



1 JULY 2025 MARKS MAJOR CORPORATE GOVERNANCE UPGRADE UNDER VIETNAM'S REVISED ENTERPRISE LAW

The 2025 Amended Enterprise Law officially takes effect on 1 July 2025, marking a major turning point with core reform pillars: strengthening AML compliance through beneficial ownership disclosure; facilitating the digital transformation in enterprise registration; clarifying certain share capital regimes in joint stock company; and refining the legal framework for bond issuance. These reforms not only bolster transparency and governance efficiency but also empower Vietnamese enterprises to operate with greater agility in the digital era.

1. Strengthening AML compliance through Beneficial Ownership Disclosure

For the first time, the Amended Enterprise Law introduces the concept of “beneficial owner”, requiring companies to collect, store, and publicly disclose information on its beneficial owner upon initial registration or any subsequent changes in their corporate registration details, thereby aligning with the international anti-money laundering commitments.

Decree No. 168/2025/ND-CP has further clarified criteria under which an individual may be deemed a beneficial owner of a company.

(a) **In terms of shareholding:** it is when an individual directly (or indirectly through other organizations) owns from 25% of the charter capital or 25% of the voting shares of a company; or

(b) **In terms of controlling rights:** it is when an individual has rights to control a company through at least one of the following powers:

- (i) Appointment, dismissal or removal of a majority (or all) members of the Board of Directors, the Chairman of the Board of Directors, or the Chairman of the Members' Council;
- (ii) Appointment, dismissal or removal of the legal representative, Director or General Director;
- (iii) Amendment or supplementation of the company's charter;
- (iv) Alteration of the company's management structure;
- (v) Reorganization or dissolution of the company



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2. Digital Transformation in Enterprise Registration

The enterprise registration will be carried out through a personal electronic identification account of a managerial personnel, and it is required to declare in the relevant applications the personal electronic identification number of the respective personnel. The Government has also promptly issued detailed guidance on creating and using such personal electronic identification account as well as relevant dossiers and procedures under Decree No. 69/2024/ND-CP and Decree No. 168/2025/ND-CP (both effective on 1 July 2025).

3. Return of capital to shareholders by a joint stock company

A joint stock company may return a portion of contributed capital to its shareholders upon resolution of the General Meeting of Shareholders, provided that the company has been operating for at least 2 years from the date of enterprise registration. The 2025 Amended Enterprise Law emphasizes that the 2-year period shall exclude any period of business suspension.

A joint stock company may also return capital at the request of holders of redeemable preferred shares. Technically, such a return will consequently reduce the company's charter capital. However, the 2020 Enterprise Law did not regulate this form of capital reduction. This legal gap has now been addressed by the 2025 Amended Enterprise Law.

4. Determination of market price in case of transfer listed shares

The 2025 Amended Enterprises Law has separated the market price of capital/share between listed and

unlisted companies. With respect to the listed shares (or shares registered for trading on a securities trading system), the 2025 Amended Enterprises Law clarifies that the market price may be determined by making reference to the average trading price within the preceding 30 days (instead of the "immediately preceding price" under the 2020 Enterprises Law), aiming to provide a more objective reference price and avoid the impact of rapid fluctuations.

5. Additional conditions for bond issuance

In addition to the existing requirements under the 2020 Enterprises Law, e.g. due payment under the issued bonds or loans within the past three consecutive years, financial safety ratios and operational safety ratios, a company which intends to issue private bonds shall additionally satisfy requirements on its debt liabilities, i.e. its total debt liabilities (including the face value of bonds proposed for issuance) must not exceed five times its shareholders' equity under its latest audited financial statement.



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LEGAL UPDATE *July 2025*

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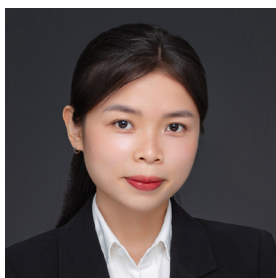
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