

LEGAL UPDATES

BANKING AND FINANCE

Circular No. 01/2020/TT-NHNN governing rescheduling of loan repayment, exemption or reduction of interest and/or fees and maintenance of loan categories by credit institutions and branches of foreign banks in order to support clients affected by Covid-19

Effective date: 13 March 2020

1. Credit institutions and branches of foreign banks may apply the following 3 measures to their clients affected by Covid-19: rescheduling of loan repayment, exemption or reduction of interest and/or fees and maintenance of loan category.
2. **Rescheduling of loan repayment** is applicable to principal balances and/or interest (including balances of loans governed by Decree No. 55/2015/ND-CP on credit policies to support agricultural and rural development) (i) arising from lending and financial leasing activities, (ii) of which the repayment of principal and/or interest is due within the period from 23 January 2020 until the date immediately following the end of 3 months from the declaration on elimination of Covid-19 by the Prime Minister and (iii) of which the clients are unable to repay the principal and/or interest on time as agreed due to decrease in revenues and incomes caused by Covid-19.

The above loan balances must fall into either of the following circumstances:

- a. not becoming overdue yet or becoming overdue within 10 days from the due date as agreed in lending or financial leasing agreements; or
- b. becoming overdue (except for cases at Item 2.a above) within the period from 23 January 2020 until the date immediately following the end of 15 days from the effective date of this Circular.

Total rescheduling time upon extension must not exceed 12 months from the expiry date of loan or financial lease tenure.

3. **Exemption or reduction of interest and/or fees** is applicable to loan balances (i) arising from credit extension activities (excluding purchase of and investment in corporate bonds), (ii) of which the repayment of principal and/or interest is due within the period from 23 January 2020 until the date immediately following the end of 3 months from the declaration on elimination of Covid-19 by the Prime Minister and (iii) of which the clients are unable to repay the principal and/or interest on time as agreed due to decrease in revenue and income caused by Covid-19.
4. **Category of a loan** classified at the latest time prior to 23 January 2020 may be maintained in relation to loan balances subject to the rescheduling of loan repayment at Item 2 and the exemption or reduction of interest and/or fees at Item 3. Such loan balances also include any loan balance (a) rescheduled or (b) of which the interest has been exempted or reduced or (c) of which the loan category has been re-classified during the period from 23 January 2020 until the date immediately following the end of 15 days from the effective date of this Circular.

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BANKING AND FINANCE

Circular No. 28/2019/TT-NHNN supplementing and amending several articles of Circular No. 19/2016/TT-NHNN dated 30 June 2016 of the Governor of the State Bank of Vietnam regulating bank cards

Effective date: 1 April 2020

Notable supplementation and amendments are set out below:

1. This Circular details provisions on the principal cardholders being organizations and supplementary cardholders being individuals from 15 to less than 18 years old.

For principal cardholders being organizations, the Circular removes the requirement that debit cardholders must be legal entities. From 01 April 2020, all organizations eligible to open payment accounts may use debit cards. However, only legal entities established in Vietnam are permitted to use credit cards and prepaid cards.

For supplementary cardholders being persons from 15 to less than 18 years old, it is not required to have prior approval from their legal representatives to use debit cards, credit cards and prepaid cards provided that their legal capacity is not completely or partially limited.

2. Scope of usage of credit cards and anonymous prepaid cards are amended by this Circular.

Credit cards can be used for payment of goods and services, cash deposit and withdrawal as agreed between cardholders and card issuers. Credit cards must not be used for money transfer (or debit) into payment accounts, debit cards and prepaid cards.

Anonymous prepaid cards can only be used for payment of permitted goods and services at card accepting devices at points of sales in Vietnam. They must not be used for card transactions on the Internet, mobile applications programs or for cash withdrawal.

3. This Circular provides for more responsibilities imposed on acquirers.

As from 01 April 2020, acquirers must require card accepting units (merchants) to provide documents proving the lawfulness of their business operations at the time of contract execution.

Acquirers must assess and classify merchants to ensure that card payment acceptance suits the business lines of those merchants. This must be done at the first instance and on a periodic (quarterly or annually) basis from 01 April 2020.

4. As regards acquirers' scope of services, in addition to cards with BINs issued by international card associations, acquirers licensed to conduct foreign exchange transactions are also permitted to process payments of cards with BINs of foreign countries from 01 April 2020.

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LABOUR

Official Letter No. 1064/LDTBXH-QHLDTL of the Ministry of Labour, Invalids and Social Affairs guiding payment of wage during cessation of work and settlement of benefits for employees during cessation of work related to Covid-19 Pandemic

Effective date: 25 March 2020

1. Wage during cessation of work of the following employees will be agreed by the employer and the employees but not lower than the regional minimum wage:
 - a. foreign employees not allowed to return to work as requested by competent authorities;
 - b. employees ceasing to work during quarantine as requested by competent authorities; and
 - c. employees ceasing to work since their enterprises or division(s) in their enterprises close their business because the employers or other employees in such enterprises or division(s) are in quarantine or not yet allowed to return to work.
2. The enterprises may consider the following during the Covid-19 Pandemic such as temporarily assigning the employees to different jobs; temporarily suspending the performance of the labour contracts; or layoff. However, the enterprises must comply with the Labour Code in terms of new wage, new employment term, advance notification and other requirements.

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