

THE PRESIDENT

Order No. 09/2010/L-CTN of June 29, 2010, on the promulgation of law

THE PRESIDENT OF THE SOCIALIST REPUBLIC OF VIETNAM

Pursuant to Articles 103 and 106 of the 1992 Constitution of the Socialist Republic of Vietnam, which was amended and supplemented under Resolution No. 51/2001/QH10 of December 25, 2001, of the Xth National Assembly, the 10th session;

Pursuant to Article 91 of the Law on Organization of the National Assembly;

Pursuant to Article 57 of the Law on Promulgation of Legal Documents,

PROMULGATES:

the Law on Credit Institutions,

which was passed on June 16, 2010, by the XIIth National Assembly of the Socialist Republic of Vietnam at its 7th session.

President of the Socialist Republic of Vietnam
NGUYEN MINH TRIET

Law on Credit Institutions

(No. 47/2010/QH12)

Pursuant to the 1992 Constitution of the Socialist Republic of Vietnam, which was amended and supplemented under Resolution No. 51/2001/QH10;

The National Assembly promulgates the Law on Credit Institutions.

Chapter I

GENERAL PROVISIONS

Article 1. Scope of regulation

This Law provides the establishment, organization, operation, special control, reorganization and dissolution of credit institutions; and the establishment, organization and operation of foreign bank branches and representative offices of foreign credit institutions and other foreign institutions engaged in banking operations.

Article 2. Subjects of application

This Law applies to:

1. Credit institutions;
2. Foreign bank branches;
3. Representative offices of foreign credit institutions and other foreign institutions engaged in banking operations;
4. Organizations and individuals involved in the establishment, organization, operation, special control, reorganization and dissolution of credit institutions; and the establishment, organization and operation of foreign bank branches and representative offices of foreign credit institutions and other foreign institutions engaged in banking operations.

Article 3. Application of the Law on Credit Institutions, treaties, international commercial practices and relevant laws

1. The establishment, organization, operation, special control, reorganization and dissolution of credit institutions; and the establishment, organization and operation of foreign bank branches and representative offices of foreign credit institutions and other foreign institutions engaged in banking operations must comply with this Law and other relevant laws.
2. When other relevant laws otherwise provide the establishment, organization, operation, special control, reorganization and dissolution of credit institutions; and the establishment, organization and operation of foreign bank branches and representative offices of foreign credit institutions and other foreign institutions engaged in banking operations, this Law prevails.
3. When a treaty to which the Socialist Republic of Vietnam is a contracting party otherwise provides, that treaty prevails.
4. Organizations and individuals engaged in banking operations are entitled to reach agreement on the application of commercial practices, including:
 - a/ International commercial practices provided by the International Chamber of Commerce;
 - b/ Other commercial practices which are not contrary to the Vietnamese law.

Article 4. Interpretation of terms

In this Law, the terms below are construed as follows:

1. *Credit institution* means an enterprise conducting one, some or all banking operations. Credit institutions include banks, non-bank credit institutions, microfinance institutions and people's credit funds.
2. *Bank* means a type of credit institution which may conduct all banking operations under this Law. Based on their characteristics and operation

objectives, banks include commercial banks, policy banks and cooperative banks.

3. *Commercial bank* means a type of bank which may conduct all banking operations and other business activities under this Law for profit.

4. *Non-bank credit institution* means a type of credit institution which may conduct one or some banking operations under this Law, except taking deposits of individuals and providing services of payment via client accounts. Non-bank credit institutions include finance companies, financial leasing companies and other non-bank credit institutions.

Financial leasing company means a type of finance company whose principal operation is financial leasing under this Law.

5. *Microfinance institution* means a type of credit institution which mainly conducts some banking operations to meet the needs of low-income individuals and households and super small-sized enterprises.

6. *People's credit fund* means a credit institution established voluntarily by legal entities, individuals and households as a cooperative to conduct some banking operations under this Law and the Law on Cooperatives for the main purpose of mutual assistance in production and business development and life.

7. *Cooperative bank* means a bank of all people's credit funds established by people's credit funds and some legal entities by contributing capital under this Law for the main purposes of systematic link, financial support and capital balancing within the system of people's credit funds.

8. *Foreign credit institution* means a credit institution established overseas under a foreign law.

Foreign credit institutions may be commercially present in Vietnam in the forms of representative office, joint-venture bank, wholly foreign-owned bank, foreign bank branch, joint-venture finance company, wholly foreign-owned finance company, joint-venture financial leasing company and wholly foreign-owned financial leasing company.

Joint-venture and wholly foreign-owned banks are commercial banks; joint-venture and wholly foreign-owned finance companies are finance companies; and joint-venture and wholly foreign-owned financial leasing companies are financial leasing companies under this Law.

9. *Foreign bank branch* means a foreign bank's subsidiary without legal entity status and the foreign bank is liable for all of the branch's obligations and commitments in Vietnam.

10. *Own capital* comprises the actual value of a credit institution's charter capital or a foreign bank branch's allocated capital, reserve funds and other

certain liabilities as stipulated by the State Bank of Vietnam (below referred to as the State Bank).

11. *License* may be a license for establishment and operation of a credit institution, or license for establishment of a foreign bank branch or a representative office of a foreign credit institution or another foreign institution engaged in banking operations, which is granted by the State Bank. The State Bank's document modifying a license is an integral part of a license.

12. *Banking operations* means the trading in and regular provision of one or some of the following services:

a/ Deposit taking;

b/ Credit extension;

c/ Via-account payment.

13. *Deposit taking* means receiving money from an organization or individual as demand or term deposit, savings deposit, issuing deposit certificates, bills or treasury bills, and other forms of receiving deposits on the principles of full payment of principals and interests to depositors under agreement.

14. *Credit extension* means an agreement allowing an organization or individual to use a sum of money or a commitment allowing the use of a sum of money on the repayment principle by such professional operations as lending, discount, financial leasing, factoring, bank guarantee and other credit extension operations.

15. *Provision of services of via-account payment* means the provision of payment instruments; provision of services of payment by check, payment order, payment authorization, collection, collection authorization, bank card, letter of credit and other payment services for clients via their accounts.

16. *Lending* means a form of credit extension under which the lender gives or commits to give the borrower a sum of money for use for a specific purpose in a certain period as agreed upon on the principle of payment of both principal and interest.

17. *Factoring* means a form of extension of credit to a goods seller or buyer through redeeming receivable or payable amounts arising from the purchase or sale of goods or provision of services under a contract on goods purchase or sale or service provision while reserving the right to claim such amounts.

18. *Bank guarantee* means a form of credit extension under which a credit institution commits to the guarantee to fulfill financial obligations of its

client in case the client fails to fulfill or fully fulfill its obligations as committed. The client shall acknowledge and repay the debt to the credit institution as agreed upon.

19. *Discount* means purchasing on a definite term, or purchasing while reserving the right to claim, negotiable instruments and other valuable papers of beneficiaries prior to their due date.

20. *Re-discount* means the discount of negotiable instruments and other valuable papers which have been discounted prior to their due date.

21. *Monetary brokerage* means acting as an intermediary party for brokerage charges to arrange banking operations and other business activities between credit institutions and other finance institutions.

22. *Payment account* means a client's demand deposit account opened by a client at a bank to use payment services provided by such bank.

23. *Derivative product* means a financial instrument valued by predicted changes in the value of a principal asset such as exchange rate, interest rate, foreign exchange, currency or other principal assets.

24. *Credit institution's capital contribution or share purchase* means a credit institution's contribution of capital to form the charter capital or purchase of shares of an enterprise or another credit institution, including also the allocation or contribution of capital to a subsidiary or an affiliated company of the credit institution; or capital contribution to an investment fund or entrustment of capital to other institutions for contributing capital or purchasing shares in the above forms.

25. *Investment by capital contribution or share purchase to hold the right to control an enterprise* includes investment accounting for over 50% of the charter capital or voting share capital of an enterprise or another investment sufficient to control decisions of the Shareholders' General Meeting or the Members' Council.

26. *Major shareholder* of a joint-stock credit institution means a shareholder directly or indirectly owning 5% or more of the voting share capital of that institution.

27. *Indirect ownership* means an organization's or individual's ownership of the charter capital or share capital of a credit institution through affiliated persons or investment entrustment.

28. *Affiliated person* means an organization or individual having direct or indirect relations with another organization or individual in any of the following cases:

a/ Parent company with subsidiary and vice versa; credit institution with its subsidiary and vice versa; among subsidiaries of a parent company or credit

institution; manager or Control Board member of the parent company or credit institution, and individual or organization competent to appoint these persons with a subsidiary and vice versa;

b/ Company or credit institution with its manager or Control Board member, or with company or organization competent to appoint these persons and vice versa;

c/ Company or credit institution with organization or individual owning 5% or more of the charter capital or voting share capital of that company or credit institution and vice versa;

d/ Individual with his/her spouse, father, mother, child or sibling;

e/ Company or credit institution with individual defined at Point d of this Clause of manager, Control Board member, capital contributor or shareholder owning 5% or more of the charter capital or voting share capital of that company or credit institution and vice versa;

f/ Individual authorized to represent an organization or individual specified at Points a, b, c, d and e of this Clause with authorizing organization or individual; among individuals authorized to represent the capital share of an institution.

29. *Affiliated company* of a credit institution means a company in which the credit institution or the credit institution and its affiliated persons owns/own over 11% of the charter capital or voting share capital, but is not a subsidiary of that credit institution.

30. *Subsidiary of a credit institution* is a company falling in any of the following cases:

a/ The credit institution or the credit institution and its affiliated persons owns/own over 50% of the charter capital or voting share capital of the company;

b/ The credit institution has the right to directly or indirectly appoint a majority or all of members of the Board of Directors or Members' Council or the Director General (Director) of the company;

c/ The credit institution may modify the charter of the company;

d/ The credit institution and its affiliated persons directly or indirectly controls/control the adoption of resolutions and decisions of the Shareholders' General Meeting, Board of Directors or Members' Council of the company.

31. *Managers of a credit institution* include chairman and members of the Board of Directors; chairman and members of the Members' Council; Director General (Director) and holders of other managerial titles defined in the credit institution's charter.

32. *Executives of a credit institution* include the Director General (Director), Deputy Director General (Deputy Director), Chief Accountant, branch director and holders of other equivalent titles defined in the credit institution's charter.

Article 5. Use of terms related to banking operations

An institution other than credit institution may not use the phrase or word "credit institution," "bank," "finance company," "financial leasing company," or other phrases or words in its name or title or in secondary parts of its name or title or in its transaction documents or advertising if the use of such phrases or words can make clients misunderstand that it is a credit institution.

Article 6. Organizational forms of credit institutions

1. Domestic commercial banks established and organized as joint-stock companies, except the case defined in Clause 2 of this Article.
2. State commercial banks established and organized as one-member limited liability companies with wholly state-owned charter capital.
3. Domestic non-bank credit institutions established and organized as joint-stock or limited liability companies.
4. Joint-venture or wholly foreign-owned credit institutions established and organized as limited liability companies.
5. Cooperative banks and people's credit funds established and organized as cooperatives.
6. Microfinance institutions established and organized as limited liability companies.

Article 7. Autonomy in operation

1. Credit institutions and foreign bank branches have autonomy in their business activities and take accountability for their business results. No organizations or individuals may illegally intervene in business activities of credit institutions and foreign bank branches.
2. Credit institutions and foreign bank branches may refuse to extend credit or provide other services when finding that they do not fully meet the conditions to do so or such credit extension or service provision is inefficient or incompliant with law.

Article 8. Right to conduct banking operations

1. Organizations that fully meet the conditions under this Law and other relevant laws and are licensed by the State Bank may conduct one or some banking operations in Vietnam.

2. Individuals and organizations other than credit institutions are prohibited from conducting banking operations, except escrow, purchase and sale of securities by securities companies.

Article 9. Cooperation and competition in banking operations

1. Credit institutions and foreign bank branches may cooperate and compete in banking operations and other business activities under law.
2. Competition restriction or unfair competition threatening to harm or harming the implementation of the national monetary policy, safety of the credit institution system, the interests of the State and the lawful rights and interests of organizations and individuals are prohibited.
3. The Government shall specify acts of unfair competition in banking operations and forms of handling these acts.

Article 10. Protection of client interests

Credit institutions and foreign bank branches shall:

1. Preserve and insure deposits at relevant institutions under law and publicize their deposit preservation and insurance in their head offices and branches;
2. Create favorable conditions for clients to deposit and withdraw money and guarantee the full and due payment of principals and interests of deposits;
3. Refuse the investigation, blocking, seizure or transfer of deposits of clients, unless it is so requested by competent state agencies under law or so consented by clients;
4. Publicize deposit interest rates, service charges and rights and obligations of clients for each product and service provided;
5. Publicize official transaction time and may not halt transactions during this time. When halting transactions during official transaction time, a credit institution or foreign bank branch shall post up notices of such halt at transaction places at least 24 hours before the halt. Credit institutions and foreign bank branches may not halt transactions for more than one working day, except the case defined at Point f, Clause 1, Article 29 of this Law.

Article 11. Responsibilities for prevention and control of money laundering and terrorism financing

Credit institutions and foreign bank branches shall:

1. Neither cover nor conduct business activities related to amounts of proved illegal origin;

2. Elaborate internal regulations on prevention and control of money laundering and terrorism financing;
3. Take measures to prevent and control money laundering and terrorism financing;
4. Cooperate with competent state agencies in investigating money laundering and terrorism financing activities.

Article 12. Representatives at law of credit institutions

1. The representative at law of a credit institution shall be defined in the charter of that credit institution and must be one of the following persons:

- a/ Chairman of the Board of Directors or Members' Council of the credit institution;
- b/ General Director (Director) of the credit institution.

2. The representative at law of a credit institution must reside in Vietnam. When absent from Vietnam, he/she shall authorize in writing another person who must be a manager or an executive of the credit institution currently residing in Vietnam to perform his/her rights and obligations.

Article 13. Provision of information

1. Credit institutions and foreign bank branches shall provide account holders with information on transactions and credit balances of their accounts as agreed upon with these holders.

2. Credit institutions and foreign bank branches shall provide the State Bank with information related to their business activities and may receive from the State Bank information on clients having credit relations with them under the State Bank's regulations.

3. Credit institutions and foreign bank branches may exchange with one another information on their activities.

Article 14. Confidentiality of information

1. Employees, managers and executives of credit institutions and foreign bank branches may not disclose business secrets of these institutions and branches.

2. Credit institutions and foreign bank branches shall keep secret information relating to accounts, deposits, deposited assets and transactions of their clients.

3. Credit institutions and foreign bank branches may not provide information relating to accounts, deposits, deposited assets and transactions of their clients for other organizations and individuals unless it is so requested by competent state agencies under law or consented by clients.

Article 15. Backup database

1. Credit institutions and foreign bank branches shall form backup database to guarantee safe and constant operations.
2. The formation of backup database of people's credit funds, microfinance institutions and credit institutions which do not take deposits complies with the State Bank's regulations.

Article 16. Share purchase by foreign investors

1. Foreign investors may buy shares of Vietnamese credit institutions.
2. The Government shall provide the conditions, procedures and maximum levels of the total share ownership rate for foreign investors and share ownership rate for one foreign investor in a Vietnamese credit institution; and the conditions for Vietnamese credit institutions to sell shares to foreign investors.

Article 17. Policy banks

1. The Government shall establish policy banks operating not for profit to implement the State's socio-economic policies.
2. The Government shall provide the organization and operation of policy banks.
3. Policy banks shall conduct internal control and audit; elaborate and issue internal processes for professional operations; and make statistical reports and reports on operations and payments under the State Bank's regulations.

Chapter II

LICENSES

Article 18. Competence to grant and revoke licenses

The State Bank may grant, modify and revoke licenses under this Law.

Article 19. Legal capital

1. The Government shall provide legal capital applicable to each type of credit institutions and foreign bank branches.
2. Credit institutions and foreign bank branches shall preserve the actual value of their charter or allocated capital at least equal to their legal capital.
3. The State Bank shall specify the handling of cases in which the actual value of credit institutions' charter capital or foreign bank branches' allocated capital is lower than their legal capital.

Article 20. Licensing conditions

1. A credit institution may obtain a license when fully meeting the following conditions:

- a/ Its charter or allocated capital is at least equal to the legal capital;
- b/ Its owner is a one-member limited liability company, its founding shareholders or members are legal entities which are lawfully operating and financially capable for capital contribution. Its founding shareholders or members are individuals with full civil act capacity and financially capable for capital contribution.

The State Bank shall provide the conditions for owners of credit institutions being one-member limited liability companies and founding shareholders and members;

- c/ Its managers, executives and Control Board members fully meet the criteria and conditions under Article 50 of this Law;
- d/ Its charter complies with this Law and other relevant laws;
- e/ It has an establishment plan and a feasible business plan which neither affects the safety and stability of the credit institution system nor creates monopoly or restrict competition or create unfair competition within the credit institution system.

2. A joint-venture or wholly foreign-owned credit institution may obtain a license when fully meeting the following conditions:

- a/ The conditions specified in Clause 1 of this Article;
- b/ The foreign credit institution may conduct banking operations under the law of the country in which it is headquartered;
- c/ The operations to be conducted in Vietnam are those the foreign credit institution is licensed to conduct in the country in which it is headquartered;
- d/ The foreign credit institution's operations are healthy and it meets requirements on total assets, financial status and safety ratios under the State Bank's regulations;
- e/ The foreign institution makes a written commitment to provide supports in finance, technology, governance, administration and operation for the joint-venture or wholly foreign-owned credit institution. It guarantees that the joint-venture or wholly foreign-owned credit institution preserves the actual value of its charter capital not lower than the legal capital and observes regulations on safety assurance under this Law;
- f/ A competent foreign authority has signed an agreement with the State Bank on inspection and oversight of banking operations and exchange of information on banking safety oversight and made a written commitment on consolidated oversight of the foreign credit institution's operations according international practices.

3. A foreign bank branch may obtain a license when fully meeting the following conditions:

a/ The conditions specified at Points a, b, c and e, Clause 1, and Points b, c, d and f, Clause 2 of this Article;

b/ The foreign bank makes a written commitment to be liable for all obligations and commitments of its branch in Vietnam; and to guarantee the actual value of the branch's allocated capital not lower than the legal capital and its observance of regulations on safety assurance under this Law.

4. A foreign credit institution or another foreign institution engaged in banking operations may obtain a license for a representative office when fully meeting the following conditions:

a/ It is a legal entity licensed for banking operations overseas;

b/ Under the law of the country in which it is headquartered, it may set up a representative office in Vietnam.

5. The State Bank shall provide licensing conditions for cooperative banks, people's credit funds and microfinance institutions.

Article 21. Dossiers, order and procedures for license application

The State Bank shall specify dossiers, order and procedures for license application.

Article 22. Licensing time limit

1. Within 180 days after receiving a complete and valid dossier, the State Bank shall grant or refuse to grant a license to the applicant.

2. Within 60 days after receiving a complete and valid dossier, the State Bank shall grant or refuse to grant a license for a representative office of a foreign credit institution or another foreign institution engaged in banking operations.

3. In case of refusal, the State Bank shall issue a written reply clearly stating the reason.

Article 23. Licensing fees

Licensed credit institutions, foreign bank branches, representative offices of foreign credit institutions or other foreign institutions engaged in banking operations shall pay licensing fees under the law on charges and fees.

Article 24. Business and operation registration

After obtaining a license, credit institutions and foreign bank branches shall register business; and representative offices of foreign credit institutions or

other foreign institutions engaged in banking operations shall register operation under law.

Article 25. Publicity of operation

A credit institution, foreign bank branch or representative office of a foreign credit institution or another foreign institution engaged in banking operations shall publicize in the medium of communication of the State Bank and a Vietnamese daily newspaper for three consecutive issues or a Vietnamese e-newspaper for at least 30 days before starting operation the following information:

1. Its name and its head office address;
2. The numbers and dates of its license and business or operation registration certificate and its licensed business activities;
3. Its charter or allocated capital;
4. Its representative at law, director general (director) or chief representative;
5. The list of its founding shareholders or capital contributors with their respective capital contributions or of its owners;
6. The tentative inauguration date.

Article 26. Conditions for inaugurating operation

1. A licensed credit institution, foreign bank branch or representative office of a foreign credit institution or another foreign institution engaged in banking operations may operate only from the date of operation inauguration.

2. To inaugurate its operation, a licensed credit institution or foreign bank branch must fully meet the following conditions:

a/ It has registered its charter with the State Bank;

b/ It possesses a business registration certificate. It has sufficient charter or allocated capital, sufficient cash vaults fully meeting the State Bank's requirements and a head office fully meeting asset safety assurance conditions and banking operation requirements;

c/ It has an organizational structure, managerial and executive apparatus, internal audit and risk management and internal control system relevant to its type under this Law and other relevant laws;

d/ Its information technology system meets managerial and operational requirements;

e/ It has an internal management regulation on the organization and operation of the Board of Directors, Members' Council, Control Board and

Director General (Director) and professional divisions at its head office; an internal regulation on risk management; and a regulation on network management;

f/ Its charter or allocated capital in Vietnam dong has been fully deposited at a non-interest bearing blocked account opened at the State Bank at least 30 days before inaugurating its operation. Its charter or allocated capital shall be released after it inaugurates its operation;

g/ It has publicized information on its operation under Article 25 of this Law.

3. A credit institution, foreign bank branch or representative office of a foreign credit institution or another foreign institution engaged in banking operations shall inaugurate its operation within 12 months after obtaining a license. Past this time limit, if it fails to do so, the State Bank shall revoke its license.

4. A licensed credit institution or foreign bank branch shall notify the State Bank of its operation inauguration conditions specified in Clause 2 of this Article at least 15 days before the tentative inauguration date. The State Bank shall suspend the operation inauguration when such institution or branch fails to fully meet the conditions under Clause 2 of this Article.

Article 27. Use of licenses

1. A licensed institution shall use the name and strictly conduct operations as stated in its license.

2. A licensed institution may neither tamper with, buy, sell, transfer, rent nor lend its license.

Article 28. Revocation of licenses

1. The State Bank shall revoke a license when:

a/ The license application dossier contains false information in order to be eligible for obtaining a license;

b/ The credit institution is split, separated, merged, consolidated, dissolved or bankrupt;

c/ The credit institution, foreign bank branch or representative office of a foreign credit institution or another foreign institution engaged in banking operations operates at variance with its license;

d/ The credit institution or foreign bank branch seriously violates the law on compulsory reserves and operation safety ratios;

e/ The credit institution or foreign bank branch fails to implement or fully implement the State Bank's decisions to assure banking operation safety;

f/ The foreign credit institution or another foreign institution engaged in banking operations is dissolved or bankrupt or has its license revoked by a competent authority of the country in which it is headquartered, for a foreign bank branch, wholly foreign-owned credit institution or representative office of a foreign credit institution or another foreign institution engaged in banking operations.

2. The State Bank shall specify the order and procedures for license revocation in the cases defined in Clause 1 of this Article.

3. An institution shall terminate its business activities on the effective date of the State Bank's decision to revoke its license.

4. The State Bank shall publicize license revocation decisions in the mass media.

Article 29. Changes subject to the State Bank's approval

1. A credit institution or foreign bank branch must obtain the State Bank's written approval before carrying out procedures to change any of the following contents:

a/ Its name or place of its head office;

b/ Its charter or allocated capital, except the case specified in Clause 3 of this Article;

c/ Name or place of branch office of the credit institution;

d/ Contents, scope and duration of operation;

e/ Transfer of capital contributions of capital contributors; transfer of shares of major shareholders, transfer of shares which turns major shareholders into common ones and vice versa;

f/ Suspension of business operations for more than one working day, except cases of suspension in *force majeure* circumstances;

g/ Listing of stocks on a domestic or foreign stock exchange.

2. Within 40 days after receiving a complete and valid dossier, the State Bank shall issue a decision to modify a license for the changes defined at Points a, b and d, Clause 1 of this Article; or a written approval for the changes defined at Points, c, e, f and g, Clause 1 of this Article. In case of refusal, it shall issue a written reply clearly stating the reason.

Dossiers, order and procedures for approval of changes comply with the State Bank's regulations.

3. Adjustment of the charter capital of a people's credit fund complies with the State Bank's regulations.

4. When being approved to change one or some contents specified in Clause 1 of this Article, a credit institution or foreign bank branch shall:

a/ Modify its charter in conformity with the approved changes and register the modified charter with the State Bank;

b/ Register the changes specified in Clause 1 of this Article with competent state agencies;

c/ Publicize the changes defined at Points a, b, c and d, Clause 1 of this Article in the medium of communication of the State Bank and on a Vietnamese daily newspaper for 3 consecutive issues or in a Vietnamese e-newspaper, within 7 working days after obtaining the State Bank's approval.

Chapter III

ORGANIZATION, GOVERNANCE AND ADMINISTRATION OF CREDIT INSTITUTIONS

Section 1. GENERAL PROVISIONS

Article 30. Establishment of branches, representative offices, non-business units and commercial presence

1. Depending on its type, after obtaining the State Bank's written approval, a credit institution may establish:

a/ Branches, representative offices and non-business units at home, even in the province or centrally run city in which it is headquartered;

b/ Branches, representative offices and other forms of commercial presence abroad.

2. The State Bank shall specify the conditions, dossiers and procedures for the establishment, termination and dissolution of the units specified in Clause 1 of this Article for each type of credit institution.

Article 31. Charter

1. The charter of a credit institution being a joint-stock or limited liability company must not contravene this Law and other relevant laws. A charter must contain the following principal contents:

a/ Name and place of the head office;

b/ Contents and scope of operation;

c/ Duration of operation;

d/ Charter capital, modes of capital contribution and increase and decrease of charter capital;

e/ Tasks and powers of the Shareholders' General Meeting, Board of Directors, Members' Council, Director General (Director) and Control Board;

f/ Modes to elect, appoint and dismiss members of the Board of Directors and Members' Council, Director General (Director) and Control Board;

g/ Full names, addresses, nationality and other basic characteristics of owners and capital contributors, for a credit institution being a limited liability company; and of founding shareholders, for a credit institution being a joint-stock company;

h/ Rights and obligations of owners and capital contributors, for a credit institution being a limited liability company; and of shareholders, for a credit institution being a joint-stock company;

i/ Representative at law;

j/ Principles of finance, accounting, control and internal audit;

k/ Modes to adopt decisions of the credit institution; principles of settlement of internal disputes;

l/ Bases and methods to determine remuneration, salaries and bonuses for managers, executives and Control Board members;

m/ Cases of dissolution;

n/ Procedures for modification of the charter.

2. Charters of cooperative banks and people's credit funds comply with Article 77 of this Law.

3. A credit institution's charter and its modifications shall be registered at the State Bank within 15 days after they are approved.

Article 32. Management organizational structure of credit institutions

1. The management organizational structure of a credit institution established as a joint-stock company comprises the Shareholders' General Meeting, Board of Directors, Control Board and Director General (Director).

2. The management organizational structure of a credit institution established as a one-member limited liability company or a limited liability company with two or more members comprises the Members' Council, Control Board and Director General (Director).

3. The management organizational structure of a cooperative bank or people's credit fund complies with Article 75 of this Law.

Article 33. Cases banned from holding posts

1. The following persons may not be members of the Board of Directors, Members' Council and Control Board, Director General (Director), Deputy Director General (Deputy Director) and holders of equivalent titles of a credit institution:

a/ Those defined in Clause 2 of this Article;

b/ Those banned from acting as managers and executives under the laws on cadres and civil servants and corruption prevention and control;

c/ Those who used to be owners of private enterprises, partners of partnerships, Directors General (Directors), members of Boards of Directors, Members' Councils and Control Board of enterprises, chairmen and members of cooperative management boards at the time enterprises or cooperatives are declared bankrupt, except cases of bankruptcy in *force majeure* circumstances;

d/ Those who used to be representatives-at-law of enterprises at the time these enterprises are suspended from operation or compelled to dissolve due to their serious violations of law, except cases in which the representatives-at-law are recommended by competent state agencies to reorganize and consolidate those enterprises;

e/ Those who were once suspended from holding the title of chairman of the Board of Directors, member of the Board of Directors, chairman of the Members' Council, member of the Members' Council, head of the Control Board, member of the Control Board or Director General (Director) of a credit institution under Article 37 of this Law or determined by a competent agency as having committed violations leading to the revocation of the credit institution's license;

f/ Affiliated persons of members of the Board of Directors or Members' Council or Director General (Director) may not act as members of the Control Board of the same credit institution;

g/ Related persons of the chairman of the Board of Directors or Members' Council may not act as Director General (Director) of the same credit institution.

2. The following persons may not act as chief accountant or director of a branch or subsidiary of a credit institution:

a/ Minors and those with restricted civil act capacity or having lost civil act capacity;

b/ Those who are currently examined for penal liability or serving criminal sentences or decisions of the court;

c/ Convicts of serious or more serious crimes;

d/ Convicts of crimes of infringement upon ownership whose criminal records have not been written off;

e/ Cadres and civil servants and managers of division or higher level of enterprises in which the State holds 50% or more of the charter capital, except those appointed to represent the State's capital share in the credit institution;

f/ Officers, non-commissioned officers, professional army men and defense workers of agencies and units under the Vietnam People's Army; officers, professional non-commissioned officers of agencies and units under the Vietnam People's Police, except those appointed to represent the State's capital share in the credit institution;

g/ Other cases defined in the charter of the credit institution.

3. Parents, spouses, children and siblings of members of the Board of Directors and Members' Council, General Directors (Directors) and the spouses of these persons may not act as chief accountant or finance manager of a credit institution.

Article 34. Cases banned from concurrently holding different posts

1. The chairman of the Board of Directors or Members' Council of a credit institution may not concurrently be an executive of that credit institution, except cases in which the chairman of the Board of Directors of a people's credit fund is concurrently a member of the Board of Directors of a cooperative bank. A member of the Board of Directors or Members' Council of a credit institution may not concurrently be a manager of another credit institution, unless this institution is the subsidiary or a member of the Control Board of that credit institution.

2. The head of the Control Board may not concurrently be a Control Board member or manager of another credit institution. A Control Board member may not concurrently hold either of the following posts:

a/ Member of the Board of Directors or Members' Council, executive or employee of the same credit institution or its subsidiary, or employee of an enterprise whose member of the Board of Directors, executive or major shareholder is a member of the Board of Directors or Members' Council, or the Director General (Director) of that credit institution;

b/ Member of the Board of Directors or Members' Council or executive of an enterprise whose Control Board member is currently a member of the Board of Directors or Members' Council or executive of the credit institution.

3. The Director General (Director), Deputy Director General (Deputy Director) and holders of equivalent titles may not concurrently hold either of the following posts:

a/ Member of the Board of Directors or Members' Council or Control Board of another credit institution, unless this institution is a subsidiary of the credit institution;

b/ Director General (Director) or Deputy General Director (Deputy Director) of another enterprise.

Article 35. Automatic loss of status

1. A member of the Board of Directors or Members' Council or Control Board or a Director General (Director) automatically loses membership status or post when:

a/ He/she loses the civil act capacity or dies;

b/ He/she violates Article 33 of this Law on cases banned from holding posts;

c/ He/she represents the capital share of an organization which is a shareholder or capital contributor of the credit institution when this organization has its legal entity status terminated;

d/ He/she is no longer the authorized representative of an institutional shareholder's capital share;

e/ He/she is expelled from the Socialist Republic of Vietnam;

f/ The credit institution has its license revoked;

g/ The contract on Director General (Director) hiring terminates;

h/ He/she is no longer a member of the cooperative bank or people's credit fund.

2. The Board of Directors or Members' Council of a credit institution shall send a report enclosed with documents evidencing a holder' automatic loss of his/her post under Clause 1 of this Article to the State Bank within 5 working days after finding out such loss, take responsibility for the accuracy and truthfulness of this report, and carry out procedures to elect and appoint holder of the vacant post under law.

3. After automatically losing his/her membership status or post, a member of the Board of Directors, Members' Council or Control Board or Director General (Director) of a credit institution must be liable for his/her decisions made during his/her office term.

Article 36. Relief from duty, dismissal

1. The chairman or a member of the Board of Directors or Members' Council; the head or a member of the Control Board; or the Director General (Director) of a credit institution shall be relieved from office or dismissed when:

a/ He/she has his/her civil act capacity restricted;

b/ He/she submits his/her resignation to the Board of Directors, Members' Council or Control Board of the credit institution;

c/ He/she fails to join activities of the Board of Directors, Members' Council or Control Board for 6 consecutive months, except in *force majeure* circumstances;

d/ He/she fails to meet the criteria and conditions specified in Article 50 of this Law;

e/ The independent member of the Board of Directors fails to meet requirements on independence;

f/ In other cases defined by the credit institution's charter.

2. After being relieved from duty or dismissed, the chairman or a member of the Board of Directors or Members' Council; the head or a member of the Control Board; or the Director General (Director) of a credit institution must be liable for his/her decisions made during his/her office term.

3. Within 10 working days after approving a decision on relief from duty or dismissal of a post holder specified in Clause 1 of this Article, the Board of Directors or Members' Council of a credit institution shall send a report enclosed with relevant documents to the State Bank.

Article 37. Termination and suspension of holders of posts of the Board of Directors, Members' Council, Control Board and Director General (Director)

1. The State Bank may terminate or suspend the performance of the rights and obligations of the chairman and members of the Board of Directors or Members' Council, the head and members of the Control Board, and executives of a credit institution who violate Article 34 of this Law and other relevant laws when performing their rights and obligations; and request competent agencies to relieve from duty, elect and appoint or designate, when necessary, replacement persons.

2. The Special Control Board may terminate or suspend the performance of the rights and obligations of the chairman and members of the Board of Directors and Members' Council, the head and members of the Control Board, and executives of a credit institution which is placed under special control, when necessary.

3. A person who is terminated or suspended from performing his/her rights and obligations under Clause 1 or 2 of this Article shall join efforts to remedy problems and violations related to his/her personal responsibilities when so requested by the State Bank, Board of Directors, Members' Council and Control Board of the credit institution or the Special Control Board.

Article 38. Rights and obligations of managers and executives of a credit institution

1. To exercise their rights and fulfill their obligations under law, the credit institution's charter and resolutions and decisions of the Shareholders' General Meeting or owners or capital contributors of the credit institution.
2. To exercise their rights and fulfill their obligations honestly and prudently in the interests of the credit institution and its shareholders, capital contributors and owners.
3. To be loyal to the credit institution; to neither use information, secrets and business opportunities of the credit institution nor abuse their positions and titles and the credit institution's assets for self-seeking purposes or in the interests of other organizations and individuals, harming the interests of the credit institution and its shareholders, capital contributors and owners.
4. To keep dossiers and records of the credit institution in order to provide statistics for the credit institution to manage, administer and control its activities and for the State Bank's inspection, supervision and examination.
5. To be knowledgeable about risks in credit institution operations.
6. To promptly, fully and accurately notify the credit institution of possible conflicts of interests arising from the credit institution's benefits in other institutions or its transactions with other organizations and individuals and to only conduct such transactions when so consented by Board of Directors or Members' Council.
7. Not to create conditions for themselves or their affiliated persons to take loans or use other banking services of the credit institution with conditions more preferential and favorable than those under the credit institution's general regulations.
8. To neither have their salaries and remuneration increased nor request bonus when the credit institution suffers loss.
9. To fulfill other obligations defined by the credit institution's charter.

Article 39. Responsibilities for publicity of related interests

1. A member of the Board of Directors, Members' Council or Control Board or the Director General (Director) or Deputy Director General

(Deputy Director) and the holder of another equivalent post of a credit institution shall notify the credit institution of the following information:

a/ The name, head office address, business lines and activities, number and date of the business registration certificate and place of business registration of the enterprise or economic organization in which he/she or his/her affiliated persons owns/own a capital share or shares in his/her/their name(s) or authorizes/authorize or entrusts/entrust other organizations and individuals to own 5% or more of its charter capital;

b/ The name, head office address, business lines and activities, number and date of the business registration certificate and place of business registration of the enterprise of which he/she or his/her affiliated persons is/are a member/members of the Board of Directors, Members' Council or Control Board or the Director General (Director).

2. Publicity of the information specified in Clause 1 of this Article and changes in related information shall be made in writing within 7 working days after such information arises or changes.

3. A credit institution shall publicize the information specified in Clause 1 of this Article annually to its the Shareholders' General Meeting or Members' Council, which shall be posted up and kept in the credit institution's head office.

Article 40. Internal control system

1. An internal control system is the combination of internal mechanisms, policies, processes and regulations and organizational structure of a credit institution or foreign bank branch, which is developed in compliance with the State Bank's guidance and implemented to assure the prevention and prompt detection and handling of risks and meet set requirements.

2. A credit institution or foreign bank branch shall develop its internal control system to meet the following requirements:

a/ Efficient and safe operations; safe and efficient protection, management and use of assets and resources;

b/ Truthful, appropriate, full and prompt financial and managerial information system;

c/ Observance of the law and internal regulations and processes.

3. Operations of the internal control system of a credit institution or foreign bank branch shall be internally audited and regularly assessed by an independent audit institution.

Article 41. Internal audit

1. A credit institution shall set up a specialized internal audit unit under its Control Board for conducting internal audit of the credit institution.
2. The internal audit unit shall objectively and independently review and assess the internal control system; independently assess the conformity and observance of internal regulations and policies and formalities and processes established within the credit institution; and give recommendations in order to raise the effectiveness of systems, processes and regulations, contributing to ensure safe, efficient and lawful operations of the credit institution.
3. Internal audit results shall be promptly reported to the Board of Directors or Members' Council and Control Board and sent to the Director General (Director) of the credit institution.

Article 42. Independent audit

1. Before closing a fiscal year, a credit institution or foreign bank branch shall select an independent audit institution which is competent under the State Bank's regulations to audit its operations in the subsequent fiscal year.
2. Within 30 days after selecting an independent audit institution, a credit institution or foreign bank branch shall notify the State Bank of such audit institution.
3. A credit institution must have another independent audit when the audit report contains exemption opinions of the independent audit institution.
4. Independent audit of a credit institution being a cooperative complies with Clause 3, Article 75 of this Law.

Section 2. GENERAL PROVISIONS APPLICABLE TO CREDIT INSTITUTIONS BEING JOINT-STOCK COMPANIES AND LIMITED LIABILITY COMPANIES

Article 43. Board of Directors and Members' Council and their structures

1. The Board of Directors or Members' Council is a managerial body having the full power to decide and exercise the rights and fulfill the obligations of a credit institution on its behalf, except matters to be decided by the Shareholders' General Meeting or owners.
2. The term of a Board of Directors or Members' Council is 5 years at most. The office term of members of the Board of Directors or Members' Council follows the term of the Board of Directors or Members' Council. A member of the Board of Directors or Members' Council may be re-elected or re-appointed for an unlimited number of terms. The office term of an added or replaced member of the Board of Directors or Members' Council is the remaining term of the Board of Directors or Members' Council. The

Board of Directors or Members' Council of the previous term shall operate until the Board of Directors or Members' Council of the new term takes over its work.

3. When the number of members of the Board of Directors or Members' Council becomes less than two-thirds of the total number of the members of a term or less than the minimum number of members prescribed in the credit institution's charter, within 60 days after the number of members becomes insufficient, the credit institution shall sufficiently add members to the Board of Directors or Members' Council.

4. The Board of Directors or Members' Council shall use the credit institution's seal to perform its tasks and powers.

5. The Board of Directors or Members' Council may have a secretary to assist it. The secretary's functions and tasks are defined by the Board of Directors or Members' Council.

6. The Board of Directors or Members' Council shall set up committees to assist it in performing its tasks and powers, including the risk management committee and personnel committee. The Board of Directors or Members' Council shall define the tasks and powers of these two committees under the State Bank's guidance.

Article 44. Control Board and its structure

1. The Control Board shall conduct internal audit, inspect and assess the observance of law, internal regulations, charter, resolutions and decisions of the Shareholders' General Meeting or owners and the Board of Directors or Members' Council.

2. The Control Board of a credit institution has at least 3 members. The number of its members shall be prescribed in the credit institution's charter, of whom at least two-thirds work on a full-time basis without concurrently holding other posts or doing other jobs in other credit institutions or enterprises.

3. The Control Board has an assisting apparatus and an internal audit section and may use the credit institution's resources or hire outside specialists and organizations to perform its tasks.

4. The term of a Control Board is 5 years at most. The office term of members of the Control Board follows the term of the Control Board. A member of the Control Board may be re-elected or re-appointed for an unlimited number of terms. The office term of an added or replaced member of the Control Board is the remaining term of the Control Board. The Control Board of the previous term shall operate until the Control Board of the new term takes over its work.

5. When the number of members of the Control Board becomes less than two-thirds of the total number of the members of a term or less than the minimum number of members prescribed in the credit institution's charter, within 60 days after the number of members becomes insufficient, the credit institution shall sufficiently add members to the Control Board.

Article 45. Tasks and powers of the Control Board

1. To oversee the observance of law and the credit institution's charter in governance and administration of the credit institution; to be answerable to the Shareholders' General Meeting, owners and capital contributors for the performance of its assigned tasks and powers.

2. To issue its internal regulations; to annually review its internal regulations and important policies on accounting and reporting.

3. To conduct internal audit; to have the rights to use independent consultants and access and fully, accurately and promptly receive information and documents related to the administration and management of the credit institution to perform its assigned tasks and powers.

4. To appraise biannual and annual financial statements of the credit institution; to report to the Shareholders' General Meeting, owners or capital contributors on its appraisal of financial statements and its assessment of the reasonability, lawfulness, truthfulness and prudence in accounting, statistical work and financial reporting. To consult the Board of Directors or Members' Council before submitting its reports and recommendations to the Shareholders' General Meeting or owners or capital contributors.

5. To examine accounting books, other documents and the governance and administration of the credit institution's operations when necessary or under resolutions or decisions of the Shareholders' General Meeting or at the request of major shareholders or groups of major shareholders or owners or capital contributors or the Members' Council under law. To conduct examination within 7 working days after receiving a request. Within 15 days after completing examination, to report and explain examined matters to requesting organizations and individuals.

6. To promptly notify the Board of Directors or Members' Council when detecting a manager of the credit institution committing violations; to request the violator to immediately terminate his/her violations and remedy consequences, if any.

7. To make a list of founding shareholders, major shareholders, or capital contributors and related persons of members of the Board of Directors or Members' Council and Control Board and Director General (Director) of the credit institution; to keep and update changes in this list.

8. To request the Board of Directors or Members' Council to convene extraordinary meetings or request the Board of Directors to convene extraordinary meetings of the Shareholders' General Meeting under this Law and the credit institution's charter.
9. To convene an extraordinary meeting of the Shareholders' General Meeting when the Board of Directors makes a decision seriously violating this Law or beyond its vested powers and in other cases under the credit institution's charter.
10. To perform other tasks and powers under the credit institution's charter.

Article 46. Rights and obligations of the head of a Control Board

1. To organize the performance of tasks and powers of the Control Board defined in Article 45 of this Law.
2. To prepare agendas of Control Board meetings based on Control Board members' opinions related to the Control Board's tasks and powers; to convene and chair Control Board meetings.
3. On behalf of the Control Board, to sign documents under the Control Board's competence.
4. On behalf of the Control Board, to convene extraordinary meetings of the Shareholders' General Meeting under Article 45 of this Law or request the Board of Directors or Members' Council to convene extraordinary meetings.
5. To attend meetings of the Board of Directors or Members' Council, to give opinions in these meetings but to have no right to vote.
6. To request the inclusion of his/her opinions in minutes of meetings of the Board of Directors or Members' Council when these opinions differ from resolutions and decisions of the Board of Directors or Members' Council and report such before the Shareholders' General Meeting or owners or capital contributors.
7. To prepare working plans for and assign tasks to Control Board members.
8. To ensure that Control Board members receive complete, objective and accurate information and have enough time to discuss on matters to be considered by the Control Board.
9. To supervise and direct Control Board members in performing their tasks, rights and obligations.
10. To authorize another member of the Control Board to perform his/her tasks when absent.

11. To exercise other rights and fulfill other obligations under the credit institution's charter.

Article 47. Rights and obligations of Control Board members

1. To observe law, the credit institution's charter and Control Board's internal regulations honestly and prudently in the interests of the credit institution and its shareholders, capital contributors and owners.
2. To elect a member of the Control Board to be the head of the board.
3. To request the head of the Control Board to convene an extraordinary meeting of the Control Board.
4. To control business activities, accounting books, assets and financial statements and recommend remedies.
5. To request officers and employees of the credit institution to provide statistics and explain business operations in order to perform assigned tasks.
6. To report on abnormal financial activities to the Control Board head and take responsibility for their own evaluation and conclusions.
7. To attend Control Board meetings, to discuss and vote on matters within the scope of tasks and powers of the Control Board, except those involving conflicts of their interests.
8. To exercise other rights and perform other obligations under the credit institution's charter.

Article 48. Director General (Director)

1. The Board of Directors or Members' Council shall appoint one of its members to be the Director General (Director) or hire a Director General (Director), except the case defined at Point c, Clause 1, Article 66 of this Law.
2. The Director General (Director) is the supreme executive of the credit institution and shall take responsibility before the Board of Directors or Members' Council for the performance of his/her rights and obligations.

Article 49. Rights and obligations of the Director General (Director)

1. To organize the implementation of resolutions and decisions of the Shareholders' General Meeting, Board of Directors or Members' Council.
2. To decide on matters related to day-to-day business activities of the credit institution under his/her competence.
3. To set up the internal control system and maintain its effective operation.
4. To make and submit financial statements to the Board of Directors or Members' Council for approval or for reporting to competent authorities

for approval. To take responsibility for the accuracy and truthfulness of financial statements, statistical reports, settlement statistics and other financial information.

5. To issue according to his/her competence internal regulations; professional processes and procedures to operate business administration, information and reporting systems.
6. To report on the credit institution's business activities and results to the Board of Directors, Members' Council, Control Board and Shareholders' General Meeting and competent state agencies.
7. To decide on the application of measures beyond his/her competence in cases of natural disasters, enemy sabotage, fires and incidents, take responsibility for these decisions and promptly report them to the Board of Directors or Members' Council.
8. To recommend and propose the organizational and operational structures of the credit institution to the Board of Directors or Members' Council or the Shareholders' General Meeting for decision according to its competence.
9. To request the Board of Directors or Members' Council to convene extraordinary meetings under this Law.
10. To appoint, relieve from duty and dismiss holders of managerial and executive posts of the credit institution, except those to be decided by the Shareholders' General Meeting, owners, capital contributors, Board of Directors or Members' Council.
11. On behalf of the credit institution, to sign contracts under the credit institution's charter and internal regulations.
12. To propose plans to use profits and handle losses of the credit institution.
13. To recruit employees; to decide on salaries and bonuses of employees according to his/her competence.
14. To perform other rights and obligations under the credit institution's charter.

Article 50. Criteria and conditions for managers, executives and holders of some other posts of a credit institution

1. A member of the Board of Directors or Members' Council must fully meet the following criteria and conditions:

- a/ Being other than those specified in Clause 1, Article 33 of this Law;
- b/ Possessing professional ethics;

c/ Being an individual owner or a person authorized to represent ownership of at least 5% of the credit institution's charter capital, except when being a member of the Members' Council or independent member of the Board of Directors, or holding a tertiary or higher degree in economics, business administration or law, or having at least 3 years working as a manager of a credit institution or an insurance, securities, accounting or audit business, or at least 5 years working directly in professional banking, finance, audit or accounting division.

2. An independent member of the Board of Directors must fully meet the criteria and conditions specified in Clause 1 of this Article and the following criteria and conditions:

a/ Neither currently working for the credit institution or its subsidiary nor working for the credit institution or its subsidiary for 3 preceding years;

b/ Not enjoying salaries or regular pays of the credit institution other than allowances for Board of Directors members under regulations;

c/ Having no spouse, parent, child, sibling and spouses of these persons being major shareholders of the credit institution, managers or Control Board members of the credit institution or its subsidiary;

d/ Neither directly nor indirectly owning or representing ownership of 1% or more of the charter capital or voting share capital of the credit institution; together with his/her related persons not owning 5% or more of the charter capital or voting share capital of the credit institution;

e/ Not being a manager or Control Board member of the credit institution at any time in the 5 preceding years.

3. A Control Board member must fully meet the following criteria and conditions:

a/ Being other than those defined in Clause 1, Article 33 of this Law;

b/ Possessing professional ethics;

c/ Holding a tertiary or higher degree in economics, business administration, law, accounting or audit; having at least 3 years working directly in banking, finance, accounting or audit;

d/ Not being an affiliated person of a manager of the credit institution;

e/ Residing in Vietnam during his/her office term, for a full-time control board member.

4. The Director General (Director) must fully meet the following criteria and conditions:

a/ Being other than those defined in Clause 1, Article 33 of this Law;

- b/ Possessing professional ethics;
- c/ Holding a tertiary or higher degree in economics, business administration or law;
- d/ Having at least 5 years working as an executive of a credit institution or Director General (Director) or Deputy Director General (Deputy Director) of an enterprise with the owner's capital at least equal to the charter capital required by law for each type of credit institution or at least 10 years working directly in finance, banking, accounting or audit;
- e/ Residing in Vietnam during his/her office term.

5. A Deputy Director General (Deputy Director), the chief account, director of a branch or subsidiary or the holder of an equivalent post must fully meet the following criteria and conditions:

- a/ Being other than those defined in Clause 2, Article 33 of this Law; for a Deputy Director General (Deputy Director) being other than those defined in Clause 1, Article 33 of this Law;
- b/ Holding a tertiary or higher degree in economics, business administration, law or the profession under his/her charge; or holding a tertiary or higher degree in a discipline other than the above and having at least 3 years working directly in banking, finance or the profession under his/her charge;
- c/ Residing in Vietnam during his/her office term.

6. The State Bank shall specify criteria and conditions for managers, executives and Control Board members of microfinance institutions.

Article 51. Approval of lists of nominees for the posts of member of the Board of Directors or Members' Council and Control Board and Director General (Director) of a credit institution

1. The list of nominees for the posts of members of the Board of Directors or Members' Council and Control Board and Director General (Director) of a credit institution shall be approved in writing by the State Bank before these nominees are elected and appointed. Elected and appointed members of the Board of Directors, Members' Council and Control Board and Director General (Director) of a credit institution must be on the list approved by the State Bank.
2. The State Bank shall specify procedures and dossiers for approval of lists of nominees for the posts specified in Clause 1 of this Article.
3. A credit institution shall notify the State Bank of the list of elected and appointed holders of the posts specified in Clause 1 of this Article within 10 working days after such election and appointment.

Section 3. CREDIT INSTITUTIONS BEING JOINT-STOCK COMPANIES

Article 52. Types of shares, shareholders

1. A joint-stock credit institution must have common shares. Owners of common shares are common shareholders.

2. A credit institution may have preferred shares which take the following types:

a/ Dividend preferred shares;

b/ Voting preferred shares.

3. Dividend preferred shares are shares for which higher dividends are paid than those paid for common shares or than annual stable dividends. Annual dividends include fixed dividends and bonus dividends. Fixed dividends do not depend on business results of the credit institution and may be paid only when the credit institution earns profits. When a credit institution suffers losses or earns profits but such profits are insufficient for paying fixed dividends, fixed dividends to be paid for dividend preferred shares shall be accrued in subsequent years. The specific levels of fixed dividends and method of determining bonus dividends shall be decided by the Shareholders' General Meeting and indicated on stocks of dividend preferred shares. The total par value of dividend preferred shares must not exceed 20% of the charter capital of a credit institution.

Members of the Board of Directors and Control Board, the Director General (Director) and other managers and executives of a credit institution may not buy dividend preferred shares issued by the credit institution. Eligible buyers of dividend preferred shares shall be defined in the charter of a credit institution or decided by its Shareholders' General Meeting.

Dividend preferred shareholders have the rights like common shareholders, except the rights to vote, attend meetings of the Shareholders' General Meeting and nominate candidates for the Board of Directors and Control Board.

4. Only institutions authorized by the Government and founding shareholders may hold voting preferred shares. The voting preferred right of founding shareholders is valid for only 3 years after the credit institution obtains a business registration certificate. Past this time limit, voting preferred shares of founding shareholders may be converted into common shares. Voting preferred shareholders have the rights like common shareholders, except the right to transfer such shares to others.

5. Common shares may not be converted into preferred shares. Preferred shares may be converted into common shares under resolutions of the Shareholders' General Meeting.

6. A joint-stock credit institution must have at least 100 shareholders and is not limited in the number of shareholders.

Article 53. Rights of common shareholders

1. To attend and give opinions at meetings of the Shareholders' General Meeting and exercise the right to vote directly or through their authorized representatives. Each common share has one vote.

2. To receive dividends under resolutions of the Shareholders' General Meeting.

3. To have pre-emptive right to buy newly offered shares in proportion to the percentage of their common shares within the credit institution.

4. To transfer their shares to other shareholders within the credit institution or to other organizations or individuals under this Law and the charter of such credit institution.

5. To consider, search and extract information from the list of shareholders with the voting right and request modification of inaccurate information.

6. To consider, search, extract or copy the charter of the credit institution, books of minutes of meetings of the Shareholders' General Meeting and resolutions of the Shareholders' General Meeting.

7. To receive part of the remaining assets in proportion to the number of their shares in the credit institution when it is dissolved or bankrupt.

8. To authorize in writing others to exercise their rights and perform their obligations. Authorized persons may not stand as candidates in their own capacity.

9. To stand as candidates or nominate others to the Board of Directors or Control Board under the charter of the credit institution or under law if such is not provided in the charter. The list of candidates shall be sent to the Board of Directors by the deadline set by the Board of Directors.

Article 54. Obligations of common shareholders

1. Shareholders of a credit institution shall fulfill the following obligations:

a/ To fully pay within the time limit set by the credit institution for the number of shares they commit to buy; to take responsibility for debts and other asset-related obligations of the credit institution within the limit of share capital already contributed to the credit institution;

b/ To refrain from withdrawing contributed share capital from the credit institution in any form resulting in the decrease of the charter capital of the credit institution;

c/ To take responsibility before law for the lawfulness of capital contributed to and shares purchased from the credit institution;

d/ To comply with the charter and internal management regulations of the credit institution;

e/ To observe resolutions and decisions of the Shareholders' General Meeting and Board of Directors;

f/ To take personal responsibility for, when acting in the name of the credit institution in any form, any law-breaking acts they have committed or business activities and other transactions they have conducted for self-seeking purposes or for the interests of other institutions or individuals.

2. Shareholders making entrusted investment for other institutions or individuals shall provide the credit institution with information on actual holders of entrusted shares in such credit institution. The credit institution may terminate the shareholder's rights of these shareholders when detecting their failure to provide accurate information on these actual owners.

Article 55. Share ownership rate

1. An individual shareholder may not own over 5% of the charter capital of a credit institution.

2. An institutional shareholder may not own over 15% of the charter capital of a credit institution, except the following cases:

a/ It owns shares under Clause 3, Article 149 of this Law in order to handle a credit institution that faces difficulties and ensure safety of the credit institution system;

b/ It owns state shares at an equitized credit institution;

c/ It owns shares of foreign investors under Clause 2, Article 16 of this Law.

3. A shareholder and his/her/its affiliated persons may not own over 20% of the charter capital of a credit institution.

4. The share ownership rates specified in Clauses 1, 2 and 3 of this Article include also capital amounts entrusted to other organizations or individuals to buy shares.

5. Within 5 years after obtaining a license, founding shareholders must hold shares at least equal to 50% of the charter capital of the credit institution;

founding shareholders being legal entities must hold shares at least equal to 50% of the total shares held by founding shareholders.

Article 56. Offering and transfer of shares

1. Individual shareholders and institutional shareholders with their representatives being members of the Board of Directors or Control Board or Directors General (Directors) of credit institutions may not transfer their shares during their incumbency.
2. Pending the remedy of consequences caused by personal responsibility under the Shareholders' General Meeting' resolution or the State Bank's decision, members of the Board of Directors or Control Board or the Director General (Director) may not transfer their shares, unless:
 - a/ They act as authorized representatives of institutional shareholders which are merged, consolidated, divided, split-up, dissolved or bankrupt under law;
 - b/ They are ordered to transfer their shares under a court ruling; or,
 - c/ They transfer their shares to other investors for realizing compulsory merger or consolidation under Clause 2, Article 149 of this Law.
3. Listed shares of credit institutions shall be transferred under the securities law.
4. Within 5 years after obtaining a license, founding shareholders may only transfer their shares to other founding shareholders provided that they ensure the share ownership rates specified in Article 55 of this Law.

Article 57. Redemption of shareholders' shares

A credit institution may redeem its shareholders' shares if, after fully paying for the redeemed shares, it still ensures safety ratios in banking operations and the real value of its charter capital does not decrease to below the legal capital. In case the redemption of shares results in the decrease of the charter capital of a credit institution, the State Bank's prior written approval is required.

Article 58. Stocks

When stocks are issued as certificates, a credit institution shall issue these stocks to shareholders within 30 days after inaugurating its operation, for newly established credit institutions, or after shareholders fully pay for shares they commit to buy, for credit institutions increasing their charter capital.

Article 59. Shareholders' General Meeting

1. The Shareholders' General Meeting shall hold an annual meeting within 4 months after the end of a fiscal year. The Shareholders' General Meeting

shall hold an extraordinary meeting under a convening decision of the Board of Directors in the following cases:

- a/ The Board of Directors considers such meeting necessary for the interests of the credit institution;
- b/ The number of the Board of Directors' remaining members is smaller than the minimum number of members provided in Clause 1, Article 62 of this Law;
- c/ At the request of a shareholder or a group of shareholders that hold over 10% of total common shares for at least 6 consecutive months;
- d/ At the request of the Control Board;
- e/ Other cases specified in the charter of the credit institution.

2. The Shareholders' General Meeting is composed of all shareholders with the voting right and is the supreme decision-making body of a credit institution. The Shareholders' General Meeting has the following tasks and powers:

- a/ To approve development orientations of the credit institution;
- b/ To modify the charter of the credit institution;
- c/ To approve regulations on the organization and operation of the Board of Directors and Control Board;
- d/ To decide on the number of members of the Board of Directors and Control Board in each office term; to elect, relieve from duty, dismiss, add or replace members of the Board of Directors and Control Board according to the criteria and conditions specified in this Law and the charter of the credit institution;
- e/ To decide on remuneration, bonuses and other benefits for members of the Board of Directors and Control Board and on operating budgets of the Board of Directors and Control Board;
- f/ To consider and handle according to its competence violations of the Board of Directors or Control Board which cause damage to the credit institution and its shareholders;
- g/ To decide on the organizational structure and managerial and executive apparatus of the credit institution;
- h/ To adopt plans on adjustment of the charter capital and share offering plans covering types and quantity of new shares to be offered;
- i/ To adopt the redemption of sold shares;
- j/ To adopt plans on the issue of convertible bonds;

k/ To adopt annual financial statements and plans on distribution of profits after the credit institution's tax and other financial obligations are fulfilled;

l/ To adopt the Board of Directors' and Control Board's reports on the performance of their assigned tasks and powers;

m/ To decide on the establishment of subsidiaries;

n/ To adopt plans on contribution of capital to and purchase of shares of enterprises or other credit institutions which account for 20% or more of the credit institution's charter capital indicated in the latest audited financial statement;

o/ To decide to invest in, buy or sell the credit institution's assets which account for 20% or more of the credit institution's charter capital indicated in the latest audited financial statement or any lower percentage specified in the credit institution's charter;

p/ To approve contracts valued at over 20% of the credit institution's charter capital indicated in the latest audited financial statement or any lower percentage specified in the credit institution's charter, between the credit institution and members of the Board of Directors or Control Board, the Director General (Director), major shareholders, affiliated persons of managers, Control Board members or major shareholders of the credit institution; subsidiaries or affiliated companies of the credit institution;

q/ To decide on the division, split-up, consolidation, merger, transformation or dissolution of, or to request a court to open bankruptcy procedures for, the credit institution;

r/ To decide on solutions to major financial changes of the credit institution.

3. Decisions of the Shareholders' General Meeting shall be adopted as follows:

a/ The Shareholders' General Meeting shall adopt decisions falling within its competence by voting at meetings or collecting written opinions;

b/ Except the case specified at Point c of this Clause, a decision of the Shareholders' General Meeting shall be adopted at a meeting when it is approved by shareholders representing over 51% of total votes of all attending shareholders or any higher percentage specified in the credit institution's charter;

c/ Decisions on the matters specified at Points b, h, o and q, Clause 2 of this Article must be adopted by shareholders representing over 65% of total votes of all attending shareholders or any higher percentage specified in the credit institution's charter;

d/ Members of the Board of Directors and Control Board shall be elected based on accrued votes.

4. Decisions on the matters specified at Points a, d, f and q, Clause 2 of this Article shall be adopted by voting at meetings of the Shareholders' General Meeting.

Article 60. Convening the Shareholders' General Meeting at the request of the State Bank

When arises an event affecting the safety of operations of a joint-stock credit institution, the State Bank may request the Board of Directors of such credit institution to convene an extraordinary Shareholders' General Meeting and decide on matters requested by the State Bank.

Article 61. Reporting on results of meetings of Shareholders' General Meeting

Within 15 days after concluding a meeting or finishing the vote count in case of collection of written opinions, all resolutions and decisions adopted by the Shareholders' General Meeting shall be sent to the State Bank.

Article 62. Board of Directors of a credit institution being a joint-stock company

1. The Board of Directors of a credit institution being a joint-stock company must have between 5 and 11 members, including at least 1 independent member. At least half of the Board of Directors' total members must be independent members and members other than executives of the credit institution.

2. An individual and his/her affiliated persons or representatives of contributed capital of an institutional shareholder and their affiliated persons may participate in the Board of Directors in a number not exceeding one-third of total members of the Board of Directors of a credit institution being a joint-stock company, unless they are representatives of the State's contributed capital.

Article 63. Tasks and powers of the Board of Directors

1. To organize the establishment and inauguration of the credit institution after the first meeting of the Shareholders' General Meeting.

2. To take responsibility before the Shareholders' General Meeting for performing its assigned tasks and powers.

3. To submit to the Shareholders' General Meeting for decision and approval matters falling within its competence defined in Clause 2, Article 59 of this Law.

4. To decide on the establishment of branches, representative offices and non-business units.
5. To appoint, relieve from duty, dismiss, discipline, suspend the work of, and decide on salaries and other benefits for, the Director General (Director), Deputy Directors General (Deputy Directors), chief accountant, secretary of the Board of Directors, holders of titles in the internal audit section, managers and other executives under its internal regulations.
6. To adopt plans on contribution of capital to and purchase of shares from enterprises or other credit institutions which account for less than 20% of the credit institution's charter capital indicated in the latest audited financial statement.
7. To appoint representatives of contributed capital of the credit institution at other enterprises and credit institutions.
8. To decide to invest in, purchase and sell assets of the credit institution which account for 10% or more of the credit institution's charter capital indicated in the latest audited financial statement, except those specified at Point o, Clause 2, Article 59 of this Law.
9. To decide on credit extension under Clause 7, Article 128 of this Law, except transactions specified at Point p, Clause 2, Article 59 of this Law to be decided by the Shareholders' General Meeting.
10. To approve contracts between the credit institution and its subsidiaries and affiliated companies; contracts between the credit institution and members of the Board of Directors or Control Board, the Director General (Director), major shareholders or their affiliated persons, which account for 20% or less of the credit institution's charter capital indicated in the latest audited financial statement or any lower percentage specified in the credit institution's charter. In this case, affiliated members have no voting right.
11. To examine, supervise and direct the Director General (Director) in performing his/her assigned tasks; to annually evaluate the work performance of the Director General (Director).
12. To issue internal regulations on the organization, governance and operation of the credit institution in accordance with this Law and other relevant laws, except matters falling within the competence of the Control Board or Shareholders' General Meeting.
13. To decide on risk management policies and supervise the implementation of risk prevention measures by the credit institution.
14. To consider and approve annual reports.

15. To select under law professional assessment institutions for valuing assets contributed as capital other than the Vietnamese currency, freely convertible foreign currencies or gold.
16. To propose the State Bank Governor to approve matters under law.
17. To decide to offer new shares within the limit of shares eligible for offering.
18. To decide on offer prices of shares and convertible bonds of the credit institution.
19. To decide on the redemption of shares of the credit institution.
20. To propose plans on distribution of profits and dividends to be paid; to decide on the time limit and procedures for paying dividends or offsetting losses during the business period.
21. To prepare relevant contents and documents for submission to the Shareholders' General Meeting to decide on matters falling within its competence, except those falling within the ambit of the Control Board's tasks and powers.
22. To approve operation programs and plans of the Board of Directors; programs, contents and documents for meetings of the Shareholders' General Meeting; to convene meetings of the Shareholders' General Meeting or collect written opinions of shareholders in order to adopt resolutions or decisions of the Shareholders' General Meeting.
23. To organize, examine and supervise the implementation of resolutions or decisions of the Shareholders' General Meeting and Board of Directors.
24. To promptly notify the State Bank of information adversely affecting the conduct of members of the Board of Directors or Control Board or the Director General (Director).
25. To perform other tasks and powers defined in the charter of the credit institution.

Article 64. Rights and obligations of the Chairman of the Board of Directors

1. To elaborate working programs and plans of the Board of Directors.
2. To prepare programs, contents and documents for meetings of the Board of Directors; to convene and chair these meetings.
3. To organize the adoption of decisions of the Board of Directors.
4. To supervise the implementation of decisions of the Board of Directors.
5. To chair meetings of the Shareholders' General Meeting.

6. To ensure that all members of the Board of Directors receive adequate, objective and accurate information and have sufficient time for discussing matters to be considered by the Board of Directors.
7. To assign tasks to members of the Board of Directors.
8. To supervise members of the Board of Directors in performing their assigned tasks as well as general rights and obligations.
9. To evaluate at least once a year the work performance of each member and commissions of the Board of Directors and report evaluation results to the Shareholders' General Meeting.
10. To perform other rights and obligations defined in the charter of the credit institution.

Article 65. Rights and obligations of members of the Board of Directors

1. To honestly exercise their rights and perform their obligations under internal regulations of the Board of Directors and as assigned by the Chairman of the Board of Directors in the interests of the credit institution and shareholders.
2. To examine financial statements prepared by independent auditors, give opinions on or request executives of the credit institution, independent auditors and internal auditors to explain matters related to these statements.
3. To propose the Chairman of the Board of Directors to convene an extraordinary meeting of the Board of Directors.
4. To attend meetings of the Board of Directors, discuss and vote on matters falling within the tasks and powers of the Board of Directors under this Law, unless they are not allowed to vote because the matters conflict their benefits. To take responsibility before the Shareholders' General Meeting and Board of Directors for their decisions.
5. To implement resolutions and decisions of the Shareholders' General Meeting and Board of Directors.
6. To explain the performance of their assigned tasks before the Shareholders' General Meeting and Board of Directors upon request.
7. To perform other rights and obligations defined in the charter of the credit institution.

Section 4. CREDIT INSTITUTIONS BEING ONE-MEMBER LIMITED LIABILITY COMPANIES

Article 66. Tasks and powers of owners

1. The owner of a credit institution being a one-member limited liability company has the following powers:

- a/ To decide on the number of members of the Members' Council in each office term, which must be between 5 and 11;
- b/ To appoint authorized representatives with an office term of up to 5 years for performing the owner's tasks and powers under this Law. Authorized representatives must satisfy all the criteria and conditions specified in Clause 1, Article 50 of this Law;
- c/ To appoint, relieve from duty, dismiss or add members of the Members' Council, the Chairman of the Members' Council, members of the Control Board, the Director General (Director), Deputy Directors General (Deputy Directors) and the chief accountant;
- d/ To decide on the adjustment of the charter capital of the credit institution; to transfer part or the whole of the charter capital of the credit institution and change the legal form of the credit institution;
- e/ To decide on the establishment of subsidiaries and affiliated companies;
- f/ To approve annual financial statements; to decide on the use of profits after the credit institution's tax and other financial obligations are fulfilled;
- g/ To decide to reorganize, dissolve, or request the court to open bankruptcy procedures for, the credit institution;
- h/ To decide on remuneration, salaries and other benefits of members of the Members' Council, members of the Control Board and the Director General (Director).

2. The owner of a credit institution being a one-member limited liability company has the following tasks:

- a/ To contribute capital fully and on time as committed;
- b/ To observe the charter of the credit institution;
- c/ To identify and separate assets of the owner from those of the credit institution;
- d/ To observe law in purchase, sale, borrowing, lending, rent and lease and other transactions between the credit institution and owner;
- e/ To perform other tasks defined in this Law and the charter of the credit institution.

Article 67. Tasks and powers of the Members' Council

1. The Members' Council of a credit institution being a one-member limited liability company is composed of all authorized representatives of the owner and shall, in the owner's name, exercise the rights and perform the obligations of the owner under regulations. It shall, in the name of the credit institution, exercise the rights and perform the obligations of the

credit institution; and take responsibility before the owner for performing its tasks and exercising its powers under this Law and the charter of the credit institution.

2. The Members' Council of a credit institution being a one-member limited liability company has the following tasks and powers:

a/ To decide on contents of, and modify, the charter of the credit institution;

b/ To decide on annual development strategies and business plans of the credit institution;

c/ To submit to the owner of the credit institution for decision matters specified at Points c, d, e, f and g, Clause 1, Article 66 of this Law which fall within the owner's competence;

d/ To consider and approve annual reports;

e/ To select an independent audit institution;

f/ To examine, supervise and direct the Director General (Director) in performing his/her assigned tasks; to annually evaluate the work performance of the Director General;

g/ To decide to offset losses arising during the business period;

h/ To decide on credit extension under Clause 7, Article 128 of this Law;

i/ To decide on a plan to contribute capital to or purchase shares of other enterprises or credit institutions which account for 20% or more of the charter capital indicated in the latest audited financial statement of the credit institution or another lower percentage specified in the charter of the credit institution;

j/ To decide to invest in, purchase and sell the credit institution's assets which account for 20% or more of the charter capital indicated in the latest audited financial statement of the credit institution or another lower percentage specified in the charter of the credit institution;

k/ To decide to sign contracts between the credit institution and its subsidiary and affiliated companies; and contracts between the credit institution and members of the Members' Council, members of the Control Board, the Director General (Director) or their affiliated persons. In this case, affiliated members have no voting right;

l/ To decide on market development, marketing and technology transfer solutions;

m/ To issue internal regulations related to the credit institution's organization, governance and operation in accordance with law;

n/ To propose the State Bank Governor to approve matters under law;

- o/ To supervise and assess business activities of the credit institution;
- p/ To perform other tasks and powers defined in the charter of the credit institution.

Article 68. Rights and obligations of the Chairman of the Members' Council

1. To formulate operation programs and plans of the Members' Council.
2. To prepare programs, contents and documents for meetings of the Members' Council or for collecting members' opinions.
3. To convene and chair meetings of the Members' Council or collect members' opinions.
4. To supervise, or organize the supervision of, the implementation of decisions of the Members' Councils.
5. To sign decisions on behalf of the Members' Council.
6. To ensure that members of the Members' Council receive adequate, objective and accurate information and have sufficient time for discussing matters to be considered by the Members' Council.
7. To assign tasks to members of the Members' Council.
8. To supervise members of the Members' Council in performing their assigned tasks as well as general rights and obligations.
9. To evaluate at least once a year the work performance of each member and the Members' Council and report evaluation results to the owner.
10. To perform other rights and obligations defined in the charter of the credit institution.

Article 69. Rights and obligations of members of the Members' Council

1. To honestly exercise their rights and perform their obligations under internal regulations of the Members' Council and as assigned by the Chairman of the Members' Council in the interests of the credit institution and owner.
2. To give opinions on or request executives of the credit institution, independent auditors and internal auditors to explain matters related to financial statements prepared by independent auditors.
3. To propose the Chairman to convene an extraordinary meeting of the Members' Council.
4. To attend meetings of the Members' Council, discuss and vote on all matters falling within the tasks and powers of the Members' Council, unless they are not allowed to vote because the matters conflict their

benefits. To take responsibility before the owner and Members' Council for their decisions.

5. To implement decisions of the owner and resolutions of the Members' Council.

6. To explain the performance of their assigned tasks before the owner and Members' Council upon request.

7. To perform other rights and obligations defined in the charter of the credit institution.

Section 5. CREDIT INSTITUTIONS BEING LIMITED LIABILITY COMPANIES WITH TWO OR MORE MEMBERS

Article 70. Capital contributors and their tasks and powers

1. Capital contributors of a credit institution being a limited liability company with two or more members must be legal entities, except the case specified in Article 88 of this Law. The total number of members must not exceed 5. The maximum ownership rate for a member and his/her affiliated persons must not exceed 50% of the charter capital of a credit institution.

2. Capital contributors have the following powers:

a/ To appoint their representatives as members of the Members' Council or Control Board and relieve from duty or dismiss them on the basis of their contributed capital in the credit institution or as agreed;

b/ To receive information and reports on the operation of the Members' Council and Control Board, annual accounting books and financial statements and other papers and documents of the credit institution;

c/ To receive shared profits in proportion to their contributed capital after the credit institution has fulfilled tax and other financial obligations;

d/ To be shared the remaining assets of the credit institution in proportion to their contributed capital when the credit institution is dissolved or bankrupt;

e/ To lodge complaints and initiate lawsuits against members of the Members' Council or Control Board or the Director General (Director) for their improper performance of their rights or obligations, adversely affecting the lawful rights and interests of the credit institution or capital contributors.

3. Capital contributors have the following tasks:

a/ To refrain from withdrawing the contributed capital in any form, except the transfer of contributed capital under Article 71 of this Law;

b/ To observe the charter of the credit institution;

c/ Other tasks defined in this Law and the charter of the credit institution.

Article 71. Transfer and redemption of contributed capital

1. Capital contributors may transfer their contributed capital and be prioritized to additionally contribute capital when the credit institution increases its charter capital.

2. The State Bank shall specify conditions for receipt of transferred contributed capital and redemption of contributed capital of credit institutions.

Article 72. Members' Council

1. The Members' Council of a credit institution being a limited liability company with two or more members has the following tasks and powers:

a/ The tasks and powers specified at Points a, b, d, e, h, i, j, k, l, m and n, Clause 2, Article 67 of this Law;

b/ To decide on the increase or decrease of the charter capital as well as the time and mode of capital raising;

c/ To report on the financial situation and business results of the credit institution, the performance of assigned tasks and exercise of vested powers by the Members' Council and its members at the request of capital contributors or competent state agencies;

d/ To decide to redeem contributed capital under this Law;

e/ To elect, relieve from duty or dismiss the Chairman of the Members' Council; to decide to appoint, relieve from duty, dismiss, sign and terminate contracts with, the Director General (Director), Deputy Directors General (Deputy Directors), the chief accountant, managers and other executives under internal regulations of the Members' Council;

f/ To decide on salaries, bonuses, remuneration and other benefits of the Chairman and members of the Members' Council, the head and members of the Control Board and the Director General (Director) in accordance with this Law, unless otherwise provided in the charter of the credit institution;

g/ To approve annual financial statements, and plans on profit use and sharing or loss offsetting of the credit institution;

h/ To decide on the establishment of subsidiaries, branches and representative offices; to contribute capital to affiliated companies;

i/ To decide on the reorganization of the credit institution;

j/ To decide to dissolve, or request the court to open bankruptcy procedures for, the credit institution;

k/ Other tasks and powers defined in the charter of the credit institution.

2. The Chairman of the Members' Council of a credit institution being a limited liability company with two or more members has the following rights and obligations:

a/ The rights and obligations specified in Clauses 1 thru 8, Article 68 of this Law;

b/ To evaluate at least once a year the work of each member and committees of the Members' Council;

c/ Other rights and obligations specified in the charter of the credit institution.

3. Members of the Members' Council of a credit institution being a limited liability company with two or more members have the following rights and obligations:

a/ The rights and obligations specified in Clauses 1, 2 and 3, Article 69 of this Law;

b/ To attend meetings of the Members' Council, discuss and vote on all matters falling within the ambit of tasks and powers of the Members' Council under this Law, unless they are not allowed to vote under Point 1, Clause 2, Article 67 of this Law; to take responsibility before the Members' Council for their decisions;

c/ To implement resolutions and decisions of the Members' Council;

d/ To explain the performance of their assigned tasks to capital contributors and the Members' Council upon request;

e/ To perform other rights and obligations defined in the charter of the credit institution.

Section 6. CREDIT INSTITUTIONS BEING COOPERATIVES

Article 73. Operation characteristics and objectives

Credit institutions being cooperatives mean credit institutions organized as cooperatives operating in the banking sector to provide mutual assistance among members for effectively conducting production, business and service activities and improving their life. Credit institutions being cooperatives include cooperative banks and people's credit funds.

Article 74. Establishment of credit institutions being cooperatives

1. Members of a cooperative bank include all people's credit funds and other capital-contributing legal entities.

2. Members of a people's credit fund include individuals, households and other capital-contributing legal entities.

Article 75. Organizational structure

1. The organizational and managerial structure of a cooperative bank or people's credit fund is composed of the Members' General Meeting, Board of Directors, Control Board and Director General (Director).
2. Members of the Board of Directors or Control Board and the Director General (Director) of a cooperative bank or people's credit fund must satisfy criteria on professional qualifications and ethics and be proficient in banking operations under the State Bank's regulations.
3. Cooperative banks and people's credit funds must have internal audit and internal control systems and conduct independent audit under the State Bank's regulations.

Article 76. Charter capital

1. The charter capital of a cooperative bank or people's credit fund is the total capital amount contributed by members and is indicated in its charter.
2. The Members' General Meeting shall decide on minimum and maximum levels of capital contribution by each member under the State Bank's regulations.

Article 77. Charter

1. The charter of a cooperative bank or people's credit fund must not contravene this Law, the Law on Cooperatives and other relevant laws. It must contain the following:
 - a/ Name and place of the head office;
 - b/ Contents and scope of operation;
 - c/ Operation duration;
 - d/ Charter capital and capital contribution mode;
 - e/ Organizational structure, tasks and powers of the Board of Directors and Control Board and rights and obligations of the Director General (Director);
 - f/ Modes of conducting the Members' General Meeting and approving its decisions;
 - g/ Rights and obligations of members;
 - h/ Financial, accounting, control and internal audit principles;
 - i/ Principles of paying salaries, allowances and official-duty remuneration; handling losses and sharing profits in proportion to contributed capital and labor of members and the credit institution's use of services; and setting up, managing and using different funds;
 - j/ Modes of managing, using, preserving and handling common assets and accumulated capital;

k/ Cases and procedures related to division, split-up, consolidation, merger, dissolution or bankruptcy;

l/ Charter modification procedures.

2. The charter and modifications to the charter of a cooperative bank or people's credit fund shall be registered at the State Bank within 15 days after it is/they are approved.

Article 78. Rights of members

1. To attend the Members' General Meeting or elect delegates to the Members' General Meeting, attend members' meetings and vote on matters falling within the competence of the Members' General Meeting.

2. To stand as candidates or nominate others to the Board of Directors or Control Board and other to-be-elected titles under the charter of the cooperative bank or people's credit fund.

3. To deposit money, take loans and receive shared profits in proportion to their contributed capital and the use of services, of the cooperative bank or people's credit fund.

4. To enjoy social welfare benefits of the cooperative bank or people's credit fund.

5. To receive necessary information relating to the operation of the cooperative bank or people's credit fund.

6. To propose matters related to the operation of the cooperative bank or people's credit fund and request replies. To request the Board of Directors or Control Board to convene an extraordinary Members' General Meeting to settle urgent matters.

7. To transfer their contributed capital, benefits and obligations to others under law and the charter of the cooperative bank or people's credit fund.

8. To apply for withdrawal from the cooperative bank or people's credit fund under its charter.

9. To exercise the rights defined by law and the charter of the cooperative bank or people's credit fund.

Article 79. Obligations of members

1. To implement the charter of the cooperative bank or people's credit fund and resolutions of the Members' General Meeting.

2. To contribute capital under the charter of the cooperative bank or people's credit fund and relevant regulations.

3. To provide cooperation and mutual assistance and contribute to building, and promoting the development of, the cooperative bank or people's credit fund.
4. To take, within the limit of their contributed capital, joint responsibility for risks or losses arising during the operation of the cooperative bank or people's credit fund.
5. To repay loan principals and interests of the cooperative bank or people's credit fund as committed.
6. To compensate for damage caused by them to the cooperative bank or people's credit fund.

Article 80. Members' General Meeting

1. The Members' General Meeting is the highest decision-making body of a cooperative bank or people's credit fund.
2. The Members' General Meeting shall discuss and decide on the following matters:
 - a/ Reports on business results in a year, financial publicity, accounting, projected distribution of profits and offsetting of losses, if any; and reports on the operation of the Board of Directors and Control Board;
 - b/ Business orientations for the following year;
 - c/ Increase or decrease of the charter capital; levels of capital contribution by members;
 - d/ Election, relief from duty or dismissal of the Chairman and other members of the Board of Directors and the head and other members of the Control Board;
 - e/ Approval of a list of newly admitted members and exclusion of members from the cooperative bank or people's credit fund at the request of the Board of Directors; decision on the elimination of members;
 - f/ Division, split-up, consolidation, merger or dissolution of the people's credit fund;
 - g/ Modification of the charter;
 - h/ Other matters at the request of the Board of Directors, Control Board or at least one-third of total members.

Article 81. Board of Directors

1. The Board of Directors is a body which administers a cooperative bank or people's credit fund and composed of the Chairman and other members.
2. The Members' General Meeting shall decide on the number of members of the Board of Directors, which must be at least 3.

3. The office term of the Board of Directors shall be decided by the Members' General Meeting and indicated in the charter, which must be between 2 and 5 years.

4. Members of the Board of Directors must be individual members or representatives of contributed capital of legal entity members. Members of the Control Board, the chief account and treasurer of a cooperative bank or people's credit fund must not concurrently act as members of the Board of Directors and are other than affiliated persons of members of the Board of Directors.

5. The Chairman and members of the Board of Directors may not authorize persons other than members of the Board of Directors to exercise their rights and perform their obligations.

Article 82. Tasks and powers of the Board of Directors

1. To appoint, relieve from duty, dismiss, hire, or terminate contracts to hire, the Director General (Director) under a resolution or decision of the Members' General Meeting.

2. To appoint or relieve from duty Deputy Directors General (Deputy Directors) at the request of the Director General (Director).

3. To organize the implementation of resolutions and decisions of the Members' General Meeting.

4. To prepare reports assessing business results; to approve financial statements, reports on business plans and reports on the operation of the Board of Directors for submission to the Members' General Meeting.

5. To prepare agendas of the Members' General Meeting and convene the Members' General Meeting.

6. To organize the exercise of rights and performance of obligations of the cooperative bank or people's credit fund under law.

7. To consider the admission of new members and settle members' applications for withdrawal from the cooperative bank or people's credit fund, except the case of expulsion of members, and report such to the Members' General Meeting for approval.

8. To take responsibility before the Members' General Meeting for its decisions.

9. Other tasks and powers defined in the charter of the cooperative bank or people's credit fund.

Article 83. Organization and operation of the Control Board

1. The Control Board is composed of at least 3 members, including at least 1 full-time controller. The State Bank shall specify conditions for a people's credit fund to elect 1 full-time controller.
2. The head and members of the Control Board shall be elected directly by the Members' General Meeting.
3. Members of the Control Board must be individual members or representatives of contributed capital of legal entity members. Members of the Control Board may not concurrently act as members of the Board of Directors, Director General (Director), Deputy Directors General (Deputy Directors), chief accountant, treasurer or professional employee of the cooperative bank or people's credit fund and are other than affiliated persons of members of the Board of Directors, Director General (Director), Deputy Directors General (Deputy Directors), chief accountant or treasurer.
4. The Control Board shall take responsibility before the Members' General Meeting for the performance of their tasks and exercise of their powers.
5. The office term of the Control Board is the same as that of the Board of Directors.

Article 84. Tasks and powers of the Control Board

1. To examine and oversee the operation of the cooperative bank or people's credit fund under law.
2. To examine the implementation of the charter, resolutions and decisions of the Members' General Meeting and resolutions and decisions of the Board of Directors; to supervise the operation of the Board of Directors, Director General (Director) and members of the cooperative bank or people's credit fund.
3. To examine financial operations and supervise the observance of accounting regimes, distribution of incomes, handling of losses, use of funds, assets and state supports; to supervise safety in the operations of the cooperative bank or people's credit fund.
4. To conduct internal audit in each period and field with a view to accurately assessing business activities and the financial status of the cooperative bank or people's credit fund.
5. To receive and settle according to its competence complaints and denunciations related to the operation of the cooperative bank or people's credit fund under law and the charter of the cooperative bank or people's credit fund.
6. To convene an extraordinary Members' General Meeting in the following cases:

a/ When the Board of Directors or Director General (Director) violates law or the charter of the cooperative bank or people's credit fund or a resolution of the Members' General Meeting or when the Board of Directors fails to take or takes ineffective preventive measures at the request of the Control Board;

b/ When at least one-third of the Control Board's total members send a request to the Board of Directors or Control Board for convention of the Members' General Meeting but the Board of Directors fails to convene an extraordinary Members' General Meeting within 15 days after receiving such request.

7. To notify the Board of Directors of, and report to the Members' General Meeting and the State Bank on, control results; to propose the Board of Directors and Director General (Director) to redress weaknesses and handle violations in the operation of the cooperative bank or people's credit fund.

Article 85. Director General (Director) of a cooperative bank or people's credit fund

The Board of Directors shall appoint one of its members or hire another person to act as the Director General (Director) of the cooperative bank or people's credit fund. The Director General (Director) is the supreme executive officer, having the task to administer routine activities of the cooperative bank or people's credit fund.

Article 86. Rights and obligations of the Director General (Director)

1. To realize business plans.
2. To organize the implementation of decisions of the Board of Directors.
3. To propose to the Board of Directors a plan on the organizational structure of the cooperative bank or people's credit fund.
4. To sign contracts in the name of the cooperative bank or people's credit fund.
5. To submit annual financial statements to the Board of Directors.
6. To take responsibility before the Board of Directors for his/her assigned tasks.
7. To perform other rights and obligations defined in the charter of the cooperative bank or people's credit fund.

Section 7. MICROFINANCE INSTITUTIONS

Article 87. Types of microfinance institutions

1. Microfinance institutions may be established as limited liability companies.

2. The organizational structure, governance and administration of microfinance institutions comply with this Law and other relevant laws.

Article 88. Members, contributed capital, organizational structure and operation places of microfinance institutions

The State Bank shall provide for the contribution of capital to microfinance institutions by foreign institutions and individuals; the number of capital contributors; the ownership rates and contributed capital amounts of domestic and foreign institutions and individuals at microfinance institutions; and limit in the organizational structure of the network and operation areas of microfinance institutions.

Section 8. FOREIGN BANK BRANCHES IN VIETNAM

Article 89. Governance and administration of foreign bank branches

1. Foreign banks shall decide on the organizational structure, governance and administration of their branches in Vietnam in accordance with the laws of countries in which they are headquartered and with this Law regarding organizational structure, governance, administration, and internal control and audit, and the establishment of such branches is subject to the State Bank's prior written approval.

2. Directors General (Directors) of foreign bank branches shall represent these branches before law and take responsibility for all operations of such branches and shall, according to their rights and obligations, administer day-to-day activities under this Law and other relevant laws.

3. Directors General (Directors) of foreign bank branches may not participate in the governance or administration of any credit institutions or other economic institutions and may not concurrently act as heads of representative offices of foreign banks in Vietnam.

4. Directors General (Directors) of foreign bank branches must satisfy all the criteria and conditions specified in Clause 4, Article 50 of this Law. The appointment of Directors General (Directors) of foreign bank branches is subject to the State Bank's prior written approval. The order and dossiers for approval of Directors General (Directors) of foreign bank branches and notification of appointed persons comply with Clauses 2 and 3, Article 51 of this Law.

5. When a foreign bank has two or more branches operating in Vietnam and implementing a uniform financial, accounting and reporting regime, it shall authorize the Director General (Director) of a branch to take responsibility before law for all operations of their branches in Vietnam.

Chapter IV

OPERATIONS OF CREDIT INSTITUTIONS

Section 1. GENERAL PROVISIONS

Article 90. Scope of licensed operations of credit institutions

1. The State Bank shall specify the scope, types and contents of banking operations and other business activities of each credit institution in the license granted to such credit institution.
2. Credit institutions may not conduct any business activities other than banking operations and business activities specified in their licenses granted by the State Bank.
3. Banking operations and other business activities of credit institutions specified in this Law comply with the guidance of the State Bank.

Article 91. Interests and charges in business activities of credit institutions

1. Credit institutions may fix and shall publicize deposit interest rates and service charge rates applied in their business activities.
2. Credit institutions and their clients may agree on interest rates and credit extension charges to be applied to their banking operations according to law.
3. In case banking operations experience abnormal developments, in order to assure safety for the credit institutions system, the State Bank may provide a mechanism for determining charge and interest rates applicable to business activities of credit institutions.

Article 92. Issue of deposit certificates, promissory notes, treasury bills and bonds by credit institutions

1. Credit institutions may issue deposit certificates, treasury bills and promissory notes to raise capital under this Law and the State Bank's regulations.
2. In pursuance to this Law and the Securities Law, the Government shall provide for credit institutions' issue of bonds, except convertible bonds, to raise capital.

Article 93. Internal regulations

1. Pursuant to this Law and other relevant laws, credit institutions shall formulate and issue internal regulations on their professional operations, ensuring the availability of internal control and audit and risk management mechanisms applicable to each business activity and plans to tackle cases of emergency.
2. Credit institutions shall promulgate the following internal regulations:
 - a/ Regulation on credit extension and loan management so as to ensure proper use of loans;

- b/ Regulation on classification of assets and deduction and use of risk provisions;
- c/ Regulation on assessment of assets and observance of capital safety ratio;
- d/ Regulation on liquidity management, covering procedures and limit for liquidity management;
- e/ Regulation on the internal control system and internal audit mechanism in conformity with the nature and size of credit institutions;
- f/ Regulation on the internal credit rating system;
- g/ Regulation on administration of risks in credit institutions' operations;
- h/ Regulation on processes and procedures, covering also principles of client identification, to prevent the abuse of credit institutions for money laundering, terrorism financing and other criminal activities;
- i/ Regulation on plans to tackle cases of emergency.

3. Credit institutions shall send internal regulations specified in Clause 2 of this Article to the State Bank right after their issue.

Article 94. Consideration and approval of credit and inspection of loan use

1. Credit institutions shall request clients to provide documents proving the feasibility of their capital use plans, their financial capability, the lawfulness of capital use and loan security measures before deciding on credit extension.

2. Credit institutions shall consider and approve credit extension on the principle of clearly separating the responsibility of credit evaluation and extension decision.

3. Credit institutions are entitled and obliged to inspect and supervise the use of loans and repayment of debts by their clients.

4. Credit institutions may request clients to report on the use of loans and prove that loans are properly used.

Article 95. Termination of credit extension, settlement of debts and interest rate exemption and reduction

1. Credit institutions may terminate credit extension and recover debts ahead of schedule when detecting that clients have provided false information or breached credit contracts.

2. In case a borrower cannot pay a due debt, the credit institution may handle debts and assets used as loan security according to the credit contract, guarantee contract and law, unless otherwise agreed by involved

parties. The rescheduling, sale and purchase of debts by credit institutions comply with the State Bank's regulations.

3. In case a borrower or its/his/her guarantor cannot pay a debt due to bankruptcy, the credit institution shall recover the debt under the bankruptcy law.

4. Credit institutions may exempt or reduce interest rates and charges for clients according to their internal regulations.

Article 96. Preservation of credit dossiers

1. Credit institutions shall keep credit dossiers, including:

a/ Credit contracts and documents stating loan use purposes, dossiers of security measures;

b/ Reports on financial status of clients;

c/ Decisions on credit extension, bearing the signatures of competent persons; when such a decision is made by a collective, a written record of the decision adoption is required;

d/ Documents made in the use of loans related to credit contracts.

2. The time limit for keeping credit dossiers complies with law.

Article 97. E-banking operations

Credit institutions may conduct business activities through electronic means under the State Bank's guidance on risk management and the law on e-transactions.

Section 2. OPERATIONS OF COMMERCIAL BANKS

Article 98. Banking operations of commercial banks

1. Taking demand deposits, time deposits, savings deposits and deposits of other types.

2. Issuing deposit certificates, promissory notes, treasury bills and bonds to raise capital at home and abroad.

3. Extending credit by:

a/ Lending;

b/ Discounting and re-discounting negotiable instruments and other valuable papers;

c/ Providing bank guarantee;

d/ Issuing credit cards;

e/ Domestic factoring; international factoring, for banks licensed for international payment;

- e/ Other forms of credit after obtaining the State Bank's approval.
- 4. Opening payment accounts for clients.
- 5. Providing payment instruments.
- 6. Providing the following payment services:
 - a/ Domestic payment services, including check, payment order, authorized payment, collection, authorized collection, letter of credit and bank card, and collection and payment services.
 - b/ Providing international payment services and other payment services after obtaining the State Bank's approval.

Article 99. Borrowing of loans from the State Bank

Commercial banks may borrow loans from the State Bank in the form of re-financing under the Law on the State Bank of Vietnam.

Article 100. Borrowing of loans from credit institutions and financial institutions

Commercial banks may borrow loans from domestic and overseas credit institutions and financial institutions under law.

Article 101. Opening of accounts

1. A commercial bank shall open a deposit account at the State Bank and must maintain on this account an average balance not lower than the compulsory reserve ratio.
2. A commercial bank may open a payment account at another credit institution.
3. A commercial bank may open offshore deposit accounts and payment accounts under the foreign exchange law.

Article 102. Organization of and participation in payment systems

1. Commercial banks may organize their own internal payment systems and participate in the national inter-bank payment system.
2. Commercial banks may participate in international payment systems after obtaining the State Bank's approval.

Article 103. Capital contribution and share purchase

1. Commercial banks may only use their charter capital and reserve funds to contribute capital or purchase shares under Clauses 2, 3, 4 and 6 of this Article.
2. Commercial banks shall establish or acquire subsidiaries or affiliated companies to conduct the following business activities:

a/ Securities issue underwriting, and securities brokerage; management and distribution of securities investment fund certificates; and securities investment portfolio management and stock trading;

b/ Financial leasing;

c/ Insurance.

3. Commercial banks may establish or acquire subsidiaries or affiliated companies operating in such areas as security asset management, local currency exchange for overseas Vietnamese, foreign exchange trading, gold trading, factoring, issuance of credit cards, consumer credit, intermediary payment services and credit information.

4. Commercial banks may contribute capital to, or purchase shares from, enterprises operating in the following areas:

a/ Insurance, securities, local currency exchange for overseas Vietnamese, foreign exchange trading, gold trading, factoring, issue of credit cards, consumer cards, intermediary payment services and credit information;

b/ Other areas not specified at Point a of this Clause.

5. The establishment and acquisition of subsidiaries or affiliated companies specified in Clauses 2 and 3 of this Article and the capital contribution and share purchase by commercial banks specified at Point b, Clause 4 of this Article are subject to the State Bank's prior written approval. The State Bank shall specify the conditions, dossiers, order and procedures for approval.

The conditions, procedures and order for establishing subsidiaries and affiliated companies of commercial banks comply with relevant laws.

6. Commercial banks and their subsidiaries may acquire or hold shares of other credit institutions on the conditions and within the limits provided by the State Bank.

Article 104. Participation in the monetary market

Commercial banks may bid for treasury bills and sell and purchase negotiable instruments, government bonds, treasury bills, state bank bills and other valuable papers in the monetary market.

Article 105. Dealing in and provision of foreign exchange services and derivative products

1. After obtaining the State Bank's written approval, commercial banks may deal in and provide to domestic and overseas clients the following products and services:

a/ Foreign exchange;

b/ Derivatives regarding exchange rates, interest rates, foreign exchange, currency and other financial products.

2. The State Bank shall specify the scope of foreign exchange trading; the conditions, order and procedures for approving foreign exchange trading; and the trading and supply of derivative products by commercial banks.

3. Commercial banks' provision of foreign exchange services to clients complies with the foreign exchange law.

Article 106. Entrustment and agency

Commercial banks may entrust, undertake entrustment or act as agents in sectors relating to banking operations, insurance business and asset management according to the State Bank's regulations.

Article 107. Other business activities of commercial banks

1. Provision of such services as cash management, banking and financial consultancy, asset management and preservation, and safe keeping.

2. Consultancy of corporate finance, business acquisition, sale, consolidation and merger and investment.

3. Trading in government bonds and corporate bonds.

4. Monetary brokerage services.

5. Securities depository, gold trading and other business activities related to banking operations after obtaining the State Bank's written approval.

Section 3. OPERATIONS OF FINANCE COMPANIES

Article 108. Banking operations of finance companies

1. Finance companies may conduct one or some banking operations below:

a/ Taking deposits of organizations;

b/ Issuing deposit certificates, promissory notes, bills or bonds to raise capital from organizations;

c/ Borrowing loans from domestic and overseas credit institutions and financial institutions under law; borrowing loans from the State Bank in the form of re-financing under the Law on the State Bank of Vietnam;

b/ Providing loans, including amortized loans and consumer loans;

e/ Providing bank guarantee;

f/ Discounting and re-discounting negotiable instruments and other valuable papers;

g/ Issuing credit cards, factoring, financial leasing and other forms of credit extension after obtaining the State Bank's approval.

2. The Government shall specify conditions for finance companies to conduct banking operations prescribed in Clause 1 of this Article.

Article 109. Opening of accounts by finance companies

1. A finance company that takes deposits shall open a deposit account at the State Bank and maintain on this account an average credit balance not lower than the compulsory reserve ratio.

2. A finance company may open a payment account at a commercial bank or foreign bank branch.

3. A finance company licensed to issue credit cards may open accounts at foreign banks under the foreign exchange law.

4. A finance company may open deposit accounts and loan accounts for their clients.

Article 110. Capital contribution and share purchase by finance companies

1. Finance companies may only use their charter capital and reserve funds to contribute capital or purchase shares under Clauses 2 and 3 of this Article.

2. Finance companies may contribute capital to, or purchase shares of, enterprises and investment funds.

3. Finance companies may only establish or acquire subsidiaries or affiliated companies operating in insurance, securities and security asset management after obtaining the State Bank's written approval.

4. The State Bank shall specify the conditions, dossiers, order and procedures for approving the establishment of subsidiaries and affiliated companies of finance companies specified in Clause 3 of this Article.

The conditions, order and procedures for establishing subsidiaries and affiliated companies comply with relevant laws.

Article 111. Other business activities of finance companies

1. Receiving capital entrusted by the Government, organizations and individuals for investment in production and business projects or licensed credit extension; entrusting capital to credit institutions for credit extension. The receipt of capital entrusted by individuals and capital entrustment to credit institutions for credit extension comply with the State Bank's regulations.

2. Participating in the monetary market under Article 104 of this Law.

3. Selling and purchasing government bonds and corporate bonds.

4. Underwriting the issue of government bonds and corporate bonds; acting as agents to issue bonds, stocks and other valuable papers.

5. Providing foreign exchange services under the State Bank's regulations.
6. Acting as insurance agents.
7. Providing banking, financial and investment consultancy services.
8. Providing asset management and preservation services.

Section 4. OPERATIONS OF FINANCIAL LEASING COMPANIES

Article 112. Banking operations of financial leasing companies

1. Taking deposits from organizations.
2. Issuing deposit certificates, promissory notes, bills and bonds to raise capital from organizations.
3. Borrowing loans from domestic and overseas credit institutions and financial institutions according to law; borrowing loans from the State Bank in the form of re-financing under the Law on the State Bank of Vietnam.
4. Conducting financial leasing.
5. Providing loans for financial lessees to add to their operating capital.
6. Providing operating leases on the condition that the total value of assets under operating leases does not exceed 30% of their total assets.
7. Extending credit in other forms after obtaining the State Bank's approval.

Article 113. Financial leasing

Financial leasing activity means the extension of medium- or long-term credit under a financial leasing contract on any of the following conditions:

1. Upon the termination of the lease term under contract, the lessee is entitled to ownership right over the leased asset or continue the asset lease as agreed upon by the two parties;
2. Upon the termination of the lease term under contract, the lessee is prioritized to purchase the leased asset at a nominal price lower than the actual value of the leased asset at the time of purchase;
3. The lease term of an asset is at least equal to 60% of the time required for its depreciation;
4. The total rent of an asset prescribed in the financial leasing contract is at least equal to the value of that asset at the time of contract signing.

Article 114. Opening of accounts by financial leasing companies

1. A financial leasing company that takes deposits shall open a deposit account at the State Bank and maintain on that account an average balance not lower than the compulsory reserve ratio.

2. A financial leasing company may open a payment account at a commercial bank or foreign bank branch.

Article 115. Capital contribution and share purchase by financial leasing companies

Financial leasing companies may neither contribute capital to, purchase shares of, nor establish subsidiaries or affiliated companies in any forms.

Article 116. Other activities of financial leasing companies

1. Receiving capital entrusted by the Government, organizations and individuals to conduct financial leasing activities. The receipt of capital entrusted by individuals complies with the State Bank's regulations.
2. Participating in bidding for treasury notes organized by the State Bank.
3. Trading in government bonds.
4. Dealing in foreign exchange, providing foreign exchange services and conducting entrusted financial leasing under the Government's regulations.
5. Acting as insurance agents.
6. Providing banking, financial and investment consultancy services to financial lessees.

Section 5. OPERATIONS OF CREDIT INSTITUTIONS BEING COOPERATIVES

Article 117. Banking operations of cooperative banks

1. The major operations of cooperative banks are regulating capital and conducting banking operations for their members which are people's credit funds.
2. Cooperative banks may conduct some banking operations and other business activities under Section 2, Chapter IV of this Law after obtaining the State Bank's written approval.

Article 118. Operations of people's credit funds

1. Taking deposits in Vietnam dong in the following cases:
 - a/ Taking deposits from their members;
 - b/ Taking deposits from organizations and individuals other than their members under the State Bank's regulations.
2. Providing loans in Vietnam dong in the following cases:
 - a/ Providing loans to their members;
 - b/ Providing loans to clients other than their members under the State Bank's regulations.

3. Providing money transfer services and conducting collection and payment for their members.
4. Other activities, including:
 - a/ Receiving capital entrusted by the Government, organizations and individuals;
 - b/ Borrowing loans from credit institutions and other financial institutions;
 - c/ Contributing capital to establish cooperative banks;
 - d/ Opening deposit accounts at the State Bank;
 - e/ Opening payment accounts at commercial banks or foreign bank branches;
 - f/ Undertaking entrustment and acting as agents in some sectors relating to banking operations and asset management under the State Bank's regulations;
 - g/ Acting as insurance agents;
 - h/ Providing banking and financial consultancy services to their members.
5. The State Bank shall specify the geographical area of operation of each people's credit fund in its license.

Section 6. OPERATIONS OF MICROFINANCE INSTITUTIONS

Article 119. Raising of capital by microfinance institutions

1. Taking deposits in Vietnam dong in the following forms:
 - a/ Compulsory savings under their regulations;
 - b/ Deposits of organizations and individuals, including voluntary deposits of microfinance clients, except those for payment purposes.
2. Borrowing loans from domestic and overseas credit institutions, financial institutions and other domestic and overseas individuals and organizations under law.

Article 120. Credit extension by microfinance institutions

1. Microfinance institutions may only extend credit in Vietnam dong by lending. Microfinance institutions' credit extension may be guaranteed with compulsory deposits or guarantee of group of savings depositors or loan borrowers.
2. Microfinance institutions shall maintain a ratio of the total balance of credit extended to low-income individuals and households and micro-sized enterprises to the total credit balance not lower than the ratio provided by the State Bank.

Article 121. Opening of accounts by microfinance institutions

1. Microfinance institutions may open deposit accounts at the State Bank and commercial banks.
2. Microfinance institutions may not open payment accounts for their clients.

Article 122. Other operations of microfinance institutions

1. Entrusting lending and receiving entrustment of lending.
2. Providing financial consultancy services in the microfinance sector.
3. Providing collection and payment and money transfer services for microfinance clients.
4. Acting as insurance service agents.

Section 7. OPERATIONS OF VIETNAM-BASED FOREIGN BANK BRANCHES

Article 123. Operations of foreign bank branches

1. Foreign bank branches may conduct operations specified in Section 2, Chapter IV of this Article, except the following operations:
 - a/ Those specified in Article 103 of this Law;
 - b/ Operations which the foreign banks concerned are not licensed to conduct in the countries in which they are headquartered.
2. Foreign bank branches may only provide some foreign exchange services in the international market to their clients in Vietnam under the foreign exchange law.
3. The State Bank shall specify the operation contents of a foreign bank branch in its license under this Law in conformity with the size, type and area of operation of the foreign bank.

Chapter V

REPRESENTATIVE OFFICES OF FOREIGN CREDIT INSTITUTIONS AND OTHER FOREIGN INSTITUTIONS ENGAGED IN BANKING OPERATIONS

Article 124. Establishment of representative offices

Foreign credit institutions and other foreign institutions engaged in banking operations may establish representative offices in provinces and centrally run cities in the Vietnamese territory. In each province or centrally run city, a foreign credit institution or another foreign institution engaged in banking operations may establish only one representative office.

Article 125. Operations of representative offices

Representative offices of foreign credit institutions and other foreign institutions engaged in banking operations may conduct the following operations under their licenses granted by the State Bank:

1. Functioning as a liaison office;
2. Conducting market surveys;
3. Promoting investment projects of foreign credit institutions or other foreign institutions engaged in banking operations in Vietnam;
4. Accelerating and monitoring the performance of contracts and agreements signed between foreign credit institutions or other foreign institutions engaged in banking operations and Vietnamese credit institutions or businesses, and projects funded by foreign credit institutions or other foreign institutions engaged in banking operations in Vietnam;
5. Other activities compliant with Vietnam's law.

Chapter VI

RESTRICTIONS FOR SAFE OPERATIONS OF CREDIT INSTITUTIONS

Article 126. Cases of ineligibility for credit extension

1. A credit institution or foreign bank branch may not extend credit to the following organizations and individuals:

a/ Members of the Board of Directors, Members' Council or Control Board, the Director General (Director), Deputy Director(s) General (Deputy Director(s)) and holders of equivalent posts in the credit institution or foreign bank ranch; legal entities being shareholders whose capital share representatives are members of the Board of Directors or Control Board of the credit institution, for credit institutions being joint-stock companies, or legal entities being capital contributors or owners of the credit institution, for credit institutions being limited liability companies;

b/ Parents, spouses and children of members of the Board of Directors, Members' Council or Control Board, the Director General (Director), Deputy Directors General (Deputy Directors) and holders of equivalent posts.

2. Clause 1 of this Article is not applicable to people's credit funds and microfinance institutions.

3. Credit institutions and foreign bank branches may not extend credit to clients on the basis of guarantee provided by entities specified in Clause 1 of this Article. Credit institutions and foreign bank branches may not provide guarantee in any forms for credit extended to the entities defined in Clause 1 of this Article by other credit institutions.

4. Credit institutions may not extend credit to securities trading enterprises in which they have the right to control.
5. Credit institutions may not extend credit on the basis of accepting their own securities or securities of their subsidiaries as guarantee.
6. Credit institutions may not provide loans as capital contribution to another credit institution on the basis of accepting securities of the capital-receiving credit institution as security assets.

Article 127. Credit restrictions

1. A credit institution or foreign bank branch may extend neither unsecured credit nor concessional credit to the following entities:

- a/ The audit institution and auditors that are auditing the credit institution or foreign bank branch; inspectors who are inspecting the credit institution or foreign bank branch;
- b/ The chief accountant of the credit institution or foreign bank branch;
- c/ Major shareholders and founding shareholders;
- d/ An enterprise in which one of the entities specified in Clause 1, Article 126 of this Law owns more than 10% of its charter capital;
- e/ The person who appraises and approves the credit extension;
- f/ Subsidiaries and affiliated companies of the credit institution or an enterprise in which the credit institution has the right to control.

2. The total outstanding loans provided to the entities defined at Points a, b, c, d and e, Clause 1 of this Article must not exceed 5% of a credit institution's or foreign bank branch's own capital.

3. Credit extension to the entities defined in Clause 1 of this Article must be approved by the Board of Directors or the Members' Council of the credit institution and publicized within the credit institution.

4. The total outstanding loans provided to an entity defined at Point f, Clause 1 of this Article must not exceed 10% of a credit institution's own capital; and the total outstanding loans to all entities defined at Point f, Clause 1 of this Article must not exceed 20% of a credit institution's own capital.

Article 128. Credit extension limits

1. The total outstanding credit of a commercial bank, foreign bank branch, people's credit fund or microfinance institution extended to a single client must not exceed 15% of its own capital; the total outstanding credit of a commercial bank, foreign bank branch, people's credit fund or

microfinance institution extended to a single client and affiliated persons must not exceed 25% of its own capital.

2. The total outstanding credit of a non-bank credit institution extended to a single client must not exceed 25% of its own capital; the total outstanding credit of a non-bank credit institution extended to a single client and affiliated persons must not exceed 50% of its own capital.

3. The total outstanding credit specified in Clauses 1 and 2 of this Article do not include loans sourced from capital entrusted by the Government, organizations and individuals or loans to borrowers being other credit institutions.

4. The total outstanding credit specified in Clauses 1 and 2 of this Article include the total investment in securities issued by clients.

5. The limits and conditions for credit extension for securities investment and trading by commercial banks and foreign bank branches shall be provided by the State Bank.

6. In case a single client and affiliated persons need capital in excess of the limits specified in Clause 1 or 2 of this Article, credit institutions and foreign bank branches may extend syndicated credit under the State Bank's regulations.

7. In special cases, in order to perform socio-economic tasks, if the extension of syndicated credit by credit institutions and foreign bank branches fail to meet capital needs of a single client, the Prime Minister may decide on a maximum loan amount exceeding the limits specified in Clause 1 or 2 of this Article on a case-by-case basis.

8. The total credit extended by a credit institution or foreign bank branch under Clause 7 of this Article must not exceed 4 times of its own capital.

Article 129. Limits on capital contribution and share purchase

1. The level of capital contribution and share purchase of a credit institution and its subsidiaries and affiliated companies in a single enterprise operating in the sectors specified in Clause 4, Article 103 of this Law must not exceed 11% of the charter capital of the latter.

2. The total level of capital contribution and share purchase of a commercial bank to enterprises, including its subsidiaries and affiliated companies, must not exceed 40% of its charter capital and reserve fund.

3. The level of capital contribution and share purchase of a financial leasing company and its subsidiaries and affiliated companies in a single enterprise under Clause 2, Article 110 of this Law must not exceed 11% of the charter capital of the latter.

4. The total level of capital contribution and share purchase of a finance company under Clause 1, Article 110 of this Law to enterprises, including its subsidiaries and affiliated companies, must not exceed 60% of its charter capital and reserve fund.

5. Credit institutions may not contribute capital to, or purchase shares of, enterprises or other credit institutions being their shareholders or capital contributors.

Article 130. Safety ratios

1. Credit institutions and foreign bank branches shall maintain the following safety ratios:

a/ The solvency ratio;

b/ The minimum capital safety ratio of 8% or higher as prescribed by the State Bank in each period;

c/ The maximum ratio of short-term funds for provision of medium-term and long-term loans;

d/ The maximum foreign currency and gold status against own capital;

e/ The ratio of outstanding loans to the total balance of deposits;

f/ The ratio of medium- and long-term deposits to the total outstanding medium- and long-term loans.

2. Commercial banks and foreign bank branches participating in the national inter-bank payment system shall hold a minimum quantity of mortgageable valuable papers as prescribed by the State Bank in each period.

3. The State Bank shall specify safety ratios defined in Clause 1 of this Article for each type of credit institution and foreign bank branch.

4. The total capital invested by a credit institution in other credit institutions and subsidiaries by capital contribution and share purchase in order to acquire the right to control enterprises operating in banking, insurance and securities must be deducted from its own capital when calculating safety ratios.

5. In case a credit institution or foreign bank branch fails to reach or likely fails to reach the minimum capital safety ratio defined at Point b, Clause 1 of this Article, it shall report to the State Bank on remedies to reach the minimum capital safety ratio according to regulations. The State Bank shall take necessary measures specified in Article 149 of this Law, including restricting the scope of operation and handling assets of the credit institution or foreign bank branch, to enable the credit institution or foreign bank branch to reach the minimum capital safety ratio.

Article 131. Risk provisions

1. Credit institutions and foreign bank branches shall set up provisions for risks in their operations. These risk provisions shall be accounted as operating costs.
2. The classification of assets, the level and method of deduction for setting up risk provisions and the use of risk provisions shall be provided by the State Bank after consulting the Ministry of Finance.
3. In case a credit institution or foreign bank branch recovers a capital amount already offset by risk provisions, this amount shall be considered turnover of the credit institution or foreign bank branch.

Article 132. Real estate trading

Credit institutions may not deal in real estate, except in the following cases:

1. They purchase, invest in and own real estates used as their business buildings and offices or warehouses in direct service of their professional operations;
2. They lease part of their own business buildings which are not yet used;
3. They hold real estate as a result of debt handling. Within 3 years after issuing a decision to handle a security asset being real estate, credit institutions shall sell, transfer or purchase this real estate so as to ensure the ratio of investments in fixed assets and the use purposes of fixed assets specified in Article 140 of this Law.

Article 133. Requirements on safety in e-banking operations

Credit institutions and foreign bank branches shall ensure safety and confidentiality in e-banking operations under the State Bank's guidance.

Article 134. Rights and obligations of controlling companies

A company that directly or indirectly owns more than 20% of the charter capital or the total voting shares of or has the right to control a commercial bank before the effective date of this Law; or a commercial bank that has a subsidiary or affiliated company (below referred to as controlling company) has the following rights and obligations:

1. Depending on the legal type of the subsidiary or affiliated company, the controlling company shall exercise its rights and perform its obligations in the capacity of a capital contributor, owner or shareholder in the relations with that subsidiary or affiliated company under this Law and other relevant laws.
2. Contracts, transactions and other relations between the controlling company and the subsidiary or affiliated company must be established and

effected in an independent and equitable manner under the conditions applicable to independent legal subjects;

3. The controlling company may not intervene in the organization and operation of the subsidiary or affiliated company beyond the rights of the owner, capital contributor or shareholder.

Article 135. Capital contribution and share purchase between subsidiaries or affiliated companies and controlling companies

1. A subsidiary and an affiliated company of a single controlling company may neither contribute capital to, nor purchase shares of, each other.

2. A subsidiary or affiliated company of a credit institution may neither contribute capital to, nor purchase shares of, such credit institution.

3. A credit institution being a subsidiary or affiliated company of a controlling company may neither contribute capital to, nor purchase shares of, such controlling company.

Chapter VII

FINANCE, ACCOUNTING AND REPORTING

Article 136. Financial regimes

Financial regimes applicable to credit institutions and foreign bank branches comply with the Government's regulations.

Article 137. Fiscal year

A fiscal year of credit institutions and foreign bank branches starts on January 1 and ends on December 31 of the calendar year.

Article 138. Accounting

Credit institutions and foreign bank branches shall conduct accounting under the accounting law.

Article 139. Reserve funds

1. Annually, an credit institution or foreign bank branch shall deduct its after-tax profits to set up and maintain the following reserve funds:

a/ The reserve fund for supplementation of charter capital or allocated capital, which is annually set at 5% of after-tax profits. This fund must not exceed the level of charter capital or allocated capital of the credit institution or foreign bank branch;

b/ The financial contingency fund;

c/ Other reserve funds prescribed by law.

2. Credit institutions may not use the funds specified in Clause 1 of this Article to pay dividends to shareholders or distribute profits to owners or capital contributors.

Article 140. Purchase of, and investment in, fixed assets

A credit institution or foreign bank branch may purchase or invest in fixed assets in direct service of its operations at no more than 50% of its charter or allocated capital and the reserve fund for supplementation of its charter or allocated capital.

Article 141. Reporting

1. Credit institutions and foreign bank branches shall make reports under the accounting and statistics law and periodical reports on professional operations under the State Bank's regulations.

2. In addition to the reports specified in Clause 1 of this Articles, credit institutions and foreign bank branches shall promptly report in writing to the State Bank in the following cases:

a/ Upon the occurrence of abnormal developments in professional operations which may seriously affect their business;

b/ Upon the occurrence of changes in the organizational or executive structure or the financial status of a major shareholder or other changes which may seriously affect their business activities.

3. Subsidiaries and affiliated companies of credit institutions shall send their financial statements and operation reports to the State Bank when so requested.

4. Within 90 days after the end of a fiscal year, credit institutions and foreign bank branches shall send annual reports to the State Bank according to law.

5. Within 180 days after the end of a fiscal year, joint-venture credit institutions, wholly foreign-owned credit institutions, foreign bank branches and Vietnam-based representative offices of foreign credit institutions and other institutions engaged in banking operations shall send annual financial statements of the foreign credit institutions or other foreign institutions engaged in banking operations to the State Bank.

6. Joint-venture credit institutions, wholly foreign-owned credit institutions and foreign bank branches shall promptly send reports to the State Bank when the foreign credit institutions undergo any of the following changes:

a/ Division, split-up, merger, consolidation, liquidation, bankruptcy or dissolution;

b/ Renaming or relocation of the headquarters;

c/ Change of major shareholders, Board of Directors or Executive Board;
d/ Extraordinary changes which greatly affect their organization and operation.

Article 142. Reports of controlling companies

1. Within 120 days after the end of a fiscal year, in addition to reports and documents prescribed by law, a controlling company shall make and send to the State Bank a consolidated financial statement which has been audited under the accounting law.

2. Within 90 days after the end of a fiscal year, a controlling company shall make and send to the State Bank a general report on trading transactions and other transactions between it and its subsidiaries and affiliated companies.

Article 143. Disclosure of financial statements

Within 120 days after the end of a fiscal year, credit institutions and foreign bank branches shall disclose their financial statements according to law.

Article 144. Transfer of profits and assets abroad

1. Foreign bank branches and wholly foreign-owned credit institutions in Vietnam may transfer abroad profits left after making deductions to set up funds and performing all financial obligations under Vietnam's law.

2. Foreign parties in joint-venture credit institutions may transfer abroad their shared profits after the joint-venture credit institutions make deductions to set up funds and perform all financial obligations under Vietnam's law.

3. When terminating operation in Vietnam, foreign bank branches, wholly foreign owned credit institutions and foreign parties to joint-venture credit institutions may transfer abroad assets left after liquidation.

4. The transfer of money and other assets abroad prescribed in Clauses 1, 2 and 3 of this Article complies with Vietnam's law.

Chapter V

SPECIAL CONTROL, REORGANIZATION, BANKRUPTCY,
DISSOLUTION AND LIQUIDATION OF CREDIT INSTITUTIONS

Section 1. SPECIAL CONTROL

Article 145. Reporting on liquidity difficulties

When facing insolvency possibilities, a credit institution shall promptly report to the State Bank on its financial status, causes and measures already taken and to be taken to remedy the situation.

Article 146. Application of special control

1. Special control means placing a credit institution which faces insolvency possibilities under the direct control of the State Bank.
2. The State Bank shall inspect and detect in time cases facing insolvency possibilities.
3. The State Bank shall consider and place a credit institution under special control when the credit institution falls into any of the following cases:
 - a/ It faces insolvency possibilities;
 - b/ Its irrecoverable debts likely result in its insolvency;
 - c/ It has an cumulative loss exceeding 50% of the actual value of its charter capital and reserve funds stated in the latest audited financial statement.
 - d/ It has been ranked “poor” under the State Bank’s regulations for 2 consecutive years;
 - e/ It fails to maintain the minimum capital safety ratio specified at Point b, Clause 1, Article 130 of this Law within 1 year or has this ratio fallen below 4% for 6 consecutive months.

Article 147. Decisions on special control

1. The State Bank shall decide to place a credit institution under special control and set up a Special Control Board.
2. A decision to place a credit institution under special control has the following details:
 - a/ Name of the credit institution to be placed under special control;
 - b/ Reason(s) for the special control;
 - c/ Full names of members of the Special Control Board and specific tasks of the Board;
 - d/ Duration of special control.
3. The State Bank shall notify the special control decision to competent state agencies and concerned local agencies for coordinated implementation.
4. The State Bank shall specify the disclosure of information on special control of credit institutions.

Article 148. Tasks and powers of special control boards

1. A Special Control Board has the following tasks:
 - a/ To direct the Board of Directors, Members’ Council, Control Board, Director General (Director) or holders of equivalent posts in the credit institution placed under special control to formulate a plan to consolidate its organization and operation;

b/ To direct and supervise the implementation of solutions stated in the plan on organizational and operational consolidation approved by the Special Control Board;

c/ To report to the State Bank on the operation of the credit institution and the results of implementation of the plan on organizational and operational consolidation.

2. A Special Control Board has the following powers:

a/ To terminate operations unconformable with the approved plan on organizational and operational consolidation or contrary to regulations on safety in banking operations which may harm the interests of depositors;

b/ To terminate or suspend the right to govern, administer and control the credit institution of members of the Board of Directors, Members' Council, Control Board, the Director General (Director), or Deputy Director General (Deputy Director), when necessary;

c/ To request the Board of Directors, Members' Council, Director General (Director) to dismiss or suspend the work of a person who commits violations of law or fails to abide by the approved plan on organizational and operational consolidation.

d/ To propose the State Bank to extend or terminate the special control, provide or terminate special loans for the credit institution, purchase shares of the credit institution, liquidate the credit institution or revoke its license, or compulsorily receive, merge, consolidate or acquire the credit institution;

e/ To request the credit institution to file request for a court to open bankruptcy procedures under the bankruptcy law.

3. The Special Control Board shall take responsibility for its decisions when conducting the special control.

Article 149. Competence of the State Bank toward credit institutions placed under special control

1. The State Bank shall handle proposals of the Special Control Board specified at Point d, Clause 2, Article 148 of this Law.

2. The State Bank may request the owner of a credit institution placed under special control to increase capital, formulate and implement a restructuring plan or decide on the compulsory merger, consolidation or acquisition of the credit institution, if the owner cannot or fails to increase capital.

3. The State Bank may directly contribute capital to, or purchase shares of, a credit institution placed under special control or designate another credit institution to do so in case the credit institution placed under special control

cannot implement the State Bank's requests specified in Clause 2 of this Article or in case the State Bank determines that the accumulative loss of the credit institution placed under special control exceeds the actual value of its charter capital and reserve funds stated in the latest audited financial statement and that the termination of its operations may harm the safety of the credit institution system.

4. The capital contribution and share purchase under Clause 3 of this Article comply with the Prime Minister's regulations.

Article 150. Responsibilities of credit institutions placed under special control

The Board of Directors, Members' Council, Control Board and the Director General (Director) of a credit institution placed under special control shall:

1. Elaborate a plan to consolidate the organization and operation of the credit institution and submit it to the Special Control Board for approval and organize its implementation;
2. Continue administering, controlling and managing the operation of the credit institution and assure the safety of its assets, except for cases specified at Point b, Clause 2, Article 148 of this Law;
3. Abide by requests of the Special Control Board regarding the organization, administration, control and management of the credit institution specified at Points a, b, c and f, Clause 2, Article 148 of this Law.
4. Comply with the State Bank's requests specified in Article 149 of this Law.

Article 151. Special loans

1. A credit institution may borrow special loans from the State Bank and other credit institutions in the following cases:

a/ It falls into the state of insolvency, threatening the stability of the credit institution system;

b/ It faces insolvency possibilities due to other serious incidents.

2. Special loans will be repaid prior to all other debts of the credit institution, including debts with security assets, or may be converted into contributed capital or share capital at the credit institution concerned as prescribed in Article 149 of this Law.

3. The State Bank shall specify the provision of special loans to credit institutions.

Article 152. Termination of special control

1. The State Bank shall terminate the special control placed over a credit institution in the following cases:

a/ The credit institution resumes its normal operation;

b/ The credit institution has been merged or consolidated with another credit institution during the special control;

c/ The credit institution is unable to restore its solvency.

2. The decision on termination of special control shall be notified to all concerned organizations and individuals.

3. In case of terminating special control under Point c, Clause 1 of this Article, the State Bank shall send to the court a document on the termination of solvency restoration measures.

Section 2. REORGANIZATION, DISSOLUTION, BANKRUPTCY, LIQUIDATION AND CAPITAL AND ASSET BLOCKAGE

Article 153. Reorganization of credit institutions

1. Credit institutions may be reorganized by split-up, division, consolidation, merger or transformation of the legal form after obtaining the State Bank's written approval.

2. The State Bank shall specify conditions, dossiers, order and procedures for approving the reorganization of credit institutions.

Article 154. Dissolution of credit institutions and foreign bank branches

A credit institution or foreign bank branch shall dissolve in the following cases:

1. It voluntarily applies for the dissolution in case it can repay all debts and the State Bank so approves in writing.

2. Upon expiration of its operation duration, it does not apply for extension or applies for extension but the extension is rejected by the State Bank.

3. Its license is revoked.

Article 155. Bankruptcy of credit institutions

1. After the State Bank issues a document on termination of special control or a document on the termination or non-application of solvency restoration measures, if the credit institution remains in the state of bankruptcy, it shall file a request for a court to open procedures for settlement of bankruptcy declaration requests under the bankruptcy law.

2. Upon receiving a request for opening bankruptcy procedures for a credit institution as prescribed in Clause 1 of this Article, the court shall open procedures for settlement of bankruptcy declaration requests and

immediately apply procedures for liquidating the credit institution's assets under the bankruptcy law.

Article 156. Liquidation of credit institutions' assets

1. In case a credit institution is declared bankrupt, the liquidation of its assets complies with the bankruptcy law.
2. In case of dissolution under Article 154 of this Law, the credit institution shall liquidate its assets under the supervision of the State Bank and follow the order and procedures for asset liquidation prescribed by the State Bank.
3. In the process of supervising the liquidation of assets of a credit institution under Clause 2 of this Article, if detecting that the credit institution cannot repay all debts, the State Bank shall issue a decision to terminate the liquidation and request the credit institution to file an application for opening of bankruptcy procedures under Article 155 of this Law.
4. Liquidated credit institutions shall pay all costs related to the liquidation of assets

Article 157. Blockage of capital and assets of foreign bank branches

1. When necessary, in order to protect the interests of depositors, the State Bank shall block part or whole of capital and assets of a foreign bank branch.
2. The State Bank shall specify cases of blockage and termination of blockage of capital and assets of foreign bank branches.

Chapter XI

STATE MANAGEMENT AGENCIES

Article 158. State management agencies

1. The Government shall perform the uniform state management of banking operations throughout the country.
2. The State Bank shall take responsibility before the Government for the performance of the state management of organization and operation of credit institutions and foreign bank branches.
3. Ministries and ministerial-level agencies shall, within the scope of their tasks and powers, perform the state management of credit institutions and foreign bank branches under law.
4. People's Committees at all levels shall perform the state management of credit institutions and foreign bank branches operating in their localities according to law.

Article 159. Examining, inspecting and supervising competence

The State Bank shall examine, inspect and supervise credit institutions, foreign bank branches and Vietnam-based representative offices of foreign credit institutions and other foreign institutions engaged in banking operations.

Article 160. Rights and obligations of entities subject to inspection and supervision

1. To promptly, adequately and accurately provide information and documents at the request of the State Bank during the inspection and supervision process and, at same time, to take responsibility before law for the accuracy and truthfulness of provided information and documents.
2. To report and explain about risk and operational safety recommendations and warnings issued by the State Bank.
3. To comply with the State Bank's risk and operational safety recommendations and warnings.
4. To comply with the State Bank's inspection conclusions and handling decisions.
5. To exercise other rights and perform other obligations according to law.

Chapter XI

IMPLEMENTATION PROVISIONS

Article 161. Transitional provisions

1. Credit institutions, foreign bank branches and representative offices of foreign credit institutions and other foreign institutions engaged in banking operations already established and operating under licenses granted by the State Bank before the effective date of this Law are not required to apply for renewal of their licenses under this Law.
2. Within 2 years after the effective date of this Law, credit institutions and foreign bank branches set up and operating under licenses granted by the State Bank before the effective date of this Law shall complete the organizational restructuring under this Law, except the cases specified in Clauses 3, 4 and 5 of this Law.
3. From the effective date of this Law, the election, appointment, addition and replacement of members of the Boards of Directors, Members' Councils, Control Boards, Directors General (Directors), Deputy Directors General (Deputy Directors), chief accountants, branch directors, director of subsidiaries and holders of equivalent posts of credit institutions and Directors General (Directors) of foreign bank branches must comply with Articles 33, 34, 43, 44, 48, 50, 51, 62, 66, 70 and 89 of this Law.

4. For credit extension contracts signed before the effective date of this Law, credit institutions, foreign bank branches and clients may continue implement signed agreements until their expiration. The modification of the above-said credit contracts may be effected only if such modification complies with this Law.

5. The State Bank shall provide detailed guidance on the time limit, order and procedures for transformation of credit institutions and foreign bank branches which, before the effective date this Law, have been operating in contravention of Articles 55, 103, 110, 115, 129 and 135 of this Law.

6. Microfinance programs and projects of political organizations, socio-political organizations, non-governmental organizations and credit institutions which have been implemented before the effective date of this Law are not required to adjust their organization and operation according to this Law. The Prime Minister shall specify the operation of microfinance programs and projects defined in this Clause.

7. From the effective date of this Law, institutions other than credit institutions which currently conduct one or several banking operations shall immediately terminate banking operations, except the cases prescribed in Clause 6 of this Article.

Article 162. Effect

1. This Law takes effect on October 1, 2011.

2. Law No. 02/1997/QH10 on Credit Institutions and Law No. 20/2004/QH11 Amending and Supplementing a Number of Articles of the Law on Credit Institutions cease to be effective on the effective date of this Law.

Article 163. Implementation detailing and guidance

The Government shall detail and guide this Law's articles and clauses assigned to it; and guide other necessary contents of this Law to meet state management requirements.

This Law was passed on June 16, 2010, by the XIIth National Assembly of the Socialist Republic of Vietnam at its 7th session.-

Chairman of the National Assembly
NGUYEN PHU TRONG