

**THE NATIONAL ASSEMBLY  
OF VIETNAM**

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Law No. 32/2024/QH15

**SOCIALIST REPUBLIC OF VIETNAM  
Independence – Freedom – Happiness**

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*Hanoi, January 18, 2024*

**LAW**

**CREDIT INSTITUTIONS**

*Pursuant to the Constitution of the Socialist Republic of Vietnam;*

*The National Assembly promulgates the Law on Credit Institutions.*

**Chapter I**

**GENERAL PROVISIONS**

**Article 1. Scope**

This Law provides for establishment, organization, operation, early intervention, special control, reorganization, dissolution and bankruptcy of credit institutions; establishment, organization, operation, early intervention, dissolution and termination of operations of branches of foreign banks; establishment and operation of representative offices in Vietnam of foreign credit institutions and other foreign institutions performing banking operations; settlement of bad debts and collateral of bad debts of credit institutions, branches of foreign banks and wholly state-owned organizations authorized to buy, sell and settle debts.

**Article 2. Regulated entities**

1. Credit institutions.
2. Foreign bank branches.
3. Representative offices in Vietnam of foreign credit institutions and other foreign institutions performing banking operations (hereinafter referred to as “foreign representative offices”).
4. Wholly state-owned organizations authorized to purchase, sell and settle debts (hereinafter referred to as “bad debt purchasers/managers”).
5. Agencies, organizations and individuals involved in establishment, organization, operation, early intervention, special control, reorganization, dissolution and bankruptcy of credit institutions; establishment, organization, operation, early intervention, dissolution and termination of operations of branches of foreign banks; establishment and operation of foreign

representative offices; settlement of bad debts and collateral of bad debts of credit institutions, foreign bank branches and bad debt purchasers/managers.

### **Article 3. Application of commercial practices**

Organizations and individuals engaged in banking operations are entitled to reach agreement on application of commercial practices, including:

1. International commercial practices provided by the International Chamber of Commerce;
2. Other commercial practices which are not contrary to the Vietnamese law.

### **Article 4. Definition of terms**

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

1. “*Factoring*” means a form of extension of credit by purchasing accounts receivable from a seller or giving an advance on behalf of a purchaser under a sale contract or service contract between the seller and the purchaser.
2. “*Bank guarantee*” means a form of credit extension to a client whereby a credit institution or foreign bank’s branch undertakes to act on behalf of the obligor to fulfill their financial obligations to the obligee in the event the obligor fails to fulfill or insufficiently fulfills their obligations as agreed; the client shall have the obligation to repay the debt to the credit institution or the foreign bank’s branch as agreed.
3. “*Early intervention*” means that the State Bank of Vietnam (hereinafter referred to as “State Bank”) imposes requirements and restrictions on a credit institution or foreign bank’s branch and requests such credit institution or foreign bank’s branch to implement a remedial plan under the supervision of the State Bank of Vietnam in order to deal with the situations specified in Clause 1 Article 156 of this Law.
4. “*Credit extension*” means an agreement that allows an organization or individual to use a sum of money or a commitment to allow use of a sum of money on the repayment principle by lending, discounting, finance lease, factoring, bank guarantee, letter of credit or another credit extension operation.
5. “*Foreign bank’s branch*” means a business organization that is not a juridical person and is also a foreign bank's subsidiary. The foreign bank is liable for all of the branch's obligations and commitments in Vietnam.
6. “*Discounting*” means a form of credit extension by purchase of on a definite term or purchase of the right to collect negotiable instruments and other valuable papers of beneficiaries prior to their due date.

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

8. “*Major shareholder*” means a shareholder of a credit institution that is joint-stock company. This shareholder owns 05% or more of the voting shares of that credit institution, including voting shares indirectly owned by such shareholder.

9. “*Subsidiary*” of a credit institution is a company that falls within any of the following cases:

a) The credit institution or the credit institution and its related persons owns/own over 50% of the charter capital or voting shares of that company;

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

c) The credit institution has the right to amend the Charter of the company;

d) The credit institution or the credit institution and its related persons directly or indirectly controls/control the ratification of resolutions and decisions of the Board of Members or General Meeting of Shareholders or the Board of Directors of the company.

10. “*Controlling company*” means a company that directly or indirectly owns more than 20% of charter capital of a commercial bank or has the control over a commercial bank, or a commercial bank that has subsidiaries or associate companies.

11. “*Associate company*” of a credit institution means a company in which the credit institution or the credit institution and its related persons owns/own over 11% of the charter capital or voting shares. However, the company is not a subsidiary of that credit institution.

12. “*Specialized finance company*” means a type of non-bank credit institution whose main activities fall within one of the fields of factoring, buyer credit, finance lease according to regulations of this Law.

13. “*General finance company*” means a type of non-bank credit institution that carries out activities as prescribed in Section 3 Chapter V of this Law.

14. “*Provision of account-to-account (A2A) payment services*” means provision of payment instrument; provision of service of payment by check, payment order, collection order, bank card or another payment service for each client via their account.

15. “*License*” may be a license for establishment and operation of a credit institution, or license for establishment of a foreign bank’s branch or license for establishment of a foreign representative office which is issued by the State Bank of Vietnam. The State Bank's document on amendments to a license is an integral part of the license.

16. "*Credit institution's capital contribution or share purchase*" means a credit institution's contribution of capital or entrustment of capital to another institution for contribution of capital to form the charter capital; purchase of shares of an enterprise or another credit institution, including receipt or purchase of shares or stakes of an enterprise or another credit institution; allocation or contribution of capital to a subsidiary or an associate company of the credit institution; or contribution of capital to an investment fund.

17. "*Banking operations*" mean trade in and regular provision of one or some of the following services:

- a) Deposit receipt;
- b) Credit extension;
- c) Provision of A2A payment services.

18. *Investment by capital contribution or share purchase for acquisition of 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 made by the Board of Members or General Meeting of Shareholders.

19. "*Special control*" means a situation in which the State Bank decides that a credit institution is put under direct control of the State Bank.

20. "*Money brokerage*" means provision of intermediary services with fee collection for arrangement for performance of banking operations and other business activities between credit institutions and branches of foreign banks according to regulations of this Law.

21. "*Bank*" means a credit institution which may conduct all banking operations under this Law. Banks include commercial banks, policy banks and cooperative banks.

22. "*Cooperative bank*" means a bank of all people's credit funds established by people's credit funds and some juridical persons by capital contribution for the main purposes of system interconnection, financial support and capital regulation within the system of people's credit funds.

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

24. "*Related person*" means an organization or individual that has a direct or indirect relation with another organization or individual in any of the following cases:

- a) Parent company with subsidiary and vice versa; parent company with sub-subsidiary and vice versa; credit institution with its subsidiary and vice versa; credit institution with its sub-subsidiary and vice versa; among subsidiaries of a parent company or credit institution; among sub-subsidiaries of a subsidiary of a parent company or credit institution; managers, controllers

or members of the Board of Controllers of a 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 managers, controllers or members of the Board of Controllers, or with company or organization competent to appoint these persons and vice versa;

c) Company or credit institution with organization or individual that owns 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; natural father/mother, foster father/mother, stepfather, stepmother, father-in-law, mother-in-law; natural/foster child, stepchild, daughter-in-law, son-in-law; sibling; half-sibling; spouse of natural sibling or half sibling (hereinafter referred to as "spouse, father, mother, child or sibling"); maternal grandfather/grandmother, paternal grandfather/grandmother; maternal/paternal grandchild; and maternal/paternal aunt, uncle and nibbling;

dd) Company or credit institution with individual defined at Point d of this Clause, with manager, controller, member of the Board of Controllers, 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;

e) Individual authorized to act as a representative of an organization or individual's stake specified at Points a, b, c, d and dd of this Clause with authorizing organization or individual; individuals authorized to act as representatives of stakes of an institution;.

g) Other juridical persons and individuals that pose risks to the operation of the credit institution or foreign bank's branch, defined according to the rules and regulations of the credit institution or foreign bank's branch or specified in writing by the State Bank of Vietnam through inspection or supervision;

h) Regarding a people's credit fund, a person related to a client of the fund falls within one of the cases specified in points b, c, dd and g of this Clause; client with his/her spouse, father, mother, child or sibling.

25. "*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.

26. "*Managers*" of a credit institution include President, members of the Board of Directors; President, members of the Board of Members; Director General (Director) and holders of other managerial titles defined in the credit institution's Charter.

27. "*Deposit receipt*" means an act of receiving money by an organization or individual in the form of demand or term deposit, savings deposit or issuance of deposit certificate, or receiving deposit in another form on the principle of full payment of principal and interest to a depositor as agreed.

28. “*Mandatory transfer plan*” means a plan in which the owner, capital contributor or shareholder of a commercial bank placed under special control has to transfer 100% of their shares/stakes to the transferee.

29. Plan to restructure a credit institution placed under special control (hereinafter referred to as “*restructuring plan*” refers to either:

- a) a recovery plan;
- b) a plan for merger, amalgamation, transfer of 100% of shares/stakes;
- c) a mandatory transfer plan;
- d) a dissolution plan, or;
- dd) a bankruptcy plan.

30. “*People's credit fund*” means a credit institution voluntarily established by juridical persons, individuals and households as a cooperative with a view to conducting one or some banking operations under this Law for the main purpose of mutual assistance in development of production and business and life.

31. “*Bank run*” mean a situation in which many depositors withdraw their money from a credit institution at the same time, thereby leading to the case where such credit institution has lost or is likely to lose solvency according to regulations of the Governor of the State Bank.

32. “*Derivative product*” means a financial instrument valued by predicted changes in the value of a principal asset, including interest rate, foreign exchange, currency or another principal asset.

33. “*Indirect ownership*” means an organization's or individual's ownership of the charter capital of a credit institution through investment trust or an enterprise in which such organization or individual owns more than 50% of charter capital.

34. “*Re-discounting*” means an act of discounting negotiable instruments and other valuable papers which have been discounted prior to their due date.

35. “*Payment account*” means a client's demand deposit account opened at a bank or foreign bank's branch for use of payment services provided by such bank or foreign bank's branch.

36. “*Letter of credit*” means a form of credit extension through issuance, confirmation, negotiation of payment, and return of letter of credit.

37. “*Microfinance institution*” means a credit institution which mainly conducts one or some banking operations to meet the needs of low-income individuals and households, and super small-sized enterprises.

38. “*Credit institution*” means a business organization that has juridical person and conducts one, some or all banking operations according to regulations of this Law. Credit institutions include banks, non-bank credit institutions, microfinance institutions and people's credit funds.

39. “*Assisting credit institution*” means a credit institution that manages, administrates, controls or assists in the operation and finance of the credit institution placed under special control.

40. “*Foreign credit institution*” means a credit institution established overseas under a foreign law.

Foreign credit institutions may be commercially present in Vietnam in forms of joint-venture banks, wholly foreign-owned banks, foreign bank branches, joint-venture finance companies, wholly foreign-owned finance companies, joint-venture financial leasing companies and wholly foreign-owned financial leasing companies.

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

41. “*Non-bank credit institution*” means a credit institution which may conduct one or some banking operations under this Law, apart from receipt of deposits from individuals and provision of A2A payment services. Non-bank credit institutions include general and specialized finance companies.

42. “*Charter capital*” means total amount of money contributed by owners and capital contributors of a credit institution which is a limited liability company; total face value of shares of a credit institution which is a joint-stock company sold to shareholders; total amount of money contributed by members of a credit institution which is a cooperative, capital provided by the State for a cooperative bank.

43. “*Provided capital*” of a foreign bank’s branch means an amount of money provided by the foreign bank for that branch.

44. “*Legal capital*” means minimum amount of capital required by law to establish a credit institution or foreign bank's branch.

45. “*Equity*” comprises the actual value of a credit institution's charter capital or a foreign bank’s branch's provided capital plus (+) reserve funds plus (+) other certain liabilities minus (-) deductions. The determination of equity shall comply with regulations of the Governor of the State Bank of Vietnam.

## **Article 5. Use of terms related to banking operations**

An institution that is not a credit institution or foreign bank’s branch must not use the phrase or term "credit institution," "bank," "finance company," "financial leasing company," "microfinance institution," "people’s credit fund" 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 advertisement if the use of such phrases or words can make clients misunderstand that it is a credit institution or foreign bank's branch.

#### **Article 6. Legal forms of credit institution**

1. Domestic commercial banks established and organized as joint-stock companies, except for the case defined in Clause 2 of this Article and the case of implementation of mandatory transfer plans approved.
2. State commercial banks established and organized as single-member limited liability companies with their 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 business activities**

1. Credit institutions and foreign bank branches have autonomy in their business activities and are responsible for their business results.
2. Credit institutions and foreign bank branches are entitled to 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 noncompliant with law.

#### **Article 8. Right to conduct banking operations**

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 according to regulations of this Law.

#### **Article 9. Competition and cooperation in banking operations**

Credit institutions and foreign bank branches may compete for and cooperate in banking operations and other business activities under this Law and other relevant laws.

#### **Article 10. Responsibilities of credit institutions and foreign bank branches for protection of rights and interests of clients**



1. Participate in deposit insurance and fund for maintenance of prudence for the system of people's credit funds according to regulations of law and publicize their deposit insurance in their head offices and branches;
2. Enable clients to deposit and withdraw money and guarantee the full and prompt payment of principals and interests of deposits as agreed in accordance with regulations of law.
3. Refuse to investigate, freeze, seize or transfer deposits of clients, except for cases where competent state agencies make requests under law or clients give consent;
4. Publicize deposit interest rates, service charges and rights and obligations of clients to each type of products and services provided;
5. Publicize official transaction time. When halting transactions at one or some transaction offices during official transaction time or halting transactions by electronic means, a credit institution or foreign bank's branch shall post notification of such halt at transaction offices or on its website for at least 24 hours before the halt.

If transactions are halted due to force majeure events, the credit institution or foreign bank's branch shall post notification of such halt at transaction offices or on its website for at least 24 hours after the halt.

#### **Article 11. Legal representatives of credit institutions**

1. A legal representative of a credit institution shall be defined in that credit institution's Charter and must be one of the following persons:
  - a) President of the Board of Directors or the Board of Members of the credit institution;
  - b) General Director (Director) of the credit institution.
2. The legal representative of the credit institution shall reside in Vietnam. When he/she is absent from Vietnam, he/she shall authorize in writing another person who is a manager or an executive of the credit institution currently residing in Vietnam to perform his/her rights and obligations.
3. The credit institution shall notify the State Bank of its legal representative within 10 days from the date of election and appointment to the legal representative according to regulations in the credit institution's Charter or change in the legal representative under law. The State Bank shall give a notification of the legal representative of the credit institution to a business registration authority for update on the national information system in terms of registration of enterprises/cooperatives.

#### **Article 12. Information provision**

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 are responsible for reporting on information related to business activities to the State Bank and are entitled to receive from the State Bank information on clients who have credit relations with them under regulations of the Governor of the State Bank.

3. Credit institutions and foreign bank branches may exchange with each other information on their activities.

4. When carrying out transactions with credit institutions and foreign bank branches, clients shall provide information, documents and data in honest, accurate, full and prompt manner and assume responsibilities for such provision.

### **Article 13. Information confidentiality**

1. Employees, managers and executives of credit institutions and foreign bank branches must not leak client information and reveal business secrets of these institutions and branches.

2. Credit institutions and foreign bank branches shall keep information on their clients confidential under the Government's regulations.

3. Credit institutions and foreign bank branches must not provide information on their clients for other organizations and individuals except for cases where competent state agencies make requests under law or clients give consent.

### **Article 14. Data safety and assurance of continuous operation**

Credit institutions and foreign bank branches shall maintain safety of their information systems and data security and continuously operate according to regulations of the Governor of the State Bank and other relevant laws.

### **Article 15. Prohibited acts**

1. Credit institutions and foreign bank branches conduct banking operations and business activities other than those stated in their licenses granted by the State Bank.

2. Organizations and individuals that are not credit institutions and foreign bank branches conduct banking operations, except for margin trading and purchase and sale of securities by securities companies.

3. Organizations or individuals illegally intervene in banking operations and other business activities of credit institutions and foreign bank branches.

4. Credit institutions and foreign bank branches engage in anti-competitive practices or unfair competition which are/is likely to cause harm or cause(s) harm to the implementation of the national monetary policy, safety of the credit institution system, interests of the State and the lawful rights and interests of organizations and individuals.

5. Credit institutions and foreign bank branches, and their managers, executives and employees combine sale of optional insurance and provision of banking products and services in all forms.

## **Chapter II**

### **POLICY BANKS**

#### **Article 16. Establishment, operation and state management of policy banks**

1. Policy banks are established by the Prime Minister and operate on a not-for-profit basis so as to implement the State's socio-economic policies.
2. The Government shall provide for operations conducted by policy banks.
3. The Prime Minister, Ministries and ministerial authorities shall perform state management of operations conducted by policy banks within their jurisdiction.

#### **Article 17. State ownership and representative of state ownership of policy bank**

1. The State has the ownership of policy banks. The Government shall manage performance of tasks and exercise of powers by the State over policy banks in a unified manner.
2. Board of Directors is a direct representative of state ownership at each policy bank. It performs tasks and exercises powers of the State under the Government's regulations.

#### **Article 18. Charter capital of policy bank**

The charter capital of a policy bank is provided by state budget and additionally provided by the state budget and other legal finance sources.

#### **Article 19. Organizational structure of policy bank**

1. The organizational structure of a policy bank is comprised of the Board of Directors, Board of Controllers, General Director and other managerial departments under the Government's regulations.
2. The policy bank is entitled to establish its branches, exchanges, transaction office and other affiliates according to regulations of law.

#### **Article 20. Board of Directors of policy bank**

1. The Board of Directors includes a President and other members.
2. The term of office of a member of the Board of Directors shall not exceed 05 years
3. The President of the Board of Directors is elected and dismissed by the Prime Minister.

4. Quantity, election and dismissal of members of the Board of Directors; structure, tasks and powers of the Board of Directors are prescribed by the Government.

5. The Board of Directors has an assistance department. The assistance department's functions and tasks are prescribed by the Board of Directors.

#### **Article 21. Board of Controllers of policy bank**

1. The Board of Controllers includes a Head and other members.

2. The term of office of a member of the Board of Controllers shall not exceed 05 years.

3. Quantity, election and dismissal of members of the Board of Controllers; structure, tasks and powers of the Board of Controllers are prescribed by the Government.

4. The Board of Controllers has an internal audit department, and is entitled to use resources of the policy bank to perform its tasks.

#### **Article 22. General Director of policy bank**

1. The General Director is the legal representative who manages daily operations of the policy bank.

2. The term of office of the General Director shall not exceed 05 years.

3. The General Director is elected and dismissed by the Prime Minister.

4. Election, dismissal, rights and obligations of the General Director are prescribed by the Government.

#### **Article 23. Assurance about operations of policy banks**

1. Solvency of policy banks is guaranteed by the State; differences in interest rates and management fees are subsidized; taxes and other accounts payable to the state budget are exempt under regulations of law;

2. Policy banks are not required to satisfy reserve requirements and participate in deposit insurance.

#### **Article 24. Internal control, internal audit and report of policy bank**

1. Each policy bank shall carry out internal control and audit; establish and promulgate internal procedures for professional operations.

2. Each policy bank shall follow statistical and operational reporting regimes according to regulations of law.

## **Article 25. Settlement of bad debts and collateral of bad debts of policy banks**

Policy banks may adopt regulations in this Law to settle bad debts and collateral of bad debts of policy banks.

## **Article 26. Financial mechanism, salaries, reorganization, dissolution, inspection and supervision of policy banks**

Financial mechanism, salaries, reorganization, dissolution, inspection and supervision of policy banks and other contents related to policy banks shall comply with regulations in this Charter and those of the Government.

## **Chapter III**

### **LICENSES**

## **Article 27. Authority to issue, amend and revoke licenses**

1. The State Bank has authority to issue, amend and revoke licenses under regulations of this Law.
2. License for establishment and operation of a credit institution is also the Certificate of Enterprise Registration or Cooperative Registration Certificate.
3. License for establishment of a foreign bank's branch is also a Certificate of Registration and Operation of Foreign Bank's Branch. License for establishment of a foreign representative office is also a Certificate of Registration and Operation of Foreign Representative Office.
4. The Governor of the State Bank shall provide for notification of information on issuance, amendment and revocation of licenses; information on election to General Directors (Directors) of foreign bank branches, Heads of foreign representative offices and relevant information for business registration authorities to update them to the international information system in terms of enterprise and cooperative registration.

## **Article 28. Legal capital**

1. The Government shall elaborate legal capital for each type of credit institutions and foreign bank branches.
2. Each credit institution/foreign bank's branch shall maintain the actual value of its charter capital or provided capital which is not smaller than the legal capital.
3. The actual value of charter capital or provided capital equals charter capital or provided capital and share premium, plus (+) undistributed accumulated profits, minus (-) unrealized accumulated losses recognized on accounting books.

4. The Governor of State Bank shall elaborate the handling of case where the actual value of the credit institution's charter capital or foreign bank's branch's provided capital is smaller than the legal capital.

#### **Article 29. Requirements for issuance of licenses**

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

- a) Its charter capital is not smaller than the legal capital;
- b) Its owner is a single-member limited liability company and its founding shareholders or members are juridical persons that are legally operating and financially capable for capital contribution. Its founding shareholders or members are individuals that have full legal capacity and are financially capable for capital contribution;
- c) Its managers, executives and members of the Board of Controllers fully meet the criteria and requirements under Article 41 of this Law;
- d) Its Charter complies with this Law and other relevant laws;
- dd) It has an establishment plan and a feasible business plan which neither affect the safety and stability of the credit institution system nor create 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 requirements:

- a) It fully meets requirements specified in Clause 1 of this Article;
- b) The foreign credit institution may conduct banking operations under the law of the country where it is headquartered;
- c) Operations to be conducted in Vietnam must be those which the foreign credit institution is issued with license to conduct in the country where it is headquartered;
- d) The foreign credit institution meets requirements for total assets and financial status under regulations of the Governor of State Bank, and satisfies regulations on assurance of operation safety under regulations of the country where it is headquartered;
- dd) The foreign credit institution shall make a written commitment to provide assistance 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 maintains the actual value of its charter capital which is not smaller than the legal capital and observes regulations on assurance of operation safety under this Law;

e) A competent authority of the country where the foreign credit institution is headquartered has signed an agreement with the State Bank on inspection and supervision of banking operations and exchange of information on banking safety supervision and made a written commitment on consolidated supervision of the foreign credit institution's operations according international practices.

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

a) Its provided capital is not smaller than the legal capital;

b) It fully meets requirements specified in Points b,c and dd Clause 1 and Points b,c,d and e Clause 2 of this Article;

c) The foreign bank shall make a written commitment to be liable for all obligations and commitments of its branch in Vietnam, and to ensure that the actual value of the provided capital is not lower than the legal capital and it observes regulations on assurance of operation safety under this Law.

d) If it is required to establish the second foreign bank's branch and subsequent foreign bank branches in Vietnam, the foreign bank shall ensure that the foreign bank's branch which is operating in Vietnam for 03 years preceding the year of the proposal to establish new branches does not commit violations against regulations of law, achieves the minimum safety ratios, and earns profits.

4. A foreign representative office may obtain a license when fully meeting the following requirements:

a) The foreign credit institution or another foreign institution engaged in banking operations is a juridical person that is issued with a license for banking operations overseas;

b) Under the law of the country where the foreign credit institution or another foreign institution engaged in banking operations is headquartered, it may set up a foreign representative office in Vietnam.

5. Requirements applicable to owners of credit institutions that are single-member limited liability companies, founding shareholders, and founding members specified in point b Clause 1 of this Article and those for issuance of licenses to people's credit funds, microfinance institutions shall be prescribed by the Government.

### **Article 30. Procedures and applications for licenses**

The Governor of State Bank shall issue regulations on procedures and applications for issuance and renewal of licenses.

### **Article 31. Deadline for issuance of license**

1. Within 180 days from the date of receipt of a complete and valid application, the State Bank shall issue or refuse to issue a license for establishment and operation of a credit institution or a license for establishment of a foreign bank's branch.
2. Within 60 days from the date of receipt of a complete and valid application, the State Bank shall issue or refuse to issue a license for establishment of a foreign representative office.
3. In case of refusal, the State Bank shall reply in writing and give reasons.

### **Article 32. Charges for issuance of licenses**

Credit institutions, foreign bank branches and foreign representative offices that are issued with licenses or have their licenses renewed shall pay charges under the law on charges and fees.

### **Article 33. Disclosure of information about launch for operations**

A credit institution, foreign bank's branch or foreign representative office shall publish on the media of the State Bank and a Vietnamese daily newspaper for three consecutive issues or a Vietnamese e-newspaper for at least 30 days before the date on which operations are expected to be launched the following information:

1. Its name and address of its head office;
2. Number of and date of issuance of its license;
3. Charter capital of the credit institution or provided capital of the foreign bank's branch;
4. Legal representative of the credit institution, Director General (Director) of the foreign bank's branch or head of the foreign representative office;
5. List of founding shareholders or capital contributors or owners of the credit institution with their respective holdings of shares/stakes;
6. Date on which operations are expected to be launched.

### **Article 34. Requirements for launching operations**

1. A credit institution, foreign bank's branch or foreign representative office issued with a license may only operate from the launch date.
2. To launch operations, the credit institution or foreign bank's branch issued with a license shall fully meet the following requirements:
  - a) The credit institution's charter approved by a competent authority has been submitted to the State Bank;



- b) It has full charter capital or provided capital; vault or head office that meets requirements under regulations of the Governor of the State Bank;
  - c) It has an organizational structure and an internal control and audit system in conformity with its type under this Law and other relevant laws;
  - d) Its information technology system meets managerial and operational requirements;
  - dd) It has internal regulations on organization and operation of the Board of Directors, the Board of Members, the Board of Controllers and Director General (Director) and professional divisions at its head office; risk management; and operational network management;
  - e) Its charter capital or provided capital in Vietnamese dong shall be fully deposited into the frozen account without interests opened at the State Bank for at least 30 days before the launch date. Its charter capital or provided capital shall be released after the launch date;
  - g) It has disclosed information on launch of its operations under Article 33 of this Law.
3. The credit institution, foreign bank's branch or foreign representative office shall launch its operations within 12 months from the date on which it obtains the license, except for force majeure events. After the aforesaid deadline, if it fails to do so, the issued license expires. The State Bank shall publish licenses which are expired on its web portal.
4. The credit institution or foreign bank's branch issued with the license shall notify the State Bank of requirements for launch of its operations specified in Clause 2 of this Article for at least 15 days before the launch date. The State Bank shall suspend the launch when such institution or branch fails to fully meet the requirements under Clause 2 of this Article.

### **Article 35. License use**

1. A credit institution or foreign bank's branch or foreign representative office issued with a license shall use the name and strictly conduct operations as stated in its license.
2. The credit institution or foreign bank's branch or foreign representative office issued with the license must not tamper with, buy, sell, transfer, lease or lend its license.

### **Article 36. Revocation of licenses**

1. The State Bank shall revoke a license when:
  - a) The application for license contains false information in order to be eligible for obtainment of the license;
  - b) The credit institution is divided or acquired; undergoes amalgamation, dissolution, bankruptcy or change in legal forms;

- c) The credit institution, foreign bank's branch or foreign representative office operates at variance with its license;
- d) The credit institution or foreign bank's branch seriously violates the law on compulsory reserves and safety ratios;
- dd) The credit institution or foreign bank's branch fails to abide by or fully abide by the State Bank's decisions to assure safety for banking operations;
- e) The foreign credit institution or another foreign institution which is engaged in banking operations and commercially present in Vietnam is dissolved or goes bankrupt or has its license revoked or has its operation terminated by a competent authority of the country where it is headquartered.

2. Decisions to revoke licenses shall be published by the State Bank on its web portal.

3. The credit institution or foreign bank's branch that has its license revoked shall terminate its business activities from the effective date of the State Bank's decision to revoke its license.

4. The Governor of the State Bank shall specify procedures and applications for revocation of licenses.

### **Article 37. Changes which must be approved by the State Bank**

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

- a) Its name or place of its head office;
- b) Its charter capital or provided capital, except the case specified in Clause 3 of this Article;
- c) Location where the credit institution's branch is headquartered;
- d) Contents and duration of operation;
- dd) Purchase, sale or transfer of the owner's stake; purchase, sale or transfer of a capital contributor's stake; purchase or receipt of transfer of shares resulting in a conversion into a major shareholder. The owner, capital contributor, shareholder, purchaser and transferee of shares or stakes of the credit institution shall be responsible for cooperating with the credit institution to carry out procedures for seeking approval for the contents specified at this point.

In case of purchase, sale, receipt of transfer, or transfer of stakes of the credit institution that is a limited liability company, the purchaser or transferee shall satisfy the requirements applied to owners and capital contributors specified in point b Clause 1, Clause 2 Article 29, and Clause 2 Article 78 of this Law; the capital contributor shall comply with regulations in Clause 1 Article 77 of this Law;

e) Any transaction suspension of 05 working days or more, except suspension due to force majeure events;

g) Listing of shares on a foreign securities market.

2. Application and procedures for approval for changes specified in Clause 1 of this Article and adjustments to the license shall be specified by the Governor of the State Bank.

3. Any change to location of a people's credit fund, charter capital, transfer of stakes of capital contributors of a cooperative bank or a people's credit fund shall comply with regulations of the Governor of the State Bank.

4. When obtaining approval for change to contents specified in Clause 1 of this Article, the credit institution or foreign bank's branch shall carry out the following procedures:

a) Revising the charter of the credit institution according to the approved changes specified in points a,b,d and dd Clause 1 of this Article;

b) Publishing changes defined at points a, b, c and d, Clause 1 of this Article on the media of the State Bank and on a Vietnamese daily newspaper for 3 consecutive issues or in a Vietnamese e-newspaper, within 07 working days from the date on which the State Bank's approval is granted.

## **Chapter IV**

### **ORGANIZATION, GOVERNANCE AND ADMINISTRATION BY CREDIT INSTITUTIONS AND FOREIGN BANK BRANCHES**

#### **Section 1. GENERAL PROVISIONS**

##### **Article 38. Branches, representative offices, public service providers and commercial presence of credit institutions**

1. After the State Bank gives written approval, the credit institution is entitled to establish its domestic branches, representative offices and public service providers; establish and change its legal forms of commercial presence in foreign countries, including branches, representative offices and other forms of commercial presence in foreign countries.

2. The Governor of the State Bank shall elaborate conditions, applications and procedures for establishment, change in legal forms, dissolution and termination of operations of units specified in Clause 1 of this Article applicable to each type of credit institutions.

3. Written approval for establishment of a domestic branch or representative office of a credit institution is also a Certificate of registration and operation of such branch or representative office.

4. The Governor of the State Bank shall provide for notification of information about establishment, dissolution and termination of operations of domestic branches and representative offices and relevant information to business registration authorities for update on the national information system in terms of registration of enterprises/cooperatives.

### **Article 39. Charter of credit institution**

1. Charter of a credit institution that is a joint-stock or limited liability company shall contain the following principal contents:

- a) Its name and place of its head office;
- b) Operation contents;
- c) Duration of operation;
- d) Charter capital, methods of capital contribution and increase and decrease in charter capital;
- dd) Tasks and powers of General Meeting of Shareholders, Board of Directors, Board of Members and Board of Controllers, and rights and obligations of Director General (Director);
- e) Methods of election, appointment and dismissal of members of the Board of Directors, Board of Members, and Board of Controllers and Director General (Director);
- g) Name and address of its head office, nationality of each owner and capital contributor, for the credit institution that is a limited liability company;
- h) Rights and obligations of owners and capital contributors, for the credit institution that is a limited liability company; and those of shareholders, for the credit institution that is a joint-stock company;
- i) Legal representative (s);
- k) Principles of finance, accounting, control and internal audit;
- l) Methods of ratifying decisions made by the credit institution; principles of settlement of internal disputes;
- m) Bases and methods of determining remuneration, salaries and bonuses paid to managers, executives and members of the Board of Controllers;
- n) Cases of and procedures for dissolution;
- o) Procedures for amendment to the Charter.

2. Charter of a cooperative bank or a people's credit fund shall contain the following contents:

- a) Contents specified in points a, b, c, d, e, i, k, l, m, n and o Clause 1 of this Article;
  - b) Tasks and powers of General Meeting of Members, Board of Directors, and Board of Controllers, and rights and obligations of Director General (Director);
  - c) Cases of and produces for termination of membership;
  - d) Rights and obligations of each member;
  - dd) Methods of convening the General Meeting of Members, rectifying decisions made by the General Meeting of Members, and electing delegates to attend and vote at the General Meeting of Members in case it is organized in the form of a delegate meeting;
  - e) Principle of dividing interest in proportion to the extent of service use or stake of each member;
  - g) Financial management, use and settlement of assets, capital, funds and losses;
3. The credit institution's charter and its amendments shall be sent to the State Bank within 15 days from the date on which they are approved.

#### **Article 40. Organizational structure of credit institution**

1. Organizational structure of a credit institution established as a joint-stock company comprises General Meeting of Shareholders, Board of Directors, Board of Controllers and Director General (Director).
2. Organizational structure of a credit institution established as a single-member limited liability company or a limited liability company with two or more members comprises the Board of Members, the Board of Controllers and Director General (Director).
3. Organizational structure of a cooperative bank or people's credit fund shall comply with Article 82 of this Law.

#### **Article 41. Criteria and requirements applicable to managers, executives and holders of some other positions of a credit institution**

1. A member of the Board of Directors or Board of Members shall fully meet the following criteria and requirements:
  - a) He/she is not prohibited from holding a certain position according to regulations in Clause 1 Article 42 of this Law;
  - b) He/she possesses professional ethics under regulations of the Governor of the State Bank;
  - c) He/she has at least a bachelor's degree;

d) He/she has at least 03 years' experience of working as a manager or executive of the credit institution, at least 05 years' experience of working as a manager of a finance, banking, accounting or audit enterprise or an enterprise whose equity is not smaller than the legal capital of a credit institution, at least 05 years' experience of working in a professional department of the credit institution or foreign bank's branch or at least 05 years' experience of working in a finance, banking accounting or audit department."

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

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) Neither receiving salary nor remuneration regularly of the credit institution other than allowances for members of the Board of Directors;

c) Having no spouse, father/mother, child, sibling or spouse of one of these persons who is a major shareholder of the credit institution, a manager or controller or member of the Board of Controllers of the credit institution or its subsidiary;

d) Not acting as the representative of holding in the credit institution; neither directly nor indirectly owning 01% or more of the charter capital or voting share capital of the credit institution together with his/her related person(s);

dd) Not acting as a manager or member of the Board of Controllers of the credit institution at any time in the 5 preceding years.

3. A member of the Board of Controllers shall fully meet the following criteria and requirements:

a) Meeting criteria and requirements specified in point a and point b Clause 1 of this Article;

b) Having at least a bachelor's degree in banking, finance, economics, business administration, law, accounting or audit field;

c) Having at least 3 years' experience of working directly in banking, finance, accounting or audit field;

d) Not being a related person of the manager of the credit institution;

dd) The Head of the Board of Controllers shall reside in Vietnam during his/her term of office,

4. The Director General (Director) shall fully meet the following criteria and requirements:

a) Meeting criteria and requirements specified in point a and point b Clause 1 of this Article;

b) Having at least a bachelor's degree in banking, finance, economics, business administration, law, accounting or audit field;

c) Having at least 05 years' experience of working as an executive of a credit institution or at least 05 years' experience of holding the position of General Director (Director) or Deputy General Director (Deputy Director) of an enterprise whose equity is not smaller than the legal capital of a credit institution and at least 05 years' experience of working in the finance, banking, accounting or audit field or has at least 10 years' experience of working in the finance, banking, accounting or audit field;

d) Residing in Vietnam during his/her term of office,

5. A Deputy Director General (Deputy Director), Chief Account, Director of a branch or Director General (Director) of a subsidiary or any holder of an equivalent position under regulations of the Charter of the credit institution shall fully meet the following criteria and requirements:

a) Not falling within the case where he/she is prohibited from holding a certain position specified in Clause 2 Article 42 of this Law; in case of the Deputy Director General (Deputy Director), not falling within the case where he/she is prohibited from holding a certain position specified in Clause 1 Article 42 of this Law;

b) Having at least a bachelor's degree in finance, banking, economics, business administration, law, accounting or audit field or another discipline under the field which he/she will undertake; or having a bachelor's degree in a discipline other than one of the above-mentioned fields and having at least 3 years' experience of working directly in banking or finance field or the field which he/she will undertake;

c) Residing in Vietnam during his/her term of office;

d) The Chief Account shall also meet criteria and requirements according to regulations of the law on accounting.

6. The Governor of the State Bank shall specify criteria and requirements applicable to managers, executives and members of the Board of Controllers of cooperative banks, people's credit funds, and microfinance institutions.

#### **Article 42. Persons prohibited from holding certain positions**

1. Any of the following persons must not be a member of the Board of Directors, Board of Members, Board of Controllers, Director General (Director), Deputy Director General (Deputy Director) or a holder of equivalent title according to a credit institution's Charter:

a) One of the persons specified in Clause 2 of this Article;

b) A person prohibited from participating in management and administration of an enterprise or cooperative under the law on officials and public employees and the law on anti-corruption;

c) A person who used to be an owner of a private enterprise, a partner of a partnership company, Director General (Director), a member of Board of Directors, Board of Members or a controller or member of Board of Controllers of an enterprise, a member of Board of Directors and Director General (Director) of a cooperative at the time when the enterprise or cooperative is declared bankrupt, except for case where he/she is assigned or appointed to participate in management, administration or control of the enterprise or cooperative that is credit institution declared bankrupt according to task requirements;

d) A person who had their title of Chairperson of Board of Directors, member of the Board of Directors, Chairperson of the Board of Members, member of Board of Members, head of the Board of Controllers, member of the Board of Controllers or Director General (Director) of a credit institution terminated under Article 47 of this Law or has committed violations, causing the revocation of the credit institution's license as determined by the competent agency;

dd) A related person of a member of the Board of Directors or the Board of Members or Director General (Director) of the credit institution, except for cases specified in Clause 3 Article 69, point b clause 1 Article 73 and point a Clause 2 Article 77 of this Law;

e) A related person of a member of Board of Controllers, Deputy Director of the People's Credit Fund;

g) A person responsible for any violation against regulations on licensing, administration, shares, capital contribution, share purchase, credit extension, purchase of corporate bonds, safety ratios that results a fine in the maximum bracket imposed on the credit institution/foreign bank's branch according to the law on penalties for administrative violations in monetary and banking sector under inspection conclusion.

2. Any of the following persons must not act as a Chief Accountant or Director of the branch or Director General (Director) of a subsidiary of the credit institution:

a) Minor or a person who is legally incapacitated, a person with limited cognition and behavior control, and a person with limited legal capacity;

b) Person who is facing criminal prosecution or serving imprisonment sentence; serving an administrative penalty in a correctional institution or rehabilitation center, or is prohibited by the court from holding certain positions or doing certain works;

c) Person who has been sentenced for any serious crime or worse;

d) Person who has been sentenced for possession charge without having their criminal record expunged;

dd) Official, public employee or manager of division or higher level of an enterprise in which the State holds 50% or more of the charter capital, except for any person appointed to act as the representative of the State's stakes or stakes of the enterprise in which the State holds 50% or



more of the charter capital in the credit institution or appointed or assigned to participate in management, administration or control of the credit institution according to task requirements;

e) Officer, non-commissioned officer, professional army man or defense worker/public employee of an agency or unit under the Vietnam People's Army; officer, professional non-commissioned officer, worker/police officer of an agency and unit under the Vietnam People's Police, except for any person appointed to act as the representative of the State's stakes or stakes of the enterprise in which the State holds 50% or more of the charter capital in the credit institution;

g) Another person defined in the Charter of the credit institution.

3. Father/mother, spouse, child or sibling of each member of the Board of Directors and the Board of Members, General Director (Director) of the credit institution and his/her spouse must not act as Chief Accountant or finance manager of the credit institution.

#### **Article 43. Persons prohibited from concurrently holding different positions**

1. The Chairperson of the Board of Directors or the Board of Members of a credit institution must not concurrently be an executive or a member of the Board of Controllers of that credit institution and another credit institution, or a manager of an enterprise, except for case where the Chairperson of the Board of Directors of a people's credit fund is concurrently a member of the Board of Directors or the Board of Controllers of a cooperative bank.

2. The member of the Board of Directors is not an independent member; a member of the Board of Members of a credit institution must not concurrently hold either of the following positions:

a) Executive of that credit institution, except for General Director (Director) of that credit institution;

b) Manager or executive of another credit institution, manager of an enterprise, except for manager or executive of a subsidiary or the parent company of that credit institution, or the case of implementation of the approved mandatory transfer plan;

c) Controller or a member of the Board of Controllers of another credit institution or enterprise.

3. An independent member of the Board of Directors of a credit institution must not concurrently hold either of the following positions:

a) Executive of the credit institution;

b) Manager or executive of another credit institution; manager of 02 enterprises or more;

c) Controller or a member of the Board of Controllers of another credit institution or enterprise.

4. A member of the Board of Controllers of a credit institution must not concurrently hold either of the following positions, except for manager or executive or employee of a credit institution that receives mandatory transfer according to the approved mandatory transfer plan;

a) Manager or executive of that credit institution, another credit institution or enterprise; employee of that credit institution or its subsidiary;

b) Employee of an enterprise whose member of the Board of Directors, executive or major shareholder is a member of the Board of Directors or the Board of Members of that credit institution;

5. The General Director (Director), Deputy General Director (Deputy Director) and people holding equivalent positions under the Charter of a credit institution must not concurrently hold the position of manager, executive, controllers or members of the Board of Controllers of another credit institution or enterprise, except for executive positions in subsidiaries or parent companies of the same credit institution.

#### **Article 44. Approval for list of nominees for the positions of members of the Board of Directors or Board of Members and Board of Controllers and Director General (Director) of a credit institution**

1. The list of nominees for the positions of members of the Board of Directors or Board of Members and Board of Controllers and Director General (Director) of a credit institution; the position of Chairperson of the Board of Directors, Head of Board of Controllers of a cooperative bank or people's credit fund 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, Board of Members and Board of Controllers and Director General (Director) of the credit institution; Chairperson of the Board of Directors, Head of Board of Controllers of the cooperative bank or the people's credit fund shall be included in the list approved by the State Bank.

2. The Governor of the State Bank shall specify procedures and application for approval for the list of nominees for the positions specified in Clause 1 of this Article.

3. The credit institution shall notify the State Bank of the list of elected and appointed holders of the positions specified in Clause 1 of this Article within 10 days from the date of such election and appointment.

#### **Article 45. Automatic disqualification**

1. A member of the Board of Directors or the Board of Members or the Board of Controllers or a Director General (Director) shall be automatically disqualified from his/her position when:

a) He/she falls within one of the cases specified in Article 42 of this Law

- b) He/she acts as a representative of the stakes of an organization which is a shareholder or capital contributor of the credit institution when this organization has its legal entity status terminated;
- c) He/she is no longer the representative of stakes as authorized by the shareholder or the capital contributor that is an organization;
- d) He/she is expelled from the Socialist Republic of Vietnam;
- dd) The credit institution has its license revoked;
- e) The contract to hire Director General (Director) expires;
- g) He/she is no longer a member of the cooperative bank or people's credit fund;
- h) He/she dies.

2. The Board of Directors or the Board of Members of the credit institution shall send a report enclosed with documents proving the automatic disqualification under points a,b,c,d,e,g and h Clause 1 of this Article to the State Bank within 05 working days from the date of such automatic disqualification, be responsible for the accuracy and truthfulness of this report, and carry out procedures for election and appointment to the vacant position under law.

3. The member of the Board of Directors, the Board of Members or the Board of Controllers or Director General (Director) of the credit institution shall be still liable for his/her decisions made during his/her term of office after he/she is automatically disqualified from his/her position.

#### **Article 46. Dismissal and discharge from duty**

1. Except for the cases of automatic disqualification specified in Article 45 of this Law, the Chairperson or a member of the Board of Directors or the Board of Members; the head or a member of the Board of Controllers; or Director General (Director) of a credit institution shall be dismissed from his/her position or discharged from duty in one of the following cases:

- a) Discharge from duty if he/she hands in a resignation to the Board of Directors, the Board of Members, the Board of Controllers of the credit institution;
- b) Dismissal if he/she fails to join activities of the Board of Directors, the Board of Members or the Board of Controllers for 6 consecutive months, except for force majeure events;
- c) Dismissal if he/she fails to meet the criteria and requirements specified in Article 41 of this Law;
- d) Dismissal if the independent member of the Board of Directors fails to comply with regulations in Clause 2 Article 41 and Clause 3 Article 43 of this Law;

dd) Other cases defined by the Charter of the credit institution.

2. After dismissal or discharge from duty, the chairperson or member of the Board of Directors or the Board of Members; the head or member of the Board of Controllers; or the Director General (Director) of the credit institution shall be still liable for his/her decisions made during his/her term of office.

3. Within 10 working days from the date of approval for the decision on dismissal or discharge from duty of any holder specified in Clause 1 of this Article, the Board of Directors or the Board of Members of the credit institution shall send a report enclosed with relevant documents to the State Bank.

#### **Article 47. Termination and suspension of execution of rights and obligations of members of the Board of Directors, the Board of Members, the Board of Controllers and executives of credit institution**

1. The State Bank has the right to terminate or suspend the execution of the rights and obligations of the Chairperson and members of the Board of Directors or the Board of Members, the Head and members of the Board of Controllers, and executives of a credit institution who violate Article 43, Clause 10 Article 48 of this Law and other relevant laws when they execute their rights and obligations or fail to meet criteria and requirements specified in Article 41 of this Law; and request the competent agency to dismiss them from their positions, elect and appoint or designate replacements if necessary.

2. The Special Control Board has the right to terminate or suspend the execution of the rights and obligations of the chairperson and members of the Board of Directors and the Board of Members, the head and members of the Board of Controllers, and executives of a credit institution placed under special control, when necessary.

3. Persons whose rights and obligations are terminated or suspended under Clauses 1 and 2 of this Article shall participate in remedying problems and handling violations related to their personal responsibilities if requested by the State Bank, the Board of Directors, the Board of Members, the Board of Controllers of the credit institution or the Special Control Board.

#### **Article 48. Rights and obligations of managers and executives of credit institution**

1. Comply with laws, the Charter of the credit institution, resolutions and decisions of the General Meeting of Shareholders, General Meeting of Members or owners or capital contributors of the credit institution.

2. Exercise their rights and fulfill their obligations in an honest and prudent manner, for the interests of the credit institution and its shareholders, capital contributors and owners.

3. Do not use information, secrets, take advantage of business opportunities of the credit institution or abuse their positions and titles and the credit institution's assets for self-seeking

purposes or interests of other organizations and individuals, thereby harming the interests of the credit institution and its shareholders, capital contributors and owners.

4. Be responsible for compliance with regulations on restrictions in order to maintain safety in banking operations of the credit institution according to regulations of this Law.
5. Keep dossiers and records of the credit institution in order to provide statistics for the credit institution for the purposes of management, administration and control of its activities and for the State Bank's inspection, supervision and examination.
6. Be knowledgeable about risks arising from operations of the credit institution.
7. 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 only conduct such transactions when the Board of Directors or the Board of Members gives consent.
8. Be prohibited from enabling themselves or their related persons to take loans or use other banking services of the credit institution with conditions that are better and favorable than those under the credit institution's general regulations.
9. Neither have their salaries and remuneration increased nor request bonuses when the credit institution suffers losses.
10. Within the scope of their rights and obligations, respond to written requests from the State Bank for contents under the jurisdiction of the State Bank. Follow recommendations and warnings about risk and operational safety, and risk of violations against regulations on monetary and banking; implement conclusions, recommendations and decisions related to inspection.
11. Exercise other rights and fulfill other obligations defined by the law and the credit institution's charter.

#### **Article 49. Provision and disclosure of information**

1. Each member of the Board of Directors, the Board of Members or the Board of Controllers or the Director General (Director) or Deputy Director General (Deputy Director) and the holder of another equivalent title of a credit institution shall notify the credit institution of the following information:
  - a) Name, enterprise ID number, headquarter address of another enterprise or business organization in which he/she, individually or together with his/her related persons, holds shares or stakes worth at least 5% of its charter capital, including shares or stakes held by other organizations or individuals under his/her authorization or entrustment;

b) Name, enterprise ID number, headquarter address of another enterprise or business organization of which he/she and his/her related persons are members of the Board of Directors, Board of Members or Board of Controllers or the Director General (Director);

c) Information about each related person that is an individual, including full name; personal identification number; nationality, passport number, date of issuance, place of issuance (in case of a foreigner); relationship with information provider;

d) Information about each related person that is an organization, including name, enterprise ID number, headquarter address, number of enterprise registration certificate or a document of equivalent legitimacy; legal representative, relationship with information provider.

2. The shareholder owning at least 01% of charter capital of a credit institution shall provide the following information for the credit institution:

a) Full name; personal identification number; nationality, passport number, date of issuance, place of issuance in case where the shareholder is a foreigner; number of enterprise registration certificate or a document of equivalent legitimacy in case where the shareholder is an organization; date of issuance and place of issuance of such document.

b) Information about each related person according to regulations in Point c and Point d Clause 1 of this Article;

c) His/her holdings in the credit institution;

d) His/her related person's holdings in the credit institution;

3. Persons specified in Clause 1 and Clause 2 of this Article shall notify the credit institution in writing of initial provision of information and any change in such information within 07 working days from the date on which the information is disclosed or changed.

The shareholder is only required to provide the information specified in point c and point d Clause 2 of this Article for the credit institution when his/her holdings or his/her related person's holdings is changed by at least 01% of charter capital of the credit institution in comparison with that of the preceding provision.

4. The credit institution shall post and store information specified in Clauses 1 and 2 of this Article at its headquarter and send a written report to the State Bank within 07 working days from the date on which the credit institution receives the provided information. On annual basis, the credit institution shall disclose information specified in points a,b,d Clause 1 and points a,c,d Clause 2 of this Article to its General Meeting of Shareholders, General Meeting of Members and the Board of Members.

5. The credit institution shall disclose information about full name of the individual or name of the organization that is the shareholder owning at least 01% of its charter capital and information

specified in point c and point d Clause 2 of this Article on its website within 07 working days from the date on which it receives the provided information.

6. Organizations and individuals that provide and disclose information shall ensure that the information is provided and disclosed in an honest, accurate, full and prompt manner, and assume their responsibilities for such provision and disclosure.

## **Section 2. GENERAL REGULATIONS APPLICABLE TO CREDIT INSTITUTION THAT IS JOINT-STOCK COMPANY OR LIMITED LIABILITY COMPANY**

### **Article 50. Board of Directors, Board of Members and its organizational structure**

1. The Board of Directors or the Board of Members is a governing body that has the full power to decide and exercise the rights and fulfill the obligations of a credit institution on its behalf, except for matters to be decided by the General Meeting of Shareholders or owners.

2. When the number of members of the Board of Directors or the Board of Members is less than the minimum number of members prescribed in Clause 1 Article 69 and point a Clause 1 Article 73 of this Law, within 90 days from the date on which the minimum number of members is insufficient, the credit institution shall elect and add members to the Board of Directors or Board of Members in order to ensure that the minimum number of members is sufficient, except for the case specified in Clause 5 Article 166 of this Law.

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

4. The Board of Directors or Board of Members shall have an assistance department to assist it. The assistance department's functions and tasks are regulated by the Board of Directors or Board of Members.

5. The Board of Directors or Board of Members shall set up committees to assist it in performing its tasks and powers, in which there must be risk management committee and personnel committee. The Board of Directors or Board of Members shall define the tasks and powers of these two committees under regulations of the Governor of the State Bank.

### **Article 51. Board of Controllers**

1. The Board of Controllers shall conduct supervision and assessment of the observance of law, internal regulations, charter, resolutions and decisions of the General Meeting of Shareholders or owners, the Board of Directors and Board of Members.

2. The Board of Controllers of a commercial bank shall have at least 05 members. The Board of Controllers of a credit institution shall have at least 03 members. The number of members of the Board of Controllers shall be specified in the credit institution's charter.

3. The Board of Controllers shall have an assistance department and an internal audit department to perform its tasks.

4. The term of the Board of Controllers shall not exceed 05 years. A member of the Board of Controllers shall have the same term of office as the Board of Controllers, except for the case specified in Clause 5 of this Article. The term of office of an additional or replacing member of the Board of Controllers is the remaining term of the Board of Controllers. The Board of Controllers of the previous term shall continue to operate until the Board of Controllers of the new term takes over its work

5. The term of the Head and a member of the Board of Controllers in the credit institution that is a single-member limited liability company shall be specified in the credit institution's charter and shall not exceed 05 years.

6. When the number of members of the Board of Controllers is less than the minimum number of members prescribed in Clause 2 of this Article, within 90 days from the date on which the minimum number of members is insufficient, the credit institution shall elect and add members to the Board of Controllers in order to ensure that the minimum number of members is sufficient, except for the case specified in Clause 5 Article 166 of this Law.

#### **Article 52. Tasks and powers of the Board of Controllers**

1. Supervise administration and management by the credit institution of the observance of law, internal regulations, Charter, resolutions and decisions of General Meeting of Shareholders, owners, the Board of Directors and the Board of Members; take responsibility to the General Meeting of Shareholders, owners and capital contributors for the performance of its assigned tasks and powers according to regulations of this Law and the credit institution's charter.

2. Issue internal regulations of the Board of Controllers; review internal regulations of the Board of Controllers and those of the credit institution on accounting and report every year.

3. Conduct internal audit; get access to and be fully, accurately and promptly provided with information and documents related to administration and management conducted by the credit institution; be entitled to use resources of the credit institution to perform the assigned tasks and powers, hire experts, independent consultancy units and external organizations to perform its tasks and take responsibility for performance of tasks of the Board of Controllers.

4. Supervise financial status and appraise annual and first-six month financial statements of the credit institution; report to the General Meeting of Shareholders, owners and capital contributors on results of appraisal of financial statements; assess reasonability, lawfulness, truthfulness and prudence upon performance of tasks related to accounting and statistics and financial statements. The Board of Controllers may seek advice from the Board of Directors and the Board of Members before submitting reports and recommendations to the General Meeting of Shareholders or owners or capital contributors.



5. Supervise approval and implementation of projects on investment, purchase and sale of fixed assets, other contracts and transactions of the credit institution decided by the General Meeting of Shareholders, the Board of Directors and the Board of Members. On an annual basis, prepare and send supervision reports to the General Meeting of Shareholders, owners, the Board of Directors and the Board of Members.

6. Supervise the compliance with regulations in Chapter VII of this Law on restrictions so as to maintain safety for operations of the credit institution.

7. Inspect accounting books, other documents and management and administration of the credit institution's operations when necessary or in the following cases:

a) According to resolutions and decisions of the General Meeting of Shareholders;

b) As required by the State Bank or major shareholders, groups of major shareholders or owners or capital contributors or the Board of Members under law. The inspection shall be conducted within 07 working days from the date of receipt of requests. Within 15 days after completing inspection, the Board of Controllers shall report and explain matters inspected to requesting organizations and individuals.

8. Promptly notify the General Meeting of Shareholders, owners, the Board of Directors or Board of Members when detecting that managers or executives of the credit institution commit violations against regulations of law, internal regulations of the credit institution, resolutions and decisions of the General Meeting of Shareholders, owners, the Board of Directors or Board of Members; request violators to immediately terminate their violations and adopt remedial measures (if any).

9. Make a list of founding shareholders within 05 years from the date of having the first founding shareholder, shareholders owning at least 01% of charter capital, capital contributors and related persons of members of the Board of Directors, Board of Members and Board of Controllers and Director General (Director) of the credit institution and shareholders owning at least 01% of charter capital; keep and update changes in this list.

10. Request the Board of Directors or Board of Members to convene extraordinary meetings or request the Board of Directors to convene the extraordinary General Meeting of Shareholders under this Law and the credit institution's charter.

11. Convene the extraordinary General Meeting of Shareholders when the Board of Directors makes a decision seriously violating this Law or beyond its vested powers or in other cases under the credit institution's charter.

12. Appoint, dismiss, discipline, suspend and decide salaries and other benefits paid to and provided for holders of titles of the internal audit department.

13. Promptly report to the State Bank on violations against regulations in Clauses 6, 8 and 11 of this Article and those on holdings of shares/stakes and related persons according to this Law.

14. Perform other tasks and powers under the credit institution's charter.

### **Article 53. Rights and obligations of Head of Board of Controllers**

1. Organize performance of tasks and powers of the Board of Controllers defined in Article 52 of this Law and take responsibility for execution of his/her rights and obligations.

2. Convene and chair meetings of the Board of Controllers.

3. On behalf of the Board of Controllers, sign documents under the jurisdiction of the Board of Controllers.

4. On behalf of the Board of Controllers, convene the extraordinary General Meeting of Shareholders under Clause 11 Article 52 of this Law or request the Board of Directors or Board of Members to convene extraordinary meetings.

5. Attend meetings of the Board of Directors or Board of Members, give opinions in these meetings but have no right to vote.

6. Require the inclusion of his/her opinions in minutes of meetings of the Board of Directors or Board of Members when these opinions differ from resolutions and decisions of the Board of Directors or Board of Members and report such opinions to the General Meeting of Shareholders or owners or capital contributors.

7. Prepare working plans for and assign specific tasks to members of the Board of Controllers.

8. Ensure that members of the Board of Controllers receive information in a complete, objective and accurate manner and have enough time to discuss matters to be considered by the Board of Controllers.

9. Supervise and direct members of the Board of Controllers to perform their tasks and execute their rights and obligations.

10. Authorize another member of the Board of Controllers to perform his/her rights and obligations only when he/she is absent or cannot perform these tasks.

11. Exercise other rights and fulfill other obligations defined by the law and the credit institution's charter.

### **Article 54. Rights and obligations of members of Board of Controllers**

1. Observe law, the credit institution's charter and internal regulations of the Board of Controllers and perform tasks as assigned by the Head of the Board of Controllers to carry out tasks and powers of the Board of Controllers in an honest and prudent manner, for interests of the credit institution and its shareholders, capital contributors and owners; assume their responsibilities for execution of their rights and obligations.

2. Elect a member of the Board of Controllers to act as the Head, except for the case specified in point c Clause 1 Article 73 of this Law.
3. Request the Head of the Board of Controllers to convene extraordinary meetings.
4. Control business activities, accounting books, assets and financial statements and recommend remedial measures.
5. Request managers to report and explain financial status and business results of subsidiaries, plans, projects, programs for investment and development and other decisions on management and administration of the credit institution.
6. Request managers, executives and employees of the credit institution to provide statistics and explain business operations in order to perform the assigned tasks.
7. Report financial activities that are abnormal to the Head and take responsibilities for their own assessment and conclusions.
8. Attend meetings of the Board of Controllers, discuss and vote on matters within the scope of tasks and powers of the Board of Controllers, except for those that conflict with their interests.
9. Exercise other rights and fulfill other obligations defined by the law and the credit institution's charter.

#### **Article 55. Director General (Director)**

1. The Board of Directors, Board of Members and owners will appoint Director General (Director) whose term of office must not exceed 05 years.
2. The Director General (Director) is the supreme executive of the credit institution and shall take responsibility to the Board of Directors, Board of Members and owners for the execution of his/her rights and obligations.
3. If the Director General (Director) is vacant, the Board of Directors, Board of Members and owners of the credit institution shall appoint a person to act as Director General (Director) within 90 days from the date on which the Director General (Director) is vacant.

#### **Article 56. Rights and obligations of Director General (Director)**

1. Organize implementation of resolutions and decisions of the General Meeting of Shareholders, Board of Directors or Board of Members.
2. Decide matters related to day-to-day business operations of the credit institution under his/her jurisdiction.
3. Set up the internal control system and maintain its effective operation.

4. Make and submit financial statements to the Board of Directors or Board of Members for approval or for report to the competent authority for approval. Take responsibility for the accuracy and truthfulness of financial statements, statistical reports, settlement statistics and other financial information.
5. Issue within his/her jurisdiction internal rules and regulations; establish professional procedures to operate business administration and management and information systems.
6. Report on the credit institution's business operations and results to the Board of Directors, Board of Members, Board of Controllers, General Meeting of Shareholders and competent state agencies.
7. Make decisions to apply measures beyond his/her jurisdiction 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 Board of Members.
8. Recommend and propose organizational structure of the credit institution to the Board of Directors or Board of Members or the General Meeting of Shareholders for decision according to its jurisdiction.
9. Request the Board of Directors or Board of Members to convene extraordinary meetings
10. Appoint and dismiss holders of managerial and executive titles of the credit institution, except for those to be decided by the General Meeting of Shareholders, owners, capital contributors, Board of Directors or Board of Members.
11. On behalf of the credit institution, sign contracts and transactions under the credit institution's charter and internal regulations.
12. Propose plans to use profits and handle losses on business of the credit institution.
13. Recruit employees; decide salaries and bonuses of employees within his/her jurisdiction.
14. Exercise other rights and fulfill other obligations defined by the law and the credit institution's charter.

#### **Article 57. Internal control system**

1. "Internal control system" means a combination of mechanisms, policies, processes, internal regulations and organizational structure of a credit institution with a view to promptly controlling, preventing, detecting and handling risks.
2. The credit institution shall develop its internal control system to meet the following requirements:
  - a) Operation, protection, management and use of assets and resources are safe and effective;

b) Financial and managerial information system is truthful, appropriate, full and prompt;

c) The system shall follow and comply with the law, mechanisms, policies and internal regulations and procedures.

3. The State Bank has the right to request the credit institution to hire an independent audit institution to assess a part or the whole internal control system, if necessary.

4. The credit institution shall develop the internal control system and apply technologies to internal control according to regulations of the Governor of the State Bank.

#### **Article 58. Internal audit**

1. A credit institution shall set up an internal audit unit under the Board of Controllers to conduct internal audit of the credit institution.

2. The internal audit unit shall objectively and independently review and assess the conformity and observance of mechanisms, policies, internal regulations and procedures of the credit institution; and give recommendations in order to improve the effectiveness of systems, procedures and regulations, thereby contributing to ensure safe, effective and lawful operations of the credit institution.

3. Internal audit results shall be promptly reported to the Board of Controllers and sent to the Board of Directors, the Board of Members, the Director General (Director) of the credit institution.

#### **Article 59. Independent audit**

1. Before the end of a fiscal year, a credit institution shall select an independent audit institution which is eligible under the State Bank's regulations to audit financial statements and carry out internal control assurance upon formulation and presentation of financial statements in the next fiscal year.

2. Within 30 days after selecting an independent audit institution, the credit institution shall notify the State Bank of such audit institution.

### **Section 3. CREDIT INSTITUTION THAT IS JOINT-STOCK COMPANY**

#### **Article 60. Types of shares, shareholders**

1. A credit institution that is a joint-stock company shall have ordinary shares. Holders of ordinary shares are ordinary shareholders.

2. The credit institution that is a joint-stock company may have preference shares. Holders of preference shares are preference shareholders. Preference shares include:

- a) Participating preference shares;
- b) Super-voting shares.

3. Participating preference shares are shares that provide their holders with dividends higher than those of ordinary shares or with stable annual dividends. Annual dividends include fixed dividends and extra dividends. Fixed dividends do not depend on the credit institution's business performance and may be only paid when the credit institution earns profits. When the credit institution suffers losses or earns profits but such profits are insufficient for payment of fixed dividends, fixed dividends to be paid for participating preference shares shall be accrued in subsequent years. Fixed dividends and methods for determination of extra dividends shall be decided by the General Meeting of Shareholders and written on certificates of participating preference shares. Total par value of participating preference shares must not exceed 20% of charter capital of the credit institution.

Members of the Board of Directors and Board of Controllers, the Director General (Director) and other managers and executives of the credit institution shall not buy participating preference shares issued by such credit institution. Eligible purchasers of participating preference shares shall be defined in the charter of the credit institution or decided by the General Meeting of Shareholders.

Rights and obligations of participating preference shareholders shall be the same as those of ordinary shareholders, except for the rights to vote, attend meetings of the General Meeting of Shareholders and nominate candidates to the Board of Directors and Board of Controllers.

4. Only institutions authorized by the Government and founding shareholders may hold super-voting shares. The founding shareholder's super-voting right shall be only effective for 03 years from the date on which the credit institution is issued with the license. After this period, super-voting shares will become ordinary shares. Rights and obligations of super-voting shareholders shall be the same as those of ordinary shareholders, except for the right to transfer such shares to other persons.

5. Ordinary shares may not be converted into preference shares. Preference shares may be converted into ordinary shares according to resolutions of the General Meeting of Shareholders.

6. The joint-stock credit institution shall have at least 100 shareholders and the maximum number of shareholders is not limited, except for credit institutions that are placed under special control and commercial banks that undergo mandatory transfer according to Section 4 Chapter X of this Law.

#### **Article 61. Rights of ordinary shareholders**

- 1. Attend and give opinions at meetings of the General Meeting of Shareholders and cast votes in person or through their authorized representatives. Each ordinary share equals one vote.
- 2. Receive dividends under resolutions of the General Meeting of Shareholders.

3. Be given priority to buy additional shares in proportion to their ordinary shares in the credit institution.
4. Transfer their shares and rights to buy shares to other shareholders within the credit institution or to other organizations or individuals under this Law and the credit institution's charter.
5. Consider, search and extract information about names and addresses from the list of voting shareholders; require modification of inaccurate information.
6. Consider, search, extract or photocopy the credit institution's charter, books of minutes of meetings of the General Meeting of Shareholders and resolutions and decisions of the General Meeting of Shareholders.
7. Receive the remaining assets in proportion to the number of their shares in the credit institution when it is dissolved or goes bankrupt.
8. Authorize in writing other persons to exercise their rights and fulfill their obligations. These authorized persons may not stand as candidates in their own capacity.
9. Stand as candidates or nominate others persons to the Board of Directors or Board of Controllers under the credit institution's charter or under law if the charter does not contain regulations on such candidacy and nomination. The list of candidates shall be sent to the Board of Directors by the deadline set by the Board of Directors.
10. The shareholder or group of shareholders owning at least 05% of total ordinary shares (or a smaller percentage specified in the charter of the credit institution) may nominate persons to the Board of Directors or Board of Controllers.

## **Article 62. Obligations of ordinary shareholders**

1. Shareholders of a credit institution shall fulfill the following obligations:
  - a) Fully pay for shares that they commit to buy before the deadline set by the credit institution; be responsible for debts and other asset-related obligations of the credit institution within the limit of share capital already contributed to the credit institution;
  - b) Be prohibited from withdrawing share capital contributed from the credit institution in any form that results in decrease in the charter capital of the credit institution, except for the case specified in Article 65 of this Law;
  - c) Be responsible to the law for the legitimacy of the sources of funding for contributing, buying, receiving shares at the credit institution; do not use credit extended by the credit institution or foreign bank's branch to buy or receive shares from the credit institution, and funding generated from corporate bond issuance; be prohibited from contributing capital to or buying shares of the credit institution in the name of any other individual or juridical person in any form, unless authorized in accordance with law;

- d) Comply with the charter and internal regulations of the credit institution;
  - dd) Observe resolutions and decisions of the General Meeting of Shareholders and Board of Directors;
  - e) Be responsible for, when acting in the name of the credit institution in any form, any violation 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;
  - g) Keep information provided by the credit institution confidential according to regulations of law and the credit institution's charter; only use the provided information to exercise and protect their legitimate rights and interests; be prohibited from disseminating, photocopying and supplying information provided by the credit institution to other organizations and individuals.
2. The shareholder that makes investment using funding entrusted by another institution or individual shall provide the credit institution with information on the actual owner of shares which they are holding under trusteeship at this credit institution. The credit institution has the right to terminate shareholder rights of such shareholder when detecting that they fail to provide information or provide sufficient and accurate information on the actual owner of shares.

### **Article 63. Holdings**

1. A shareholder that is an individual must not own a share whose value exceeds 05% of charter capital of a credit institution.
2. A shareholder that is an institution must not own shares whose value exceeds 10% of charter capital of a credit institution.
3. A shareholder and related persons of such shareholder must not own shares whose value exceeds 15% of charter capital of a credit institution. A major shareholder of a credit institution and related persons of such major shareholder must not own shares whose value is 05% or more of charter capital of another credit institution.
4. Regulations in Clause 2 and Clause 3 of this Article shall not apply to the following cases:
  - a) Owning shares of a subsidiary or associate company that is the credit institution specified in Clause 2 and Clause 3 Article 111 of this Law;
  - b) Owning state shares at an equitized credit institution;
  - c) Owning shares of foreign investors under Clause 7 of this Article.
5. Holdings of shares prescribed in Clauses 1 and 2 of this Article shall include shares indirectly owned. Holdings prescribed in Clause 3 of this Article shall include shares purchased by other organizations and individuals under the shareholder's authorization and exclude shares of related



persons that are subsidiaries of the shareholder according to regulations in point a Clause 9 Article 4 of this Law.

6. Within 05 years from the date on which the credit institution is issued with the license, founding shareholders shall hold shares whose value is at least 50% of the charter capital of the credit institution. Founding shareholders that are juridical persons shall hold shares whose value is at least 50% of total shares of founding shareholders.

7. Foreign investors may buy shares of Vietnamese credit institutions. The Government shall provide for the maximum permissible holdings of foreign investors, a foreign investor that is an organization, a foreign investor and their related persons in a Vietnamese credit institution; conditions and procedures applicable to foreign investors for purchase of shares of Vietnamese credit institutions and requirements applicable to Vietnamese credit institutions for share sale to foreign investors.

#### **Article 64. Offering and transferring shares**

1. Individual shareholders and institutional shareholders having representatives of stakes at credit institutions that are members of Boards of Directors or Boards of Controllers or Directors General (Directors) shall not transfer their shares during their term of office.

Representatives of stakes specified in this Clause exclude representatives of State's stakes in credit institutions.

2. A member of Board of Directors or Board of Controllers, or General Director (Director) who is going through disciplinary process under a resolution or decision of the General Meeting of Shareholders or a decision of the State Bank must not transfer his/her shares, except for one of the following cases:

a) He/she acts as an authorized representative of an institutional shareholder which is merged, amalgamated, divided, dissolved or goes bankrupt under law;

b) He/she is forced to transfer his/her shares under a court's decision or judgment;

c) He/she transfers shares to another investor in order to implement the restructuring plan, the plan to transfer the whole stake or the mandatory transfer plan that has been approved.

3. The transfer of listed shares and registration of transactions of credit institutions shall comply with regulations of the law on securities.

4. Within 05 years from the date on which the credit institution is issued with the license, founding shareholders may only transfer their ordinary shares and participating preference shares to other founding shareholders in case they ensure holdings specified in Article 63 of this Law.

#### **Article 65. Repurchase of shareholders' shares**

A credit institution may only repurchase its shareholders' shares if after fully paying an amount in proportion to the repurchased shares, the credit institution still ensures safety ratios in banking operations and the actual value of charter capital is not smaller than the legal capital of the credit institution.

#### **Article 66. Share certificates**

A new credit institution shall issue share certificates to its shareholders within 30 days from the date of inauguration. In case a credit institution increases its charter capital, it shall issue share certificates to its shareholders within 30 days from the date on which its shareholders make full payment for subscribed shares;

#### **Article 67. General Meeting of Shareholders**

1. The General Meeting of Shareholders shall convene annual meetings within 4 months after the end of a fiscal year.

2. The Board of Directors convenes the extraordinary General Meeting of shareholders in the following cases:

- a) The Board of Directors considers that it is necessary for interests of the credit institution;
- b) The number of remaining members of the Board of Directors is smaller than the minimum number of members specified in Clause 1, Article 69 of this Law;
- c) The number of remaining members of the Board of Controllers is smaller than the minimum number of members specified in Clause 2, Article 51 of this Law;
- d) As required by a shareholder or a group of shareholders that holds over 10% of total ordinary shares (or a smaller percentage specified in the charter of the credit institution);
- dd) As required by the Board of Controllers;
- e) As required by the State Bank when there are events which affect operational safety of the credit institution;
- g) Other cases specified in the charter of the credit institution.

3. The General Meeting of Shareholders is composed of all voting shareholders. It is the supreme decision-making body of the credit institution that is a joint-stock company. The General Meeting of Shareholders has the following tasks and powers:

- a) Approve development orientations of the credit institution;
- b) Approve and amend the charter of the credit institution;

- c) Approve regulations on organization and operation of the Board of Directors and Board of Controllers;
- d) Decide the number of members of the Board of Directors and Board of Controllers in each term of office; elect, dismiss, add or replace members of the Board of Directors and Board of Controllers according to the criteria and requirements specified in this Law and the charter of the credit institution;
- dd) Decide remuneration, bonuses and other benefits for members of the Board of Directors and Board of Controllers and operating budgets of the Board of Directors and Board of Controllers;
- e) Consider and handle violations that are committed by the Board of Directors or Board of Controllers and cause damage to the credit institution and its shareholders according to its jurisdiction
- g) Decide organizational structure of the credit institution;
- h) Ratify plan for change in the charter capital; approve share offering plan, covering types and quantity of new shares to be offered;
- i) Approve plan to repurchase shares sold;
- k) Ratify plan for issuance of convertible bonds;
- l) Approve the plan specified in Article 143 of this Law;
- m) Approve annual financial statements and plan for distribution of profits after the credit institution's tax and other financial obligations are fulfilled;
- n) Ratify reports of the Board of Directors and Board of Controllers on performance of their assigned tasks and powers;
- o) Decide establishment or change in legal forms of commercial presence in foreign countries of subsidiaries of the credit institution;
- p) Approve the credit institution's plans to contribute capital to, or purchase or sell shares/stakes of, enterprises or other credit institutions in which the capital amount to be contributed, estimated purchasing price or book value, in case of sale of shares/stakes, is at least 20% of its charter capital written in its latest financial statements which have been duly audited (or a smaller percentage specified in the charter of the credit institution).
- q) Approve the credit institution's decisions to invest in, purchase or sell fixed assets in which the investment, estimated purchasing price or historical cost, in case of sale of fixed assets, is at least 20% of its charter capital written in its latest financial statements which have been duly audited (or a smaller percentage specified in the charter of the credit institution);

r) Ratify other contracts or transactions whose value is at least 20% of charter capital of the credit institution (or a smaller percentage specified in the charter of the credit institution), indicated in the latest financial statements which have been duly audited, between the credit institution and members of the Board of Directors or Board of Controllers, the Director General (Director), major shareholders, related persons of managers, members of Board of Controllers, major shareholders of the credit institution; subsidiaries, associate companies of the credit institution, except for cases where commercial banks are implementing mandatory transfer plans;

s) Decide division, amalgamation, merger, conversion of legal forms or dissolution of, or request the Court to establish bankruptcy procedures for the credit institution;

t) Decide selection of independent audit institutions according to regulations in Article 59 of this Law;

u) Decide solutions to major financial changes of the credit institution.

4. A decision of the General Meeting of Shareholders shall be ratified as follows:

a) The General Meeting of Shareholders shall ratify the decision within its jurisdiction by voting at its meeting or collecting written opinions;

b) Except for the cases specified at points c, d and dd of this Clause, in case of ratification of the decision by voting at the meeting, the decision of the General Meeting of Shareholders shall be ratified when it is voted for by a number of shareholders representing more than 50% of total votes of all participating shareholders or in case of ratification of the decision by collecting written opinions, the decision of the General Meeting of Shareholders shall be ratified when it is voted for by a number of shareholders representing more than 50% of total votes of all shareholders (or a higher percentage specified in the charter of the credit institution);

c) Regarding decisions on contents specified at points h and q Clause 3 of this Article, in case of ratification of decisions by voting at the meeting, each decision of the General Meeting of Shareholders shall be ratified when it is voted for by a number of shareholders representing more than 65% of total votes of all participating shareholders or in case of ratification of decisions by collecting written opinions, each decision of the General Meeting of Shareholders shall be ratified when it is voted for by a number of shareholders representing more than 65% of total votes of all shareholders (or a higher percentage specified in the charter of the credit institution);

d) Regarding the decision on content specified at point s Clause 3 of this Article, the decision of the General Meeting of Shareholders shall be ratified when it is voted for by a number of shareholders representing more than 65% of total votes of all participating shareholders (or a higher percentage specified in the charter of the credit institution);

dd) The election of members of the Board of Directors and Board of Controllers shall be cumulative voting.

5. Decisions on the contents specified at points a, d, e and s, Clause 3 of this Article shall be ratified by voting at meetings of the General Meeting of Shareholders.

#### **Article 68. Reporting resolutions and decisions of General Meeting of Shareholders**

Within 15 days from the date on which meeting of the General Meeting of Shareholders ends or the vote count finishes in case of collection of written opinions, the credit institution shall send all resolutions and decisions ratified by the General Meeting of Shareholders to the State Bank.

#### **Article 69. Board of Directors of a credit institution that is a joint-stock company**

1. Board of Directors of a credit institution that is a joint-stock company shall have between 5 and 11 members. The number of members in each term of office shall be decided by the General Meeting of Shareholders. The Board of Directors shall have at least 02 independent members. Two-third of total members of the Board of Directors shall be independent members and members that are not executives of the credit institution.

2. The term of office of the Board of Directors shall not exceed 05 years. A member of the Board of Directors shall have the same term of office as the Board of Directors. The term of office of an additional or replacing member of the Board of Directors is the remaining term of the Board of Directors. The Board of Directors of the previous term shall continue to operate until the Board of Directors of the new term takes over its work.

3. An individual and his/her related persons or representatives of stakes of an institutional shareholder and their related persons may be elected to hold the position of no more than 02 members of the Board of Directors of a credit institution that is a joint-stock company, except for representatives of the State's stakes and mandatory transferees.

4. The Board of Directors shall be responsible to the General Meeting of Shareholders for performance of the assigned tasks and powers according to regulations of this Law and the charter of the credit institution.

#### **Article 70. Tasks and powers of Board of Directors of a credit institution that is a joint-stock company**

1. Organize establishment and inauguration of the credit institution after the first meeting of the General Meeting of Shareholders.

2. Request the General Meeting of Shareholders to decide and approve matters within its tasks and powers as defined in Clause 3, Article 67 of this Law.

3. Decide establishment of branches, representative offices and public service providers of the credit institution.

4. Appoint, dismiss, discipline, suspend and decide salaries, bonuses and other benefits paid to and provided for the General Director (Director), Deputy General Director (Deputy Director),

and other executives within its jurisdiction according to internal regulations of the Board of Directors.

5. Appoint representatives of stakes of the credit institution at other enterprises and credit institutions.

6. Approve the credit institution's plans to contribute capital to, or purchase or sell shares/stakes of, enterprises or other credit institutions in which the capital amount to be contributed, estimated purchasing price or book value, in case of sale of shares/stakes, is lower than 20% of its charter capital written in its latest financial statements which have been duly audited (or a smaller percentage specified in the charter of the credit institution);

7. Approve the credit institution's decisions to invest in, purchase or sell fixed assets in which the investment, estimated purchasing price or historical cost, in case of sale of fixed assets, is at least 10% of its charter capital written in its latest financial statements which have been duly audited (or a smaller percentage specified in the charter of the credit institution), except for investment, purchase or sale of fixed assets decided by the General Meeting of Shareholders.

8. Decide credit extensions according to Clause 7 Article 136 of this Law, except for other contracts and transactions decided by the General Meeting of Shareholders.

9. Ratify other contracts or transactions whose value is lower than 20% of charter capital of the credit institution (or a smaller percentage specified in the charter of the credit institution), indicated in the latest financial statements which have been duly audited, between the credit institution and members of the Board of Directors or Board of Controllers, the Director General (Director), major shareholders of the credit institution, related persons of managers, members of Board of Controllers, major shareholders of the credit institution; subsidiaries, associate companies of the credit institution.

10. Ratify other contracts or transactions whose value is at least 10% of charter capital of the credit institution (or a smaller percentage specified in the charter of the credit institution), indicated in the latest financial statements which have been duly audited.

11. Examine, supervise and direct the Director General (Director) to perform his/ her assigned tasks; annually assess performance of tasks by the Director General (Director).

12. Issue internal regulations on organization, governance and operation of the credit institution in accordance with this Law and other relevant laws, except for matters within the jurisdiction of General Meeting of Shareholders.

13. Decide risk management policies and supervise implementation of risk prevention measures by the credit institution.

14. Consider and approve annual reports.

15. Decide to offer new shares within the limit of eligible shares.

16. Decide offering prices of shares and convertible bonds of the credit institution.
17. Decide repurchase of shares of the credit institution according to the approved plan.
18. Propose a plan for distribution of profits and dividends to be paid; decide time and procedures for paying dividends or settling business losses.
19. Prepare relevant contents and documents to request the General Meeting of Shareholders to decide and approve matters within its jurisdiction, except for those within the ambit of tasks and powers of the Board of Controllers.
20. Approve working programs and plans of the Board of Directors; programs, contents and documents that serve meetings of the General Meeting of Shareholders; convene the General Meeting of Shareholders or collect written opinions of shareholders in order to ratify resolutions or decisions of the General Meeting of Shareholders.
21. Organize, examine and supervise the implementation of resolutions or decisions of the General Meeting of Shareholders and Board of Directors.
22. Promptly notify the State Bank of information adversely affecting the membership status of members of the Board of Directors or Board of Controllers or the Director General (Director).
23. Perform other tasks and powers under the law and the credit institution's charter.

**Article 71. Rights and obligations of Chairperson of Board of Directors of a credit institution that is a joint-stock company**

1. Formulate working programs and plans of the Board of Directors; take responsibility for performance of his/her rights and obligations.
2. Convene and chair meetings of the Board of Directors.
3. On behalf of the Board of Directors, sign documents under the jurisdiction of the Board of Directors.
4. Organize approval for resolutions or decisions of the Board of Directors.
5. Supervise and organize supervision of the implementation of resolutions or decisions of the Board of Directors.
6. Chair meetings of the General Meeting of Shareholders.
7. Ensure that all members of the Board of Directors receive adequate, objective and accurate information and have sufficient time to discuss matters to be considered by the Board of Directors.

8. Assign specific tasks to each member of the Board of Directors.
9. Supervise members of the Board of Directors performing their assigned tasks, rights and obligations.
10. Authorize another member of the Board of Directors to perform his/her rights and obligations only when he/she is absent or cannot perform these tasks.
11. On an annual basis, assess performance of tasks by each member and committees of the Board of Directors and report assessment results to the General Meeting of Shareholders.
12. Exercise other rights and fulfill other obligations defined by the law and the credit institution's charter.

**Article 72. Rights and obligations of members of Board of Directors of a credit institution that is a joint-stock company**

1. Honestly and carefully exercise their rights and perform their obligations in accordance with internal regulations of the Board of Directors and as assigned by the Chairperson of the Board of Directors for the interests of the credit institution and its shareholders; promote independence of independent members of the Board of Directors of performance of rights and obligations; be responsible for performance of their rights and obligations.
2. Examine reports on 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 reports.
3. Request the Chairperson of the Board of Directors to convene extraordinary meetings.
4. Attend meetings of the Board of Directors, discuss and vote on matters within the tasks and powers of the Board of Directors under this Law, and assume responsibilities to the General Meeting of Shareholders and the Board of Directors for their decisions.

If the matters conflict with their benefits, they are not allowed to cast votes.

5. Be prohibited from authorizing other persons to attend meetings of the Board of Directors in order to decide the contents specified in Clauses 2, 4, 6, 7, 8, 9, 10, 12, 13, 14 and 18 Article 70 of this Law.
6. Observe resolutions and decisions of the General Meeting of Shareholders and the Board of Directors;
7. Explain the performance of their assigned tasks to the General Meeting of Shareholders and Board of Directors upon request.



8. Exercise other rights and fulfill other obligations defined by the law and the credit institution's charter.

#### **Section 4. CREDIT INSTITUTION THAT IS SINGLE-MEMBER LIMITED LIABILITY COMPANY**

##### **Article 73. Rights and obligations of an owner of a credit institution that is a single-member limited liability company**

1. The owner has the following rights:

- a) Decide the number of members of the Board of Members and write it in the charter of the credit institution. The Board of Members shall have between 5 and 9 members;
- b) Appoint authorized representatives to perform his/her rights and obligations under this Law. Each representative has a term of office of up to 5 years. Authorized representatives must satisfy all the criteria and requirements specified in Clause 1, Article 41 of this Law;
- c) Appoint the Chairperson and members of the Board of Members; the Head and members of the Board of Controllers, Director General (Director), Deputy Directors General (Deputy Directors) and the chief accountant with a term of office of up to 5 years; and dismiss such persons;
- d) Decide change in the charter capital of the credit institution; transfer part or the whole of the charter capital of the credit institution and change legal forms of the credit institution;
- dd) Decide policies on establishment, repurchase, contribution of capital to, increase or decrease in stakes of, transfer of capital invested in subsidiaries and associate companies;
- e) Approve annual financial statements; decide the use of profits after the credit institution's tax and other financial obligations are fulfilled;
- g) Decide reorganization and dissolution, request the court to establish bankruptcy procedures for the credit institution;
- h) Decide remuneration, salaries and other benefits paid to and provided for the Chairperson and members of the Board of Members, the Head and members of the Board of Controllers and the Director General (Director).

2. The owner has the following obligations:

- a) Contribute capital in a full and punctual manner as committed;
- b) Comply with the charter of the credit institution;
- c) Identify and separate his/her assets from those of the credit institution;

d) Observe law on purchase, sale, borrowing, lending, rental and lease and other contracts and transactions between the credit institution and the owner;

dd) Fulfill other obligations defined by this Law and the credit institution's charter.

**Article 74. Tasks and powers of Board of Members of credit institution that is a single-member limited liability company**

1. The Board of Members of a credit institution that is a single-member limited liability company is composed of all representatives authorized by each owner and shall, in the owner's name, exercise the rights and perform the obligations of the owner; in the credit institution's name, exercise the rights and perform the obligations of the credit institution; and be responsible to the owner for performance of its tasks and exercise of its powers under this Law and the charter of the credit institution.

2. The Board of Members has the following tasks and powers:

a) Issue and amend the charter of the credit institution;

b) Issue annual development strategies and business plans of the credit institution;

c) Request the credit institution's owners to approve and decide matters within their jurisdiction specified at Points c, d, dd, e and g, Clause 1, Article 73 of this Law;

d) Consider and approve annual reports;

dd) Decide selection of independent audit institutions according to regulations in Article 59 of this Law;

e) Examine, supervise and direct the Director General (Director) to perform his/ her assigned tasks; annually assess performance of tasks by the Director General (Director).

g) Decide to settle business losses;

h) Decide credit extensions according to Clause 7 Article 136 of this Law;

i) Approve the credit institution's plans to contribute capital to, or purchase or sell shares/stakes of, enterprises or other credit institutions in which the capital amount to be contributed, estimated purchasing price or book value, in case of sale of shares/stakes, is at least 20% of its charter capital written in its latest financial statements which have been duly audited (or a smaller percentage specified in the charter of the credit institution).

k) Approve the credit institution's decisions to invest in, purchase or sell fixed assets in which the investment, estimated purchasing price or historical cost, in case of sale of fixed assets, is at least 20% of its charter capital written in its latest financial statements which have been duly audited (or a smaller percentage specified in the charter of the credit institution);

- l) Ratify other contracts or transactions between the credit institution and its subsidiaries or associate companies; between the credit institution and the Chairperson and members of the Board of Members, the Head and members of the Board of Controllers, the Director General (Director), their related persons. In this case, these related persons are not entitled to cast votes, except for other contracts and transactions with the owner of the credit institution;
- m) Decide solutions to market development, marketing and technology transfer;
- n) Issue internal regulations on organization, governance and operation of the credit institution in accordance with this Law and other relevant laws;
- o) Organize supervision and assessment of business activities conducted by the credit institution;
- p) Perform other tasks and powers under the law and the credit institution's charter.

**Article 75. Rights and obligations of Chairperson of Board of Members of credit institution that is a single-member limited liability company**

1. Formulate working programs and plans of the Board of Members; take responsibility for performance of his/her rights and obligations.
2. Convene and chair meetings of the Board of Members, collect opinions of members of the Board of Members.
3. Supervise and organize supervision of the implementation of resolutions or decisions of the Board of Members.
4. On behalf of the Board of Members, sign resolutions and decisions of the Board of Members.
5. Ensure that all members of the Board of Members receive adequate, objective and accurate information and have sufficient time to discuss matters to be considered by the Board of Members.
6. Assign specific tasks to each member of the Board of Members.
7. Supervise members of the Board of Members performing their assigned tasks, rights and obligations.
8. Authorize another member of the Board of Members to perform his/her rights and obligations only when he/she is absent or cannot perform tasks.
9. On an annual basis, assess performance of tasks by each member of the Board of Members and report assessment results to the owner.
10. Exercise other rights and fulfill other obligations defined by the law and the credit institution's charter.

**Article 76. Rights and obligations of members of Board of Members of credit institution that is a single-member limited liability company**

1. Honestly and carefully exercise their rights and perform their obligations under internal regulations of the Board of Members and as assigned by the Chairperson of the Board of Members, for the interests of the credit institution and its owners; be responsible for execution of their rights and obligations.
2. Inspect reports on 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 reports.
3. Request the Chairperson of the Board of Members to convene extraordinary meetings of the Board of Members.
4. Attend meetings of the Board of Members, discuss and vote on matters within the tasks and powers of the Board of Members under this Law; assume responsibilities to owners and the Board of Members for their decisions.

They are not allowed to cast votes in case the matters to be voted conflict with their benefits.

5. Implement decisions of owners and resolutions and decisions of the Board of Members.
6. Explain the performance of their assigned tasks to owners and the Board of Members upon request.
7. Exercise other rights and perform other obligations under the law and the credit institution's charter.

**Section 5. CREDIT INSTITUTION THAT IS A LIMITED LIABILITY COMPANY WITH TWO OR MORE MEMBERS**

**Article 77. Rights and obligations of a capital contributor**

1. A capital contributor of a credit institution that is a limited liability company with two or more members shall be juridical person. The total number of capital contributors shall not exceed 05. The maximum permissible holdings of a capital contributor or a capital contributor and his/her related persons shall not exceed 50% of charter capital of the credit institution.

Capital contribution and holdings of domestic and foreign institutions at microfinance institutions shall comply with regulations of the Governor of the State Bank.

2. The capital contributor has the following rights:

- a) Appoint his/her representative to act as a member of the Board of Members or the Board of Controllers and dismiss such representative on the basis of his/her stakes in the credit institution or as agreed by capital contributors;
- b) Be provided with information and reports on operations of the Board of Members and Board of Controllers, annual accounting books and financial statements and other data and documents of the credit institution;
- c) Receive shared profits in proportion to his/her stakes after the credit institution has fulfilled tax and other financial obligations;
- d) Be provided with the remaining assets of the credit institution in proportion to his/her stakes when the credit institution is dissolved or goes bankrupt;
- dd) Lodge complaints and initiate lawsuits against members of the Board of Members or Board of Controllers or the Director General (Director) in case they fail to comply or fully and promptly comply with regulations of law, the charter of the credit institution, resolutions and decisions of the Board of Members with regard to the assigned rights and obligations and other cases according to law and the charter of the credit institution.

3. The capital contributor has the following obligations:

- a) Be prohibited from withdrawing his/her stakes in any form;
- b) Comply with the charter of the credit institution;
- c) Perform other obligations under this law and the credit institution's charter.

#### **Article 78. Transfer of stakes**

- 1. Capital contributors may transfer their stakes and be given priority to increase their stakes by additional contribution when the credit institution increases its charter capital.
- 2. The Governor of State Bank shall specify conditions for receipt of stakes transferred of credit institutions.

#### **Article 79. Board of Members of credit institution that is a limited liability company with two or more members**

- 1. The term of office of the Board of Members is stipulated in the charter of the credit institution and must not exceed 05 years. A member of the Board of Members shall have the same term of office as the Board of Members. The term of office of an additional or replacing member of the Board of Members is the remaining term of the Board of Members. The Board of Members of the previous term shall continue to operate until the Board of Members of the new term takes over its work.

2. The Board of Members has the following tasks and powers:

- a) Have tasks and powers specified at Points a, d, dd, e, h, i, k, m and n Clause 2, Article 74 of this Law;
- b) Decide increase or decrease in the charter capital, and the time and method of raising capital;
- c) Ratify other contracts or transactions between the credit institution and its subsidiaries or associate companies; between the credit institution and members of the Board of Members, members of the Board of Controllers, the Director General (Director), their related persons. In this case, related members are not entitled to cast votes;
- d) Report on financial status and business results of the credit institution, performance and exercise of the assigned tasks and powers of the Board of Members and its members as required by capital contributors or competent state agencies;
- dd) Decide to repurchase stakes under this Law;
- e) Appoint and dismiss the Chairperson of the Board of Members; appoint, dismiss, sign and terminate contracts with the Director General (Director), Deputy General Director (Deputy Director), chief accountant, managers and other executives under its internal regulations;
- g) Decide remuneration, salaries, bonuses and other benefits of the Chairperson and members of the Board of Members, the head and members of the Board of Controllers and the Director General (Director);
- h) Approve annual financial statements and plans to use and distribute profits or handle losses of the credit institution;
- i) Decide the establishment of subsidiaries, branches and representative offices; contribute capital to associate companies;
- k) Decide reorganization, dissolution of, or request the Court to establish bankruptcy procedures for the credit institution;
- l) Issue annual development strategies and business plans of the credit institution;
- m) Exercise other rights and perform other obligations under the law and the credit institution's charter.

3. The Chairperson of the Board of Members has the following rights and obligations:

- a) Have rights and obligations specified at Clauses 1, 2, 3, 4, 5, 6, 7 and 8 Article 75 of this Law;
- b) On an annual basis, assess performance of tasks by each member and committees of the Board of Members;

c) Exercise other rights and perform other obligations under the law and the credit institution's charter.

4. Members of the Board of Members have the following rights and obligations:

a) Have rights and obligations specified at Clauses 1, 2 and 3 Article 76 of this Law;

b) Attend meetings of the Board of Members, discuss and vote on matters within the tasks and powers of the Board of Members under this Law; assume responsibilities to the Board of Members for their decisions.

They are not allowed to cast votes in case the matters to be voted conflict with their benefits.

c) Implement resolutions and decisions of the Board of Members;

d) Explain the performance of their assigned tasks to capital contributors and the Board of Members upon request.

dd) Exercise other rights and perform other obligations under the law and the credit institution's charter.

## **Section 6. CREDIT INSTITUTION THAT IS COOPERATIVE**

### **Article 80. Operation characteristics and objectives**

A credit institution considered as a cooperative means a credit institution which is organized in a cooperative form and operates in the banking sector with a view to providing mutual assistance among members for effective performance of production, business and service activities and improvement of their life. Credit institutions that are cooperatives include cooperative banks and people's credit funds.

### **Article 81. Members of credit institutions that are cooperatives**

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

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

### **Article 82. Organizational structure of credit institution that is cooperative**

1. The organizational structure of a cooperative bank or people's credit fund is composed of the General Meeting of Members, Board of Directors, Board of Controllers and Director General (Director).

2. Each cooperative bank or people's credit fund shall have an internal audit department and an internal control system and conduct independent audit under regulations of the Governor of State Bank.

### **Article 83. Charter capital**

1. Charter capital of a cooperative bank includes:

- a) Capital contributed by members;
- b) Capital supported by the State.

2. Charter capital of a people's credit fund includes capital contributed by its members

3. The charter capital of a cooperative bank or people's credit fund is raised from the following sources:

- a) Capital contributed by members;
  - b) With regard to the cooperative bank, capital supported by the State;
  - c) Additional reserve fund of charter capital and other funds according to regulations of law;
  - d) Other lawful sources.
4. The amount of capital contributed by each member shall be decided by the General Meeting of Members according to regulations of the Governor of State Bank.

### **Article 84. Rights of members**

1. Attend the General Meeting of Members or elect delegates to attend the General Meeting of Members, and vote on matters within the jurisdiction of the General Meeting of Members.

2. Stand as candidates or nominate other persons to the Board of Directors or Board of Controllers and other titles under the charter of the cooperative bank and the charter of the people's credit fund.

3. Make deposits, take loans and receive shared profits in proportion to their stakes and the use of services.

4. Enjoy social welfare benefits of the cooperative bank and people's credit fund.

5. Be provided with necessary information related to operations of the cooperative bank and people's credit fund; be provided with training and re-training for improvement of professional qualifications.



6. Recommend, request the Board of Directors, Director General (Director), the Board of Controllors to explain operations.
7. Request the Board of Directors or Board of Controllors to convene the extraordinary General Meeting of Members.
8. Transfer their stakes, benefits and obligations to others according to regulations of the Governor of State Bank.
9. Have part or entire amount of their stakes returned as prescribed in regulations of the Governor of the State Bank;
10. Leave the people's credit fund in accordance with the charter of the people's credit fund; members that are capital-contributing juridical persons are entitled to leave the cooperative bank in accordance with the cooperative bank's charter.
11. Exercise other rights under the law, the charter of the cooperative bank and the charter of the people's credit fund.

#### **Article 85. Obligations of members**

1. Comply with guidelines, objectives, charters and internal regulations of the cooperative bank and the people's credit fund, resolutions and decisions of the GMM and the Board of Directors.
2. Make capital contributions in full and on schedule as promised in the charter of the cooperative bank, the charter of the people's credit fund and other relevant laws.
3. Give cooperation and mutual assistance among members and contribute to encouragement and promotion of the development of the cooperative bank and people's credit fund.
4. Assume liability for debts and other financial obligations of the cooperative bank, the people's credit fund which is equal to their stakes in the cooperative bank or the people's credit fund;
5. Repay loan principals and interests of the cooperative bank, people's credit fund as committed.
6. Make compensation for damage caused to the cooperative bank, the people's credit fund in accordance with regulations of law, the charter of the cooperative bank and the charter of the people's credit fund.
7. Be responsible for, when acting in the name of the cooperative bank or the people's credit fund in any form, any violation 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;
8. Fulfill other obligations defined by the law, the charter of the cooperative bank and the charter of the people's credit fund.

## **Article 86. General Meeting of Members**

1. The General Meeting of Members is the supreme decision-making body of a cooperative bank or people's credit fund.

2. The General Meeting of Members shall be held in the form of a plenary meeting or delegate meeting. If the General Meeting of Members is held in the form of a delegate meeting, the number of delegates attending the delegate meeting shall comply with the charter of the cooperative bank, the charter of the people's credit fund. The number of delegates shall not be fewer than 100 delegates.

3. The Board of Members has the following tasks and powers:

a) Approve development orientations of the cooperative bank, the people's credit fund;

b) Approve and amend the charter of the cooperative bank, the charter of the people's credit fund;

c) Approve regulations on organization and operation of the Board of Directors and Board of Controllers of the cooperative bank, the people's credit fund;

d) Ratify reports of the Board of Directors and Board of Controllers on performance of their assigned tasks and powers;

dd) Approve annual financial statements and plans for distribution of profits after fulfillment of tax and other financial obligations and settlement of losses;

e) Approve annual business plans and plans to develop members; amount of capital contributed by members;

g) Approve plan to change charter capital, except for the case where the change in the charter capital results from the change in capital contributed by members;

h) Approve the number of members of the Board of Directors and number of members of the Board of Controllers in each term of office; appoint and dismiss the Chairperson and members of the Board of Directors, the Head and members of the Board of Controllers; approve the case where a person concurrently holds the position of member of the Board of Directors and Director or the hire of Director of the people's credit fund;

i) Approve the transactions involving investment, purchase or sale of fixed assets of the cooperative bank or people's credit fund in which the investment, estimated purchasing price or historical cost, in case of sale of fixed asset, is at least 20% of its charter capital written in its latest financial statements which have been duly audited or latest financial statements in case where the people's credit fund is not required to conduct audit (or a smaller percentage specified in the charter of the cooperative bank or people's credit fund);

- k) Decide solutions to major financial changes of the cooperative bank or people's credit fund.
- l) Decide remuneration, bonuses and other benefits paid to and provided for the Chairperson and members of the Board of Directors, the Head and members of the Board of Controllers;
- m) Consider handling violations that are committed by the Board of Directors or Board of Controllers and cause damage to the cooperative bank or people's credit fund and their members within its jurisdiction;
- n) Decide organizational structure of the cooperative bank, the people's credit fund;
- o) Decide exclusion of members that are capital-contributing juridical persons of the cooperative bank, members of the people's credit fund;
- p) Voluntarily dissolve, divide, separate, amalgamate or merge the cooperative bank or the people's credit fund;
- q) Decide selection of independent audit institutions according to regulations in Clause 2 Article 82 of this Law;
- r) Other contents proposed by the Board of Directors, Board of Controllers or at least one third of total members;
- s) Other tasks and obligations defined by the law, the charter of the cooperative bank or the charter of the people's credit fund.

#### **Article 87. Board of Directors of a credit institution that is a cooperative**

1. The Board of Directors is a body which administers a cooperative bank or people's credit fund and is composed of the Chairperson and other members.
2. The number of members of the Board of Directors in each term of office shall be decided by the General Meeting of Members. The Board of Directors shall have between 3 and 9 members; In case the number of members of the Board of Directors is less than the minimum number of members, within 90 days from the date on which the minimum number of members is insufficient, the cooperative bank or people's credit fund shall elect and add members to the Board of Directors in order to ensure that the minimum number of members is sufficient, except for the case specified in Clause 5 Article 166 of this Law.
3. The term of office of the Board of Directors shall be decided by the General Meeting of Members and indicated in the charter. The term of office of the Board of Directors shall not exceed 05 years. The term of office of an additional or replacing member of the Board of Directors is the remaining term of the Board of Directors. The Board of Directors of the previous term shall continue to operate until the Board of Directors of the new term takes over its work.

The number of terms of office of the Chairperson of the Board of Directors of the people's credit fund shall comply with regulations of the Governor of the State Bank.

4. Members of the Board of Directors shall be individual members or representative of stakes of judicial persons

5. The Board of Directors of the cooperative bank shall have an assistance department. The assistance department's functions and tasks shall be specified by the Board of Directors.

6. The Chairperson and members of the Board of Directors shall not authorize persons who are not members of the Board of Directors to perform their rights and obligations.

7. The Board of Directors shall use seal of the cooperative bank or people's credit fund to perform its tasks and powers.

#### **Article 88. Tasks and powers of Board of Directors of a credit institution that is a cooperative**

1. Submit contents to the General Meeting of Members for consideration and approval within jurisdiction the General Meeting of Members.

2. Organize the implementation of resolutions or decisions of the General Meeting of Members. Report on business results of the cooperative bank or people's credit fund to the General Meeting of Members. Be responsible to the General Meeting of Members for performance of the assigned tasks and powers under this law, the charter of the cooperative bank, the charter of the people's credit fund.

3. Decide establishment of branches, representative offices and public service providers of the credit institution that is cooperative.

4. Approve the transactions involving investment, purchase or sale of fixed assets of the cooperative bank or people's credit fund in which the investment, estimated purchasing price or historical cost, in case of sale of fixed asset, is from 10% to less than 20% of its charter capital written in its latest financial statements which have been duly audited or latest financial statements in case where the people's credit fund is not required to conduct audit (or a smaller percentage specified in the charter of the cooperative bank or people's credit fund);

5. Ratify other contracts or transactions between the cooperative bank or people's credit fund and members of the Board of Directors, members of the Board of Controllers, the Director General (Director), their related persons. In this case, relevant members of the Board of Directors are not entitled to cast votes.

6. Appoint, dismiss, discipline, suspend and decide salaries, bonuses and other benefits paid to and provided for the General Director (Director), Deputy General Director (Deputy Director), and other executives within its jurisdiction according to internal regulations of the Board of Directors and the law.

7. Prepare agendas of the General Meeting of Members and convene the General Meeting of Members.
8. Admit new members, consider withdrawal of capital-contributing juridical persons from the cooperative bank or members from the people's credit fund and report to the General Meeting of Members at the latest meeting of the General Meeting of Members.
9. Examine, supervise and direct the Director General (Director) to perform his/ her assigned tasks; annually assess performance of tasks by the Director General (Director).
10. Issue internal regulations on organization, governance and operation of the cooperative bank, people's credit fund in accordance with this Law and other relevant laws, except for matters within the jurisdiction of General Meeting of Members.
11. Supervise implementation of risk prevention measures by the cooperative bank or people's credit fund.
12. Perform other tasks and powers defined by the law, the charter of the cooperative bank or the charter of the people's credit fund.

**Article 89. Rights and obligations of Chairperson of Board of Directors of a credit institution that is a cooperative**

1. Formulate working programs and plans of the Board of Directors; take responsibility for performance of his/her rights and obligations.
2. Convene and chair meetings of the Board of Directors.
3. Chair meetings of the General Meeting of Members.
4. Assign specific tasks to each member of the Board of Directors.
5. Supervise members of the Board of Directors performing their assigned tasks, rights and obligations.
6. Ensure that all members of the Board of Directors receive adequate, objective and accurate information and have sufficient time to discuss contents to be considered by the Board of Directors.
7. Be responsible to the Board of Directors and the General Meeting of Members for performance of the assigned tasks;
8. On behalf of the Board of Directors, sign resolutions and decisions of the Board of Directors.
9. Authorize another member of the Board of Directors to perform his/her tasks only when he/she is absent or cannot perform these tasks.

10. Exercise other rights and obligations defined by the law, the charter of the cooperative bank or the charter of the people's credit fund.

**Article 90. Rights and obligations of members of Board of Directors of a credit institution that is a cooperative**

1. Honestly and carefully exercise their rights and perform their obligations in accordance with internal regulations of the Board of Directors and as assigned by the Chairperson of the Board of Directors for the interests of the cooperative bank or people's credit fund and members; be responsible for performance of their rights and obligations.

2. Examine financial statements and auditors' reports on financial statements; give opinions on or request executives of the cooperative bank, the people's credit fund, independent auditors and internal auditors to explain matters related to these reports and statements.

3. Request the Chairperson of the Board of Directors to convene extraordinary meetings of the Board of Directors.

4. Attend meetings of the Board of Directors, discuss and vote on matters within the tasks and powers of the Board of Directors, and assume responsibilities to the General Meeting of Members and the Board of Directors for their decisions.

If the matters conflict with their benefits, they are not allowed to cast votes.

5. Implement resolutions and decisions of the General Meeting of Members and the Board of Directors.

6. Explain the performance of their assigned tasks to the General Meeting of Members and Board of Directors upon request.

7. Exercise other rights and obligations defined by the law, the charter of the cooperative bank or the charter of the people's credit fund.

**Article 91. Board of Controllers of a credit institution that is a cooperative**

1. Board of Controllers of a cooperative bank is composed of at least 3 members. The number of members of the Board of Controllers of a people's credit fund shall be consistent with its operational scale and conformable to regulations of the Governor of the State Bank.

2. The Board of Controllers shall have an assistance department and an internal audit division to perform its tasks.

3. Members of the Board of Controllers of the cooperative bank shall be representatives of stakes of members that are people's credit funds and individuals nominated by capital-contributing juridical persons. Members of the Board of Controllers of the people's credit fund shall be individual members or representatives of stakes of juridical persons of the people's credit fund.

In case the number of members of the Board of Controllers is less than the minimum number of members according to Clause 1 of this Article, within 90 days from the date on which the minimum number of members is insufficient, the cooperative bank or people's credit fund shall elect and add members to the Board of Controllers in order to ensure that the minimum number of members is sufficient, except for the case specified in Clause 5 Article 166 of this Law.

4. The term of office of the Board of Controllers shall be the same as that of the Board of Directors. A member of the Board of Controllers shall have the same term of office as the Board of Controllers. The office term of an additional or replacing member of the Board of Controllers is the remaining term of the Board of Controllers. The Board of Controllers of the previous term shall continue to operate until the Board of Controllers of the new term takes over its work

The number of terms of office of the Chairperson of the Board of Controllers of the people's credit fund shall comply with regulations of the Governor of the State Bank.

## **Article 92. Tasks and powers of Board of Controllers of a credit institution that is a cooperative**

1. Supervise administration and management by the cooperative bank or the people's credit fund of the observance of law, the charter of the cooperative bank, the charter of the people's credit fund, resolutions and decisions of General Meeting of Members and the Board of Directors; be responsible to the General Meeting of Members for the performance of its assigned tasks and powers according to regulations of this Law, the charter of the cooperative bank, the charter of the people's credit fund.

2. Issue internal regulations of the Board of Controllers; review internal regulations of the Board of Controllers and those of the cooperative bank, the people's credit fund on accounting and report every year.

3. Appraise annual financial statements of the cooperative bank, the people's credit fund; report to the General Meeting of Members on results of appraisal of financial statements; assess reasonability, lawfulness, truthfulness and prudence upon performance of tasks in accounting and statistics and formulation of financial statements. The Board of Controllers may consult the Board of Directors before submitting statements and recommendations to the General Meeting of Members.

4. Examine financial activities and supervise compliance with accounting regulations, distribution of incomes, settlement of losses, use of funds, assets, and financial assistance or subsidies granted by the State; supervise safety in operations of the cooperative bank or people's credit fund.

5. Conduct internal audit; get access to and be fully, accurately and promptly provided with information and documents related to administration and management of the cooperative bank, the people's credit fund; be entitled to use resources of the cooperative bank, the people's credit fund to perform the assigned tasks and powers; hire experts, independent consultancy units and

external organizations to perform its tasks and take responsibility for performance of tasks of the Board of Controllers.

6. Promptly notify the Board of Directors when detecting that managers or executives of the cooperative bank or people's credit fund commit violations against regulations of law, charter and internal regulations of the cooperative bank or people's credit fund; request violators to immediately terminate their violations and adopt remedial measures (if any).

7. Convene the extraordinary General Meeting of Members according to regulations of law.

8. Notify the Board of Directors of and report to the General Meeting of Members and the State Bank on, control results; request the Board of Directors and Director General (Director) to take remedial actions against shortcomings and violations committed during the operation of the cooperative bank or people's credit fund.

9. Appoint, dismiss, discipline, suspend and decide salaries and other benefits paid to and provided for holders of titles of the internal audit department.

10. Receive and consider proposals concerning the cooperative bank or the people's credit fund within its jurisdiction or submit them to the Board of Directors or the General Meeting of Members for consideration.

11. The Head of the Board of Controllers may attend but not vote at meetings of the Board of Directors; require the inclusion of his/her opinions in minutes of meetings of the Board of Directors if these opinions differ from resolutions and decisions of the Board of Directors and report to the General Meeting of Members.

12. Perform other tasks and powers defined by the law, the charter of the cooperative bank or the charter of the people's credit fund.

### **Article 93. Rights and obligations of Chairperson of Board of Controllers of a credit institution that is a cooperative**

1. Organize performance of tasks and powers of the Board of Controllers defined in Article 92 of this Law and take responsibility for execution of his/her rights and obligations.

2. Convene and chair meetings of the Board of Controllers.

3. On behalf of the Board of Controllers, sign documents under the jurisdiction of the Board of Controllers.

4. Prepare working plans for and assign specific tasks to members of the Board of Controllers.

5. Ensure that members of the Board of Controllers receive information in a complete, objective and accurate manner and have enough time to discuss matters to be considered by the Board of Controllers.



6. Supervise and direct members of the Board of Controllers to perform their tasks and execute their rights and obligations.
7. Authorize another member of the Board of Controllers to perform his/her tasks only when he/she is absent or cannot perform these tasks.
8. Exercise other rights and obligations defined by the law, the charter of the cooperative bank or the charter of the people's credit fund.

**Article 94. Rights and obligations of members of Board of Controllers of a credit institution that is a cooperative**

1. Honestly and carefully comply with the law, the charter of the cooperative bank, the charter of the people's credit fund and internal regulations of the Board of Controllers for the interests of the cooperative bank, the people's credit fund and their members; be responsible for performance of their rights and obligations.
2. Request the Head of the Board of Controllers to convene extraordinary meetings.
3. Control business activities, accounting books, assets and financial statements and recommend remedial measures.
4. Request managers, executives and employees of the cooperative bank, the people's credit fund to provide statistics and explain business operations in order to perform the assigned tasks.
5. Report financial activities that are abnormal to the Head of the Board of Controllers and take responsibilities for their own assessment and conclusions.
6. Attend meetings of the Board of Controllers, discuss and vote on matters within the scope of tasks and powers of the Board of Controllers, except for those that conflict with their interests.
7. Exercise other rights and obligations defined by the law, the charter of the cooperative bank or the charter of the people's credit fund.

**Article 95. Director General (Director) of a credit institution that is a cooperative**

1. The Board of Directors shall appoint Director General (Director) of a cooperative bank or people's credit fund. The term of office of the Director General (Director) shall not exceed 05 years.
2. The Director General (Director) is the supreme executive who administers daily activities of the cooperative bank or people's credit fund; he/she shall be supervised by, take responsibility to the Board of Directors and the law for performance of the assigned tasks and powers.

3. If the Director General (Director) is vacant, the Board of Directors shall appoint a person to act as Director General (Director) within 90 days from the date on which the Director General (Director) is vacant.

**Article 96. Rights and obligations of Director General (Director) of a credit institution that is a cooperative**

1. Submit contents to the Board of Directors within its jurisdiction.
2. Organize the implementation of resolutions and decisions of the General Meeting of Members and the Board of Directors.
3. Conduct business plans; decide matters related to day-to-day business operations of the cooperative bank or people's credit fund under his/her jurisdiction.
4. Set up the internal control system and maintain its effective operation.
5. Make and submit financial statements to the Board of Directors for approval or to report to the competent authority for approval. Take responsibility for the accuracy and truthfulness of financial statements, statistical reports, settlement statistics and other financial information.
6. Issue within his/her jurisdiction internal rules and regulations; establish professional procedures to operate business administration and management and information systems.
7. Report business operations conducted by the cooperative bank or people's credit fund and results of such operations to the Board of Directors, Board of Controllers, General Meeting of Members and competent state agencies.
8. Make decisions to apply measures beyond his/her jurisdiction in cases of natural disasters, enemy sabotage, fires and incidents, take responsibility for these decisions and promptly report them to the Board of Directors.
9. Request the Board of Directors to convene extraordinary meetings.
10. Appoint and dismiss holders of executive titles of the cooperative bank or people's credit fund, except for those to be decided by the General Meeting of Members and the Board of Directors.
11. In the name of the cooperative bank or people's credit fund, sign contracts and transactions according to the charter and internal regulations of the cooperative bank or people's credit fund.
12. Propose plans to use profits and handle losses on business of the cooperative bank or people's credit fund.
13. Recruit employees; decide salaries and bonuses of employees within his/her jurisdiction.

14. Exercise other rights and obligations defined by the law, the charter of the cooperative bank or the charter of the people's credit fund.

## **Section 7. FOREIGN BANK'S BRANCH**

### **Article 97. Organizational structure of foreign bank's branch**

1. Organizational structure of a foreign bank's branch shall be decided by the foreign bank and conformable with regulations of this Law on administration, regulations in Article 57 and Article 59 of this Law on internal audit and control systems; the internal audit shall comply with regulations of the foreign bank.

2. If a foreign bank has two or more branches operating in Vietnam and does accounting and reporting for all of them, the foreign bank shall authorize the Director General (Director) of a branch to take responsibility to law for all operations of foreign bank branches in Vietnam.

### **Article 98. Director General (Director) of foreign bank's branch**

1. Director General (Director) of a foreign bank's branch is a legal representative of the branch who is responsible for all operations of the branch and administers daily activities within his/her rights and obligations in accordance with regulations of this Law and other relevant laws; if the Director General (Director) is absent, he/she shall authorize another person residing in Vietnam to exercise his/her rights and obligations.

2. The Director General (Director) of the foreign bank's branch shall not currently act as the head of a representative office of the foreign bank in Vietnam, manager or executive of another credit institution or business organization.

3. The Director General (Director) of the foreign bank's branch shall meet all criteria and requirements specified in Clause 4 Article 41 of this Law. A person to be appointed as General Director (or Director) of the foreign bank's branch shall obtain written approval from the State Bank before he/she is appointed.

Documents on and procedures for approval of the person to be appointed as General Director (or Director) of the foreign bank's branch and notification of the appointed person shall comply with regulations in Clause 2 and Clause 3 Article 44 of this Law.

## **Chapter V**

## **OPERATIONS OF CREDIT INSTITUTIONS AND FOREIGN BANK BRANCHES**

### **Section 1. GENERAL PROVISIONS ON OPERATIONS OF CREDIT INSTITUTIONS**

#### **Article 99. Permissible operations of credit institutions**

1. Banking operations and other business activities of each credit institution shall be indicated in the license issued to such credit institution.

2. Banking operations of credit institutions specified in this Law shall comply with regulations issued by the Governor of the State Bank.

#### **Article 100. Interest rates and charges in business activities of credit institutions**

1. Credit institutions may fix and shall publicize deposit interest rates and service charges 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 the law on credit institutions.

3. If banking operations experience abnormal developments, in order to ensure safety for the credit institution system, the Governor of the State Bank shall provide for a mechanism for determining charges and interest rates applicable to business activities of credit institutions.

#### **Article 101. Internal regulations**

1. Pursuant to this Law, regulations of the Governor of State Bank and other relevant laws, credit institutions shall formulate and issue internal regulations on their professional operations, including professional operations performed by electronic means, thereby ensuring the availability of internal control and audit and risk management mechanisms in association with each business activity and plans to tackle cases of emergency.

2. Each credit institution shall issue internal regulations on the following contents:

a) Credit extension and management of credit extension;

b) Classification of assets, establishment and use of provisions for risks'

c) Assessment of quality of assets and observance of minimum capital adequacy ratios;

d) Liquidity management, including procedures for and limits on liquidity management;

dd) Internal control and audit in conformity with the nature and scale of the credit institution;

e) Internal credit rating system in case where the credit institution shall build an internal credit rating system according to regulations of the law on credit institutions;

g) Administration of risks arising from its operations;

h) Anti-money laundering;

i) Plans to tackle cases of emergency.

3. Credit institutions shall send internal regulations specified in Clause 2 of this Article to the State Bank within 10 days from the date of issuance.

**Article 102. Consideration and approval for credit extension, and inspection of use of loans and financial lease assets**

1. Credit institutions shall request clients to provide data and documents proving the feasibility of their capital use plans, their financial capability and the lawfulness of capital use before deciding credit extension, except for the case specified in Clause 2 of this Article.

2. Credit institutions shall obtain at least information about the lawful capital use purposes and financial capability of clients before deciding credit extension for the following small-value credit extensions:

- a) Personal loans and credit extensions via cards of commercial banks or foreign bank branches;
- b) Financial leases, consumption loans and credit extensions via cards of non-bank credit institutions;
- c) Personal loans of people's credit funds;
- d) Loans of microfinance institutions.

3. Clients shall provide information, documents and data as specified in Clauses 1 and 2 of this Article and information about related persons for credit institutions upon application for credit extension.

4. Credit institutions shall consider approving credit extension on the principle of assignment of responsibilities in the assessment and decision-making stages.

5. Credit institutions are entitled and obliged to inspect and supervise the use of loans and financial lease assets and debt repayment by their clients specified in Clause 1 of this Article; are entitled to request loan borrowers and financial lessees to report the use of loans and financial lease assets and provide documents and data proving that such loans and financial lease assets are used for the intended purposes.

6. Clients are obliged to use loans and financial lease assets for the proper purposes as committed, and make full and punctual payment of principals, interests and charges as agreed upon.

7. Credit institutions and clients shall agree on application or non-application of security measures to credit extension.

8. The Governor of State Bank shall prescribe the small value of credit extensions, the inspection and supervision of use of loans and financial lease assets and the repayment of debts by clients specified in Clause 2 of this Article; the identification of clients who must provide information

about related persons and information to be provided for credit institutions upon application for credit extension, and consideration and approval for credit extension by electronic means.

### **Article 103. Termination of credit extension, settlement of debts and exemption from and reduction in interest rates**

1. Credit institutions are entitled to terminate credit extension and collect debts prior to the due date when detecting that clients have provided false information or violated credit extension contracts and agreements, security contracts.
2. In case where the parties have no any other agreement, a credit institution is entitled to settle debts and collateral according to the credit extension contract or agreement, or security contract and regulations of law. The rescheduling, sale and purchase of debts by credit institutions shall comply with regulations issued by the Governor of the State Bank.
3. In case a borrower or its/his/her guarantor cannot pay a debt due to bankruptcy, the credit institution shall collect the debt under the bankruptcy law.
4. Credit institutions are entitled to decide exemption or reduction in interest rates and charges for clients in accordance with their internal regulations.

### **Article 104. Retention of credit records**

1. Credit institutions shall retain credit records, including:
  - a) Data and documents on application for credit extension;
  - b) Documents and data on appraisal and decision on credit extension;
  - c) Credit extension contracts or agreements; dossiers on security measures in case where security measures are applied;
  - d) Data and documents prepared during the use of credit extensions related to credit extension contracts or agreements.
2. The duration of retention of credit records shall comply with regulations of the law on retention.

### **Article 105. E-transactions in operations of credit institutions**

Credit institutions may carry out operations through electronic means in accordance with regulations of the Governor of State Bank and the law on e-transactions.

### **Article 106. Regulatory sandbox in banking sector**

1. Regulatory sandbox in banking sector means an environment that allows experiments on technologies, products, services and business models in banking sector with limited scale, space and duration of implementation; institutions participating in the regulatory sandbox shall satisfy conditions and criteria for approval of participants and be subject to supervision by competent state agencies.

2. The Government shall elaborate this Article.

## **Section 2. OPERATIONS OF COMMERCIAL BANKS**

### **Article 107. Banking operations of commercial banks**

1. Receiving demand deposits, term deposits, savings deposits and deposits of other types.

2. Issuing deposit certificates.

3. Extending credit by:

a) Lending;

b) Discounting or re-discounting;

c) Bank guarantee;

d) Issuance of credit cards;

dd) Domestic or international factoring for banks licensed for international payment;

e) Letter of credit;

g) Other forms of credit extension according to regulations of the Governor of the State Bank;

4. Opening payment accounts for clients.

5. Providing payment instruments.

6. Supplying the following A2A payment services:

a) Domestic payment services, including check, payment order, collection order, money transfer, bank card, and collection and payment services;

b) International payment services after obtainment of the State Bank's approval and other payment services according to regulations of the Governor of State Bank.

### **Article 108. Borrowing, depositing money, purchasing and selling valuable papers by commercial banks**

1. Commercial banks may borrow loans from the State Bank in the form of re-financing under the Law on State Bank of Vietnam.
2. Commercial banks may purchase or sell valuable papers from/to the State Bank under the Law on State Bank of Vietnam.
3. Commercial banks may grant and borrow loans, make and receive deposits, purchase and sell valuable papers on a definite term from/to credit institutions and foreign bank branches in accordance with regulations of the Governor of the State Bank.
4. Commercial banks may borrow loans from foreign countries in accordance with regulations of law.

#### **Article 109. Opening accounts**

1. A commercial bank shall open a payment account at the State Bank and maintain a compulsory reserve amount on this account.
2. A commercial bank may open a payment account at a credit institution that may provide via-account payment services.
3. A commercial bank may open an offshore payment account in accordance with the law on foreign exchange.

#### **Article 110. Organization of and participation in payment systems**

1. Commercial banks may organize their internal payment systems and participate in the national inter-bank payment system.
2. Commercial banks may participate in international payment systems if they meet conditions under regulations of the Government and obtain the written approval from the State Bank.
3. The Governor of the State Bank shall elaborate documents on and procedures for approving of commercial banks participating in international payment systems.

#### **Article 111. Capital contribution and share purchase**

1. Each commercial bank may only use its charter capital and reserve fund to contribute capital or purchase shares under Clauses 2, 3, 4 and 8 of this Article.
2. Commercial banks shall establish or acquire subsidiaries or associate companies to conduct the following business activities:
  - a) Securities underwriting and securities brokerage; management and distribution of securities investment fund certificates; and securities investment portfolio management and stock trade;



b) Financial leasing;

c) Insurance.

3. Commercial banks may establish or acquire subsidiaries or associate companies operating in fields, including management of debts and utilization of assets, remittance, gold trade, factoring, and 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 fields:

a) Insurance, securities, remittance, gold trade, factoring, issuance of credit cards, consumer credit, intermediary payment services and credit information;

b) Other fields other than those specified at Point a of this Clause after obtainment of the written approval from the State Bank.

5. Commercial banks shall establish or acquire subsidiaries or associate companies according to regulations in Clause 2 and Clause 3 of this Article after obtaining written approval from the State Bank.

6. The Governor of State Bank shall provide for requirements, documents, and procedures for approval for establishment and acquisition of subsidiaries or associate companies, capital contribution and share purchase by commercial banks; conditions for increase in capital at subsidiaries or associate companies of commercial banks; operations of subsidiaries or associate companies of commercial banks in the fields of management of debts and utilization of assets.

7. Commercial banks shall establish subsidiaries or associate companies according to regulations of this Law and other relevant laws.

8. Commercial banks and their subsidiaries may purchase or hold shares of other credit institutions under conditions and within the limits provided by the Governor of State Bank.

#### **Article 112. Foreign exchange trade and provision of foreign exchange services and derivative products**

1. After obtaining the State Bank's written approval, commercial banks may trade and provide domestic and foreign clients with the following products and services:

a) Foreign exchange;

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

2. The Governor of State Bank shall provide for the scope of foreign exchange trade, provision of foreign exchange services, trade and provision of derivative products; conditions, documents

and procedures for approval for foreign exchange trade, provision of foreign exchange services, and trade and provision of derivative products by commercial banks.

3. Foreign exchange trade and provision of foreign exchange services by commercial banks for clients shall comply with the law on foreign exchange.

#### **Article 113. Entrustment and agents, assignment of agents**

1. Commercial banks are entitled to entrust, undertake entrustment or act as agents in banking operations, or assign agents to make payment in accordance with regulations of the Governor of State Bank.

2. Commercial banks may carry out insurance agency activities in accordance with the law on insurance business within the scope of insurance agency activities as specified by the Governor of State Bank.

#### **Article 114. Other business activities of commercial banks**

1. Commercial banks may carry out other business activities in accordance with regulations of the Governor of State Bank. To be specific:

- a) Cash management, treasury services provided for credit institutions and foreign bank branches, asset management and preservation and leasing of security cabinets and safes.
- b) Money transfer, collection, payment and other payment services without accounts;
- c) Purchase and sale of the State Bank's bills and corporate bonds; purchase and sale of other valuable papers, except for the valuable papers specified at Point a, Clause 2 of this Article;
- d) Monetary brokerage services;
- dd) Gold trade;
- e) Other services related to factoring and letters of credit;
- g) Consultancy on banking operations and other business activities specified in licenses.

2. Commercial banks may carry out other business activities in accordance with regulations of relevant laws. To be specific:

- a) Purchasing and selling debt instruments of the Government, government-backed bonds, and local government bonds;
- b) Issuing bonds;
- c) Conducting securities depository activities;

d) Carrying out supervisory bank activities;

dd) Acting as agents that manage collateral of lenders which are international financial institutions, foreign credit institutions, credit institutions, foreign bank branches.

3. Commercial banks are entitled to carry out other business activities related to banking operations other than those specified in Clause 1 and Clause 2 of this Article according to regulations of the Governor of the State Bank and other relevant laws.

### **Section 3. OPERATIONS OF GENERAL FINANCE COMPANIES**

#### **Article 115. Banking operations of general finance companies**

1. Receipt of demand deposits and term deposits of organizations/institutions.
2. Issuance of deposit certificates with a view to raising capital from organizations/ institutions.
3. Lending.
4. Bank guarantee.
5. Discounting or re-discounting.
6. Issuance of credit cards, factoring, financial leasing.
7. Other forms of credit extension according to regulations of the Governor of the State Bank.

#### **Article 116. Borrowing and depositing money, purchasing and selling valuable papers by general finance companies**

1. General finance companies may borrow loans from the State Bank in the form of re-financing under the Law on State Bank of Vietnam.
2. General finance companies may purchase and sell valuable papers from/to the State Bank under the Law on State Bank of Vietnam.
3. General finance companies may grant and borrow loans, make and receive deposits, purchase and sell valuable papers on a definite term from/to credit institutions and foreign bank branches in accordance with regulations of the Governor of the State Bank.
4. General finance companies may borrow loans from foreign countries in accordance with regulations of law.

#### **Article 117. Opening accounts**

1. A general finance company involved in deposit receipt shall open a payment account at the State Bank and maintain a compulsory reserve amount on this account.
2. A general finance company may open a payment account at a commercial bank or a foreign bank's branch.
3. A general finance company licensed to issue credit cards may open an account at a foreign bank under the law on foreign exchange.
4. A general finance company may open deposit accounts and loan management accounts and provide such accounts for clients.

#### **Article 118. Capital contribution and share purchase**

1. General 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. General finance companies may only contribute capital to or purchase shares of enterprises and investment funds.
3. General finance companies may only establish or acquire subsidiaries or associate companies operating in fields, including insurance, securities, debt management and asset utilization, after obtaining written approval from the State Bank.
4. The Governor of State Bank shall provide for requirements, documents and procedures for approval for establishment and acquisition of subsidiaries or associate companies by general finance companies; conditions for increase in capital at subsidiaries or associate companies of general finance companies; operations of subsidiaries or associate companies of general finance companies in the fields of management of debts and utilization of assets.
5. General finance companies shall establish subsidiaries or associate companies according to regulations of this Law and other relevant laws.

#### **Article 119. Other business activities of general finance companies**

1. General finance companies may carry out other business activities in accordance with regulations of the Governor of State Bank. To be specific:
  - a) Receiving capital under entrustment by organizations and individuals for permissible credit extension; entrusting capital to other credit institutions for credit extension of such general finance companies;
  - b) Purchasing and selling the State Bank's bills and corporate bonds; purchasing and selling other valuable papers, except for the valuable papers specified at Point a, Clause 2 of this Article;
  - c) Trading foreign exchange and providing foreign exchange services;

- d) Providing asset preservation services for clients;
- dd) Other services related to factoring;
- e) Giving advice on banking operations and other business activities specified in licenses.

2. General finance companies may carry out other business activities in accordance with regulations of relevant laws. To be specific:

- a) Purchasing and selling debt instruments of the Government, government-backed bonds, and local government bonds;
- b) Issuing bonds to raise capital from organizations/institutions;
- c) Acting as insurance agents in accordance with the law on insurance business within the scope of insurance agency activities as specified by the Governor of State Bank.

3. General finance companies are entitled to carry out other business activities related to banking operations other than those specified in Clause 1 and Clause 2 of this Article according to regulations of the Governor of the State Bank and other relevant laws.

#### **Section 4. OPERATIONS OF SPECIALIZED FINANCE COMPANIES**

##### **Article 120. Banking operations of specialized finance companies**

1. Factoring finance companies may carry out the following banking operations:

- a) Factoring;
- b) Banking operations specified in Clauses 1, 2, 3, 5 and 7, Article 115 of this Law.

2. Consumer credit finance companies may carry out the following banking operations:

- a) Issuance of credit cards;
- b) Banking operations specified in Clauses 1, 2, 3, 5 and 7, Article 115 of this Law.

3. Financial leasing companies may carry out the following banking operations:

- a) Financial leasing;
- b) Banking operations specified in Clauses 1, 2, 3 and 7, Article 115 of this Law;
- c) Purchasing and subleasing in the form of financial leasing.

4. Financial leasing means extension of medium- or long-term credit under a financial leasing contract and must satisfy one of the following conditions:

- a) 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;
- b) 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;
- c) The lease term of an asset is at least equal to 60% of the time required for its depreciation;
- d) Total rent of an asset specified in the financial leasing contract is at least equal to the value of that asset at the time of contract signing.

5. Specialized finance companies shall maintain ratio of balance of main credit extension operation to total balance of credit extension in accordance with regulations of the Governor of the State Bank.

#### **Article 121. Borrowing loans, making deposits, purchasing and selling valuable papers by specialized finance companies**

Specialized finance companies shall grant and borrow loans, make and receive deposits, purchase and sell valuable papers in accordance with Article 116 of this Law.

#### **Article 122. Opening accounts**

- 1. Specialized finance companies shall open accounts according to regulations in Clauses 1,2 and 4 of Article 117 of this Law.
- 2. Consumer credit finance companies involved in issuance of credit cards may open accounts at foreign banks in accordance with the law on foreign exchange.

#### **Article 123. Capital contribution and share purchase**

- 1. Specialized 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. Specialized finance companies may only contribute capital to, or purchase shares from, enterprises operating the fields of management of debts and utilization of assets.
- 3. Specialized finance companies may only establish or acquire subsidiaries or associate companies operating in the fields of management of debts and utilization of assets after obtaining written approval from the State Bank.

4. The Governor of State Bank shall provide for requirements, documents and procedures for approval for establishment and acquisition of subsidiaries or associate companies by specialized finance companies; conditions for increase in capital at subsidiaries or associate companies of specialized finance companies; operations of subsidiaries or associate companies of specialized finance companies in the fields of management of debts and utilization of assets.

5. Specialized finance companies shall establish subsidiaries or associate companies operating the fields of management of debts and utilization of assets according to regulations of this Law and other relevant laws.

#### **Article 124. Other business activities of specialized finance companies**

1. Specialized finance companies may carry out other business activities in accordance with regulations of the Governor of State Bank. To be specific:

- a) Receiving capital under entrustment for permissible credit extension;
- b) Entrusting capital to other credit institutions for lending and main credit extension of such specialized finance companies;
- c) Purchasing and selling the State Bank's bills, deposit certificates issued by credit institutions and foreign bank branches;
- d) Trading foreign exchange and providing foreign exchange services;
- dd) Giving advice on banking operations and other business activities specified in licenses.
- e) Financial leasing companies may provide operating leases provided that the total value of operating lease assets does not exceed 30% of their total assets;
- g) Factoring finance companies may provide other services related to factoring.

2. Specialized finance companies may carry out other business activities in accordance with regulations of relevant laws. To be specific:

- a) Purchasing and selling debt instruments of the Government, government-backed bonds, and local government bonds;
- b) Issuing bonds to raise capital from organizations/institutions;
- c) Acting as insurance agents in accordance with the law on insurance business within the scope of insurance agency activities as specified by the Governor of State Bank.

3. Specialized finance companies are entitled to carry out other business activities related to banking operations other than those specified in Clause 1 and Clause 2 of this Article according to regulations of the Governor of the State Bank and other relevant laws.

## **Section 5. OPERATIONS OF CREDIT INSTITUTIONS THAT ARE COOPERATIVES**

### **Article 125. Operations of cooperative banks**

1. Cooperative banks shall carry out the following operations:

a) Regulating capital and carrying out banking operations with respect to people's credit funds. Capital regulation by a cooperative bank means the lending and receipt of deposits from people's credit funds;

b) Conducting some banking operations and other business activities specified in Section 2 of this Chapter;

c) Supporting development of products and services and professional training for people's credit funds;

d) Inspecting and supervising people's credit funds;

dd) Conducting internal audit of people's credit funds if necessary;

e) Appointing qualified personnel to hold the titles of Chairperson of the Board of Directors, Director and other managerial and executive titles of each people's credit fund as required by the State Bank.

2. Each cooperative bank shall manage and use the people's credit fund system safety assurance fund.

3. The Governor of State Bank shall elaborate Clause 1 of this Article and the deduction, management and use of the people's credit fund system safety assurance fund.

### **Article 126. Operations of people's credit funds.**

1. Receiving deposits in Vietnam Dong.

2. Granting loans in Vietnam Dong.

3. Providing money transfer, collection and payment services for their members and clients, except for opening of payment accounts for clients.

4. Conducting other business activities, including:

Receiving capital under entrustment by organizations and individuals for giving loans;

b) Acting as agents that provide payment services for cooperative banks with respect to their members and clients;



- c) Borrowing loans and depositing money at cooperative banks; borrowing loans from credit institutions and foreign bank branches. People's credit funds must not grant loans and make deposits with each other;
  - d) Participating in contribution of capital to cooperative banks;
  - dd) Opening payment accounts at the State Bank, commercial banks, cooperative banks, foreign bank branches;
  - e) Acting as agents in a number of fields related to banking operations and asset preservation;
  - g) Acting as insurance agents in accordance with the law on insurance business within the scope of insurance agency activities as specified by the Governor of State Bank;
  - h) Giving advice on banking operations and other business activities specified in licenses to their members.
5. The Governor of the State Bank shall elaborate this Article and the area of operation of each people's credit fund in the license.

## **Section 6. OPERATIONS OF MICROFINANCE INSTITUTIONS**

### **Article 127. Banking operations of microfinance institutions**

1. Microfinance institutions receive 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 for those for payment purposes.
2. Microfinance institutions grant loans in Vietnam dong. Microfinance institutions' loans may be secured by compulsory savings or guaranteed by the group of depositors or loan borrowers.
3. Each microfinance institution shall maintain a ratio of the total balance of loans granted to each low-income individual/ household/micro-sized enterprise to the total loan balance; and maximum loan balance for a client.
4. The Governor of the State Bank shall elaborate this Article and the identification of clients as low-income individuals and households.

### **Article 128. Opening accounts**

1. Microfinance institutions may open payment accounts at the State Bank, commercial banks and foreign bank branches.

2. Microfinance institutions must not open payment accounts for their clients.

#### **Article 129. Borrowing loans and making deposits**

1. Microfinance institutions are entitled to borrow loans from, make and receive deposits at credit institutions and foreign bank branches according to regulations of the Governor of State Bank.

2. Microfinance institutions may borrow loans from foreign countries in accordance with regulations of law.

#### **Article 130. Other business activities of microfinance institutions**

1. Other business activities of microfinance institutions:

a) Entrusting capital or receiving capital under entrustment by organizations and individuals for giving loans;

b) Acting as agents that provide payment services for banks with respect to their clients;

c) Supplying money transfer, collection and payment services to their clients;

d) Acting as insurance agents in accordance with the law on insurance business within the scope of insurance agency activities as specified by the Governor of State Bank;

dd) Giving advice on banking operations and other business activities specified in licenses.

2. The Governor of the State Bank shall elaborate this Article.

### **Section 7. OPERATIONS OF FOREIGN BANK BRANCHES**

#### **Article 131. Operations of foreign bank branches**

1. Foreign bank branches may conduct operations specified in Section 1 and Section 2 of this Chapter, except for the following operations:

a) Operations specified in Article 111 of this Law;

b) Operations not permitted to be conducted by the parent bank of foreign bank branches in the country where it is headquartered.

2. Foreign bank branches are entitled to provide some foreign exchange services in the international market for their clients in Vietnam under the law on foreign exchange.

## **Chapter VI**

## **FOREIGN REPRESENTATIVE OFFICES**

### **Article 132. Establishment of foreign representative offices**

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

### **Article 133. Operations of foreign representative offices**

Foreign representative offices may conduct the following operations as specified in licenses.

1. Carrying out functions of liaison offices;
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 execution of contracts, transactions and agreements signed between foreign credit institutions or other foreign institutions engaged in banking operations and Vietnamese credit institutions or enterprises, and projects funded by foreign credit institutions or other foreign institutions engaged in banking operations in Vietnam;
5. Conducting other operations in compliance with Vietnam's law.

## **Chapter VII**

### **RESTRICTIONS ON SAFE OPERATIONS OF CREDIT INSTITUTIONS AND FOREIGN BANK BRANCHES**

### **Article 134. Cases of ineligibility for credit extension**

1. A credit institution or foreign bank's branch must not extend credit to the following organizations and individuals:
  - a) Members of the Board of Directors, Board of Members or Board of Controllers, the Director General (Director), Deputy Director(s) General (Deputy Director(s)) and holders of equivalent positions under regulations of the credit institution's charter; Director General (Director), Deputy Director(s) General (Deputy Director(s)) of the foreign bank's branch; juridical persons that are shareholders whose stake representatives are members of the Board of Directors or Board of Controllers of the credit institution, (with regard to credit institutions that are joint-stock companies), or juridical persons that are capital contributors or owners of the credit institution, (with regard to credit institutions that are limited liability companies);

b) Parents, spouses, children and siblings of members of the Board of Directors, Board of Members or Board of Controllers, the Director General (Director), Deputy Directors General (Deputy Directors) and holders of equivalent positions under regulations of the credit institution's charter; Director General (Director), Deputy Director(s) General (Deputy Director(s)) of the foreign bank's branch.

2. Regulations of Clause 1 of this Article do not apply to people's credit funds and credit extension in the form of issuance of personal credit cards.

3. Each credit institution/foreign bank's branch must not extend credit to its clients on the basis of guarantee offered by any entity specified in Clause 1 of this Article. Each credit institution/foreign bank's branch must not offer guarantee in any form for credit extended to any entity defined in Clause 1 of this Article by another credit institution or foreign bank's branch.

4. The credit institution must not extend credit to a securities enterprise which is its subsidiary or associate company.

5. The credit institutions must not extend credit on the basis of acceptance of its own stocks or stocks of its subsidiary or associate company as guarantee.

6. The credit institution or foreign bank's branch must not extend credit for the purpose of capital contribution or purchase of shares of another credit institution.

7. Credit extension specified in Clauses 1, 3, 4, 5 and 6 of this Article includes purchase, hold of and investment in corporate bonds.”

#### **Article 135. Restrictions on credit extension**

1. A credit institution or foreign bank's branch must not extend unsecured credit or concessional credit to the following entities:

a) Audit institution and auditors that are auditing the credit institution or foreign bank's branch; the inspection decision-maker, members of inspectorate and the person supervising operations of the inspectorate that is conducting inspection at the credit institution or foreign bank's branch;

b) Chief accountant of the credit institution or foreign bank's branch; the Chairperson and members of the Board of Directors, the head and members of the Board of Controllers, the Director, Deputy Director of the people's credit fund;

c) Major shareholders and founding shareholders of the credit institution;

d) Enterprise in which one of the entities specified in Clause 1, Article 134 of this Law owns more than 10% of its charter capital;

dd) Any person who appraises and approves credit extension at the credit institution or foreign bank's branch, except for the cases of credit extension in the form of issuance of personal credit cards;

e) Subsidiaries and associate companies of the credit institution, except for the cases of credit extension to subsidiaries that are credit institutions subject to mandatory transfer.

2. The total balance of credit extension to the entities defined at Points a, b, c, d and dd, Clause 1 of this Article must not exceed 05% of the equity of the credit institution or foreign bank branch.

3. Credit extension to the entities defined in Clause 1 of this Article shall be approved by the Board of Directors or the Board of Members of the credit institution. Credit extension to the entities specified in point dd Clause 1 of this Article shall comply with regulations of the Governor of State Bank. Credit extension shall be publicized within the credit institution or foreign bank's branch.

4. The total balance of credit extension to an entity defined at Point e Clause 1 of this Article must not exceed 10% of the equity of the credit institution; the total balance of credit extension to all entities defined at Point e Clause 1 of this Article must not exceed 15% of the equity of the credit institution.

5. The total balance of credit extension mentioned in Clause 2 of this Article includes purchase, hold of and investments in corporate bonds issued by the entities specified in Point a, Point c and Point d Clause 1 of this Article; the total balance of credit extension mentioned in Clause 4 of this Article includes purchase, hold of and investments in bonds issued by the entities specified in Point e Clause 1 of this Article.

### **Article 136. Limits on credit extension**

1. The total balance of credit extension to a single client or a single client and their related persons of a commercial bank, cooperative bank, foreign bank's branch, people's credit fund or microfinance institution must not exceed:

a) From the effective date of this Law to before January 1, 2026: 14% of its equity for a single client; 23% of its equity for a single client and their related persons;

b) From January 1, 2026 to before January 1, 2027: 13% of its equity for a single client; 21% of its equity for a single client and their related persons;

c) From January 1, 2027 to before January 1, 2028: 12% of its equity for a single client; 19% of its equity for a single client and their related persons;

d) From January 1, 2028 to before January 1, 2029: 11% of its equity for a single client; 17% of its equity for a single client and their related persons;

dd) From January 1, 2029: 10% of its equity for a single client; 15% of its equity for a single client and their related persons;

2. With regard to a non-bank credit institution, the total balance of credit extension to a single client must not exceed 15% of its equity; the total balance of credit extension to a single client and their related persons must not exceed 25% of its equity.

3. The total balance of credit extension specified in Clause 1 or 2 of this Article excludes loans sourced from capital entrusted by the Government, organizations and individuals where the entrusted credit institutions or foreign bank branches do not bear the risk, or loans granted to borrowers that are other credit institutions or foreign bank branches.

4. The total balance of credit extension specified in Clause 1 or Clause 2 of this Article includes purchase, hold of and investments in bonds issued by the client and their related persons.

5. Limits on and conditions for credit extension for investment and trade in stocks and corporate bonds of credit institutions and foreign bank branches shall comply with regulations of the Governor of State Bank.

6. In case a single client and their related persons need capital in excess of the limits on credit extension specified in Clause 1 or 2 of this Article, the credit institution or foreign bank's branch may extend syndicated credit under regulations of the Governor of the State Bank.

7. In special cases, for the purpose of performance of socio-economic tasks, if the financial capacity of the credit institution or foreign bank's branch fails to meet the need of a client, the Prime Minister will consider raising the credit extension limits in case the total credit extension balance exceeds the limits mentioned in Clause 1 or Clause 2 of this Article on a case-by-case basis.

The Prime Minister shall specify the conditions, necessary documents and procedures for raising the credit extension limits in case the total credit extension balance exceeds the limits mentioned in Clause 1 or Clause 2 of this Article.

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

9. Credit card limits for individuals specified in Clause 1, Article 134 and Point dd, Clause 1, Article 135 of this Law shall comply with regulations of the Governor of State Bank.

### **Article 137. Limits on capital contribution and share purchase**

1. The capital contributed or shares purchased by a commercial bank and its subsidiaries and associate companies to or from an enterprise operating in any sector specified in Clause 4, Article 111 of this Law must not exceed 11% of the charter capital of the enterprise.

2. The total capital contributed or shares purchased by a commercial bank to or from enterprises and credit institutions, including its subsidiaries and associate companies, under regulations of Clauses 2,3,4 and 8 Article 111 of this Law must not exceed 40% of its charter capital and reserve funds.

3. The capital contributed or shares purchased by a finance company and its subsidiaries and associate companies to or from an enterprise or investment fund under Clause 2, Article 118 and Clause 2 Article 123 of this Law must not exceed 11% of the charter capital of the enterprise or investment fund.

4. The total capital contributed or shares purchased by a finance company to or from enterprises and investment funds, including its subsidiaries and associate companies, under regulations in Clause 2 and Clause 3 Article 118, Clause 2 and Clause 3 Article 123 of this Article must not exceed 40% of its charter capital and reserve fund.

5. Credit institutions and their subsidiaries must not contribute capital to, or purchase shares of, the following enterprises and credit institutions:

a) Enterprises and other credit institutions that are shareholders and capital contributors of these credit institutions;

b) Enterprises and other credit institutions that are related persons of major shareholders and capital contributors of these credit institutions;

6. The capital contribution and purchase of shares mentioned in Clause 1 and Clause 3 of this Article do not include contribution of capital to or purchase of shares by asset management companies that are subsidiaries or associate companies of the commercial bank or finance company of an enterprise under their management

### **Article 138. Safety ratios**

1. A credit institution or foreign bank's branch shall maintain the following safety ratios:

a) Solvency ratio;

b) Capital adequacy ratio of 08% or higher as prescribed by the Governor of State Bank from time to time;

c) Maximum foreign currency and gold status in comparison with equity;

d) Ratio of purchased, held, invested government bonds and government-backed bonds.

dd) Other safety ratios.

2. Commercial banks, cooperative banks and foreign bank branches participating in the national inter-bank payment system shall make deposits at the State Bank and hold a minimum quantity

of valuable papers permitted to be used as mortgage as prescribed by the Governor of State Bank from time to time.

3. The Governor of State Bank shall specify safety ratios defined in Clause 1 of this Article for each type of credit institutions/foreign bank branches.

4. The total capital invested by a credit institution in another credit institution and its subsidiaries by capital contribution and share purchase and investments in forms of contribution of capital and purchase of shares of enterprises operating in banking, insurance and securities sectors shall be deducted from its equity when calculating safety ratios.

### **Article 139. Real estate trade**

A credit institution must not trade in real estate, except for the following cases:

1. It purchases, invests in and owns real estate to be used as its business building and office or warehouse in direct service of its professional operations;
2. It leases out part of its business building which is not yet used;
3. It holds real estate as a result of debt treatment. Within 05 years from the date on which a decision to treat collateral that is real estate is issued, the credit institution shall sell, transfer or repurchase this real estate, In case of repurchase of real estate, the ratio of investments in fixed assets specified in Clause 3 Article 144 of this Law and use purposes specified in Article 1 of this Law shall be maintained.

### **Article 140. Requirements for safety in e-transactions of banking operations**

Credit institutions and foreign bank branches shall ensure safety and confidentiality in e-transactions of banking operations under regulations of the Governor of State Bank and the law on e-transactions.

### **Article 141. Rights and obligations of a controlling company**

1. Exercise its rights and perform its obligations in the capacity of a capital contributor, owner or shareholder in relation with the subsidiary or associate company under this Law and other relevant laws.
2. Make and perform contracts, transactions and other relations between the controlling company and the subsidiary or associate company in an independent and impartial manner under conditions applicable to independent legal entities.
3. Be prohibited from intervening in organization and operation of the subsidiary or associate company beyond the rights and obligations of the owner, capital contributor or shareholder.



## **Article 142. Capital contribution and share purchase between subsidiaries or associate companies and controlling companies**

1. A subsidiary and an associate company of a credit institution may neither contribute capital to, nor purchase shares of, such credit institution.
2. A credit institution that is a subsidiary or associate company of a controlling company must not contribute capital to and purchase shares of such controlling company or another subsidiary or associate company of the controlling company, except for the case of implementation of the approved mandatory transfer plan.

## **Article 143. Formulation of remedial plans expected in case of early intervention**

1. A commercial bank or foreign bank's branch shall formulate an expected remedial plan in case of early intervention.
2. The remedial plan specified in Clause 1 of this Article shall include the following main contents:
  - a) Information and assessment of the organizational structure and business activities of the commercial bank or foreign bank's branch;
  - b) Financial status and operations of the commercial bank or foreign bank's branch;
  - c) Remedial measures adopted in each case specified in Clause 1, Article 156 of this Law;
  - d) Roadmap and time limit for implementation of each remedial measure.
3. The measures specified at Point c, Clause 2 of this Article shall include the following main measures:
  - a) Increasing charter capital, provided capital and implementation time; roadmap for reduction in holdings of shares/stakes of shareholders and capital contributors specified at Point b, Clause 1, Article 159 of this Law;
  - b) Improving liquidity; increasing ownership of liquid assets; selling and transferring assets, and adopting other solutions to meet safety requirements in banking operations;
  - c) Enhancing business efficiency;
  - d) Strengthening management and administration capacity;
  - dd) Handling existing financial problems and weaknesses, bad debts, collateral and imposing remedial measures on violations against regulations of law;

e) Taking communication and information technology measures to overcome liquidity difficulties.

4. A remedial plan specified in Clause 1 of this Article shall be approved by the General Meeting of Shareholders, the Board of Members, the owner or the owner's representative authority of the commercial bank, the parent bank of foreign bank branches, and sent to the State Bank within 10 days from the date of approval.

5. At least every 02 years, the commercial bank and foreign bank's branch shall update and adjust the remedial plan specified in Clause 1 of this Article. The updated and adjusted plan shall be approved by the General Meeting of Shareholders, the Board of Members, the owner or the owner's representative authority of the commercial bank, the parent bank of foreign bank branches, and sent to the State Bank within 10 days from the date of approval.

6. In case where a commercial bank or foreign bank's branch does not have a remedial plan specified in Clause 4 of this Article or does not update or adjust the remedial plan specified in Clause 5 of this Article, the State Bank shall apply one or several restriction measures specified in Clause 2, Article 157 of this Law.

7. The remedial plan specified in this Article shall be formulated and approved before July 1, 2025 or within 1 year from the date of issuance of the commercial bank's establishment and operation license or the foreign bank's branch's establishment license.

## **Chapter VIII**

### **FINANCE, ACCOUNTING AND REPORT**

#### **Article 144. Capital of and capital use by credit institution and foreign bank branch**

1. Capital of a credit institution or foreign bank's branch includes the owner's capital, raised capital and other capital as specified by the law.

2. The credit institution or foreign bank's branch may use capital for business in accordance with this Law and other relevant laws.

3. The credit institution or foreign bank's branch may purchase and invest in fixed assets in direct service of its operations, making sure that the remaining value of fixed assets:

a) Does not exceed 50% of its charter capital and additional reserve fund of charter capital as recorded in the accounting book with respect to a commercial bank, cooperative bank, non-bank credit institution and microfinance institution;

b) Does not exceed 100% of its charter capital and additional reserve fund of charter capital as recorded in the accounting book with respect to a people's credit fund;

c) Does not exceed 50% of its provided capital and additional reserve fund of provided capital as recorded in the accounting book with respect to a foreign bank's branch;

#### **Article 145. Revenues and revenue recognition principles**

1. Revenues from business activities of a credit institution or foreign bank's branch include:

- a) Interest income and similar incomes;
- b) Income from service activities;
- c) Revenues from foreign exchange and gold trade activities;
- d) Revenue from securities trade, excluding stocks;
- dd) Revenues from capital contribution and transfer of stakes and shares;
- e) Revenues from other activities;
- g) Other incomes as prescribed by law.

2. Incomes of the credit institution or foreign bank's branch shall be determined in accordance with Vietnamese accounting standards and other relevant laws, supported by lawful invoices or receipts and fully recorded as its revenues.

3. With regard to accounts receivable which have been recorded as revenues but then are considered unrecoverable or not collected on due dates, the credit institution or foreign bank's branch shall record them as a decrease in revenue in the same period or as expenses in another period, and monitor them in off-balance sheet to expedite the collection and settlement according to regulations of law. They shall be recorded as revenues, when collected.

4. With regard to revenues from credit extension, the credit institution or foreign bank's branch shall be responsible for evaluating the debt recoverability and classifying debts in accordance with regulations of law to serve as the basis for accounting for interests receivable and record interests receivable from credit extension as revenues under the Government's regulations.

#### **Article 146. Expenses and expense determination principles**

1. Expenses of a credit institution or foreign bank's branch include:

- a) Interest payments and other similar expenses;
- b) Costs of service provision;
- c) Payments of foreign exchange and gold trade activities;

- d) Costs for trade in permissible securities according to regulations of law;
- dd) Costs for capital contribution, transfer of stakes and shares;
- e) Costs of other activities;
- g) Payments of taxes and other fees and charges;
- h) Payments made to managers, executives and employees;
- i) Management and administration costs;
- k) Asset-related costs;
- l) Contributions to loss provisions;
- m) Costs for deposit preservation and insurance;
- n) Other expenses.

2. Expenses of a credit institution or foreign bank's branch are expenses actually incurred during business activities of the credit institution or foreign bank's branch; comply with the matching principle between revenues and expenses; and must be proved by lawful invoices and receipts in accordance with regulations of law. The credit institution or foreign bank's branch shall not record expenses which are covered by other funding sources as its expenses. Expenses shall be determined and recorded in accordance with Vietnam's accounting standards and relevant laws.

3. Upon calculation of corporate income tax, expenses shall be determined according to regulations of the law on corporate income tax.

#### **Article 147. Loss provisions**

1. Each credit institution or foreign bank's branch shall make loss provisions to settle losses on its operations. Loss provisions shall be recorded as operating costs.
2. Assets shall be classified according to regulations of the Governor of State Bank.
3. The use of loss provisions does not change borrowers' repayment obligations to the debts for which the loss provisions are used, and responsibilities of organizations and individuals related to debts. Loss provisions, methods for making loss provisions and use of loss provisions for settlement of losses on operations of the credit institution or foreign bank's branch shall comply with the Government's regulations.
4. In special cases, for the purpose of performance of socio-economic and diplomatic tasks, the Prime Minister shall decide classification of assets, loss provisions, methods for making loss

provisions and use of loss provisions for settlement of losses on operations on a case-by-case basis according to the proposal of the State Bank.

5. In case the credit institution or foreign bank's branch recovers a capital amount already offset by loss provision, this amount shall be recorded as revenue of the credit institution or foreign bank's branch.

#### **Article 148. Distribution of profits and funds**

1. Profits of a credit institution or foreign bank's branch that remain after deducting losses in previous year as regulated by the Law on Corporate Income and paying corporate income tax shall be distributed according to the Government's regulations.

2. On an annual basis, the credit institution or foreign bank's branch shall deduct its after-tax profits to establish and maintain the following funds:

a) Additional reserve fund of charter capital or provided capital which receives 10% of total after-tax profit set aside. This fund shall not exceed the charter capital or provided capital of the credit institution or foreign bank branch;

b) Financial contingency fund;

c) Development investment fund with regard to a credit institution in which the State holds more than 50% of its charter capital and a credit institution that is a cooperative;

d) Other reserve funds as specified by regulations of law.

3. The commercial bank that is a joint stock company in which the State holds more than 50% of its charter capital may pay dividends in stocks to increase its charter capital. The stock dividend payout ratio shall be decided by the Prime Minister.

4. Credit institutions and foreign bank branches shall manage and use funds in accordance with regulations of law.

#### **Article 149. Fiscal year**

1. A fiscal year of a credit institution/foreign bank's branch starts on January 01 and ends on December 31 of the calendar year.

2. The first fiscal year of the credit institution or foreign bank's branch starts on the date of issuance of its license and ends on December 31 of the same calendar year.

#### **Article 150. Accounting**

Each credit institution/foreign bank's branch shall perform accounting activities under the accounting law; take responsibility to the law for the accuracy and truthfulness of revenues and expenditures and comply with regulations on accounting invoices and receipts

### **Article 151. Financial regime**

1. Credit institutions and foreign bank branches have financial autonomy.
2. The financial regime applicable to each credit institution/foreign bank's branch shall comply with the Government's regulations and relevant laws.
3. The Government shall elaborate the financial regime, revenues, expenses and distribution of profits of credit institutions and foreign bank branches.

### **Article 152. Reports and statements**

1. Credit institutions and foreign bank branches shall comply with reporting regulations and provide information according to regulations of the law on accounting, statistics and statistical investigation.
2. Credit institutions and foreign bank branches shall make periodical reports on professional operations under regulations of the Governor of State Bank.
3. In addition to reporting regulations in Clause 1 and Clause 2 of this Article, each credit institution/foreign bank's branch shall promptly send a written report to the State Bank in the following cases:
  - a) Occurrence of abnormal developments in professional operations which may seriously affect their business activities;
  - b) Changes in organizational or executive structure or financial status of major shareholders or other changes which may seriously affect their business activities; purchase, sale and transfer of stakes and shares of major shareholders;
  - c) Renaming of a branch of the credit institution; suspension of business for less than 05 working days; listing of stocks on the domestic securities market.
4. Subsidiaries and associate companies of credit institutions shall send their financial statements and operation reports to the State Bank if requested.
5. 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 regulations of law.
6. Within 180 days after the end of the fiscal year, joint-venture credit institutions, wholly foreign-owned credit institutions, foreign bank branches and foreign representative offices shall send annual financial statements of the following entities to the State Bank:

- a) Capital contributors of joint-venture credit institutions or wholly foreign-owned credit institutions that are foreign credit institutions;
- b) Owners of wholly foreign-owned credit institutions;
- c) Parent bank of foreign bank branches;
- d) Foreign credit institutions and other foreign institutions engaged in banking operations and having foreign representative offices.

7. Joint-venture credit institutions, wholly foreign-owned credit institutions and foreign bank branches shall promptly send written reports to the State Bank when foreign credit institutions specified in points a, b and c Clause 6 of this Article undergo any of the following changes:

- a) Division, separation, merger, amalgamation, liquidation, bankruptcy or dissolution;
- b) Renaming or relocation of their headquarters;
- c) Change in major shareholders, Boards of Directors or Executive Boards;
- d) Extraordinary changes which greatly affect their organization and operation.

#### **Article 153. Reports and statements prepared by controlling company**

1. Within 120 days after the end of the fiscal year, in addition to reports and documents prescribed by law, a controlling company shall make and send a consolidated financial statement which has been audited to the State Bank under the accounting law.
2. Within 90 days after the end of the fiscal year, the controlling company shall make and send a general report on trade transactions and other transactions with its subsidiaries and associate companies to the State Bank.

#### **Article 154. 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 regulations of law, unless credit institutions are placed under special control.

#### **Article 155. Overseas transfer of profits and assets**

1. Foreign bank branches and wholly foreign-owned credit institutions in Vietnam may transfer the remaining profits overseas after making contributions to all funds and fulfilling all financial obligations under Vietnamese law.

2. Foreign capital contributors in joint-venture credit institutions may transfer their shared profits overseas after such joint-venture credit institutions make contributions to all funds and fulfill all financial obligations under Vietnamese law.
3. Foreign bank branches, wholly foreign-owned credit institutions and foreign capital contributors in joint-venture credit institutions may transfer their remaining assets overseas after liquidation and termination of their operations in Vietnam.
4. The overseas transfer of money and other assets prescribed in Clauses 1, 2 and 3 of this Article shall comply with Vietnamese law.

## **Chapter IX**

### **EARLY INTERVENTION IN CREDIT INSTITUTIONS AND FOREIGN BANK BRANCHES**

#### **Article 156. Early intervention in credit institutions and foreign bank branches**

1. In any of the following cases, the State Bank will consider deciding to make early intervention in a credit institution or foreign bank's branch:
  - a) The accumulated losses incurred by the credit institution or foreign bank's branch exceeds 15% of its charter capital, provided capital and reserve funds written in the latest financial statement which has been audited or according to audit and inspection conclusions of the competent authority and the credit institution or foreign bank's branch commits violations against law regulations on capital adequacy ratio specified at Point b, Clause 1, Article 138 of this Law;.
  - b) The credit institution or foreign bank's branch is ranked below average under regulations of the Governor of the State Bank;
  - c) The credit institution or foreign bank's branch fails to achieve the minimum solvency ratio specified in Point a Clause 1 Article 138 of this Law for 30 consecutive days;
  - d) The credit institution or foreign bank's branch fails to achieve the minimum capital adequacy ratio specified in Point b Clause 1 Article 138 of this Law for 06 consecutive months;
  - dd) A bank run occurs and the credit institution or foreign bank's branch sends a report to the State Bank.
2. The State Bank shall request in writing the credit institution or foreign bank's branch which falls into one or some cases specified in Clause 1 of this Article to perform following tasks. To be specific:
  - a) The credit institution or foreign bank's branch shall fulfill one or some requirements and adopt one or some restriction measures specified in Article 157 of this Law within a certain period;



b) The credit institution shall update and immediately implement the remedial plan specified in Article 143 of this Law or develop a remedial plan according to Article 158 of this Law with a specific time limit for completion of formulation and approval for the remedial plan; the time limit for the cooperative bank to comment on the remedial plan of the people's credit fund is specified in Clause 2 Article 158 of this Law;

c) The foreign bank's branch shall update and immediately implement the remedial plan specified in Article 143 of this Law or develop the remedial plan specified in Article 158 of this Law with a specific time limit for completion of formulation and approval for the remedial plan;

3. The credit institution or foreign bank's branch shall be responsible for immediately fulfilling requirements and adopting restriction measures indicated in the written request of the State Bank in Clause 2 of this Article. If the credit institution or foreign bank's branch fails to fulfill such requirements and adopt such restriction measures, the State Bank shall apply one or some restriction measures specified in Clause 2 Article 157 of this Law.

4. If necessary, the State Bank shall request the credit institution or foreign bank's branch to hire an independent audit institution to audit its financial statements and assess financial status to serve as the basis for development of the remedial plan.

#### **Article 157. Requirements and restriction measures applicable to credit institutions or foreign bank branches subject to early intervention**

1. A credit institution or foreign bank's branch subject to early intervention shall satisfy the following requirements:

a) Increasing its charter capital and provided capital; increasing ownership of liquid assets and adopting other solutions to meet safety requirements in banking operations;

b) Reducing operating expenses, management costs, remuneration, salaries and bonuses; requiring the refund of remuneration and bonuses to managers, executives and members of the Board of Controllers;

c) Strengthening risk management; reorganizing the management and administration apparatus.

2. The credit institution or foreign bank's branch subject to early intervention shall adopt the following restriction measures:

a) Not paying dividends, profits, or distributing after-tax profits after making deductions to set up funds or transferring profits to the country; restricting the transfer of shares, stakes and assets;

b) Restricting ineffective and high-risk business activities; reducing the limits of credit extension, capital contribution and share purchase; and restricting credit growth;

c) Terminating or suspending one or several banking operations or other business activities that show signs of violations against the law; not adding banking operations or other new business activities, and not expanding the operating network;

d) Suspending managers and operators who violate the law or pose major risks to operations of the credit institution or foreign bank's branch; recommending the election or appointment for replacement of managers and executives who violate the law or pose major risks to operations of the credit institution or foreign bank's branch subject to early intervention;

dd) Adopting other measures within the jurisdiction of the State Bank.

#### **Article 158. Formulation, update and approval for remedial plan**

1. A commercial bank or foreign bank's branch whose remedial plan has been approved as specified in Article 143 of this Law, according to the State Bank's written request specified in Clause 2, Article 156 of this Law, shall determine the cause of early intervention, update the remedial plan, submit it to the Board of Directors, Board of Members, and the parent bank of foreign bank branches for approval, and send it to the State Bank within 10 days from the date of approval.

2. A credit institution or foreign bank's branch, except for the case specified in Clause 1 of this Article, shall determine the cause of early intervention and formulate the remedial plan which contains the contents specified in Clauses 2 and 3, Article 143 of this Law, submit it to the Board of Directors, Board of Members, and the parent bank of foreign bank branches for approval, and send it to the State Bank within 10 days from the date of approval.

Regarding a people's credit fund, the remedial plan shall be sent to and obtain opinions from the cooperative bank before approval.

3. In case where the State Bank has opinions on the remedial plan specified in Clauses 1 and 2 of this Article, the credit institution or foreign bank's branch shall adjust the remedial plan and send it to the State Bank within the time limit as required by the State Bank.

4. In case where the remedial plan's contents include assisting measures specified in Article 159 of this Law, within 30 days from the date of receipt of the remedial plan that meets the requirements of the State Bank, the State Bank shall consider approving the application of assisting measures to the credit institution subject to early intervention.

#### **Article 159. Assisting measures applicable to credit institutions subject to early intervention**

1. During the implementation of the remedial plan, a credit institution subject to early intervention may adopt the following assisting measures after obtaining the State Bank's written approval. To be specific:

a) Applying roadmap for compliance with one or several limits and ratios specified in Articles 136 and 138 of this Law;

b) When implementing the solution for increasing the credit institution's charter capital under the remedial plan, shareholders and capital contributors may hold shares and stakes that exceed the limits on holdings of shares/stakes specified in Articles 63 and 77 of this Law. Each shareholder and capital contributor shall have a roadmap to reduce holdings of shares/stakes for compliance with the limits.

2. During the implementation of the remedial plan, if the credit institution subject to early intervention incurs accumulated losses exceeding 50% of its charter capital and reserve funds stated in the latest financial statement which has been audited or under the inspection and audit conclusions of the competent state authority, in addition to the measures specified in Clause 1 of this Article, the credit institution may apply one or some the following assisting measures after obtaining the State Bank's written approval. To be specific:

a) In case where the mandatory loss provision exceeds the difference between annual revenues and expenditures, excluding provisional loss provision, the provision shall be equal to the difference between annual revenues and expenditures;

b) In case where the credit institution has forgivable interest, the credit institution may allocate the forgivable interest according to its financial capacity on the principle that the total allocation of forgivable interest and the mandatory loss provision are equal to the difference between annual revenues and expenditures. The time limit for allocation of forgivable interest shall not exceed 05 years from the date of approval by the State Bank. The time limit only applies to receivables incurred up to the time the State Bank makes the written request specified in Clause 2, Article 156 of this Law. When necessary, the Government shall provide for cases where the time limit for allocation of forgivable interest exceeds 5 years but it does not exceed 10 years;

c) The people's credit fund may borrow loans from the fund for maintenance of prudence for the system of people's credit funds with preferential interest rates in accordance with the State Bank Governor's regulations;

d) The people's credit fund may receive the cooperative bank's assistance in sending staff to participate in management and administration; and IT support;

dd) Adopting other measures within the jurisdiction of the State Bank.

## **Article 160. Implementation of remedial plan**

1. Each credit institution or foreign bank's branch shall implement the remedial plan specified in Article 158 of this Law after the remedial plan is approved.

2. During the implementation of the remedial plan, the credit institution or foreign bank's branch shall be responsible for reporting progress and results of implementation of the remedial plan at the request of the State Bank.

3. The State Bank shall be responsible for supervising the implementation of the remedial plan and have the right to adjust requirements and restriction measures applicable to credit institutions and foreign bank branches specified at Point a, Clause 2, Article 156 of this Law and request every credit institution or foreign bank's branch to adjust its remedial plan's contents.
4. In case of extension of the time limit for implementation of the remedial plan, the credit institution or foreign bank's branch shall comply with Article 158 of this Law.
5. In case of revisions to assisting measures specified in Article 159 of this Law, the credit institution or foreign bank's branch shall notify and obtain written approval from the State Bank before implementation.
6. During the implementation of the remedial plan, if there is a qualified acquiring or consolidating credit institution, the credit institution subject to early intervention shall carry out the merger or amalgamation under regulations on reorganization of credit institutions as specified in Article 201 of this Law.
7. During the implementation of the remedial plan, if the transfer of shares or stakes, or increase in charter capital results in the conversion of the legal form of the credit institution subject to early intervention, such conversion shall comply with Article 201 of this Law.
8. In case where the time limit for implementation of the remedial plan expires and the foreign bank's branch fails to recover from the situation that leads to early intervention, the foreign bank's branch shall dissolve and terminate its operations, liquidate and freeze capital and assets in accordance with Chapter XIII of this Law.

#### **Article 161. Termination of early intervention**

1. Early intervention in a credit institution shall be terminated in the following cases:
  - a) The State Bank issues a document on termination of the compliance with the written request specified in Clause 2, Article 156 of this Law when the credit institution has recovered from the situation that leads to early intervention as specified in Clause 1, Article 156 of this Law and sends a written report to the State Bank;
  - b) The State Bank gives a written approval for its merger or amalgamation with other credit institutions as specified in Article 201 of this Law;
  - c) A competent state authority issues a decision to dissolve or bankrupt the credit institution in accordance with regulations of law;
  - d) The State Bank issues a decision to place the credit institution under special control specified in Article 162 of this Law.
2. Early intervention in a foreign bank's branch shall be terminated in the following cases:

a) The State Bank issues a document on termination of the compliance with the written request specified in Clause 2, Article 156 of this Law when the foreign bank's branch has recovered from the situation that leads to early intervention as specified in Clause 1, Article 156 of this Law, and sends a written report to the State Bank;

b) The State Bank issues a written approval for dissolution of the foreign bank's branch or termination of its operations in accordance with regulations of law.

## **Chapter X**

### **SPECIAL CONTROL OF CREDIT INSTITUTIONS**

#### **Section 1. GENERAL PROVISIONS**

##### **Article 162. Special control of credit institutions**

1. The State Bank shall consider deciding to place a credit institution under special control when the credit institution falls into one of the following cases:

a) The credit institution subject to early intervention fails to make and send a remedial plan to the State Bank or adjust the remedial plan at the State Bank's written request;

b) During the implementation of the remedial plan, the credit institution subject to early intervention is not capable of implementing the remedial plan;

c) The time limit for implementation of the remedial plan expires, but the credit institution has not yet recovered from the situation that leads to early intervention;

d) The bank run occurs and there are potential risks that may threaten safety in the credit institution system;

dd) The capital adequacy ratio is lower than 04 % for 06 consecutive months;

e) The dissolved credit institution is found insolvent during the liquidation of assets.

2. From the date on which the credit institution is placed under special control, its owner, capital contributors and shareholders shall report the use of shares and stakes and must not transfer and use shares and stakes as collateral, unless otherwise required by competent state agencies.

3. From the date on which the credit institution is placed under special control, the principal and interest of refinancing loans granted by the State Bank to such credit institution will be converted into the principal and interest of special loans and refinancing regulations applicable to such refinancing loans shall continue to be applied; the principal and interest of loans granted by the cooperative bank to a people's credit fund will be converted into the principal and interest of special loans and lending regulations issued by the cooperative bank and applicable to the people's credit fund shall continue to be applied.

4. With a view to maintaining safety of the credit institution system and social order and security, when settling the credit institution placed under special control, the Government shall decide to apply special measures on the basis of proposal of the State Bank and submit a report to the National Assembly at the nearest meeting.

**Article 163. Tasks and powers of the State Bank, the Governor of State Bank over credit institutions placed under special control**

1. The State Bank shall establish a special control board to control operations of credit institutions placed under special control.

2. The State Bank shall perform the following tasks and powers over credit institutions placed under special control:

- a) Carry out recommendations from the special control board;
- b) Appoint the Chairperson and members of the Board of Directors; the Chairperson and members of the Board of Members; the Head and members of the Board of Controllers; the Director General (Director), Deputy Director General (Deputy Director) and holders of other equivalent titles of each credit institution placed under special control;
- c) Decide and adjust operations and operational scope and network of each credit institution placed under special control;
- d) Request owners, capital contributors and shareholders of credit institutions placed under special control to report the use of shares and stakes; forbid them from transferring and using shares and stakes as collateral;
- dd) Perform other tasks and powers according to regulations of this Law.

3. The Governor of State Bank shall provide for special control of credit institutions with the following contents:

- a) Method and duration of special control; extension to special control duration; termination of special control; publishing of information about the special control;
- b) Composition, number of members, operation, tasks and powers of the special control board in conformity with the special control method and situation of each credit institution;
- c) Responsibilities of relevant entities;
- d) Other contents which serve special control and development of the plan to restructure each credit institution placed under special control.

**Article 164. Tasks and powers of the special control board**

1. Request a credit institution placed under special control to review and adjust its organizational structure, operational network and business activities, and focus on collection of bad debts and treatment of collateral and reduction in costs.
2. Request the credit institution placed under special control to propose, formulate and implement a remedial plan, a plan for merger, amalgamation and transfer of all shares and stakes, and a dissolution plan; request the transferee under a mandatory transfer plan to formulate, complete and implement the mandatory transfer plan according to regulations of this Law.
3. Cooperate with the credit institution placed under special control in formulating a bankruptcy plan according to regulations of this Law.
4. Suspend one or some business activities of the credit institution placed under special control if they increase the risk to the credit institution or are not conformable with the approved mandatory transfer plan or bankruptcy plan.
5. Terminate or suspend administration, management and control rights of the credit institution and request the State Bank to appoint a replacement for the chairperson or a member of Board of Directors; the chairperson or a member of the Board of Members, the head or a member of the Board of Controllers, the General Director (Director), the Deputy General Director (Deputy Director) or a holder of an equivalent position of the credit institution placed under special control according to its charter.
6. Request the Board of Directors, the Board of Members, General Director (Director) to dismiss or suspend persons who commit violations against law or fail to adhere to the approved restructuring plan or orders of the special control board.
7. Request the State Bank to consider changing the special control method; extending or terminating the special control; granting special loans or extending the terms thereof; collecting repayment of special loans; liquidating assets; revoking the license of the credit institution placed under special control.
8. Perform other tasks and powers according to regulations of this Law.

#### **Article 165. Responsibilities of credit institutions placed under special control**

1. The credit institution placed under special control, its owner, capital contributors or shareholders have the following responsibilities:
  - a) Develop the restructuring plan at the request of the special control board;
  - b) Implement the restructuring plan approved by a competent authority;
  - c) Comply with decisions and requests of the State Bank according to Article 163 of this Law;

d) Comply with decisions and requests of the special control board according to Article 164 of this Law;

2. The Board of Directors, the Board of Members, the Board of Controllers and the General Director (Director) of the credit institution placed under special control have the following responsibilities:

a) Fulfill the responsibilities specified in Clause 1 of this Article;

b) Control and operate business activities of the credit institution; ensure safety of assets of the credit institution.

c) The Board of Directors of the credit institution placed under special control shall decide matters within the jurisdiction of the General Meeting of Shareholders and the General Meeting of Members and approve the restructuring plan according to regulations of this Law.

#### **Article 166. Administration and operation of credit institutions placed under special control**

1. During the special control period, each credit institution placed under special control is not required to comply with regulations in Articles 136, 137, 138 and Clause 3 Article 144 of this Law. If the mandatory loss provision exceeds the difference between annual revenues and expenditures (excluding provisional loss provision), the minimum provision shall be equal to the difference between annual revenues and expenditures.

2. Credit institutions placed under special control are not required to maintain compulsory reserve requirements.

3. Credit institutions placed under special control are exempt from deposit insurance premiums and fees for participation in the people's credit fund system safety assurance fund.

4. The organization of the General Meeting of Shareholders, the General Meeting of Members and publishing of information by each credit institution under special control shall comply with requirements of the State Bank and ensure safety of the system of credit institutions.

5. The quantity of members, structure, tenure of the Board of Directors, the Board of Members, the Board of Controllers of each credit institution placed under special control shall be decided by the State Bank according to its performance.

In case where a new Board of Directors, Board of Members or Board of Controllers is not elected at the end of the tenure, the current one shall keep carrying out administration and control of the credit institution as prescribed by law until the new Board of Directors, Board of Members or Board of Controllers elected takes over its works.

#### **Article 167. Assessment of situation of a credit institution placed under special control**



1. The special control board shall request the credit institution placed under special control specified in points a, b, c ,d and dd Clause 1 Article 162 of this Law to hire an independent audit institution to audit its financial statements, except for people's credit funds. The independent audit institution shall be hired within 60 days from the issuance date of the decision to establish the special control board.
2. Within 30 days from the date on which there is an audit result report, the credit institution placed under special control shall complete self-assessment of its situation.
3. Within 60 days from the date on which there is an audit result report, the special control board shall finish assessing the situation of the credit institution placed under special control, even if it fails to perform the self-assessment as prescribed in Clause 2 of this Article.
4. With regard to a people's credit fund placed under special control, the time limits specified in Clause 2 and Clause 3 of this Article start on the date on which the State Bank issues the decision to establish the special control board.
5. The assessment of situation of the credit institution under special control specified in Clause 2 and Clause 3 of this Article, except for people's credit funds shall be carried out on the basis of the report submitted by the independent audit institution as prescribed in Clause 1 of this Article.
6. The contents of assessment specified in Clause 2 and Clause 3 of this Article shall be decided by the special control board, made in writing and sent to the credit institution placed under special control. The following contents shall be included:
  - a) Organization, administration and operation;
  - b) Information technology system;
  - c) Banking operations and other business activities, including interests and accumulated losses of the credit institution.
7. According to results of assessment of situation of the credit institution placed under special control produced by the special control board, the special control board shall request in writing the credit institution to propose and formulate the restructuring plan according to regulations of this Law.
8. The cost of hiring the independent audit institution and other costs relevant to the assessment shall be paid by the credit institution and recorded as its expenses.
9. The time limits specified in Clauses 1, 2, 3 and 4 of this Article may be extended by the State Bank, but the total duration must not exceed two times the initial time limit.

#### **Article 168. Termination of special control**

The State Bank will consider deciding to terminate the special control of a credit institution placed under special control in any of the following cases:

1. The credit institution has overcome the situation that results in the special control and adheres to the safety ratios specified in Article 138 of this Law;
2. The credit institution completes the remedial plan, the plan for merger, amalgamation and transfer of all shares and stakes, and the mandatory transfer plan which have been approved according to sections 2, 3 and 4 of this Chapter;
3. The credit institution is dissolved, merged, or amalgamated according to regulations in Section 5 of this Chapter, Chapter XIII of this Law and relevant laws;
4. The judge has appointed an official receiver or an enterprise responsible for management and liquidation of the assets of the credit institution to carry out bankruptcy procedures.

## **Section 2. PLAN FOR REMEDY TO CREDIT INSTITUTIONS PLACED UNDER SPECIAL CONTROL**

### **Article 169. Formulation and approval for the remedial plan**

1. Within 60 days from the date of receipt of the written request from the special control board specified in Clause 7 Article 167 of this Law, the credit institution placed under special control shall complete the remedial plan and submit it to the special control board.
2. Within 30 days from the date on which the remedial plan is received from the credit institution, the special control board shall make assessment and submit a report on feasibility of the plan to the State bank.

Regarding the remedial plan of a people's credit fund, the special control board shall cooperate with a deposit insurer and a cooperative bank in assessing the feasibility of the plan

3. The State Bank shall consider approving the remedial plan within 60 days from the date on which the report is received from the special control board specified in Clause 2 of this Article or within 60 days from the date on which the Prime Minister decides special loans according to regulations in Clause 4 of this Article. In case of disapproval, the State Bank shall reply in writing to the credit institution and the special control board.
4. In case the remedial plan contains a proposal for special loans granted by the State Bank with the interest rate up to 0%/year, without collateral, the State Bank shall request the Prime Minister to consider deciding special loans with the interest rate up to 0%/year, without collateral before approving the remedial plan.
5. The time limits specified in Clauses 1, 2 and 3 of this Article may be extended by the State Bank, but the total duration must not exceed two times the initial time limit

## **Article 170. Contents of remedial plan**

1. A remedial plan shall contain:

- a) A plan and time limit for increasing charter capital if: the actual value of charter capital is smaller than legal capital; the capital adequacy ratio is below the permissible level imposed by the State Bank; or the increase in charter capital is requested by the State Bank to ensure operating safety of the credit institution;
- b) A plan for business operation during the remedy period;
- c) A plan for organizational structure and administration;
- d) A plan for settlement of financial weaknesses, bad debts, collateral and measures for remedying violations of law;
- dd) A plan for payment of deposits to clients that are juridical persons, deposits and loans of other credit institutions; a plan for settlement of special loans (if any) including those specified in Clause 3 Article 162 of this Law;
- e) Mandatory assisting measures specified in Article 171 of this Law to be adopted;
- g) Roadmap and time limit for implementation of the remedy plan.

2. In case where there is an assisting credit institution, in addition to the contents mentioned in Clause 1 of this Article, the credit institution placed under special control shall cooperate with the assisting credit institution in adding the following contents to the remedial plan:

- a) Information on the credit institution assisting in implementation of the remedial plan;
- b) A plan to provide assistance by the assisting credit institution for the credit institution placed under special control; a plan to provide assistance for the assisting credit institution;
- c) A plan for paying salaries, bonus and other benefits to people participating in provision of assistance in administration, control and operation of the credit institution placed under special control;
- d) A plan for paying salaries for employees of the credit institution placed under special control during the special control period.

## **Article 171. Assisting measures for implementation of the remedial plan**

1. A credit institution placed under special control that is a commercial bank, cooperative bank or finance company may apply one or some assisting measures. To be specific:

a) Take special loans from the State Bank, deposit insurers, other credit institutions according to regulations in point b Clause 1, Clause 2 Article 192 of this Law;

b) Obtain exemption from interest rates of refinancing and special loans from the State bank

c) Receive deposits or take loans from the assisting credit institution with a preferential interest rate;

d) Buy debts and corporate bonds held by the assisting credit institution that are classified as current non-performing loans; resell such debts and corporate bonds to the assisting credit institution;

dd) Be entitled to reach agreement and select one or some assisting credit institutions participating in the remedial plan;

e) The assisting credit institution shall appoint staff to participate in administration and operation; and gives assistance in information technology;

g) In case where the credit institution has forgivable interest, the credit institution may allocate the forgivable interest according to its financial capacity on the principle that the total allocation of forgivable interest and the mandatory loss provision are equal to the difference between annual revenues and expenditures. The time limit for allocation of forgivable interest shall not exceed 10 years from the date of approval by the State Bank. The time limit only applies to receivables incurred up to the time the credit institution is placed under special control.

h) When implementing the solution for increasing in the charter capital under the remedial plan, shareholders and capital contributors may hold shares and stakes that exceed the limits on holdings of shares/stakes specified in Articles 63 and 77 of this Law. Each shareholder and capital contributor shall have a roadmap to reduce holdings of shares/stakes for compliance with the limits;

i) Other measures within jurisdiction of the State Bank.

2. A credit institution placed under special control that is a people's credit fund or microfinance institution may apply one or some assisting measures. To be specific:

a) The measures specified in Points b,c,d,dd,e,g and i Clause 1 of this Article;

b) The microfinance institution may take special loans from the State Bank, deposit insurers, other credit institutions according to regulations in point b Clause 1, Clause 2 Article 192 of this Law;

c) The people's credit fund may take a special loan from the cooperative bank via the people's credit fund system safety assurance fund with an interest rate as low as 0%/year.

## **Article 172. Implementation of the remedial plan**

1. A credit institution placed under special control shall be responsible for implementing the approved remedial plan.
2. The special control board shall inspect and supervise the implementation of the approved remedial plan by the credit institution placed under special control.
3. The State Bank shall decide revisions to the remedial plan, including extension of the time limit for implementation of the remedial plan at the request of the special control board.
4. In case of adjustments to special loans with the interest rate up to 0%/year, without collateral under the remedial plan, the State Bank shall request the Prime Minister to consider deciding such adjustments.
5. If the remedial plan of the credit institution placed under special control is not approved according to Clause 3 Article 169 of this Law or the credit institution is not able to recover according to the approved remedial plan or the credit institution placed under special control fails to overcome the situation that leads it being placed under special control by the deadline for implementation of the remedial plan, the special control board requests the credit institution to propose and formulate a plan for mandatory transfer of a commercial bank or dissolution plan or bankruptcy plan according to regulations of this Law.

#### **Article 173. Requirements applied to the assisting credit institution**

The assisting credit institution shall:

1. Have a profitable business for the last 02 years according to its audited financial statement before it participates in the assistance;
2. Satisfy the safety ratios specified in Article 138 of this Law;
3. Have a the Board of Members, Board of Directors and the Board of Controllers conformable with law;
4. Have an internal control system and internal audit system that comply with Article 57 and Article 58 of this Law.

#### **Article 174. Rights and obligations of the assisting credit institution**

1. Cooperate with the credit institution placed under special control in developing the remedial plan as prescribed in Clause 1 Article 169 of this Law.
2. Select and appoint qualified persons to participate in administration, control and operation of the credit institution placed under special control according to the written request of the State bank.

3. Implement, manage, and supervise the organization and operation of the credit institution placed under special control according to the approved remedial plan; propose revisions to the plan to the special control board.
4. Grant loans to and make deposits at the credit institution placed under special control with preferential interest rates according to the approved remedial plan.
5. Sell debts and corporate bonds that are classified as current non-performing loans to the credit institution placed under special control according to the written request of the State Bank.
6. Buy back debts and corporate bonds that were sold in accordance with Clause 5 of this Article according to the written request of the State bank.
7. Be eligible for refinancing loans with interest rates equal to those of loans granted by the assisting credit institution, make deposits at the credit institution placed under special control; the amount and duration of the refinancing loan must not exceed the amount and duration of the loan or deposit of the assisting credit institution at the credit institution placed under special control; be allowed to reduce the reserve requirement by 50%.
8. Be exempted from restrictions on purchase, hold and investment in government bonds and government-backed bonds specified in Point d Clause 1 Article 138 of this Law.
9. Be allowed to apply the risk factor of 0% to the loans and deposits at the credit institution placed under special control when calculating capital adequacy ratio and classify them as current non-performing loans.
10. Include the salaries, bonus and other benefits of people participating in administration, control and operation of the credit institution placed under special control in expenses.
11. Implement other assisting measures decided by the State Bank within its jurisdiction.

### **Section 3. PLANS FOR MERGER, AMALGAMATION, TRANSFER OF 100% OF SHARES/STAKES OF CREDIT INSTITUTIONS PLACED UNDER SPECIAL CONTROL**

#### **Article 175. Merger, amalgamation, transfer of 100% of shares/stakes of the credit institution placed under special control**

The merger, amalgamation, transfer of 100% of shares/stakes of the credit institution placed under special control shall be carried out if all of the following conditions are satisfied:

1. There is a qualified acquiring or consolidating credit institution or qualified acquirer of 100% of the shares/stakes; and

2. The actual value of the charter capital of the credit institution after merger or amalgamation is not smaller than the legal capital and all safety ratios specified in Article 130 of this Law are met.

**Article 176. Development and approval of the plan for merger, amalgamation, transfer of 100% of shares/stakes**

1. Within 60 days from the date of receipt of the written request of the special control board specified in Clause 7 Article 167 of this Law, the credit institution placed under special control shall finish developing the plan for merger, amalgamation, transfer of 100% of shares/stakes and submit it to the special control board.

2. Procedures and time limit for approval for the plan for merger, amalgamation, transfer of 100% of shares/stakes shall comply with regulations in Clauses 2, 3 and 5 Article 169 of this Law.

**Article 177. Contents of plan for merger, amalgamation, transfer of 100% of shares/stakes**

1. The plan for merger, amalgamation, transfer of 100% of shares/stakes shall contain:

a) Name of the plan and procedures for implementation thereof;

b) Information about the acquired credit institution and the acquiring credit institution, the amalgamated credit institution or the investor that acquires 100% of the shares/stakes, including evidence about their qualification and capacity prescribed by law;

c) A plan for organization, administration and operation, including integration and conversion of the information technology system in case of merger or amalgamation;

d) A business plan for the period of 03 years after the merger, amalgamation or transfer of 100% of shares/stakes, including estimated safety ratios specified in Article 138 of this Law;

dd) A plan for settlement of special loans taken, including those specified in Clause 3 Article 162 of this Law;

e) A plan for remedy to the situation that leads to special control with regard to the case of transfer of 100% of shares/stakes;

g) Mandatory assisting measures specified in Article 171 of this Law, except for those specified in point a Clause 1, and points b and c Clause 2 Article 171 of this Law;

h) Roadmap and time limit for implementation of the plan.

2. Holdings of shares/stakes of the investor that acquires 100% of the shares/stakes shall be consistent with those specified in the approved plan for transfer of 100% of shares/stakes and may exceed the limits specified in Clause 2 and Clause 3 Article 63, Clause 1 Article 77 and

Clause 2 Article 137 of this Law and there must be a roadmap for reduction in holdings of shares/stakes for compliance with the limits.

**Article 178. Implementation of the plan for merger, amalgamation, transfer of 100% of shares/stakes**

1. The credit institution placed under special control shall be responsible for implementing the approved plan for merger, amalgamation, transfer of 100% of shares/stakes.
2. The special control board shall inspect and supervise the implementation of the approved plan for merger, amalgamation, transfer of 100% of shares/stakes by the credit institution placed under special control.
3. The State Bank shall inspect and supervise the implementation of the approved plan for merger, amalgamation, transfer of 100% of shares/stakes.
4. The State Bank shall decide revisions to the plan for merger, amalgamation, transfer of 100% of shares/stakes, including extension of time limit for implementation at the request of the special control board.
5. Procedures for merger, amalgamation, transfer of 100% of shares/stakes shall comply with regulations of law.
6. If the plan for merger, amalgamation, transfer of 100% of shares/stakes of the credit institution placed under special control is not approved by the State Bank or the credit institution placed under special control fails to implement the plan by the deadline for implementation, the special control board shall request the credit institution placed under special control to propose and formulate a plan for mandatory transfer of commercial bank or dissolution plan or bankruptcy plan according to regulations of this Law.

**Section 4. PLAN FOR MANDATORY TRANSFER OF COMMERCIAL BANKS PLACED UNDER SPECIAL CONTROL**

**Article 179. Development and approval of the plan for mandatory transfer of a commercial bank placed under special control upon receipt of the written request from transferee**

1. The mandatory transfer of a commercial bank placed under special control shall be made if all of the following conditions are satisfied:
  - a) The accumulated losses incurred by the commercial bank exceeds 100% of its charter capital and reserve funds written in the latest financial statement which has been audited;
  - b) There is a transferee that meets conditions specified in Article 184 of this Law within 60 days from the date on which the commercial bank placed under special control receives the written request from the special control board according to Clause 7 Article 167 or Clause 5 Article 172 or Clause 6 Article 178 of this Law.



2. Within 180 days from the date on which the commercial bank placed under special control receives the written request from the special control board according to Clause 7 Article 167 or Clause 5 Article 172 or Clause 6 Article 178 of this Law, the transferee shall finish developing the mandatory transfer plan and submit it to the special control board.
3. Within 30 days from the date on which the mandatory transfer plan is received from the expected transferee, the special control board shall make assessment and submit a report on feasibility of the plan to the State Bank.
4. After receiving the report from the special control board, the State Bank shall consider approving the plan for mandatory transfer of commercial bank placed under special control.
5. In case the mandatory transfer plan contains a proposal for special loans granted by the State Bank with the interest rate up to 0%/year, without collateral, the State Bank shall request the Prime Minister to consider deciding special loans with the interest rate up to 0%/year, without collateral before approving the mandatory transfer plan.
6. The time limits specified in Clauses 2 and 3 of this Article may be extended by the State Bank, but the total duration must not exceed two times the initial time limit.
7. If the mandatory transfer plan is not approved and it is not the case where a transferee can be designated according to regulations in Clause 1 Article 180 of this Law, the State Bank shall request the commercial bank placed under special control to formulate a bankruptcy plan according to regulations of this Law.

**Article 180. Development and approval of the plan for mandatory transfer of a commercial bank placed under special control in case where a transferee is designated**

1. The State Bank shall request the Government to designate a transferee if all of the following conditions are satisfied:
  - a) The commercial bank placed under special control falls into the case specified in point a Clause 1 Article 179 of this Law;
  - b) There is no transferee according to point b Clause 1 Article 179 of this Law or the mandatory transfer plan is not approved under Clause 4 Article 179 of this Law;
  - c) The bankruptcy of commercial bank placed under special control may threaten the safety of the credit institution system.
2. The transferee to be designated shall satisfy all conditions specified in Article 184 of this Law.
3. After the Government decides to designate the transferee, the designated transferee shall finish developing the plan for mandatory transfer of commercial bank placed under special control within 180 days from the date of receipt of the written request from the State Bank.

4. Procedures and time limit for approval for the mandatory transfer plan in case where the transferee is designated shall comply with regulations in Clauses 3, 4, 5 and 6 Article 179 of this Law.

5. If the mandatory transfer plan is not approved or the transferee cannot be designated, the State Bank shall request the commercial bank placed under special control to formulate a bankruptcy plan according to regulations of this Law.

#### **Article 181. Contents of mandatory transfer plan**

A mandatory transfer plan shall contain:

1. Information about the transferee;
2. A plan for increasing the charter capital and deadline for implementing the plan;
3. A business plan suitable for the situation of the commercial bank placed under special control from time to time;
4. A plan for organizational structure and administration;
5. A plan for settlement of weaknesses, bad debts and collateral;
6. A plan for settlement of deposits made by juridical persons, deposits and loans of other credit institutions; a plan for settlement of special loans taken, including those specified in Clause 3 Article 162 of this Law;
7. A plan for settlement of shares/stakes of the commercial bank by the transferee if they exceed the limits specified in Article 186 of this Law;
8. Assisting measures specified in Article 182 of this Law; and
9. Roadmap in compliance with regulations in Articles 136, 137, 138 and Clause 3 Article 144 of this Law;
10. Roadmap and time limit for implementation of the mandatory transfer plan.

#### **Article 182. Assisting measures applied by a commercial bank that is transferred**

1. The commercial bank that is transferred may apply one or some the following measures:
  - a) Sell bad debts without collateral or bad debts whose collateral has been distrained or collateral without legitimate documents to the bad debt purchaser/manager;
  - b) Receive deposits or take loans from the transferee according to the mandatory transferee plan or as agreed;

- c) Buy debts and corporate bonds held by the transferee that are classified as current non-performing loans; re-sell debts and corporate bonds to the transferee as agreed or in case such debts are converted into bad debts;
  - d) The transferee shall appoint staff to participate in management, administration and control of the transferred bank; provide assistance in information technology and other activities as agreed;
  - dd) Be exempted from interest rates of refinancing and special loans from the State Bank;
  - e) Take special loans from the State Bank, deposit insurers, other credit institutions according to regulations in point b Clause 1, Clause 2 Article 192 of this Law;
  - g) Implement other measures within the jurisdiction of the State Bank.
2. Be allowed to apply the risk factor of 0% to the loans, guarantees and deposits at the transferee and other credit institution when calculating capital adequacy ratio and classify them as current non-performing loans during the implementation of the mandatory transfer plan.

### **Article 183. Organizing the implementation of the mandatory transfer plan**

1. The State Bank shall issue a decision on mandatory transfer and approve the mandatory transfer plan.

From the date on which the decision on mandatory transfer is issued by the State Bank, all rights and benefits of the owner, capital contributors or shareholders of the commercial bank (the transferred bank) shall be terminated.

2. The State Bank shall decide to record a decrease in all charter capital of the transferred bank to reduce the respective accumulated losses.

3. A decision on mandatory transfer shall contain:

- a) Name of the transferee; name of the transferred bank before and after the mandatory transfer; legal form, charter capital, the owner, capital contributors, shareholders of the transferred bank;
- b) Termination of all rights and benefits of the owner, capital contributors or shareholders of the transferred bank; and
- c) Responsibilities of the transferee and the transferred bank under the mandatory transfer plan which is approved and regulations of law.

4. The transferee shall:

- a) Exercise the rights of the owner, capital contributors and shareholders at the transferred bank;
- b) Implement the approved mandatory transfer plan.

5. The commercial bank that is transferred shall:
  - a) Follow procedures for changing its license;
  - b) Implement the approved mandatory transfer plan.
6. Where necessary, the State Bank shall decide revisions to the mandatory transfer plan, including the extension of time limit for implementation of the mandatory transfer plan.
7. In case of adjustments to special loans with the interest rate up to 0%/year, without collateral under the mandatory transfer plan, the State Bank shall request the Government to consider deciding such adjustments.
8. The State Bank shall inspect and supervise the implementation of the approved mandatory transfer plan.
9. If the commercial bank placed under special control fails to recover from the situation that leads to special control by the deadline for implementation of the mandatory transfer plan, the State Bank shall request the commercial bank to formulate a bankruptcy plan according to regulations in this Law.

#### **Article 184. Transferee**

1. The transferee shall be one of the following institutions/enterprises:
  - a) Domestic or foreign credit institution;
  - b) Domestic or foreign enterprise;
  - c) Another institution.
2. The transferee that is a domestic credit institution shall:
  - a) Have a profitable business for the last 02 years according to its audited financial statement before making the offer or being designated;
  - b) Satisfy the safety ratios specified in Article 138 of this Law; and
  - c) Has a feasible mandatory transfer plan.
3. The transferee that is not a domestic credit institution shall:
  - a) Be a juridical person;
  - b) Meet conditions specified in point a and point c Clause 2 of this Article;

## **Article 185. Rights and obligations of the transferee**

1. The transferee that is a credit institution has the following rights and obligations:

- a) Hold 100% of charter capital of the transferred commercial bank if the transferred bank is converted into a single-member limited liability company;
- c) Capital contributed or shares purchased by the transferee at the transferred bank shall comply with the ratios specified in the approved mandatory transfer plan and may exceed the limits on holdings of shares/stakes specified in Clause 2 and Clause 3 Article 63, Clause 1 Article 77 and Clause 2 Article 137 of this Law;
- c) Be not required to consolidate financial statements of the commercial bank;
- d) Exclude the commercial bank that is transferred when calculating the consolidated capital adequacy ratio;
- d) Exclude the balance of credit extension to the transferred bank when calculating ratios and limits specified in Clause 4 Article 135, Clause 1 and Clause 2 Article 136 of this Law;
- e) Include the salaries, bonus and other benefits of people appointed or designated to participate in administration, control and operation of the transferred bank in expenses;
- g) Cooperate with the commercial bank placed under special control to develop the mandatory transfer plan; organize implementation and revision to the approved mandatory transfer plan;
- h) Select and appoint qualified personnel to participate in administration, operation and control of the transferred bank;
- i) Manage and supervise organization and operation by the transferred bank;
- k) Grant loans and make deposits at the transferred bank under the mandatory transfer plan or as agreed;
- l) Sell, sell on a definite term debts and corporate bonds that are classified as current non-performing loans to the transferred bank as agreed; buy back debts and corporate bonds that were sold to the transferred bank in case such debts are converted into bad debts;
- m) Be exempted from making provisions for decline in value of the capital contributed in the transferred bank and exclude them when calculating the limit on capital contribution or share purchase by the transferee;
- n) Sell, issue shares of the transferee to foreign investors in accordance with the approved mandatory transfer plan;

o) Be eligible for refinancing loans with interest rates equal to those of loans granted by the transferee, make deposits at the transferred bank; the amount and duration of the refinancing loan must not exceed the amount and duration of the loan or deposit of the transferee at the transferred bank;

p) Be allowed to reduce the reserve requirement by 50%;

q) Be exempted from restrictions on purchase, hold and investment in government bonds and government-backed bonds specified in Point d Clause 1 Article 138 of this Law;

r) Issue long-term bonds to deposit insurers under the State Bank's decision;

s) Adopt other measures decided by the State Bank within its jurisdiction.

2. The transferee that is not the credit institution has rights and obligations specified in points a, b, c, e, g, h, i, m and n Clause 1 of this Article and may make deposits at the transferred bank under the mandatory transfer plan or as agreed;

#### **Article 186. Settlement of share/stakes exceeding limits**

1. The transferee shall reduce holdings of shares/stakes at the transferred bank by increase in the charter capital, transfer of shares/stakes and other measures according to regulations of law in order to comply with the limits specified in Clause 2 and Clause 3 Article 63, Clause 1 Article 77 and Clause 2 Article 137 of this Law within the time limit specified in the mandatory transfer plan.

2. If the regulations in Clause 1 of this Article cannot be applied, the transferee shall merge, amalgamate or dissolve the transferred bank.

3. The settlement of shares/stakes mentioned in Clause 1 of this Article shall be carried out before the deadline specified in the approved mandatory transfer plan when all of the following conditions are satisfied:

a) Charter capital has been increased in accordance with the approved mandatory transfer plan;

b) It has been at least 01 year from the effective date of the decision on mandatory transfer.

#### **Section 5. DISSOLUTION AND BANKRUPTCY OF CREDIT INSTITUTIONS PLACED UNDER SPECIAL CONTROL**

##### **Article 187. Dissolution of credit institutions placed under special control**

1. The credit institution placed under special control is dissolved when it falls into one of the following cases:

a) It is capable of fully paying debts;

b) There is a credit institution that assumes all debt obligations.

2. In case of dissolution according to regulations in point a Clause 1 of this Article, the special control board shall request the State Bank to decide the dissolution of the credit institution placed under special control.

3. In case of dissolution according to regulations in point b Clause 1 of this Article, the special control board shall request the credit institution placed under special control to cooperate with the credit institution that assumes all debt obligations in developing an asset liquidation plan which contains contents of purchase part or all assets, receipt of transfer of all debt obligations from the credit institution placed under special control and assisting measures applied to the credit institution that assumes all debt obligations, and submitting this plan to the State Bank for approval.

With regard to a people's credit fund, the cooperative bank shall give opinions on the asset liquidation plan before the plan is submitted to the State Bank.

4. The credit institution that assumes all debt obligations shall:

a) Have a profitable business for the last 02 years according to its audited financial statement before assuming all debt obligations;

b) Satisfy safety ratios specified in Clause 1 Article 138 of this Law at the time on which it offers to assume all debt obligations.

5. The dissolution of and liquidation of assets of the credit institution placed under special control upon dissolution shall comply with regulations in Clause 1 Article 204 of this Law and relevant laws.

#### **Article 188. Bankruptcy of credit institutions placed under special control**

1. A plan for bankruptcy of a credit institution placed under special control shall be formulated in one of the following cases:

a) The credit institution placed under special control fails to prepare the restructuring plan within the time limit specified in Clause 1 Article 169, Clause 1 Article 176 of this Law, and is not eligible for mandatory transfer specified in Clause 1 Article 179, Clause 1 Article 180 of this Law or dissolution specified in Clause 1 Article 187 of this Law;

b) The commercial bank falls into the case specified in Clause 7 Article 179, Clause 5 Article 180, Clause 9 Article 183 of this Law;

c) The credit institution falls into the case specified in Clause 2 Article 204 of this Law;

d) The credit institution placed under special control proposes the bankruptcy plan within 60 days from the date of receipt of the written request from the special control board specified in Clause 7 Article 167 or Clause 5 Article 172 or Clause 6 Article 178 of this Law.

2. The special control board shall cooperate with the credit institution placed under special control and a deposit insurer in formulating the plan for bankruptcy of the credit institution placed under special control and requesting the State Bank to submit the plan to the Government for approval, except for the case specified in Clause 3 of this Article.

After the bankruptcy plan is approved, the State Bank shall request the Prime Minister to decide the limits on deposit insurance payouts for depositors, which do not exceed their deposits at the credit institution.

3. The special control board shall cooperate with a people's credit fund placed under special control, the deposit insurer and the cooperative bank in developing a plan for bankruptcy of the people's credit fund placed under special control and requesting the State Bank to submit the plan to the Prime Minister for decision on the limits on deposit insurance payouts for depositors, which do not exceed their deposits at the people's credit fund.

After the Prime Minister decides the limits on deposit insurance payouts, the special control board shall be responsible for cooperating with the people's credit fund placed under special control, the deposit insurer and the cooperative bank to complete the plan for bankruptcy of the people's credit fund placed under special control and submit it to the State Bank for approval.

#### **Article 189. Contents of bankruptcy plan**

A bankruptcy plan shall contain:

1. Situation of the credit institution placed under special control;
2. Assessment of impact of the bankruptcy plan on safety of the credit institution system;
3. Expected limits on deposit insurance payouts for depositors that are individuals; roadmap and period of payment;
4. Roadmap and responsibilities for implementation of the bankruptcy plan.

#### **Article 190. Implementation of bankruptcy plan**

1. After the bankruptcy plan is approved, the deposit insurer shall be responsible for cooperating with the credit institution placed under special control in making deposit insurance payouts to depositors under the bankruptcy plan.

2. If the technical reserve fund of the deposit insurer is not sufficient to make deposit insurance payouts to depositors according to regulations in Clause 1 of this Article, the State Bank shall allow the deposit insurer to take special loans.



The deposit insurer shall formulate a plan for increase in deposit insurance premiums to offset special loans; use the special loan repayment from the credit institution, revenue from sale of valuable papers held by the deposit insurer, revenue from liquidation of assets of the credit institution that took the special loans, and deposit insurance premiums to prioritize repayment of special loans to the State Bank.

3. The State Bank shall inspect and supervise the implementation of the approved bankruptcy plan, request the credit institution placed under special control to file for bankruptcy in accordance with bankruptcy laws.

4. The State Bank shall decide revisions to the plan for bankruptcy of the people's credit fund or request the Government to consider approving revisions to the plan for bankruptcy of another credit institution if necessary.

5. Procedures for bankruptcy of credit institutions shall comply with Article 203 of this Law and bankruptcy laws.

## **Chapter XI**

### **HANDLING CASES WHERE CREDITS INSITUTIONS FACE BANK RUNS; TAKING AND GRANTING SPECIAL LOANS**

#### **Article 191. Handling cases where credit institutions face bank runs**

1. A credit institution facing bank run shall notify the State Bank and implement the following measures:

a) Not paying dividends in cash; suspending or restricting credit extension and other activities using funds of the credit institution; adopting other measures for payment of deposits made by clients;

b) Implementing measures indicated in the remedial plan in case the bank run occurs according to regulations in Article 143 of this Law; updating and adjusting the plan if necessary.

2. A credit institution subject to early intervention where the bank run occurs shall report to the State Bank on bank run, review and re-assess the situation in order to develop and adjust the remedial plan according to regulations in Article 158 and Article 160 of this Law. The credit institution shall implement the remedial plan which is developed and adjusted.

3. The credit institution may apply the following assisting measures when the bank run occurs:

a) Sell valuable papers to the State Bank through open market operations with the interest rate of 0%;

b) Carry out foreign currency transactions with the State Bank to ensure liquidity according to regulations of the Governor of State Bank;

c) Commercial banks, cooperative banks, people's credit funds and microfinance institutions may take special loans from the State Bank; from deposit insurers according to regulations of law on deposit insurance; from other credit institutions.

#### **Article 192. Cases eligible for special loans**

1. A credit institution is entitled to take special loans from the State Bank or other credit institutions in the following cases:

a) Paying deposits to depositors according to regulations in Article 191 of this Law;

b) Implementing the restructuring plan or the mandatory transfer plan.

2. The commercial bank, cooperative bank, people's credit fund or microfinance institution may take special loans from deposit insurers according to regulations of law on deposit insurance.

3. Cooperative banks only grant special loans to people's credit funds according to regulations in the Governor of State Bank.

#### **Article 193. Authority to decide to grant loans, interest rates and collateral of special loans**

1. The State Bank shall decide to grant special loans with interest rates and collateral to credit institutions. Interest rates and collateral of special loans from the State Bank shall comply with regulations of the Governor of State Bank.

2. Cooperative banks shall decide to grant special loans to people's credit funds.

3. Deposit insurers and other credit institutions shall decide to grant special loans to credit institutions.

4. The Prime Minister shall decide to grant special loans from the State Bank with the interest rate of 0%/year, special loans without collateral to credit institutions on the basis of the proposal of the State Bank.

#### **Article 194. Rules for settlement of special loans**

1. Special loans shall be repaid before every other debts and financial obligations, including debts and financial obligations secured by collateral of the borrower.

2. The cooperative bank may record the unrecoverable special loans as decreases in the people's credit fund system safety assurance fund.

3. The Governor of the State Bank shall issue detailed regulations on granting special loans.

### **Chapter XII**

## **SETTLEMENT OF BAD DEBTS AND COLLATERAL**

### **Article 195. Bad debts**

The regulations in this Chapter shall be applied to the following bad debts:

1. Bad debts of credit institutions and foreign bank branches, including bad debts that are being recorded in the balance sheets according to regulations of the Governor of State Bank and bad debts that are still unrecoverable after loan loss provision has been used and are being monitored as off-balance-sheet items
2. Bad debts that are purchased by bad debt purchasers/managers from credit institutions and foreign bank branches but are still unrecoverable.

### **Article 196. Sale of bad debts and collateral of bad debts**

Credit institutions, foreign bank branches and bad debt purchasers/managers shall sell bad debts and collateral of bad debts in a public and transparent manner according to regulations of law. The selling price of a bad debt and collateral of bad debt may be higher or lower than its principal.

### **Article 197. Purchase and sale of bad debts of bad debt purchasers/managers**

1. Bad debt purchasers/managers may purchase bad debts of credit institutions at market price or with special bonds and convert bad debts purchased with special bonds into bad debts purchased at market price according to regulations of the Governor of State Bank. Bad debt purchasers/managers may only purchase bad debts of joint-venture credit institutions, wholly foreign-owned credit institutions and foreign bank branches at market price.
2. Bad debt purchasers/managers may sell bad debts to juridical persons and individuals.
3. Bad debt purchasers/managers may negotiate and reach an agreement with credit institutions to distribute the remaining value of repayments of bad debts after deducting the purchase price and settlement expenses.

### **Article 198. Purchase and sale of bad debts secured by collateral being land use rights, property on land, or off-plan property on land.**

1. The purchaser of a debt derived from a credit institution or foreign bank's branch's bad debt secured by collateral being land use rights, property on land or off-plan property on land is entitled to put up or register the land use rights, property on land or off-plan property on land as the collateral for the purchased debt.
2. The purchaser of a debt derived from a credit institution or foreign bank's branch's bad debt secured by collateral being land use rights, property on land or off-plan property on land is entitled to inherit rights and obligations of the mortgagee.

3. The bad debt purchaser/manager is entitled to register additional assets being land use rights, property on land or off-plan property on land as the collateral for the purchased debt.
4. The registration of change to land with respect to collateral being land use rights or property on land of the debt derived from bad debt of the credit institution or foreign bank's branch; and registration of land use rights, property on land, off-plan property on land as the collateral of the debt derived from bad debt of the credit institution or foreign bank's branch shall comply with regulations of the Government.

### **Article 199. Order of priority for payment upon liquidation of collateral of bad debts**

1. Proceeds from the liquidation of collateral of bad debts shall be used to pay the amounts below in the following order of priority:

- a) Collateral preservation expenses;
- b) Expenses on seizure and liquidation of collateral;
- c) Court fees and expenses on enforcement of judgments and decisions of the Court related to liquidation of collateral;
- d) Tax and fees directly incurred from transfer of collateral, including personal income tax and registration fees;
- dd) Debts secured by the credit institution, foreign bank's branch or bad debt purchaser/manager;
- e) Other unsecured liabilities according to regulations of law.

2. If an item of collateral is secured for multiple obligations, the order of priority for payment among all secured parties shall comply with regulations of the civil law and relevant laws.

### **Article 200. Transfer of collateral**

1. The agency competent to register right to ownership or use of collateral shall follow procedures for transferring the right to ownership or use of collateral to purchaser or transferee of collateral of bad debt of a credit institution or foreign bank's branch.

2. Except for court fees, taxes and charges directly incurred from the transfer of collateral of bad debts according to regulations in Article 199 of this Law, the secured party or transferee is not required to cover tax or fee liabilities payable by the guarantor from the collateral transfer amount upon formalities of registration or changes of the right to ownership or use of collateral of the bad debts. Tax payment made by the guarantor or transferee related to the transfer of collateral of the bad debts shall comply with regulations of the tax law.

3. Credit institutions, foreign bank branches, debt management and asset utilization companies affiliated to credit institutions, and Vietnam Asset Management Company (VAMC) established

and operating in accordance with regulations of the Law on Credit Institutions are entitled to transfer entire or partial real estate projects as collateral in order to collect debts according to regulations on transfer of entire or partial real estate projects of the Law on Real Estate Business and other relevant laws but are not required to meet the eligibility requirements to engage in real estate business to be satisfied by transferors of real estate business projects laid down in the Law on Real Estate Business.

## **Chapter XIII**

### **REORGANIZATION, DISSOLUTION, BANKRUPTCY, LIQUIDATION AND FREEZE ON CAPITAL AND ASSETS**

#### **Article 201. Reorganization of credit institutions**

1. Credit institutions may be reorganized by division, consolidation, amalgamation, merger or conversion of legal forms or conversion into non-bank credit institutions after obtaining the State Bank's written approval.
2. The Governor of the State Bank shall provide for requirements, applications and procedures for approval of reorganization of credit institutions.

#### **Article 202. Cases of dissolution and termination of operations of credit institutions or foreign bank branches**

1. The credit institution or foreign bank's branch does not apply for extension or applies for extension but the extension is rejected by the State Bank when its operation duration expires.
2. The credit institution or foreign bank's branch has its license revoked.
3. The credit institution or foreign bank's branch voluntarily dissolves itself if it is capable of paying all debts and the State Bank gives written approval.
4. Regarding a credit institution subject to early intervention or placed under special control, there is a credit institution that assumes all debt obligations.

#### **Article 203. Bankruptcy of credit institutions**

1. After the State Bank issues a document on termination of special control or non-application of solvency recovery measures or termination of application of solvency recovery measures, if the credit institution is still insolvent, it shall file a petition to the Court to initiate the bankruptcy proceedings as per the law on bankruptcy.
2. After receiving the petition for bankruptcy proceedings, the Court shall immediately follow procedures for liquidation of assets of the credit institution as per the bankruptcy law.

3. After the judge appoints an official receiver or an enterprise responsible for management and liquidation of the assets, the State Bank shall revoke the license of the credit institution.

#### **Article 204. Liquidation of assets of credit institutions and foreign bank branches in case of dissolution or termination of operations**

1. Upon dissolution or termination of operations according to regulations in Article 202 of this Law, the credit institution or foreign bank's branch shall liquidate its assets under the supervision of the State Bank and follow procedures for liquidation of assets prescribed by the Governor of State Bank.

2. During the supervision of the liquidation of assets of the dissolved credit institution, if it is detected that the credit institution is not capable of paying all debts, the State Bank shall decide to terminate the liquidation of assets and implement the plan for bankruptcy of the credit institution according to regulations in Section 5 Chapter X and Article 203 of this Law.

3. The credit institution or foreign bank's branch that has assets liquidated shall be responsible for paying all expenses incurred from the liquidation of assets.

#### **Article 205. Freezing capital and assets of foreign bank branches**

1. When necessary, the State Bank shall freeze entire or partial capital and assets of foreign bank branches in order to protect the interests of depositors.

2. The Governor of State Bank shall provide for cases of freeze and termination of freeze on capital and assets of each foreign bank branch.

### **Chapter XIV**

#### **STATE MANAGEMENT**

#### **Article 206. Responsibilities of state management agencies**

1. The Government shall perform the uniform state management of banking operations throughout the country.

2. The State Bank is a focal point which assists the Government in uniform state management of organization and operation of credit institutions, foreign bank branches and foreign representative offices.

3. The Ministry of Finance shall be responsible for state management of securities and securities market, insurance agency activities with respect to credit institutions and foreign bank branches, subsidiaries and associate companies of credit institutions according to regulations of the Law on Securities, the Law on Insurance Business and relevant laws.

4. Ministries and ministerial agencies shall, within the scope of their respective tasks and powers, perform state management of credit institutions, foreign bank branches and foreign representative offices according to regulations of law.

5. People's Committees at all levels shall perform state management of local credit institutions, foreign bank branches and foreign bank branches according to regulations of law.

#### **Article 207. Authority to conduct inspection and exercise supervision**

1. The State Bank has authority to inspect and supervise credit institutions, foreign bank branches and foreign representative offices according to regulations of the Law on the State Bank of Vietnam and relevant laws.

2. The Government Inspectorate shall conduct inspections of credit institutions and foreign bank branches according to the law on inspection.

3. The Ministry of Finance shall:

a) Inspect and supervise securities and securities market of credit institutions and foreign bank branches, subsidiaries and associate companies of credit institutions according to regulations of the Law on Securities and relevant laws;

b) Inspect and supervise insurance agency activities of credit institutions and foreign bank branches, subsidiaries and associate companies of credit institutions according to regulations of the Law on Insurance Business and relevant laws;

c) Take charge, cooperate with and share information with the State Bank during compliance with regulations in point a and point b of this Clause.

4. Ministries and ministerial agencies shall, within the scope of their functions, tasks and powers, conduct inspections and exercise supervision of credit institutions, foreign bank branches and foreign representative offices.

#### **Article 208. Rights and obligations of entities subject to inspection and supervision**

1. Promptly, adequately and accurately provide information and documents at the request of the State Bank and state management agencies during the inspection and supervision.

2. Be responsible for the accuracy and truthfulness of the provided information and documents.

3. Ensure connection and access to online data in order to serve the State Bank's supervision according to regulations of the Governor of State Bank.

4. Report and explain about risk and operational safety recommendations and warnings issued by the State Bank.

5. Comply with the State Bank's risk and operational safety recommendations and warnings.
6. Comply with inspection conclusions and handling decisions of the State Bank, the Government Inspectorate and other authorities according to regulations of law.
7. Other rights and obligations prescribed by law.

## **Chapter XV**

### **IMPLEMENTATION PROVISIONS**

#### **Article 209. Entry into force**

1. This Law comes into force from July 01, 2024, except for Clause 2 of this Article.
2. Clause 3 Article 200 and Clause 15 Article 210 of this Law come into force from January 01, 2025.
3. The Law on Credit Institutions No. 47/2010/QH12 amended by the Law No. 17/2017/QH14 will cease to be effective from the effective date of this Law, except for regulations in Clauses 1, 2, 3, 4, 8, 9, 12 and 14 Article 210 of this Law.

#### **Article 210. Transitional provisions**

1. Credit institutions, foreign bank branches and foreign representative offices already established and operating under licenses granted by the State Bank before the effective date of this Law are not required to apply for reissuance of their licenses under this Law. Amendments to licenses shall comply with regulations of this Law.
2. Regarding contracts, transactions and agreements signed before the effective date of this Law, credit institutions, foreign bank branches and clients may continue to carry out such contracts, transactions and agreements signed until their expiration dates. Revision and extension of contracts, other transactions and agreements are only allowed if the revision and extension are conformable with regulations of this Law, except for debt rescheduling of credit extension contracts, transactions and agreements, which shall comply with regulations of laws on bank.

Credit institutions, foreign bank branches and clients may continue to carry out indefinite-term contracts, transactions and agreements which contain contents unconformable to regulations of this Law and are signed before the effective date of this Law until the end of June 30, 2025. After this date, credit institutions, foreign bank branches and clients shall terminate or revise such contracts, transactions and agreements in accordance with regulations of this Law.

3. If a credit institution placed under special control has not fully repaid special loans taken from the State Bank by the effective date of this Law and has no restructuring plans approved, the parties may continue to execute the concluded special loan contract and extension to the special loans will be considered according to regulations of the Governor of State Bank.



4. Regarding promissory notes and treasury bills issued that are not fully repaid or redeemed until the effective date of this Law, credit institutions, foreign bank branches and purchasers of such promissory notes and treasury bills shall continue to adhere to agreements until they are fully repaid or redeemed.

5. Credit institutions that contribute capital to or purchase shares of enterprises or other credit institutions specified in point b Clause 5 Article 137 of this Law, subsidiaries of credit institutions that contribute capital or purchase shares specified in Clause 5 Article 137 of this Law before the effective date of this Law and shareholders, shareholders and their related persons at commercial banks that hold shares in excess of the holdings specified in Article 55 of the Law on Credit Institutions No. 47/2010/QH12 amended by the Law No. 17/2017/QH14 shall formulate and implement roadmaps in order to conform to this Law according to regulations of the Governor of State Bank.

6. If the collateral of a bad debt that is a real property project has been seized according to Article 7 of Resolution No. 42/2017/QH14 on pilot settlement of bad debts of credit institutions (hereinafter referred to as “Resolution No. 42/2017/QH14”) or is being transferred according to Article 10 of Resolution No. 42/2017/QH14 before the effective date of this Law but the seizure or transfer has not been completed as of the effective date of this Law, the regulations set out in Article 10 of Resolution No. 42/2017/QH14 shall continue to apply from January 01, 2024 until completion.

7. Regarding estimated profits that have been recorded of bad debts that have not been divested of credit institutions as prescribed and the difference between book value of the debt included in the balance sheet and selling price of the bad debt and the specific provision for such debt which are being allocated according to Article 16 of Resolution No. 42/2017/QH14, they shall continue to be allocated according to regulations in Article 16 of Resolution No. 42/2017/QH14 from January 01, 2024 until the end of August 14, 2027.

8. Managers, executives and holders of other titles of credit institutions or foreign bank branches that are elected and appointed before the effective date of this Law but fail to meet regulations in Articles 41, 42 and 43 of this Law may continue to hold their positions until the end of their terms or until expiration of their election and appointment period.

The Board of Directors of a credit institution that is elected before the effective date of this Law but fails to meet regulations in Clause 1 and Clause 3 Article 69 of this Law may keep operating until the end of its term.

By the effective date of this Law, if the number of members of the Board of Members of a credit institution that is a single-member limited liability company exceeds the one specified in point a Clause 1 Article 73 of this Law, it shall be adjusted to comply with regulations in point a Clause 1 Article 73 of this Law before July 01, 2025.

By the effective date of this Law, if the number of members of the Board of Controllers of a commercial bank is not consistent with regulations in Clause 2 Article 51 of this Law, such number may remain unchanged according to regulations in Clause 2 Article 44 of the Law on

Credit Institutions No. 47/2010/QH12 amended by the Law No. 17/2017/QH14 until the end of the term of the Board of Controllers or the term of office of each member, except for the case where the commercial bank elects, appoints, or replaces members of the Board of Controllers.

9. If credit institutions placed special control have their restructuring guidelines decided before the effective date of this Law and fall outside the cases specified in Clause 10 of this Article, the adjustment to guidelines and the development and approval of restructuring plans shall comply with regulations in sections 1, 1b, 1c, 1d, 1dd and 1e Chapter VIII of the Law on Credit Institutions No. 47/2010/QH12 amended by the Law No. 17/2017/QH14 on adjustment to guidelines and development and approval of plans.

Restructuring plans which have been approved before the effective date of this Law shall continue to be implemented. Amendments to such restructuring plans approved shall comply with regulations of this Law.

10. Regarding credit institutions that have their licenses revoked or do not carry out banking operations for 12 consecutive months before the effective date of this Law, the following regulations shall be applied:

- a) If such credit institutions fall into dissolution cases in Article 202 of this Law, they shall be dissolved according to regulations of this Law and relevant laws;
- b) If such credit institutions fall outside dissolution cases in Article 202 of this Law, they shall go bankrupt according to regulations in Article 203 of this Law and relevant laws;

11. From the effective date of this Law, shareholders, shareholders and their related persons that hold shares in excess of the limits specified in Article 63 of this Law may continue to maintain such holdings of shares but must not obtain more shares until regulations on holdings are complied with according to this Law, except for receipt of dividends in shares.

If the maximum permissible holdings of a major shareholder, a shareholder and their related persons at a commercial bank performing national defense tasks exceed the limits specified in Article 63 of this Law before the effective date of this Law, the holdings may remain unchanged in accordance with regulations in Clauses 2, 3 and 4 Article 55 of the Law on Credit Institutions No. 47/2010/QH12 amended by the Law No. 17/2017/QH14.

12. Credit institutions that are implementing restructuring plans decided by competent authorities before the effective date of this Law may continue to implement such plans until completion, except for the case specified in Clause 9 of this Article.

13. Microfinance programs and projects of socio-political organizations and non-governmental organizations that are being implemented before the effective date of this Law are not required to have their operational organization adjusted according to regulations of this Law but regulations of the Government.

14. Any credit institution or foreign bank's branch which has been issued with a license for factoring and letter of credit before the effective date of this Law may carry out activities specified in point dd and point e Clause 3 Article 107, point e Clause 1 Article 114, Clause 6 Article 115, point dd Clause 1 Article 119, point a Clause 1 Article 120 and point g Clause 1 Article 124 of this Law without having to make any revision to the license.

15. Credit institutions, foreign bank branches, asset management companies affiliated to credit institutions, and Vietnam Asset Management Company (VAMC) established and operating in accordance with regulations of the Law on Credit Institutions that are entitled to transfer entire or partial real estate projects received as collateral before the effective date of this Law in order to collect debts are not required to meet the eligibility requirements to engage in real estate business to be satisfied by transferors of real estate business projects laid down in the law on real estate business but the following conditions shall be satisfied:

- a) The transferred real estate projects shall meet conditions specified in points a, d, dd, g and h Clause 1 Article 40 of the Law on Real Estate Business No. 29/2023/QH15 and they shall obtain decisions on land allocation and land lease issued by competent authorities;
- b) Transferees shall meet conditions specified in Clauses 2, 4 and 5 Article 40 of the Law on Real Estate Business No. 29/2023/QH15.

*This Law has been ratified by the 15<sup>th</sup> National Assembly of the Socialist Republic of Vietnam during its 5<sup>th</sup> extraordinary session held on January 18, 2024.*

**CHAIRMAN OF NATIONAL ASSEMBLY**

**Vuong Dinh Hue**