

## LEGAL UPDATES

### COMMERCE

#### **Decree No. 107/2018/ND-CP regarding rice export business**

Effective date: 1 October 2018

This Decree replaces Decree No. 109/2010/ND-CP regarding rice export business.

- (1) Traders, including local and foreign owned enterprises (“**Traders**”), may do rice export business upon satisfaction of conditions provided in the Decree and issuance of a certificate of eligibility for rice export business (“**Certificate**”) from the Ministry of Industry and Trade (“**MOIT**”), save for Traders who only export organic rice, parboiled rice and/or nutrition rice.
- (2) Traders must own or rent (with a minimum lease term of 5 years) at least one warehouse and one processing factory in conformity with the national technical regulations and standards. The Traders are not allowed to lease or sublease the aforesaid warehouse and processing factory to other traders for the purpose of obtaining the Certificates by such other traders.
- (3) Traders are required to periodically report to authorities on, among other issues, any circumstances under which they are not able to meet the conditions, export of rice, and the outstanding quantity of rice in stock.
- (4) The Certificates may be withdrawn if a Trader fails to export rice within 18 consecutive months (unless a notification has been submitted to the competent authority) or maintain compliance with the business conditions.
- (5) Traders must have a regular rice reserve of 5% of the quantity of rice exported within the previous 6 months.
- (6) Traders who have been issued with the Certificates under the old Decree No. 109/2010/ND-CP are allowed to continue with their business until expiry of such Certificate.

### BANKING

#### **Circular No. 17/2018/TT-NHNN amending and supplementing a number of articles of circulars regulating the licensing, business network and foreign exchange operations of credit institutions and foreign bank branches**

Effective date: 1 October 2018

As for issuance of a license to set up a commercial bank,

- (1) the Circular requires that the founding shareholders shall jointly own at least 50% of the charter capital upon establishment of a joint-stock bank; the founding shareholders being legal entities shall jointly own at least 50% of the total shares held by all founding shareholders; the circular however has revoked the time-limit for application of such requirement (i.e. 5 years from the date of issuance of the license);
- (2) the Circular also emphasizes that founders are not allowed to mobilize capital or obtain loans from other individuals and organizations for capital contribution; and
- (3) the Circular revokes the requirement that there must be at least two founding shareholders being organizations.

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