Criteria by the Ministry of Science and Technology:**

The Ministry of Science and Technology of Vietnam should promulgate criteria and procedures for identifying, evaluating, and certifying the innovative and creative characteristics of startup business models, in accordance with the definition provided under the Law on Support for Small and Medium-sized Enterprises No. 04/2017/QH14 dated June 12, 2017.

7. Conclusion

Startup enterprises represent an increasingly important source of innovation, productivity growth, and employment creation. However, the financing needs of startup enterprises differ significantly from those of conventional firms, creating

challenges that are not adequately addressed by existing capital market structures.

This study examined international experiences in South Korea, Malaysia, and Taiwan region and assessed the current legal and institutional environment for startup financing in Vietnam. The analysis identified several constraints, including limited access to capital, information asymmetries, fragmented investor networks, inadequate liquidity, and insufficient exit opportunities.

To address these challenges, the paper proposes the establishment of a dedicated startup capital market operated by the stock exchange under the supervision of the Ministry of Finance. The proposed model combines simplified fundraising procedures, innovation certification mechanisms, investor protection measures, and secondary market trading facilities. Such a market would complement existing venture capital and crowdfunding channels while supporting broader national innovation objectives.

Successful implementation will require coordinated legal reforms involving securities regulation, investment law, crowdfunding frameworks, innovation certification procedures, and disclosure standards. If appropriately designed and supervised, a specialized startup capital market could become an important component of Vietnam's innovation ecosystem and contribute to the country's long-term economic development.

This study is primarily based on comparative policy analysis and legal assessment. Future research may employ empirical methods to evaluate the potential economic impacts of a specialized startup capital market on entrepreneurial financing, innovation outcomes, and investor participation in Vietnam.

Conflicts of Interest

The author declares no conflicts of interest regarding the publication of this paper.

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