

THE STATE BANK

No.24/2007/QD-NHNN

SOCIALIST REPUBLIC OF VIET NAM

Independence - Freedom - Happiness

Hanoi, June 07, 2007

DECISION

PROMULGATING THE REGULATION ON THE GRANT OF LICENSES FOR THE ESTABLISHMENT AND OPERATION OF JOINT-STOCK COMMERCIAL BANKS

THE STATE BANK GOVERNOR

Pursuant to the 1997 Law on the State Bank of Vietnam and the 2003 Law Amending and Supplementing a Number of Articles of the Law on the State Bank of Vietnam;
Pursuant to the 1997 Law on Credit Institutions and the 2004 Law Amending and Supplementing a Number of Articles of the Law on Credit Institutions;
Pursuant to the 2005 Law on Negotiable Instruments;
Pursuant to the Government's Decree No. 52/2003/ND-CP dated May 19, 2003, defining the functions, tasks, powers and organizational structure of the State Bank of Vietnam;
Pursuant to the Scheme on criteria for the establishment of banks in Vietnam, which was approved by the Government in Official Letter No. 6408/VPCP-KTTH dated November 3, 2006;
At the proposal of the director of the Department for Banks and Non-bank Credit Institutions,

DECIDES:

Article 1.

To promulgate together with this Decision the Regulation on the grant of licenses for the establishment and operation of joint-stock commercial banks.

Article 2.

This Decision takes effect 15 days after its publication in CONG BAO.

Article 3.

The directors of the Office and the Department for Banks and Non-bank Credit Institutions, heads of concerned units under the State Bank of Vietnam, directors of the State Bank's provincial/municipal branches, chairmen and members of Managing Boards, heads and members of Control Commissions and general directors of joint-stock commercial banks, and concerned organizations and individuals shall implement this Decision.

STATE BANK GOVERNOR

Le Duc Thuy

REGULATION

ON THE GRANT OF LICENSES FOR THE ESTABLISHMENT AND OPERATION OF
JOINT-STOCK COMMERCIAL BANKS
(Promulgated together with the State Bank Governor's Decision No. 24/2007/QĐ-NHNN dated
June 7, 2007)

Chapter I

GENERAL PROVISIONS

Article 1. Governing scope

This regulation provides for the grant of licenses for the establishment and operation (referred to as licenses for short) of joint-stock commercial banks (referred to as banks for short).

Article 2. Subjects of application

1. Banks defined in Article 1 of this Regulation.
2. Organizations and individuals related to the grant of licenses.

Article 3. Competence to grant licenses

The Governor of the State Bank of Vietnam shall decide on the grant of licenses according to this Regulation, relevant provisions of law and the development strategy of the banking industry, ensuring safety for Vietnam's banking system.

Article 4. Interpretation of terms

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

1. *Bank establishment-preparation board* (referred to as preparation board for short) is an organization whose members are elected by founding shareholders to represent them in performing jobs related to the application for a license. The preparation board has at least 5 members, including its head.
2. *First meeting of shareholders* means a meeting of founding shareholders and other shareholders who contribute capital for the establishment of a bank, which has the task of approving the bank's organization and operation charter and establishment scheme, electing the Managing Board and the Control Commission of the first term, and deciding on other issues related to the establishment of the bank.
3. *Shareholder* means an organization or individual owning at least one share issued by a bank.
4. *Founding shareholder* means a shareholder participating in the elaboration, approval and signing of the first organization and operation charter of a bank.
5. *Preferred voting share* means a share with more votes compared to a common share. The number of votes represented by a preferred voting share is specified in the charter of a bank.
6. *Executives* of a bank include the general director, deputy general directors and other executive posts defined in the bank's charter.
7. *Managers* of a bank include the chairman and vice chairmen of the Managing Board, the general director and other managing posts defined in the bank's charter.
8. *Independent member of the Managing Board* means a Managing Board member who meet the following requirements:

- a) Not enjoying wages or allowances of the bank beside the amounts he/she is entitled to as a member of the Managing Board;
- b) His/her spouse, father, adoptive father, mother, adoptive mother, child, adoptive child or sibling does not own 5% or more of voting stocks of a bank, or is not a manager or a member of the Control Commission of a bank or a to be-set up dependent a company of a bank;
- c) Not directly owning or representing the ownership of 1% or more of voting stocks of a bank; not owning jointly with related persons defined in Clause 9 of this Article 5% or more of voting stocks of a bank.

9. *Related persons* means organizations and individuals having a relation with another organization or individual in one of the following cases:

- a) A parent company and its subsidiary company or vice versa; a bank and its dependent company or vice versa; companies of the same parent company; dependent companies of the same bank;
- b) A company and its manager, or member of its Control Commission or persons or organizations competent to appoint these persons or vice versa;
- c) A company and an individual owning 10% or more of its charter capital or vice versa;
- d) Persons with close relationships such as wife and husband, parent or adoptive parent, children or adoptive children or siblings;
- e) A company and persons who have close relationships (as defined at Point d of this Clause) with managers, members of the Control Commission, capital contributors or shareholders owning 10% or more of the charter capital of that company or vice versa;
- f) Individuals authorized to represent persons defined at Points a, b, c, d and e of this Clause and the authorizers.

Chapter II

CONDITIONS, PROCEDURES AND DOSSIERS FOR THE GRANT OF LICENSES

Article 5. Licensing conditions

1. Charter capital

- a) Charter capital is at least equal to the legal capital level prescribed by the Government in each period;
- b) Charter capital is contributed in Vietnam dong;
- c) Sources of capital contributed for the establishment of a bank are lawful; loan money cannot be used in any form as capital contributed for the establishment of a bank.

2. Shareholders

- a) Shareholders are organizations set up under Vietnamese law or individuals bearing Vietnamese nationality; they must not be the prohibited subjects defined in Clause 2, Article 13 of the Enterprise Law;

b) At least 100 shareholders contribute capital for the establishment of a bank, including at least 3 founding institutional shareholders that have legal person status and meet all the conditions specified at Point b, Clause 3 of this Article;

c) Shareholders are financially capable of contributing capital for the establishment of a bank (the to be-contributed money amount must be deposited at a Vietnamese commercial bank selected by the preparation board and be maintained from the time the State Bank of Vietnam issues a written in-principle approval till the time it signs a license-granting decision. In this period, organizations and individuals may not use this money amount in any form;

d) An individual or organization and his/her/its related persons may not participate in capital contribution for the establishment of more than two banks; and may contribute capital for the establishment of one bank only if:

(i) That individual or he/she and related persons jointly own 5% or more of the charter capital of a bank;

(ii) That organization or it and related persons jointly own 10% or more of the charter capital of a bank.

e) An institutional shareholder has operated for at least one year.

3. Founding shareholders

a) For individuals

(i) Meeting the conditions specified at Points a, c and d, Clause 2 of this Article;

(ii) Having prestige;

(iii) Committing to support the bank when it lacks capital or liquidity;

b) For organizations

(i) Meeting the conditions defined at Points a, c and d, Clause 2 of this Article;

(ii) Having operated for at least 5 years;

(iii) Committing to support the bank when it lacks capital or liquidity;

(iv) Being an enterprise (other than a commercial bank) with owner's capital of at least VND 500 billion and earning profit for 3 consecutive years preceding the year of application for a license to establish a bank;

(v) Being a commercial bank which has the total asset value of at least VND 10,000 billion, the non-performing loan rate of under 2% of the total outstanding loans at the time of application for capital contribution for the establishment of a bank; commits no violation of the State Bank's regulations on safety in banking operations in the year preceding the time of being licensed; and earns profits in 3 consecutive years preceding the year of application for a license to establish a bank.

4. Share ownership percentages

a) An individual shareholder may own at most 10% of charter capital of a bank;

b) An institutional shareholder may hold at most 20% of charter capital of a bank;

c) A shareholder and his/her/its related persons may jointly own at most 20% of charter capital of a bank;

d) Ownership of shares in excess of the above percentages is subject to approval by the State Bank Governor in the nation's interests;

e) Founding shareholders must jointly hold at least 50% of charter capital of a bank upon its establishment, of which founding institutional shareholders must jointly hold at least 50% of total shares of founding shareholders.

5. The organization and operation charter of a bank must conform with current provisions of law.

6. A scheme on the establishment of a bank must have the following principal contents:

a) The necessity to establish the bank;

b) The name of the bank and expected location of its head office, its term of operation, charter capital upon its establishment and contents of its operation;

c) The financial capacity of shareholders;

d) The organizational structure and personnel:

(i) The diagram of the projected organization and personnel of the bank;

(ii) The projected personnel of the administration, control and executive apparatuses:

- The Managing Board: Its chairman, members, independent members, and heads of its committees (if any);

- The Control Commission: Its head, members and full-time members;

- Executives: The general director, deputy general directors, directors of attached units and other executive posts of important departments and divisions of the bank, which are to be set up in the first year of its establishment.

(iii) The administration and management capacity of each member in the administration, control and executive apparatuses.

e) The risk control capacity:

(i) Risks expected to arise in the course of operation (credit risks, operation risks or market risks);

(ii) Measures to prevent and control risks arising in the course of operation of the bank.

f) Information technology:

(i) The plan on financial investment in information technology;

(ii) The information technology application capacity. In this regard, the time of investment in information technology, types of applicable information technology, personnel and their capabilities of applying information technology must be stated.

g) The bank's capacity of operating stably and developing in the market:

(i) Analysis and assessment of the banking market (actual situation, challenges and prospects);

- (ii) The bank's capacity to participate and compete in the market, proving its advantages when participating in the market;
 - (iii) The bank's strategy for development and expansion of its operation network, provision and development of banking services (clearly explaining services to be provided by the bank, groups and number of its customers).
- h) The internal supervision, control and audit system:
- (i) The operational process of the internal supervision, control and audit system;
 - (ii) Internal auditors.
 - i) The business plan for the first 3 years (which includes at least a statement of total assets, a business report, minimum capital safety indicators, and indicators of operation efficiency) and explanations on the bank's capacity to implement the plan each year.

7. Internal regulations on the bank's organization and operation, including at least the following:

- a) The regulation on organization and operation of the Managing Board, the Control Commission and the Executives;
- b) The regulation on management of the bank's risks;
- c) The regulation on operations of the internal supervision, control and audit system;
- d) The regulation on management of debit and credit assets;
- e) The regulation on organization and operation of the bank's transaction bureau, branches and attached units;
- f) The regulation on debt classification and deduction for setting up risk-control provisions.

Article 6. Conditions and criteria for a bank's managers and executives

1. An individual elected as member of the Managing Board must meet the following criteria and conditions:

- a) Being other than persons defined in Clause 2, Article 7 of this Regulation;
- b) Having professional ethics in compliance with the provisions of Article 9 of this Regulation;
- c) Being knowledgeable about banking operations:
 - (i) Having a university or postgraduate diploma in economics, business administration or law; or
 - (ii) Having worked for at least 3 years as a bank or an enterprise manager; or, (iii) Having directly worked for at least 5 years in the banking, financial, audit or accounting domain.
- d) The number of the Managing Board members having no university diplomas does not exceed 1/4 of the total number of members of the Managing Board;
- e) The bank has at least 2 independent members of the Managing Board. The chairman of the Managing Board may be an independent member;
- f) Individuals and their related persons and persons nominated representatives of contributed capital of an organization may not represent more than 1/3 of the total number of **members of** the Managing Board.

2. An individual elected as member of the Control Commission must meet the following criteria and conditions:

- a) Being other than persons defined in Clause 2, Article 7 of this Regulation;
- b) Having professional ethics in compliance with the provisions of Article 9 of this Regulation;
- c) Having university or postgraduate diploma in economics, business administration, law or another professional domain which he/she will take charge of; having worked directly for at least 3 years in the banking, financial, accounting or audit domain;
- d) Being not a related person of a manager of the bank;
- e) Residing in Vietnam while holding his/her post (for full-time members of the Control Commission).

3. An individual appointed as general director must meet the following criteria and conditions:

- a) Being other than persons defined in Clause 2, Article 7 of this Regulation;
- b) Having professional ethics in compliance with the provisions of Article 9 of this Regulation;
- c) Having professional qualifications and experience: Having a university or postgraduate diploma in economics, business administration or law; and having worked for at least 3 years as an executive of a bank or another enterprise which has the total asset value of VND 1,000 billion;
- d) Residing in Vietnam while holding his/her post.

4. Individual appointed as deputy general director, chief accountant, director of the transaction bureau, director of a branch, director of a dependent company must meet the following criteria and conditions:

- a) Being other than persons defined in Clause 1, Article 7 of this Regulation; for a deputy general director, being other than persons defined in Clause 2, Article 7 of this Regulation;
- b) Having professional qualifications and experience;
 - (i) Having a university or postgraduate diploma in economics, business administration, law or another professional domain which he/she will take charge of, or
 - (ii) Having a university or postgraduate diploma in a discipline or domain other than those mentioned above and at least 3-year working experience in the banking, financial or another professional domain which he/she will take charge of.
- c) Residing in Vietnam while holding his/her post.

Article 7. Persons who may not hold a post

1. The following persons may not hold the post of chief accountant, director of the transaction bureau, director of a branch or director of a dependent company of a bank:

- a) Minors; persons with restricted civil act capacity or without civil act capacity;
- b) Persons being examined for penal liability or having criminal records;
- c) Persons having been convicted for infringement upon national security or ownership;
- d) Persons having been convicted for serious or more serious crimes;

- e) Cadres and civil servants defined by the law on public employees; persons managing enterprises with 100% state-owned capital, excluding persons being authorized representatives of the state's capital at other enterprises;
- f) Commissioned officers, non-commissioned officers, professional soldiers and defense workers in agencies or units of the Vietnam People's Army; commissioned officers, non-commissioned officers, professional soldiers in agencies or units of the Vietnam Public Security forces, excluding persons being authorized representatives of contributed capital at other enterprises;
- g) The father, mother, wife, husband, or sibling of a member of the Managing Board or the general director (director), who may not act as chief accountant of the bank;
- h) Other cases specified by the bank's charter.

2. The following persons may not act as members of the Managing Board or the Control Commission, general director or deputy general director of a bank:

- a) Persons defined in Clause 1 of this Article;
- b) Persons who were owners of private enterprises, partners of partnerships, general directors (directors), chairmen or heads or members of the Managing Boards, the Members' Councils or the Control Commissions of enterprises, chairman or members of the Management Boards of cooperatives at the time of declaration of bankruptcy of the enterprises or cooperatives, except those enterprises or cooperatives which are declared bankrupt due to *force majeure* circumstances;
- c) At-law representatives of enterprises at the time the enterprises must terminate operation or are forced to dissolve due to serious violations of law, except for those who act as representatives at the request of competent state agencies in order to improve and consolidate the enterprises;
- d) Persons who were members of the Managing Board or the Control Commission or the general director of a bank, which has been determined by a state management agency or legal body as having committed violations and, therefore, is subject to revocation of its establishment and operation license;
- e) Fathers, mothers, wives, husbands, children and siblings of members of the Managing Board or the general director (director) of a bank may not be members of the Control Commission of that bank.

Article 8. Persons who may not concurrently hold different posts

1. A member of the Managing Board of a bank may not concurrently:

- a) Act as a member of the bank's Control Commission;
- b) Act as a manager of another credit institution, except for a dependent company;
- c) Participate in the Managing Board or Executive Board of another credit institution if he/she is the chairman of the bank's Managing Board, unless that institution is a dependent company of the bank.

2. A member of the Control Commission of a bank may not concurrently:

- a) Act as a member of the Managing Board, an executive or employee of the bank or its dependent company;

- b) Act as a member of the Managing Board or an executive of an enterprise of which a Control Commission member is currently a member of the Managing Board or an executive of the bank;
- c) Act as a member of the Control Commission of another credit institution, if he/she is the head of the Control Commission of the bank.

3. The general director or a deputy general director of a bank may not concurrently act as an executive of another credit institution or enterprise; or the chairman of the Managing Board of another credit institution, unless it is a dependent company of the bank.

Article 9. Obligations of members of the Managing Board or the Control Commission executives, the director of the transaction bureau, directors of branches, dependent companies or non-business units of a bank

1. To observe law and the bank's charter in the exercise of rights and performance of assigned tasks;
2. To exercise rights and perform assigned tasks in an honest, careful and best manner, for the bank's interests;
3. To be loyal to the bank's interests; not to use the bank's business information, know-hows or business opportunities or to abuse their powers and posts or assets of the bank to seek personal profits, for the sake of other organizations and individuals or to harm the bank's interests;
4. To report promptly, fully and accurately to the bank on interests which may cause conflicts and which they earn from economic organizations, transactions or other individuals, and may only use those opportunities when the Managing Board has considered and approved them;
5. Not to compete illegally with the bank or create conditions for a third party to damage the bank's interests;
6. Not to create conditions for themselves or related persons defined in Clause 9, Article 4 of this Regulation to borrow the bank's capital with conditions more preferential and favorable compared to the common ones provided for by law and the bank;
7. Not to increase wages or pay bonuses when the bank suffers losses;
8. Other obligations as provided for by the bank's charter.

Article 10. Dossier of application for in-principle approval

1. An application for a license to establish a bank, stating the satisfaction of the conditions defined in Article 5,6 and 8 of this Regulation and requesting the in-principle approval of the grant of a license;
2. The draft charter on organization and operation of the banks;
3. The draft scheme on the establishment of the bank, with contents specified in Clause 6, Article 5 of this Regulation;
4. The list of founding shareholder and projected list of non-founding shareholders, with the following principal contents:
 - a) The name and location of the head office; the establishment permit or business registration certificate, for institutional shareholders;

b) The full name; permanent address; nationality; serial number, date and place of issue of the people's identity card or passport, or personal identification paper, for individuals and representatives of contributed capital of institutional shareholders;

c) The amount and value of contributed capital; the number and type of shares, share ownership percentages and corresponding capital contribution durations of founding shareholders.

5. Dossiers of shareholders

a) Dossier of an individual shareholder

(i) An application for share purchase, made according to the form set by the State Bank for individuals;

(ii) Apart from the above application, a founding shareholder or a shareholder owning 5% or more of charter capital of the bank must present the following documents:

His/her resume and judicial records, as prescribed by law;

His/her written commitment to support the bank when it lacks capital or liquidity.

b) Dossier of an institutional shareholder:

(i) An application for share purchase, made according to the form set by the State Bank for organizations;

(ii) Its establishment permit or business registration certificate or an equivalent document;

(iii) The paper of authorization, for a representative of contributed capital at the bank;

(iv) The organization and operation charter;

(v) The people's identity card or passport or another personal identification paper of the at-law representative or authorized representative of the capital-contributing organization at the bank;

(vi) The competent authority's written approval for the organization to contribute capital for the establishment of a bank;

(vii) The accounting balance sheet and report on business results of the latest month (for not more than 90 days by the time of application for license) and the explanation about the financial statement, clearly stating the following:

- Sources of owner's capital (charter capital, reserve fund, retained and undivided profit);
- Money deposits at banks: names of banks at which the shareholder has deposited money; nature of deposit; specific amounts of deposit money at each bank;
- Securities: name and address of the issuing organization; number of shares held by the shareholder on the date of making balance; par value of a share certificate; estimated market value of securities; information on the liquidity of each type of securities in the market;
- Land: description of land; allocated land area; specific location; land use right certificate; value of the mortgaged land (if any); and estimated market value of land;
- Real estate (other than land): name of the work; its location and estimated market value;
- Receivables: name and address of each debtor and his/her/it debt amount;

- Payables or other debts: The name and address of each creditor and the debt amount owed to him/her/it;

(viii) Apart from the above documents, a founding shareholder or a shareholder holding 5% or more of the bank's charter capital shall present the following documents:

- The resume of the representative of the contributed capital;
- The written commitment to support the bank when it lacks capital or liquidity;
- The independent audit report for 3 consecutive years right before the application for a license to establish the bank according to the law on accounting and audit.

6. Dossiers of members of the Managing Board, the Control Commission and executives:

- a) The projected list of members of the Managing Board, the Control Commission and executives,
- b) Their resumes and judicial records as prescribed by law;
- c) Diplomas proving their professional qualifications;
- d) Written certification of an enterprise in case the expected general director of the bank has managed that enterprise under the provisions of Point c, Clause 3, Article 6 of this Regulation.

7. The minutes of the meeting of founding shareholders on the election of the preparation board and the head of the preparation board under the provisions of Clause 1, Article 4 of this Regulation.

Article 11. Dossier of application for a license

1. An application for an establishment and operation license, made according to the form set by the State Bank of Vietnam;
2. The bank's organization and operation charter;
3. The bank's establishment scheme with the contents specified in Clause 6, Article 5 of this Regulation;
4. The minutes on the first shareholders' meeting approving the contents related to the bank establishment, made according to the provisions of Clause 2, Article 4 of this Regulation;
5. The minutes of the meeting of the Managing Board on the election of its chairman; the minutes of the meeting of the Control Commission on the election of its head and full-time members;
6. The Managing Board's decision on the appointment of the general director; 7. The dossiers of non-founding shareholders specified in Clause 5, Article 10 (in case of modification) and bank certifications of deposits of individuals or organizations under the provisions of Point c, Clause 2, Article 5 of this Regulation;
8. Dossiers of members of the Managing Board, the Control Commission and executives prescribed in Clause 6, Article 10 (in case of modification);
9. The list of capital-contributing organizations and individuals, clearly stating: their full names, permanent addresses, nationalities, numbers of people's identity cards, dates and places of issue or passports or other lawful personal identification paper for individuals; names and addresses of

their head offices, serial numbers of establishment decisions or business registration certificates, for organizations; amounts and value of contributed capital, ownership percentages, numbers and types of shares; capital contribution terms;

10. Bank certifications of organizations' and individuals' deposits according to Point c, Clause 2, Article 5 of this Regulation;

11. The provincial/municipal People's Committee's written approval for the bank to be headquartered in the locality;

12. The written certification of the lawful ownership right or use right to the head office;

13. Internal regulations on organization and operation of the bank according to Clause 7, Article 5 of this Regulation.

Article 12. Principles for compilation of dossiers

1. Copies of papers and documents must be certified by competent agencies in accordance with law;

2. Titles of all documents signed by the preparation board must show "The preparation board for the establishment of joint-stock commercial bank."

Article 13. Operation conditions

1. To conduct operation, a licensed bank must meet all the following conditions:

a) Having an organization and operation charter approved by the State Bank of Vietnam;

b) Having a business registration certificate;

c) Having enough charter capital as prescribed in Clause 1, Article 5 of this Regulation, which must be deposited in an interest-free blockaded account opened at the State Bank's branch in the province or city where the bank is to be headquartered at least 30 days before the inauguration of its operation. This capital amount can be released only after the bank inaugurates operation;

d) Having a convenient office for transaction with customers; ensuring safety in its operation, especially cash safety according to law and regulations of the

State Bank of Vietnam;

e) Publishing on newspapers the details of its license according to the provisions of law.

2. Within 12 months after being licensed by the State Bank of Vietnam, the bank shall inaugurate and maintain operation.

3. Past the time limit prescribed in Clause 2 of this Article, if a bank fails to inaugurate and maintain operation, the State Bank of Vietnam shall revoke its license in accordance with law.

Article 14. Contents of licenses

1. A license must have the following principal contents:

a) Its serial number, place and time of grant;

b) Name of the bank: full name in Vietnamese and English; the abbreviations in Vietnamese and English, and transaction name (if any);

c) Location of the head office;

- d) Operation area;
- e) Charter capital;
- f) Term of operation;
- g) Name and permanent address of the bank's at-law representative;
- h) Full names and permanent addresses of founding individual shareholders and names and addresses of head offices, serial numbers of establishment permits or business registration certificates, for founding institutional shareholders, capital amounts contributed by founding shareholders and percentages of capital contribution for the establishment of the bank.

2. If a license is lost, torn, burnt or otherwise destroyed, the bank must make written explanation thereon and request the State Bank of Vietnam to grant a new license.

Article 15. Amendment, supplementation of charters, modification of licenses

1. Amendment or supplementation of the organization and operation charter or modification of the license of a bank is subject to approval by the Governor of the State Bank of Vietnam.
2. The decision amending or supplementing a license is an integral part of that license.
3. After obtaining a decision of the State Bank Governor regarding changes in the contents mentioned in Clause 1 of this Article, the bank shall amend related clauses and articles in its charter, register them, and announce them on newspapers according to the provisions of law.

Article 16. Term of operation and extension of term of operation

1. The term of operation of a bank is stated in its organization and operation charter and license and must not exceed 99 years from the date the license is signed.
2. At least 180 days before the expiration of its term of operation, if wishing to continue operation, a bank may apply for the extension of that term. The State Bank of Vietnam shall consider the extension of the term of operation of banks on a case-by-case basis. Each extension is at most equal to the term of operation already stated in a license.

Article 17. Dossier of application for approval of amendment or supplementation of a charter, or modification of a license

1. A report of the chairman of the Managing Board, sent to the State Bank's branch in the province or centrally run city where the bank is headquartered stating the reason and necessity of changes in the contents mentioned in Clause 1, Article 15, or the application for the extension of the term of operation according to Article 16 of this Regulation.
2. The resolution of the shareholders' meeting on changes in the contents mentioned in Clause 1, Article 15, and the application for the extension of the term of operation according to Article 16 of this Regulation.

Article 18. Payment of fees

Within 15 days after getting the license or having its term of operation extended, a license bank shall pay a license fee and a fee for the extension of its term of operation. Fee levels are set by the Ministry of Finance.

Article 19. Use of licenses

1. A licensed bank shall use its license in the name stated in its license and operate strictly according to its contents.
2. It is strictly prohibited to counterfeit, erase, transfer, lease or lend licenses granted by the Governor of the State Bank of Vietnam.

Article 20. Business registration

After being licensed, a bank shall make business registration in accordance with law.

Chapter III

RESPONSIBILITIES OF CONCERNED ORGANIZATIONS AND INDIVIDUALS

Section I. ORGANIZATIONS AND INDIVIDUALS CONTRIBUTING CAPITAL FOR THE ESTABLISHMENT OF BANKS

Article 21. Responsibilities of organizations individuals contributing capital for the establishment of a bank

1. To take responsibility before law for sources of capital contributed for the establishment of the bank under Point c, Clause 1, Article 5 of this Regulation;
2. To transfer shares according to the following provisions:
 - a) For founding shareholders:
 - (i) Within 5 years after the bank is licensed, founding shareholders may transfer to other founding shareholders only common shares in the total number of their shares acquired from capital contribution for the establishment of the bank if meeting the requirements stipulated at Point b, Clause 2 and Clause 4, Article 5 of this Regulation;
 - (ii) Founding shareholders may not transfer their preferred voting shares to others. The preferred voting rights of founding shareholders are valid only for 3 years after the bank establishment; after this period, preferred voting shares of founding shareholders shall be converted into common shares.
 - c) For non-founding shareholders: Within 3 years after the bank is licensed, they may transfer to other shareholders their shares acquired from capital contribution for the establishment of the bank if meeting the requirements stipulated at Point b, Clause 2 and Clause 4, Article 5 of this Regulation;
 - c) Past the time limits specified at points a and b of this Clause, shareholders may transfer their shares and maintain share ownership percentages in accordance with current law.
3. To take responsibility for the truthfulness and accuracy of their dossiers according to this Regulation;
4. To comply with relevant regulations on the establishment and operation of banks.

Article 22. Responsibilities of the preparation board

1. To compile dossiers under Article 10 of this Regulation and fully submit to the State Bank of Vietnam 8 dossier sets of application (including two originals) for in-principle approval; and to the provincial/municipal People's Committee of the locality (where the bank is to be headquartered) 1 dossier set of application for approval of the location of the bank's head office in that locality.

2. After the State Bank of Vietnam issues an in-principle approval, the preparation board shall:
 - a) Organize the first meeting of shareholders to approve the contents defined in Clause 2, Article 4 of this Regulation;
 - b) To compile dossiers under Article 11 of this Regulation and submit 08 dossier sets to the State Bank of Vietnam (including 2 originals);
 - c) To notify shareholders of depositing money at a commercial bank according to Point c, Clause 2, Article 5 of this Regulation.
3. To guide shareholders in capital contribution and evaluate their dossiers according to the provisions of Articles 10 and 11 of this Regulation.
4. To take responsibility for the truthfulness and accuracy of dossiers submitted to the State Bank of Vietnam.
5. To notify shareholders of the reasons why the establishment of a bank is not licensed.
6. To open a blockaded account at the State Bank's branch in the province or city where the bank is to be headquartered and notify shareholders of depositing money to this account, based on the registered list.
7. To present to the licensing dossier evaluation board of the State Bank of Vietnam on the satisfaction of all conditions for the establishment of a bank as required by the State Bank.

Article 23. Responsibilities of the head of the preparation board

1. To convene and chair the first meeting of shareholders in accordance with law.
2. To sign documents related to the application for a license to establish a bank until the State Bank of Vietnam grants a license, approves the organization and operation charter and the posts of chairman and member of the Managing Board, head and member of the Control Commission and general director of the bank.
3. To personally report on the contents specified in Clause 7, Article 22 of this Regulation or authorize a member of the preparation board to do so.

Section II. RESPONSIBILITIES OF THE STATE BANK

Article 24. The council for evaluation of licensing dossiers (called the evaluation council for short)

The evaluation council is decided by the Governor of the State Bank of Vietnam.

Article 25. The Department for Banks and Non-bank Credit Institutions (referred to as the Department for Banks for short)

1. To guide the implementation of this Regulation.
2. To propose the handling of matters related to the grant of licenses.
3. To act as the sole agency in receiving and evaluating licensing dossiers:
 - a) For dossiers of application for in-principle approval: Within 30 working days after receiving a complete dossier under Article 10 of this Regulation, the Department for Banks shall:

(i) Send written requests for evaluation, enclosed with the dossier, to members of the evaluation council;

(ii) Send a written request to the preparation board for explanation about matters related to the establishment of a bank under Clause 7, Article 22 of this Regulation;

(iii) Evaluate the dossier, sum up opinions of members of the evaluation council and draft a report requesting the chairman of the evaluation council to convene a council meeting for consideration of the dossier of application for in-principle approval;

(iv) Based on the minutes of the council meeting, submit to the council chairman:

- A document on in-principle approval of the establishment of a bank, if the dossier satisfies all the conditions prescribed in this Regulation; or,

- A document stating that in-principle approval cannot be granted until the preparation board supplements the dossier or explains unclear matters in the dossier; or

- A document on disapproval of the establishment of a bank if the dossier fails to fully meet the conditions prescribed in this Regulation.

b) For dossiers of application for licenses

Within 25 working days after receiving a valid and complete dossier, the Department for Banks shall evaluate the dossier and submit to the chairman of the council:

(i) For signing a decision on the grant of a license, approval of the organization and operation charter and posts of chairman and member of the Managing Board, head and member of the Control Commission and general director of a bank, provided that the establishment of the bank complies with this Regulation; or

(ii) For issuance a document stating that in-principle approval cannot be granted until the preparation board supplements the dossier or explains unclear matters in the dossier; or

(iii) For issuance a document on non-grant of a license if the dossier fails to meet all the conditions prescribed in this Regulation.

4. To take responsibility for management and preservation of licensing dossiers after granting licenses.

5. To submit to the Governor of the State Bank of Vietnam for decision issues mentioned in Articles 15 and 16 of this Regulation.

Article 26. The State Bank's inspectorate

1. Within 10 working days after the Department for Banks makes a written request, the State Bank's inspectorate shall evaluate a dossier of application for in-principle approval as a member of the evaluation council and notify the Department for Banks thereof in writing.

2. To assess the actual state of operation, financial capacity, participation in administration, control and executive activities of credit institutions applying for capital contribution for the establishment of a bank.

Article 27. The Legal Department

1. Within 10 working days after the Department for Banks makes a written request, the Legal Department shall evaluate the dossier of application for in-principle approval as a member of the evaluation council and notify the Department for Banks thereof in writing.

2. To act as the sole agency in handling legal issues in the licensing process.

Article 28. The Department for Banking Strategy and Development

1. Within 10 working days after the Department for Banks makes a written request, the Department for Banking Strategy and Development shall evaluate the dossier of application for in-principle approval as a member of the evaluation council and notify the Department for Banks thereof in writing.

2. To assess the bank's development strategy and capacity of sustainable development.

Article 29. The International Cooperation Department

1. Within 10 working days after the Department for Banks makes a written request, the International Cooperation Department shall evaluate the dossier of application for in-principle approval as a member of the evaluation council and notify the Department for Banks thereof in writing.

2. To assess arising issues related to Vietnam's commitments to the World Trade Organization.

Article 30. The State Bank's branches in provinces or centrally run cities where to be-established banks will locate their head offices

1. Within 10 working days after the Department for Banks makes a written request, the State Bank's branch in a province or centrally run city where to-be-established bank will locate its head office shall evaluate the dossier of application for in-principle approval as a member of the evaluation council and notify the Department for Banks thereof in writing.

2. To act as the sole agency in working with the local administration of the locality where the bank will locate its head office on the establishment of the bank in that locality (if any).

3. To certify the opening of a blocked account and money amounts deposited by the bank's shareholders to this account.

4. To direct and supervise the bank in observing and ensuring the conditions prescribed by law and the State Bank's regulations before inaugurating its operation.

5. To receive a bank's dossier of application for approval of changes mentioned in Articles 15 and 16 of this Regulation and submit its opinions to the State Bank Governor.

Chapter IV

IMPLEMENTATION PROVISIONS

Article 31. Handling of violations

All acts of violation of this Regulation shall, depending on their nature and severity, be handled in accordance with law.

Article 32.

Opening of branches of newly established banks

After inaugurating and maintaining operation, a bank may open at most 3 branches if it does not breach safety ratios in banking operations. Procedures and dossiers of application for branch opening comply with current provisions of law. The opening of additional branches of a bank complies with current provisions of law.

Article 33. Operating banks

1. Banks licensed before the effective date of this Regulation need not carry out procedures of application for a new license.
2. In case of modification of their licenses, the banks shall send written requests to the State Bank for consideration and decision according to Articles 15 and 16 of this Regulation.