



VIETNAM



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NEW regulation of Vietnam on re-organisation of credit institutions

On December 31, 2015 the State Bank of Vietnam (SBV) promulgated Circular No. 36/2015/TT-NHNN regulating the re-organisation of credit institutions, in the form of merger, consolidation and conversion of legal forms of certain types of credit institutions, including only commercial banks and finance companies (Circular 36).

Re-organisation principles and conditions

Under Circular 36, re-organisation of credit institutions shall meet, inter alia, the following key principles and conditions:

- Confidentiality of information is required, aiming to ensure the stable operation of the credit institution(s) prior to the re-organisation plan of the credit institutions being approved by its decision-makers.
- However, within seven business days of obtaining an in-principle acceptance from the SBV for a re-organisation plan, the relevant credit institutions must list at its offices and disclose on the information media of the SBV and in national daily newspaper or Vietnamese electronic newspaper, certain required information (including issuance date of the obtained in-principle acceptance, name and charter capital of the involved credits institutions, as well as the proposed organisation and operation form of the post-reorganised credit institution).
- It is strictly prohibited to disperse assets in any form. Any transfer and sale of assets during the re-organisation process must ensure publicity, transparency and compliance of legal regulations and

agreements of the contracting parties, and shall ensure the safety of assets, and make no adverse impact on the interests of the credit institution(s) and other parties involved in the re-organisations.

- Re-organisation of credit institutions shall comply with the completion law and relevant legal regulations. Operational scope of a credit institution after re-organisation must comply with the operational scope stipulated by law as applicable to each type of credit institu-

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tion, and in case of merger and consolidation of credit institutions, such operational scope means the operations of the involving credit institutions, if fully satisfying the relevant operational conditions prescribed by law, including but not limited to regulations on restrictions, prudential ratios, capital contribution and share ownership ratios and conditions for conducting banking operations.

- In any case of re-organisation, the credit institution must have a conversion plan approved by its competent body and satisfy requirements in accordance with laws.

Sequence and procedures for re-organisation

Circular 36 provides detailed regulations of application file, sequence and licensing procedures required for each form of re-organisation of credit institutions. In short, Circular 36 regulates three main licensing steps and its relevant time limit as follows:

- First, it is required to submit a complete application file to SBV for a written in-principle acceptance of the re-organisation of the credit institution(s) which may be granted by SBV within 60 days of receipt of the proper application file;
- Then, within 60 days (or 120 days in case of conversion of legal form of credit institution) of receipt of the aforesaid in-principle acceptance, it is required to submit a required dossier for obtainment of an approval from the SBV for the re-organisation of credit institution. The SBV, within 30 days of receipt of a complete and valid file, shall confirm official approval to the re-organisation, amendments to the licence for establishment and operation of the re-organised credit institution(s) and registration of the charter, and approve any other items;
- Finally, within 45 days of the effective date of the letter notifying official approval by the SBV, the re-organised institution(s) shall conduct procedures for enterprise registration, disclose information and send a report to the SBV when the re-organisation procedures have been completed.

For each step, the credit institution and other relevant parties shall fully prepare the items and documents complying with the regulations under Circular 36.

Circular 36 comes into full force on March 1, 2016.