

THE PRESIDENT

**Order No. 25/2012/L-CTN of
December 3, 2012, on the
promulgation of law**

THE PRESIDENT OF THE SOCIALIST
REPUBLIC OF VIETNAM

*Pursuant to Articles 103 and 106 of the
1992 Constitution of the Socialist Republic
of Vietnam, which was amended and
supplemented under Resolution No. 51/2001/
QH10 of December 25, 2001, of the Xth
National Assembly, the 10th session;*

*Pursuant to Article 91 of the Law on
Organization of the National Assembly;*

*Pursuant to Article 57 of the Law on
Promulgation of Legal Documents,*

PROMULGATES:

The Cooperative Law,

which was passed on November 20, 2012,
by the XIIIth National Assembly of the Socialist
Republic of Vietnam at its 4th session.

*President of
the Socialist Republic of Vietnam*
TRUONG TAN SANG

Cooperative Law

(No. 23/2012/QH13)

*Pursuant to the 1992 Constitution of the
Socialist Republic of Vietnam, which was
amended and supplemented under Resolution
No. 51/2001/QH10;*

*The National Assembly promulgates the
Cooperative Law.*

Chapter I

GENERAL PROVISIONS

Article 1. Scope of regulation

This Law provides the establishment,
organization and operation of cooperatives and
unions of cooperatives in different sectors of the
economy.

Article 2. Subjects of application

This Law applies to cooperatives and unions
of cooperatives, and cooperative members
(below referred to as members), member
cooperatives of unions of cooperatives (below
referred to as member cooperatives), and
organizations, households and individuals related
to the establishment, organization and operation
of cooperatives and unions of cooperatives.

Article 3. Cooperatives and unions of
cooperatives

1. A cooperative is a collective economic
organization with co-owners and legal entity
status, established voluntarily by at least 7
members who cooperate with and assist one

another in production, business or job creation activities to meet their common needs on the basis of autonomy, self-responsibility, equality and democracy in management of the cooperative.

2. A union of cooperatives is a collective economic organization with co-owners and legal entity status, established voluntarily by at least 4 cooperatives which cooperate with and assist one another in production and business activities to meet their common needs on the basis of autonomy, self-responsibility, equality and democracy in the management of the union.

3. When a cooperative or union of cooperatives develops to a higher level, it may form businesses to operate in accordance with the Enterprise Law.

Article 4. Interpretation of terms

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

1. *Common needs of members or member cooperatives* means needs for use of similar products and services arising frequently and stably from business and production activities and the lives of members or member cooperatives. For a job creation cooperative, the common needs of members are the needs of cooperative members for jobs created by the cooperative.

2. *Minimum contributed capital* means an amount that individuals, households and legal entities shall contribute to the charter capital of a cooperative or union of cooperatives in accordance with the charter of the cooperative or union of cooperatives to become its members

or member cooperatives.

3. *Charter capital* means the total capital contributed or committed to contribute in a given period by members or member cooperatives and is specified in the charter of the cooperative or union of cooperatives.

4. *Undivided asset* means a part of assets of a cooperative or union of cooperatives not divided to the members or member cooperatives upon termination of the status of member or member cooperative or when the cooperative or union of cooperatives terminates its operation.

5. *Service contract* means an agreement between a cooperative or union of cooperatives with its members or member cooperatives on the use of its products and services in order to meet the common needs of its members or member cooperatives.

6. *Products or services of a cooperative or union of cooperatives for members or member cooperatives* are products or services provided by the cooperative or union of cooperatives to its members or member cooperatives under service contracts through one or more of the following activities:

a/ Common purchase of products and services from the market to serve members or member cooperatives;

b/ Common sale of products and services of members or member cooperatives to the market;

c/ Purchase of products and services of members or member cooperatives for sale to the market;

d/ Purchase of products and services from the market for sale to members or member cooperatives;

e/ Processing of products of members or member cooperatives;

f/ Supply of equipment and technical infrastructure to serve members or member cooperatives;

g/ Credit for members or member cooperatives;

h/ Job creation for members, for job creation cooperatives;

i/ Other activities as prescribed by the charter of the cooperative or union of cooperatives.

7. *Level of use of products or services of members or member cooperatives* means the ratio of the value of products or services used by each member or member cooperative to the total value of products or services provided by the cooperative or union of cooperatives for all members or member cooperatives.

For a job creation cooperative, the level of use of products or services is the members' labor contribution to the cooperative shown by the ratio of the salary of each member to the total salary of all members.

Article 5. State guarantee for cooperatives and unions of cooperatives

1. Recognizing and protecting the right to own property, capital, income, and other rights and legitimate interests of cooperatives and unions of cooperatives.

In case the State purchases or requisitions assets of cooperatives or unions of cooperatives for the reason of national defense, security or national interests, these assets must be paid or compensated in accordance with the law on compulsory purchase or requisition of assets.

2. Ensuring a fair production and business environment between cooperatives and unions of cooperatives and other types of enterprise and other economic organizations.

3. Ensuring the autonomy and self-responsibility of cooperatives or unions of cooperatives and not interfering in their lawful activities.

Article 6. Support and preferential policies of the State

1. The State has the following support policies for cooperatives and unions of cooperatives:

a/ Training and retraining of human resources;

b/ Trade promotion and market expansion;

c/ Application of new science, techniques and technologies;

d/ Access to capital and funds to support the development of cooperatives;

e/ Facilitation of participation in target programs and socio-economic development programs;

f/ Establishment of cooperatives and unions of cooperatives.

2. The State has the following preferential policies for cooperatives and unions of cooperatives:

a/ Preferential business income tax and other taxes in accordance with tax laws;

b/ Preferential fee for cooperative or cooperative union registration in accordance with the law on charges and fees.

3. Cooperatives and unions of cooperatives operating in agriculture, forestry, fishery or salt production may, in addition to the support and preferential policies prescribed in Clauses 1 and 2 of this Article, enjoy the following support and preferential policies:

a/ Investment in infrastructure development;

b/ Allocation and lease of land for their activities in accordance with the land law;

c/ Preferential credit;

d/ Capital and breeds when meeting with difficulties caused by natural disasters or epidemics;

e/ Product processing.

4. The Government shall detail this Article based on sectors, geographical areas and conditions for national socio-economic development in each period and the level of development of cooperatives and unions of cooperatives.

Article 7. Principles of organization and operation

1. Individuals, households and legal entities may voluntarily establish, join or leave cooperatives. Cooperatives may voluntarily establish, join and leave unions of cooperatives.

2. Cooperatives and unions of cooperatives

may widely admit members or member cooperatives.

3. Members or member cooperatives enjoy equality and have equal votes regardless of contributed capital in deciding on the organization, management and operation of their cooperatives or unions of cooperatives; are provided with adequate, timely and accurate information on production and business activities, finance, income distribution and other contents as prescribed by the charter.

4. Cooperatives and unions of cooperatives shall enjoy autonomy and take responsibility for their activities before law.

5. Members and member cooperatives and cooperatives and unions of cooperatives shall implement their commitments under service contracts and as prescribed by their charters. Incomes of cooperatives or unions of cooperatives must be mainly distributed according to the level of use of products and services of members or member cooperatives or, for job creation cooperatives, by members' contributed labor.

6. Cooperatives or unions of cooperatives shall pay attention to education, training and retraining for their members or member cooperatives, managers and employees, and provide information about the nature and benefits of cooperatives or unions of cooperatives.

7. Cooperatives or unions of cooperatives shall care for the sustainable development of their members or member cooperatives and

cooperate with one another in developing the cooperative movement on local, regional, national and international scales.

Article 8. Rights of cooperatives and unions of cooperatives

1. To achieve their operation objectives; to implement autonomy and self-responsibility in their operation.

2. To decide on organizing their management and operation; to hire and use labor.

3. To carry out production and business activities or create jobs according to registered business lines to meet the common needs of their members or member cooperatives.

4. To supply and consume products, services and jobs for their members or member cooperatives and to the market while ensuring the fulfillment of obligations toward their members or member cooperatives.

5. To admit new members and terminate the status of member or member cooperative.

6. To increase or decrease their charter capital during operation; to mobilize capital and carry out internal credit activities in accordance with law.

7. To enter into joint ventures with, associate and cooperate with domestic and foreign organizations and individuals to achieve their operation objectives.

8. To contribute capital to, buy shares from and establish businesses aiming to support their activities.

9. To manage, use and handle their capital, assets and funds.

10. To distribute their incomes and settle their losses and debts.

11. To participate in representative organizations of cooperatives or unions of cooperatives.

12. To lodge complaints about or through their representatives to denounce infringements upon their rights and legitimate interests; to handle their members or member cooperatives for violations of their charter, and settle internal disputes.

Article 9. Obligations of cooperatives and unions of cooperatives

1. To implement the charter.

2. To guarantee the rights and legitimate interests of their members or member cooperatives as prescribed by this Law.

3. To operate strictly according to their registered business lines.

4. To perform service contracts between cooperatives and their members or unions of cooperatives and their member cooperatives.

5. To implement laws on finance, tax, accounting, audit and statistics.

6. To manage and use their capital, assets and funds in accordance with law.

7. To manage and use land and other resources allocated or leased by the State in accordance with law.

8. To sign and perform labor contracts, pay

social insurance and health insurance premiums, and implement other policies for their laborers in accordance with law.

9. To educate, train, retrain and provide information for their members or member cooperatives.

10. To report on their activities according to regulations of the Government.

11. To pay compensations as prescribed by law for damages caused by themselves to their members or member cooperatives.

Article 10. Preservation of documents of cooperatives or unions of cooperatives

1. Cooperatives or unions of cooperatives shall preserve the following documents:

a/ Their charter, amended and supplemented charter and regulations; registration books of their members or member cooperatives;

b/ Their registration certificates; intellectual property rights certificates; product or goods quality registration certificates; licenses of conditional business lines;

c/ Documents and papers of certification of their right to own or use assets;

d/ Applications for joining and capital contribution certificates of their members or member cooperatives; minutes and resolutions of their founding conference, general meetings of members and Board of Directors; and their decisions;

e/ Reports on production and business results, reports and other documents of the Board of

Directors, Director (General Director), Control Board or controller; conclusions of inspection examination and audit agencies;

f/ Accounting books, accounting documents and financial statements.

2. The documents prescribed in this Article must be preserved in accordance with law.

Article 11. Political organizations, socio-political organizations and socio-professional organizations in cooperatives and unions of cooperatives

1. Political organizations, socio-political organizations and socio-professional organizations in cooperatives or unions of cooperatives shall operate within the framework of the Constitution and law.

2. Cooperatives and unions of cooperatives shall create favorable conditions for their members or member cooperatives and laborers to establish and join organizations prescribed in Clause 1 of this Article.

Article 12. Prohibited acts

1. Issuing certificates of registration of cooperatives or unions of cooperatives in the case of ineligibility; refusing to issue certificate of registration of cooperatives or cooperatives unions in the case of eligibility prescribed by this Law; hindering or harassing the registration and operation of cooperatives or unions of cooperatives.

2. Hindering the exercise of the rights and performance of the obligations of cooperatives.

unions of cooperatives, members and member cooperatives under this Law and their charter.

3. Operating in the name of cooperatives or unions of cooperatives without a certificate of registration; continuing to operate even after the withdrawal of certificate of registration.

4. Declaring untruthful and inaccurate contents to register cooperatives or unions of cooperatives.

5. Committing fraud in the valuation of contributed assets and capital.

6. Conducting business lines which are not recorded in the certificate of registration; conducting conditional business lines when lacking business conditions prescribed by law.

7. Failing to abide by the principles of organization and operation prescribed in Article 7 of this Law.

Chapter II

MEMBERS AND MEMBER COOPERATIVES

Article 13. Conditions for becoming members or member cooperatives

1. Individuals, households and legal entities that wish to become members of a cooperative must meet the following conditions:

a/ Individuals are Vietnamese citizens or foreigners lawfully residing in Vietnam, are 18 years or older, have full civil act capacity; households have a lawful representative as prescribed by law; an agency or organization is

a Vietnamese legal entity.

For a job creation cooperative, its members are individuals only;

b/ Having needs for cooperation with other members and for using products and services of the cooperative;

c/ Filing an application for voluntarily joining the cooperative and agreeing with its charter;

d/ Contributing capital as prescribed in Clause 1, Article 17 of this Law and the cooperative's charter;

e/ Other conditions as prescribed by the cooperative's charter.

2. A cooperative wishing to become a member of a union of cooperatives must meet the following conditions:

a/ Having needs for cooperation with other member cooperatives and for using products and services of the union of cooperatives;

b/ Filing an application for voluntarily joining and agreeing with the charter of the union of cooperatives;

c/ Contributing capital as prescribed in Clause 2, Article 17 of this Law and the charter of the union of cooperatives;

d/ Other conditions as prescribed by the charter of the union of cooperatives.

3. Individuals, households or legal entities can be members of more than one cooperative; cooperatives can be members of more than one union of cooperatives unless otherwise prescribed by the charters of cooperatives or unions of cooperatives.

4. The Government shall stipulate the conditions and procedures for becoming members of a cooperative for Vietnamese legal entities and foreign individuals who are lawfully residing in Vietnam.

Article 14. Rights of members and member cooperatives

1. To be supplied with products and services by their cooperative or union of cooperatives under service contracts.

2. To receive incomes distributed in accordance with this Law and the charter.

3. To enjoy benefits of their cooperative or union of cooperatives.

4. To attend or elect deputies for attending general meetings of members or member cooperatives.

5. To vote the contents within the rights of the general meeting of members as prescribed in Article 32 of this Law.

6. To self-nominate or nominate others as members of the Board of Directors, the Control Board or controller and other elected positions of their cooperative or union of cooperatives.

7. To propose and request the Board of Directors, Director (General Director), Control Board or controller to explain the operation of the cooperative or union of cooperatives; to request the Board of Directors, Control Board or controller to convene an extraordinary general meeting of members in accordance with this Law and the charter.

8. To be provided with necessary information relating to the operation of their cooperative or union of cooperatives; to receive supports in training, retraining and improvement of operational skills for activities of their cooperative or union of cooperatives.

9. To leave their cooperative or union of cooperatives as prescribed by the charter.

10. To be returned contributed capital upon leaving their cooperative or union of cooperatives in accordance with this Law and the charter.

11. To receive the remaining divided value of assets of their cooperative or union of cooperatives in accordance with this Law and the charter.

12. To lodge complaints and denunciations and initiate lawsuits in accordance with law.

13. Other rights as prescribed by the charter.

Article 15. Obligations of members and member cooperatives

1. To use products and services of their cooperative or union of cooperatives under service contracts.

2. To contribute fully and in due time capital as committed under the charter.

3. To take responsibility for debts and financial obligations of their cooperative or union of cooperatives within the scope of contributed capital in their cooperative or union of cooperatives.

4. To pay compensations for damages caused by themselves to their cooperative or union of cooperatives as prescribed by law.

5. To comply with the charter and regulation of their cooperative or union of cooperatives, resolutions of the general meetings of members or member cooperatives and decisions of the Boards of Directors of their cooperative or union of cooperatives.

6. Other obligations as prescribed by the charter.

Article 16. Termination of the status of member and member cooperative

1. The status of member or member cooperative is terminated upon occurrence of any of the following cases:

a/ A member who is an individual dies, is declared dead or missing by a court, has his/her civil act capacity restricted or lost, or is sentenced to imprisonment in accordance with law;

b/ A member that is a household no longer has a lawful representative as prescribed by law; a member that is a legal entity is dissolved or goes bankrupt; a member cooperative of a cooperative union is dissolved or goes bankrupt;

c/ The cooperative or union of cooperatives is dissolved or goes bankrupt;

d/ A member or member cooperative voluntarily leaves the cooperative or union of cooperatives;

e/ A member or member cooperative is expelled as prescribed by the charter;

f/ A member or member cooperative does not use products or services for a continuous time prescribed by the charter, but not more than 3 years. For a job creation cooperative, a member does not work for a continuous time prescribed by the charter, but not more than 2 years;

g/ At the committed time of full capital contribution, a member or member cooperative does not contribute or has contributed capital less than the minimum contributed capital specified in the charter;

h/ Other cases as prescribed by the charter.

2. The competence to terminate the status of member or member cooperative is as follows:

a/ For the cases specified at Points a, b, c, d and f, Clause 1 of this Article, the Board of Directors shall make decision and report to the coming general meeting of members;

b/ For the cases specified at Points e, g and h, Clause 1 of this Article, the Board of Directors shall request the general meeting of members to make decision after consulting the Control Board or controller.

3. The settlement of the benefits and obligations toward members or member cooperatives in the case of termination of the status of member or member cooperative must comply with this Law and the charter.

Article 17. Contribution of charter capital and certificates of capital contribution

1. For cooperatives, contributed capital of a member must comply with the agreement and

the charter, but must not exceed 20% of the charter capital of the cooperative.

2. For unions of cooperatives, contributed capital of a member cooperative must comply with the agreement and the charter, but must not exceed 30% of the charter capital of the cooperative union.

3. The time limit for, form and level of capital contribution are prescribed in the charter, but the time limit for full capital contribution must not exceed 6 months from the date the cooperative or union of cooperatives is issued a certificate of registration or from the date of admission.

4. When fully contributing capital, a member or member cooperative shall be issued a certificate of capital contribution by his/her/its cooperative or union of cooperatives. A certificate of capital contribution has the following principal contents:

a/ Name and address of the head office of the cooperative or union of cooperatives;

b/ Number and date of issue of the certificate of registration of the cooperative or union of cooperatives;

c/ Full name, permanent address, nationality, identity card or passport number of the individual member or lawful representative of the household.

For a member being a legal entity, to specify its name, head office, number of the establishment decision or registration number; and the full name, permanent address, nationality, identity card or passport number of its at-law representative. For a member cooperative, to

specify its name, head office, number of the certificate of registration of the member cooperative; the full name, permanent address, nationality, identity card or passport number of its at-law representative;

d/ Total contributed capital and time of contribution;

e/ Full name and signature of the at-law representative of the cooperative or union of cooperatives.

5. The order and procedures for issuance, re-issuance, change and revocation of certificates of contributed capital are prescribed in the charter

Article 18. Return and inheritance of contributed capital

1. Cooperatives or unions of cooperatives shall return contributed capital to their members or member cooperatives upon termination of the status of member or member cooperative or return the capital amount in excess of the maximum contributed capital when the contributed capital of members or member cooperatives exceeds the maximum capital prescribed in Clause 1 or 2, Article 17 of this Law.

2. In case an individual member dies, if his/her heirs satisfy the conditions prescribed by this Law and the charter and voluntarily participate in the cooperative, they may become members and continue to exercise the rights and perform the obligations of members. If they do not wish to participate in the cooperatives, they are entitled to inherit the dead member's contributed capital in accordance with law.

In case of an individual member is declared missing by a court, his/her contributed capital must be returned and his/her assets be managed in accordance with law.

3. In case an individual member is declared by a court to have his/her civil act capacity restricted or lost, his/her contributed capital must be returned through a guardian.

4. In case a member being a legal entity or a member cooperative is separated, split up, consolidated, merged, dissolved or bankrupt, the return or inheritance of its contributed capital must comply with law.

5. In case there is no person to inherit the contributed capital of an individual member or his/her heirs refuse to inherit or are deprived of the right to inherit his/her contributed capital, the contributed capital must be handled in accordance with law.

6. In case the heirs voluntarily leave their inheritance to the cooperative, such contributed capital must be included in the undivided assets of the cooperative.

Chapter III

ESTABLISHMENT AND REGISTRATION OF COOPERATIVES AND UNIONS OF COOPERATIVES

Article 19. Founders

1. A founder of a cooperative is an individual, a household or a legal entity that voluntarily commits to found, and participate in the

establishment of, a cooperative.

A founder of a union of cooperatives is a cooperative that voluntarily commits to found, and participate in the establishment of, a union of cooperatives.

2. Founders shall advocate and propagate the establishment of a cooperative or union of cooperatives; develop a business and production plan and draft charter; and make preparations for organizing a conference to establish the cooperative or union of cooperatives.

Article 20. Conference to establish a cooperative or union of cooperatives

1. A conference to establish a cooperative or a union of cooperatives must be held by the founders in accordance with this Law.

Participants in a conference to establish a cooperative include the founders being individuals; lawful representatives of the founders; lawful representatives of households, legal entities and other individuals who wish to join the cooperative.

Participants in a conference to establish a union of cooperatives include the lawful representatives of the founders and the cooperatives wishing to join the union of cooperatives.

2. The conference shall discuss the draft charter and business and production plan of the cooperative or union of cooperatives and prepare a list of expected members or member cooperatives.

3. The conference shall pass the charter. Those who approve the charter and fully meet all conditions specified in Article 13 of this Law will become members or member cooperatives. Members or member cooperatives shall continue to discuss and decide on the following contents:

a/ Business and production plan;

b/ Election of the Board of Directors and its chairman; and decision on the selection of the Director (General Director) among the members or lawful representatives of the member cooperatives or hiring of the Director (General Director);

c/ Election of the Control Board and its head, or controller;

d/ Other contents related to the establishment, organization and operation of the cooperative or union of cooperatives.

4. A resolution of the establishment conference on the contents specified in Clause 3 of this Article must be passed on the principle of majority vote.

Article 21. Content of the charter of a cooperative or union of cooperatives

1. Name and address of the head office; logo (if any);

2. Operation objectives.

3. Business and production lines.

4. Subjects, conditions and procedures for the admission and termination of the status of member or member cooperative; measures to handle members or member cooperatives with overdue debts.

5. Frequency of using products and services; minimum value of products and services that members or member cooperatives must use; continuous time without using products and services of the cooperative or union of cooperatives, which must not exceed 3 years; continuous time without working for the cooperative, for job creation cooperatives, which must not exceed 2 years.

6. Rights and obligations of members or cooperative members.

7. Organizational structure of the cooperative or union of cooperatives; functions, tasks, powers and mode of operation of the Board of Directors, chairman of the Board of Directors, Director (General Director), the Control Board or controller; mode of election, removal from office or dismissal of members and Chairman of the Board of Directors, the Control Board or controller; and the assisting apparatus of the cooperative or union of cooperatives.

8. The number of members, structure and the term of office of the Board of Directors and Control Board; the case in which a member of the Board of Directors may concurrently be the Director (General Director).

9. The order and procedures for conducting a general meeting of members and adopting decisions at a general meeting of members; standards, order and procedures for the election of deputies to attend a general meeting of member deputies.

10. Charter capital, minimum contributed capital, form of capital contribution and time limit

for capital contribution; return of contributed capital; ways of increasing and decreasing charter capital.

11. Issuance, re-issuance, modification and revocation of certificates of capital contribution.

12. Contents of service contracts between the cooperative and its members or between the union of cooperatives and its member cooperatives, including the obligation to supply and use products and services; prices and methods of payment for products and services. For job creation cooperatives, the content of service contracts between the cooperative and its members is the content of labor contracts between the cooperative and its members.

13. The supply and marketing of products, services and jobs that the cooperative or union of cooperatives has committed to supply and consume for its members or member cooperatives.

The ratio of supply and marketing of products, services and jobs that the cooperative or union of cooperatives has committed to supply and consume for its members or member cooperatives for each field and type complies with regulations of the Government.

14. Investment, capital contribution, share purchase, joint venture and association; and establishment of businesses of the cooperative or union of cooperatives.

15. Setting up of funds; rate of deduction for setting up funds; rates and methods of income distribution.

16. Financial management, use and handling of assets, capital, funds and other losses; and types of undivided assets.

17. Principles of payment of remuneration for members of the Board of Directors, the Control Board or controller; principles of payment of salaries and wages to executive officers and laborers.

18. Handling of violations of the charter and principles of settlement of internal disputes.

19. Revision and supplementation of the charter.

20. Other contents to be decided by the general meeting of members which must not be contrary to this Law and relevant laws.

Article 22. Names and logos of cooperatives and unions of cooperatives

1. A cooperative or union of cooperatives may decide on its name and logo which must not be contrary to law. The name of a cooperative or union of cooperatives must be written in Vietnamese and may include numbers and symbols, and followed by the word "Cooperative" or the phrase "Union of cooperatives".

2. The name and logo of a cooperative or union of cooperatives must be registered with a competent state agency for protection under law.

3. The Government shall detail this Article.

Article 23. Registration of cooperatives and unions of cooperatives

1. Before operation, a cooperative or union

of cooperatives shall register with a competent state agency of the locality in which it plans to locate its head office.

2. A dossier of registration of a cooperative or union of cooperatives comprises:

a/ The written request for registration of a cooperative or union of cooperatives;

b/ The charter;

c/ The business and production plan;

d/ The list of members or member cooperatives: list of members of the Board of Directors, Director (General Director), Control Board or controller;

e/ The resolution of the establishment conference.

3. The representative of the cooperative or union of cooperatives shall declare fully, honestly and accurately the contents specified in Clause 2 of this Article, and take responsibility before law for the declared contents.

4. Competent state agencies shall issue certificates of registration within 5 working days after receiving dossiers as prescribed in Clause 2 of this Article. In case of refusal, they shall issue a written reply specifying the reason.

5. The Government shall define competent state agencies to issue certificates of registration; and the order and procedures for issuance and the content of certificates of registration.

Article 24. Conditions for issuance of certificates of registration of cooperatives and unions of cooperatives

A cooperative or union of cooperatives may be issued a certificate of registration when fully meeting the following conditions:

1. Its business and production lines are not prohibited by law;

2. It submits a dossier of registration as prescribed in Clause 2, Article 23 of this Law.

3. Its name complies with Article 22 of this Law;

4. It has a head office as prescribed in Article 26 of this Law.

Article 25. Books of registration of members or member cooperatives

A cooperative or union of cooperatives shall prepare a book of registration of members or member cooperatives right after being issued a certificate of registration. The book of registration must have the following contents:

1. Name and address of the head office of the cooperative or union of cooperatives; number and date of issuance of the certificate of registration;

2. Information on members or member cooperatives:

a/ Full name, permanent residence address, nationality, identity card or passport number for individual members or household representatives;

b/ Name and address of the head office, establishment decision or registration number of each member being a legal entity; full name, permanent residence address, nationality, identity

card or passport number of the legal representative for these members:

c/ Name and address of the head office, and registration number of each member cooperative: full name, permanent residence address, nationality, identity card or passport number for the at-law representative for these member cooperatives.

3. Contributed capital value of each member or member cooperative; time of contribution;

4. Number and date of issuance of the certificate of capital contribution of each member or member cooperative;

5. Signature of each individual member, the lawful representative of each household, the at-law representative of the legal entity; the signature of the at-law representative of the member cooperative;

6. Signature of the at-law representative of the cooperative or union of cooperatives.

Article 26. Head offices of cooperatives or unions of cooperatives

Head offices of cooperatives or unions of cooperatives are places of transaction of cooperatives or unions of cooperatives in the territory of Vietnam with identified address including house number, name of the street, commune, ward, township, district, town or provincial city, province or centrally run city; telephone number, fax number and e-mail (if any).

Article 27. Representative offices, branches and places of business

1. Cooperatives or unions of cooperatives may establish branches, representative offices and places of business in the country and abroad. The order and procedures for establishment comply with regulations of the Government.

2. A representative office shall act as a representative by authorization to serve the operation of its cooperative or union of cooperatives.

3. A branch is an attached unit of the cooperative or union of cooperatives and is responsible for performing all or part of the functions and tasks of the cooperative or union of cooperatives. The business lines of a branch must be in line with those of the cooperative or union of cooperatives.

4. Branches, representative offices and places of business must bear the names of its cooperative or union of cooperatives, together with corresponding supplements to identify the branches, representative offices or places of business.

Article 28. Change of registered contents of cooperatives or unions of cooperatives

1. In case a cooperative or union of cooperatives changes one of the contents: name, address of head office, production and business lines, charter capital, at-law representative: name, address, representative of a branch or representative office, it shall register such change with the competent state agency which has issued its certificate of registration. The change must only be made after the competent state agency issues a certificate of registration.

2. When a cooperative or union of cooperatives changes its charter content, number of members, cooperative members, members of Board of Directors, Control Board or controller and place of business, it shall send a notice to the competent state agency which has issued its certificate of registration within 15 days from the date of the change.

Chapter IV

ORGANIZATION OF MANAGEMENT OF COOPERATIVES AND UNIONS OF COOPERATIVES

Article 29. Organizational structure

The organizational structure of a cooperative or union of cooperatives comprises the general meeting of members, the Board of Directors, the Director (General Director), the Control Board or controller.

Article 30. General meeting of members

1. The general meeting of members has the highest power to issue decisions of the cooperative or union of cooperatives. General meetings of members include annual and extraordinary general meetings. A general meeting of members is held in the form of general meeting or general meeting of member deputies (below collectively referred to as general meeting of members). A general meeting has the powers and tasks prescribed in Article 32 of this Law.

2. Cooperatives or unions of cooperatives with 100 members or member cooperatives or more may hold general meetings of member deputies.

3. Criteria of deputies and the order and procedures for the election of deputies to participate in the general meeting of member deputies must be specified by the charter.

4. The number of deputies participating in a general meeting of member deputies must be specified by the charter but must be:

a/ At least 30% of the total number of members or member cooperatives, for cooperatives or unions of cooperatives having between 100 and 300 members or member cooperatives;

b/ At least 20% of the total number of members or member cooperatives, for the cooperatives or unions of cooperatives having between over 300 and 1,000 members or member cooperatives;

c/ At least 200 for cooperatives or unions of cooperatives having more than 1,000 members or member cooperatives.

5. Deputies attending a general meeting of members shall express opinions and aspirations of, and take responsibility for notification of the results of the general meeting to, all members or cooperative members they represent.

Article 31. Convening of general meetings of members

1. An annual general meeting of members must be held within 3 months from the end of a fiscal year and convened by the Board of Directors.

An extraordinary general meeting of members may be convened by the Board of Directors, Control Board or controller or

members representing at least one-third of the total number of members or member cooperatives as specified in Clauses 2, 3 and 4 of this Article.

2. The Board of Directors may convene an extraordinary general meeting of members in the following cases:

a/ To settle matters beyond the competence of the Board of Directors;

b/ The Board of Directors is unable to hold a regular meeting after two times of convening;

c/ At the request of the Control Board or controller;

d/ At the request of at least one-third of the total number of members or member cooperatives.

Within 15 days after receiving the request of the Control Board or controller or the request of at least one-third of the total number of members or member cooperatives, the Board of Directors shall convene an extraordinary general meeting of members.

3. Past 15 days after receiving the request of the Control Board or controller or the request of at least one-third of the total number of members or member cooperatives, if the Board of Directors fails to convene an extraordinary general meeting of members or beyond 3 months from the end of the fiscal year but the Board of Directors fails to convene the annual general meeting, the Control Board or controller has the right to convene a general meeting of members.

4. Within 15 days from the date the Control Board or controller that has the right to convene

an extraordinary general meeting of members fails to do this in accordance with Clause 3 of this Article, the members representing at least one-third of the total number of members or member cooperatives may convene a general meeting.

5. A general meeting of members must be chaired by the convenor, except the case the general meeting of members makes decision to select another member as a chairperson.

6. A general meeting of members may be conducted when it is attended by at least 75% of the total number of members or member cooperatives or member deputies. In case the number of attending members is insufficient, the general meeting of members must be postponed.

In case the first meeting is not eligible for organization, a second meeting must be convened within 30 days from the expected date of the first meeting. The second general meeting of members must be conducted when it is attended by at least 50% of the total number of members or member cooperatives or member deputies.

In case the second meeting is not eligible for organization, a third meeting must be convened within 20 days from the expected date of the second meeting. In this case, the general meeting of members must be conducted regardless of the number of attending members.

Article 32. Powers and tasks of general meetings of members

A general meeting of members shall decide on the following contents:

1. Adoption of a report on operation results in the year; a report on operation of the Board of Directors and the Control Board or controller.

2. Approval of financial statements and results of internal audit.

3. Plan on income distribution and handling of losses and debts; setting up and rate of fund deduction; plan on salaries and incomes for laborers for job creation cooperatives.

4. Business and production plan;

5. Investment in or sale of assets of a value equal to or greater than 50% of the total value of assets recorded in the latest financial statement.

6. Capital contribution, share purchase, establishment of businesses, joint ventures, affiliation; establishment of branches and representative offices; joining a cooperative union or representative organization of cooperatives or unions of cooperatives.

7. Increase or decrease of charter capital, minimum contributed capital; competence to decide on and methods of raising capital.

8. Valuation of assets and undivided assets;

9. The organizational structure of the cooperative or union of cooperatives;

10. A member of Board of Directors concurrently acting as the Director (General Director) or hiring the Director (General Director).

11. Election, removal from office and dismissal of the chairman of the Board of

Directors, members of the Board of Directors, head of the Control Board, members of Control Board or controller; increase and decrease of the number of members of the Board of Directors and the Control Board;

12. Transfer, liquidation and handling of fixed assets;

13. Split, separation, merger, consolidation, dissolution, bankruptcy of the cooperative or union of cooperatives;

14. Amendment and supplementation of the charter;

15. Remuneration and bonuses of members of the Board of Directors or Control Board or controller; wages, salaries and bonuses of the Director (General Director), Deputy Director (Deputy General Director) and other managerial positions in accordance with the charter;

16. Termination of the status of member or member cooperative as prescribed at Point b, Clause 2, Article 16 of this Law.

17. Other contents requested by the Board of Directors, Control Board or controller, or by at least one-third of the total number of members or member cooperatives.

Article 33. Preparation for general meetings of members

1. The convenor of a general meeting of members shall make a list of members or member cooperatives or member deputies entitled to attend the meeting; prepare an agenda of the meeting, contents, documents and draft

resolutions: determine the time and venue of the meeting and send invitations to members or member cooperatives or member deputies to attend the meeting. Invitations to the meeting must be sent together with the agenda and documents related to the content of the general meeting of members at least 7 days prior to the opening of the general meeting of members

2. The agenda of a general meeting of members may be changed when at least one-third of the total number of members or member cooperatives or member deputies request in writing adjustment of the same content. The request's contents must be sent to the convener of the meeting no later than 3 working days before the opening date. The request must specify the name of the member or member cooperative or member deputies and the contents must be included in the agenda.

3. The convener of the general meeting of members may only decline the request specified in Clause 2 of this Article in one of the following cases:

a/ The request is not sent in due time or does not match the content of the general meeting of members;

b/ The request's content does not fall under the deciding competence of the general meeting of members;

c/ Other cases as prescribed by the charter.

4. In case of disapproval of the request specified in Clause 2 of this Article, the convener shall report it to the general meeting of members before deciding on the agenda of the general

meeting of members.

The requests approved must be included in the tentative agenda. The agenda of a general meeting of members must be voted for by the general meeting.

Article 34. Voting in general meetings of members

1. The following contents are adopted by the general meeting of members when they are voted for by at least 75% of the total number of present deputies:

a/ Amendment and supplementation of the charter;

b/ Split, separation, merger, consolidation, dissolution or bankruptcy of the cooperative or union of cooperatives;

c/ Investment in or sale of assets with a value equal to or greater than 50% of the total value of assets recorded in the latest financial statement of the cooperative or the union of cooperatives.

2. The contents not specified in Clause 1 of this Article are adopted when they are voted for by more than 50% of the total number of deputies.

3. Each member or member cooperative or member deputy attending the general meeting of members has one vote. All votes are of equal validity, regardless of the amount of contributed capital or positions of members or member cooperatives or member deputies.

Article 35. Boards of Directors of cooperatives or unions of cooperatives

1. The Board of Directors of a cooperative or union of cooperatives is the management body of the cooperative or union of cooperatives and is established by conference or elected, removed from office or dismissed by the general meeting of members by secret ballot. The Board of Directors comprises the chairman and members; the number of members of the Board of Directors is prescribed by the charter but must be at least 3 and at most 15.

2. The term of office of the Board of Directors of a cooperative or union of cooperatives must be stipulated by the charter of the cooperative or union of cooperatives, but must be at least 2 years and at most 5 years.

3. The Board of Directors may use the seal of the cooperative or union of cooperatives to perform the powers and tasks specified in Article 36 of this Law.

4. The Board of Directors of a cooperative shall hold regular meetings in accordance with the charter at least once every 3 months; the Board of Directors of a union of cooperatives shall hold regular meetings in accordance with the charter at least once every 6 months convened by the chairman of the Board of Directors or by a member of the Board of Directors authorized by the chairman of the Board of Directors.

The Board of Directors shall hold an extraordinary meeting at the request of at least one-third of the total number of its members or of the chairman of the Board of Directors, the Control Board or controller or the Director

(General Director) of the cooperative or union of cooperatives.

5. A meeting of the Board of Directors must be conducted as follows:

a/ A meeting of the Board of Directors must be conducted when it is attended by at least two-thirds of the total number of members of the Board of Directors. The Board's decisions are adopted on the principle of majority vote, each member has one vote of equal validity:

b/ In case of convening a meeting of the Board of Directors on a regular basis but with an insufficient number of participants as prescribed, the chairman of the Board shall convene a second meeting within 15 days from the expected date of the first meeting. After two times of convening without a sufficient number of participants, the Board shall convene an extraordinary general meeting of members within 30 days from the date of the expected date of the second meeting to review the status of member of those members who have not attended the meeting and take handling measures; the chairman of the Board of Directors shall report to the coming general meeting of members to review the status of member of the Board of Directors who have not attended the meeting and decide on the handling measure:

c/ The content and conclusions of the meeting of the Board of Directors must be recorded in a minutes; the meeting minutes must be signed by the chairperson and secretary of the meeting. The chairperson and secretary are jointly

responsible for the accuracy and truthfulness of the minutes. For contents that the Board of Directors can not decide, it shall submit them to the general meeting of members for decision. The members of the Board of Directors may reserve their opinions which are recorded in the minutes of the meeting.

Article 36. Powers and tasks of the Board of Directors

1. To decide on the organization of assisting divisions and units directly attached to the cooperative or union of cooperatives in accordance with the charter.

2. To implement resolutions of the general meeting of members and evaluate operation results of the cooperative or union of cooperatives.

3. To prepare and propose the general meeting of members to amend and supplement the charter; to report on operation results, business and production plan and income distribution plan of the cooperative or union of cooperatives; to report on its operation.

4. To submit to the general meeting of members for review and approval the financial statements and the management and use of funds of the cooperative or union of cooperatives.

5. To submit to the general meeting of members the remuneration and bonus levels of its members, members of the Control Board or controller; wages, salaries and bonuses of the Director (General Director) and Deputy Director (Deputy General Director).

6. To transfer, liquidate and handle working assets of the cooperative or cooperative unions according to the competence assigned by the general meeting of members.

7. To admit new members and solve the termination of the status of member specified at Point a, Clause 2, Article 16 of this Law and report them to the general meeting of members.

8. To evaluate the operation effectiveness of the Director (General Director) and Deputy Director (Deputy General Director).

9. To appoint, remove from office, dismiss, hire or terminate the hiring contract with the Director (General Director) in accordance with the resolution of the general meeting of members.

10. To appoint, remove from office, dismiss, hire or terminate the hiring contracts with the Deputy Director (Deputy General Director) and other positions at the request of the Director (General Director), unless otherwise specified by the charter.

11. To reward and discipline members or member cooperatives; to reward individuals and organizations that are not members or member cooperatives but have merits in building and developing the cooperative or union of cooperatives.

12. To notify the members or member cooperatives of the resolutions and decisions of the general meeting of members and the Board of Directors;

13. To issue regulations on the operation of

the Board of Directors to implement its assigned powers and tasks.

14. To implement other rights and tasks as prescribed in the charter and resolutions of the general meeting of members, and take responsibility for their decisions before the general meeting of members and law.

Article 37. Powers and tasks of the chairperson of the Board of Directors

1. To act as the at-law representative of the cooperative or union of cooperatives.

2. To program and plan the operation of the Board of Directors and assign tasks to its members.

3. To prepare the content and agenda for, and convene and preside over the meetings of the Board of Directors and general meetings of members unless otherwise prescribed by this Law or the charter.

4. To take responsibility before the general meeting of members and the Board of Directors for the assigned tasks.

5. To sign documents of the Board of Directors as prescribed by law and the charter.

6. To implement other powers and tasks as prescribed by law and the charter.

Article 38. Directors (General Directors) of cooperatives or unions of cooperatives

1. The Director (General Director) is the executive of operations of the cooperative or

union of cooperatives;

2. The Director (General Director) has the following powers and tasks:

a/ To organize the implementation of the business and production plan of the cooperative or union of cooperatives;

b/ To implement resolutions of the general meeting of members and decisions of the Board of Directors;

c/ To sign contracts in the name of the cooperative or union of cooperatives under the authorization of the chairman of the Board of Directors;

d/ To submit annual financial statements to the Board of Directors;

e/ To make plans on organization of assisting divisions and units directly attached to the cooperative or union of cooperatives and present them to the Board of Directors for decision;

f/ To recruit laborers under the Board of Directors' decision;

g/ To implement other powers and tasks as prescribed in the charter and regulations of the cooperative or union of cooperatives.

3. In case the Director (General Director) is hired by the cooperative or union of cooperatives, in addition to implementing the powers and tasks specified in Clause 2 of this Article, he/she shall also implement the powers and tasks under the labor contract and may be invited to attend the general meetings of members and meetings of the Board of Directors.

Article 39. The Control Board or controller

1. The Control Board or controller shall operate independently, examine and supervise activities of the cooperative or union of cooperatives in accordance with law and its charter.

2. The Control Board or controller shall be elected directly by the general meeting of members among the members or representatives of member cooperatives by secret ballot. The number of members of the Control Board may be decided by the general meeting of members but must not exceed 7.

Cooperatives with 30 members or more, unions of cooperatives with 10 members or more shall elect the Control Board. For cooperatives with less than 30 members and unions of cooperatives with less than 10 member cooperatives, the establishment of the Control Board or appointment of the controller must be specified in the charter.

3. The head of the Control Board shall be elected directly among the members of the Control Board. The term of office of the Control Board or controller must match that of the Board of Directors.

4. The Control Board or controller shall take responsibility before the general meeting of members and has the following powers and tasks:

a/ To inspect and monitor activities of the cooperative or union of cooperatives as prescribed by law and the charter;

b/ To inspect the compliance with the charter, resolutions and decisions of the general meeting of members and Board of Directors and regulations of the cooperative or union of cooperatives;

c/ To monitor activities of the Board of Directors, Director (General Director), members or member cooperatives as prescribed by law, the charter, resolutions of the general meeting of members and regulations of the cooperative or union of cooperatives;

d/ To inspect the financial operation, compliance with the accounting regulation, income distribution, handling of losses, use of funds, assets and loans of the cooperative or union of cooperatives and other funds of the State;

e/ To verify reports on business and production results and annual financial statements of the Board of Directors before submission to the general meeting of members;

f/ To receive proposals related to the cooperative or union of cooperatives; settle under its/his/her competence or request the Board of Directors and the general meeting of members to settle them according to its competence;

g/ The head of the Control Board or controller may attend meetings of the Board of Directors but have no right to vote;

h/ To notify the Board of Directors and make reports before the general meeting of members on control results; to request the Board of Directors or Director (General Director) to address weaknesses and violations in the

operation of the cooperative or union of cooperatives;

i/ To request supply of materials, books, documents and necessary information to serve the inspection and monitoring, but to be prohibited from using those materials and information for other purposes;

j/ To prepare agendas of and convene extraordinary meetings as prescribed in Clause 3, Article 31 of this Law;

k/ To implement other powers and tasks as prescribed by law and the charter.

5. Members of the Control Board or controller are entitled to remuneration and other necessary expenses in the course of performing their tasks.

6. The Control Board or controller may use the seal of the cooperative or union of cooperatives to perform its/his/her tasks.

Article 40. Conditions for becoming members of the Boards of Directors, Control Boards, controllers or Directors (General Director) of cooperatives or unions of cooperatives

1. A member of the Board of Directors of a cooperative must meet the following conditions:

a/ Being a member of the cooperative;

b/ Not being concurrently a member of the Control Board or controller, chief accountant or treasurer of the same cooperative and not being a blood parent, adoptive parent, spouse, child, adopted child or blood sibling of a member of the

Board of Directors or Control Board or controller;

c/ Other conditions as specified by the charter of the cooperative.

2. A member of the Board of Directors of a union of cooperatives must meet the following conditions:

a/ Being a lawful representative of a member cooperative;

b/ Not being concurrently a member of the Control Board or controller, chief accountant or treasurer of the same union and not being a blood parent, adoptive parent, spouse, child, adopted child or blood sibling of a member of the Board of Directors, Control Board or controller;

c/ Other conditions as specified by the charter of the union of cooperatives.

3. The controller or a member of the Control Board of a cooperative must meet the following conditions:

a/ Being a member of the cooperative;

b/ Not being concurrently a member of the Board of Directors, Director (General Director), chief accountant or treasurer of the same cooperative and not being a blood parent, adoptive parent, spouse, child, adopted child or blood sibling of a member of the Board of Directors or the Control Board;

c/ Other conditions as specified by the charter of the cooperative.

4. The controller or a member of the Control Board of a union of cooperatives must meet the following conditions:

a/ Being a lawful representative of a member cooperative as prescribed in Clause 2, Article 13 of this Law;

b/ Not being concurrently a member of the Board of Directors, Director (General Director), chief accountant or treasurer of the same union of cooperatives and not being a blood parent, adoptive parent, spouse, child, adopted child or blood sibling of a member of the Board of Directors and another member of the Control Board;

c/ Other conditions as prescribed by the charter of the union of cooperatives.

5. The Director (General Director) must meet the following conditions as prescribed by law and the charter.

6. The following persons must not be members of the Board of Directors, members of the Control Board, controller or Director (General Director) of a cooperative or union of cooperatives.

a/ Serving a prison sentence or being banned by the court from conducting business;

b/ Having been convicted of a crime against national security, ownership or economic management and having not yet had such criminal record remitted;

c/ Other cases as prescribed by law and the charter.

Article 41. Removal from office, dismissal and termination of contracts of management titles of cooperatives or unions of cooperatives

1. A member of the Board of Directors or Control Board or the controller or the Director (General Director) may be removed from office, dismissed or have his/her contract terminated if falling in one of the following cases:

a/ Having his/her civil act capacity restricted or lost;

b/ Voluntarily resigning;

c/ Being sentenced to imprisonment or banned by a court from holding positions and practice related to cooperatives or unions of cooperatives;

d/ Other cases as prescribed by the charter or in accordance with the labor contract signed between the cooperative or union of cooperatives with the Director (General Director).

2. After being removed from office, dismissed or having his/her labor contract terminated, a member of the Board of Directors or Control Board or the controller or the Director (General Director) is still responsible for his/her decisions made during the time of holding such position.

Chapter V

ASSETS AND FINANCE OF COOPERATIVES AND UNIONS OF COOPERATIVES

Article 42. Determination of value of contributed capital

1. Contributed capital is in Vietnam dong and other kinds of asset convertible into Vietnam dong, including foreign currency, objects, value of land use rights, intellectual property rights and valuable papers at the time of contribution.

2. The value of other kinds of assets contributed as capital is determined according to the principles of agreement between the cooperative or union of cooperatives and the contributing member or member cooperative or through an appraisal organization.

Article 43. Increase and decrease of charter capital of cooperatives and unions of cooperatives

1. The charter capital of a cooperative or union of cooperatives may be increased in case the general meeting of members decides to increase the minimum level of contributed capital or mobilize additional contributed capital of members or member cooperatives or admit new members or member cooperatives.

2. The charter capital of a cooperative or union of cooperatives may be decreased when the cooperative or union of cooperatives returns contributed capital to its members or member cooperatives.

In case the charter capital decreases but there are members or member cooperatives with their contributed capital exceeding the maximum level prescribed in Clause 1 or 2, Article 17 of this Law, the capital amount in excess of the maximum level must be returned as prescribed in Clause 1, Article 18 of this Law or additional capital must be mobilized from members or member cooperatives or new members or member cooperatives must be admitted to ensure the ratio of maximum capital contribution as prescribed by this Law and the charter.

For a cooperative or union of cooperatives operating in business lines which are required to have legal capital, the charter capital after the decrease must not be lower than the legal capital applicable to those business lines.

Article 44. Mobilization of capital and subsidies and financial assistance

1. Cooperatives or unions of cooperatives shall give priority to mobilization of capital from their members or member cooperatives to invest in and expand business and production on the basis of agreement with their members or member cooperatives.

In case the capital mobilized from their members or member cooperatives has not met the requirements, cooperatives or unions of cooperatives may mobilize capital from other sources as prescribed by law and their charter.

2. Cooperatives or unions of cooperatives may receive subsidies and financial assistance from the State and organizations and individuals at home and abroad under agreement as prescribed by law.

3. The management of subsidies and financial assistance of the State must be implemented as follows:

a/ Non-refundable subsidies and financial assistance of the State must be included in the undivided assets of cooperatives or unions of cooperatives;

b/ Refundable financial assistance of the State must be included in the debts of cooperatives or unions of cooperatives.

4. The management and use of foreign-involved subsidies and financial assistance must comply with the provisions of law and the treaties to which the Socialist Republic of Vietnam is a contracting party.

Article 45. Working capital of cooperatives and unions of cooperatives

1. Working capital of a cooperative or union of cooperatives includes the contributed capital of members or member cooperatives, mobilized capital, accumulated capital, funds of the cooperative or union of cooperatives, subsidies and financial assistance of the State and organizations and individuals at home and abroad; offerings, donations and other lawful resources.

2. The charter of a cooperative or union of cooperatives must specify the management and use of working capital of the cooperative or union of cooperatives in accordance with this Law and relevant laws.

3. The Government shall stipulate the use of capital of cooperatives and unions of cooperatives for capital contribution, share purchase and establishment of businesses.

Article 46. Distribution of income

After fulfilling its financial obligations as prescribed by law, the income of a cooperative or union of cooperatives may be distributed as follows:

1. Deduction for the development investment fund at a rate of at least 20% of income;

deduction for the financial reserve fund at the rate of at least 5% of income;

2. Deduction for other funds as decided by the general meeting of members;

3. The remaining income after the deduction of funds as prescribed in Clauses 1 and 2 of this Article may be distributed to members or member cooperatives according to the following principles:

a/ Distribution mainly based on the level of use of products and services by members or member cooperatives; and labor effort contributed by members for job creation cooperatives;

b/ Division of the remaining income in proportion to contributed capital;

c/ The rate and mode of distribution are specified by the charter of the cooperative or union of cooperatives.

4. Income distributed to members or member cooperatives is the asset under the ownership of these members or member cooperatives. The members or member cooperatives may hand over their distributed incomes to the cooperative or union of cooperatives for management and use under the agreement with the cooperative or union of cooperatives.

Article 47. Management and use of funds of cooperatives and unions of cooperatives

1. Cooperatives or unions of cooperatives shall use and manage their funds in accordance with their charters and regulations on financial management and in accordance with law.

2. The Boards of Directors shall annually reports to the general meetings of members on the management and use of funds and direction of the use of funds of the cooperatives or unions of cooperatives in the subsequent year.

Article 48. Assets of cooperatives and unions of cooperatives

1. Assets of a cooperative or union of cooperatives may be formed from the following sources:

a/ Contributed capital of members or member cooperatives;

b/ Mobilized capital of members or member cooperatives and other mobilized capital;

c/ Capital and assets formed during the operation of the cooperative or union of cooperatives;

d/ Subsidies and financial assistance of the State and other offered and donated amounts.

2. Undivided assets of the cooperative or union of cooperatives include:

a/ Use rights of land allocated or leased by the State;

b/ Non-refundable subsidies and financial assistance of the State; offered and donated amounts treated as undivided assets as agreed upon;

c/ Annual deductions from the development investment fund which are included in the undivided assets under decisions of the general meeting of members;

d/ Other capital and assets being undivided assets as prescribed by the charter.

3. A cooperative or union of cooperatives shall manage and use its assets in accordance with its charter and regulations on financial management, resolutions of its general meeting of members and relevant laws.

Article 49. Handling of assets and capital of cooperatives or unions of cooperatives upon dissolution

1. The order of handling assets and capital of a cooperative or union of cooperatives:

a/ Recovery of its assets;

b/ Liquidation of assets, excluding undivided assets;

c/ Payment of its liabilities payable and fulfillment of financial obligations.

2. Remaining assets, excluding undivided assets, must be handled according to the following order of priority:

a/ Payment of dissolution expenses, including expenses for the recovery and liquidation of assets;

b/ Payment of debts being salaries, allowances and social insurance of laborers;

c/ Payment of secured debts as prescribed by law;

d/ Payment of unsecured debts;

e/ The remaining value of asset must be returned to members or member cooperatives according to the ratio of their contributed capital to total charter capital.

3. The handling of assets must comply with the order of priority prescribed in Clause 2 of

this Article. In case the value of remaining assets is insufficient to pay debts under the same payment priority line, only a part of debt must be paid in proportion to the debts payable in that priority line.

4. The Government shall specify the handling of undivided assets of cooperatives and unions of cooperatives upon their dissolution or bankruptcy.

Article 50. Handling of losses and debts of cooperatives and unions of cooperatives

1. By the end of a fiscal year, if losses arise, a cooperative or union of cooperatives shall seek to reduce losses as prescribed by law. In case the loss reduction has been made but is still insufficient, the financial reserve fund must be used to offset; if still insufficient, the remaining losses may be carried forward to the subsequent year and deducted from taxable income. The time for carrying forward losses must comply with the tax law.

2. Debts of a cooperative or union of cooperatives must be handled in accordance with law and its charter.

Article 51. Order of returning contributed capital

1. The return of contributed capital to members or member cooperatives must only be made after the cooperative or union of cooperatives has finalized tax of the fiscal year and ensure solvency to pay its debts and fulfill its financial obligations.

Members or member cooperatives may **only** be returned their contributed capital **after** fulfilling their financial obligations toward their cooperative or union of cooperatives.

An individual or a collective making decisions on the return of contributed capital to the members or member cooperatives not in accordance with this Clause shall pay compensation **for damage** to the cooperative or union of cooperatives.

2. The return of capital to members or member cooperatives is prescribed by the charter and in accordance with Clause 1 of this Article and relevant laws.

Chapter VI

SPLIT, SEPARATION, CONSOLIDATION, MERGER, DISSOLUTION AND BANKRUPTCY OF COOPERATIVES AND UNIONS OF COOPERATIVES

Article 52. Split and separation of cooperatives and unions of cooperatives

1. The Board of Directors of a cooperative or union of cooperatives planning the split or separation shall develop a split or separation plan for submission to the general meeting of members for decision.

2. After the general meeting of members has decided on the split or separation, the Board of Directors shall notify in writing creditors, organizations and individuals that have economic relations with the cooperative or union of cooperatives of the decision on the split or separation and settle relevant issues before

carrying out the procedures for establishment of a new cooperative or union of cooperatives.

3. The cooperative or union of cooperatives split or separated shall implement the split or separation plan as decided and carry out the procedures for establishment in accordance with Article 23 of this Law. The dossier for registration of the split or separated cooperative or union of cooperatives must be accompanied by a resolution of the general meeting of members concerning the split or separation of the cooperative or union of cooperatives.

4. The split cooperative or union of cooperatives shall terminate its existence after the new cooperatives or unions of cooperatives are issued certificates of registration. The new cooperative or union of cooperatives shall take joint responsibility for the unpaid debts, labor contracts and other obligations of the split cooperative or union of cooperatives.

The separated and separating cooperatives or unions of cooperatives shall take joint responsibility for the unpaid debts, labor contracts and other obligations of the separated cooperative or union of cooperatives.

The undivided assets of the split or separated cooperatives or unions of cooperatives must be converted into undivided assets of the cooperatives or member cooperatives after the split or separation under the plan decided by the general meeting of members.

Article 53. Consolidation or merger of cooperatives and unions of cooperatives

1. Consolidation of cooperatives or unions of cooperatives:

a/ Two or more cooperatives may voluntarily be consolidated into a new cooperative; two or more unions of cooperatives may voluntarily be consolidated into a new union of cooperatives:

b/ The Boards of Directors of the cooperatives or unions of cooperatives planning for consolidation shall develop a consolidation plan for submission to their general meetings of members and notify in writing creditors, organizations and individuals having economic relations with their cooperatives or unions of cooperatives of the consolidation decisions. A consolidation plan includes the plan for handling of assets, capital, debts, labor and other relevant issues:

c/ The Boards of Directors of the cooperatives or unions of cooperatives planning for consolidation shall establish the consolidation boards which must develop consolidation plans for submission to the general meetings of the consolidated cooperatives or unions of cooperatives for decision. A consolidation plan includes such main contents as the name, head office, plan for handling of assets, capital, debts, labor and other remaining issues of the consolidated cooperatives or unions of cooperatives to the new cooperative or union of cooperatives, the business and production plan, draft charter, and expected list of members or member cooperatives:

d/ The procedures for registration of consolidated cooperatives or unions of cooperatives complies with Article 23 of this Law.

2. Merger of cooperatives or unions of cooperatives:

a/ One or more than one cooperative may voluntarily be merged into another cooperative; one or more than one union of cooperatives may voluntarily be merged into another union of cooperatives;

b/ The Board of Directors of a cooperative or union of cooperatives to be merged shall develop a merger plan for submission to its general meeting of members and notify in writing creditors, organizations and individuals having economic relations with its cooperative or union of cooperatives of the merger decision. The merger plan includes the plan for handling of assets, capital, debts, labor and other relevant issues;

c/ The Board of Directors of a cooperative or union of cooperatives planning its merger shall negotiate the merger plan. The merger plan includes such major contents as plan for handling assets, capital, liabilities and labor and the remaining issues of the merged cooperative or union of cooperatives;

d/ The cooperative or union of cooperatives after the merger shall register for change as prescribed in Article 28 of this Law.

3. After registration, the consolidated cooperatives or unions of cooperatives shall cease to exist. After registration of the change, the merged cooperatives or unions of cooperatives cease to exist.

Article 54. Dissolution of cooperatives and unions of cooperatives

1. Voluntary dissolution:

The general meeting of members or member cooperatives shall decide on voluntary dissolution and establishment of a voluntary dissolution board which comprises representatives of the Board of Directors, Control Board or controller, executive committee and representatives of members or member cooperatives.

Within 60 days from the date the general meeting of members issues a resolution on voluntary dissolution, the voluntary dissolution board shall perform the following tasks:

a/ Notifying the dissolution to the state agency which has issued the certificate of registration to the cooperative or union of cooperatives; publishing on a newspaper of the locality in which the cooperative or union of cooperatives is operating on 3 consecutive issues an announcement on the dissolution;

b/ Notifying organizations and individuals which have economic relations with the cooperatives or union of cooperatives of the time limits for payment of debts, liquidation of contracts and handling of assets and capital of the cooperative or union of cooperatives as prescribed in Article 49 of this Law.

2. Compulsory dissolution:

The People's Committees at the same level with the state agency which has issued the certificate of registration to the cooperative or union of cooperatives shall make a decision on compulsory dissolution of the cooperative or union of cooperatives in one of the following cases:

a/ The cooperative or union of cooperatives fails to operate for 12 consecutive months;

b/ The cooperative or union of cooperatives fails to ensure sufficient minimum number of members prescribed by this Law within 12 consecutive months;

c/ The cooperative or union of cooperatives cannot hold an annual general meeting of members within 18 consecutive months without any reason;

d/ Having its certificate of registration revoked;

e/ By decision of the court.

3. The procedures for compulsory dissolution for a cooperative or union of cooperatives:

a/ The People's Committee at the same level with the state agency which has issued the certificate of registration to the cooperative or union of cooperatives shall make a decision on dissolution and establish a dissolution board. The chairman of the dissolution board is the representative of the Peoples' Committee; the standing member is the representative of the state agency which has issued the certificate of registration; other members are representatives of the specialized state agency at the same level, the representative organization or alliance of cooperatives of the province and centrally run city (if the cooperative or union of cooperatives is a member of the alliance), the People's Committee of the commune, ward or township in which the cooperative or union of cooperatives has its head office, the Board of Directors, Control Board or controller, and members or

member cooperatives:

b/ A dossier of compulsory dissolution comprises the decision on compulsory dissolution and certificate of registration of the cooperative or union of cooperatives;

c/ Within 60 days from the date of issuance of the decision on compulsory dissolution, the dissolution board shall publish the decision on compulsory dissolution on a newspaper of the locality in which the cooperative or union of cooperatives has registered on three consecutive issues; notify organizations and individuals having economic relations with the cooperative or union of cooperatives of the dissolution and time limits for debt payment, liquidation of contracts and handling of assets and capital of the cooperative or union of cooperatives as prescribed in Article 49 of this Law.

4. Right after the completion of the dissolution as prescribed in Clauses 1 and 2 of this Article, the dissolution board shall submit 1 set of dossier of dissolution, seal and original certificate of registration of the cooperative or union of cooperatives to the agency that has issued the certificate of registration. The handling of other documents must comply with law.

5. The state agency having issued the certificate of registration to the cooperative or union of cooperatives shall erase the name of the cooperative or union of cooperatives in the registration book.

6. In case of disagreement with the decision on compulsory dissolution, the cooperative or union of cooperatives may make a complaint to

a competent state agency or initiate a lawsuit at a court in accordance with law.

7. The Government shall detail this Article.

Article 55. Settlement of bankruptcy declaration requests for cooperatives and unions of cooperatives

The settlement of bankruptcy for cooperatives or unions of cooperatives must comply with the law on bankruptcy, except for handling of undivided assets prescribed in Clause 2, Article 48 of this Law.

Article 56. Revocation of registration certificates of cooperatives and unions of cooperatives

A cooperative or union of cooperatives may have its registration certificate revoked in one of the following cases:

1. Dissolution, bankruptcy, consolidation or merger;
2. Contents declared in its registration dossier are untruthful or inaccurate;
3. Taking advantage of the name of the cooperative or union of cooperatives for illegal operation;
4. Operating in business lines prohibited by law;
5. Operating in conditional business lines but lacking conditions as prescribed by law.
6. Failing to register its tax identification number within 1 year from the issuance of the certificate of registration;

7. Relocating the head office to another locality without registration with a competent state agency within 1 year.

Chapter VII

REPRESENTATIVE ORGANIZATION OF COOPERATIVES AND UNIONS OF COOPERATIVES

Article 57. Representative organization of cooperatives and unions of cooperatives

A representative organization of cooperatives or unions of cooperatives must be voluntarily established by cooperatives or unions of cooperatives in order to protect their rights and legitimate interests. A representative organization of cooperatives or unions of cooperatives must be organized by sector and territorial region; be organized and operate in accordance with the law on associations and relevant laws.

Article 58. Vietnam Cooperative Alliance, cooperative alliances of provinces and centrally run cities

1. Vietnam Cooperative Alliance is established at the central level; provincial-level cooperative alliances are established in provinces and centrally run cities. The Charter of Vietnam Cooperative Alliance must be adopted by the general meeting of Vietnam Cooperative Alliance and approved by the Prime Minister; the charter of a provincial-level cooperative alliance must be adopted by the general meeting of the provincial-level cooperative alliance and

approved by the chairperson of the provincial-level People's Committee.

2. A cooperative alliance has the following functions and tasks:

a/ To represent its members and protect their rights and legitimate interests;

b/ To carry out propaganda and advocacy of development of cooperatives or unions of cooperatives;

c/ To provide consultation, supports, services, training and retraining of human resources for the establishment and development of cooperatives or unions of cooperatives;

d/ To implement programs, projects and public services to support the development of cooperatives as assigned;

e/ To participate in formulating policies and laws on cooperatives and unions of cooperatives;

f/ To represent its members in coordinative relations with domestic and foreign organizations in accordance with law.

3. The State shall support and create favorable conditions for cooperative alliances to implement their assigned activities.

Chapter VIII

STATE MANAGEMENT OF COOPERATIVES AND UNIONS OF COOPERATIVES

Article 59. Contents of state management

1. Promulgating, disseminating, guiding, and organizing the implementation of legal documents

on cooperatives and unions of cooperatives and relevant legal documents.

2. Building the apparatus and organizing the implementation of plans, programs and support and preferential policies for cooperatives and unions of cooperatives;

3. Organizing and guiding the registration of cooperatives and unions of cooperatives.

4. Inspecting and examining the implementation of laws by cooperatives and unions of cooperatives; handling in accordance with law acts of violation committed by cooperatives and unions of cooperatives, and related individuals and organizations.

5. Implementing international cooperation to develop cooperatives and unions of cooperatives.

Article 60. Responsibilities of state management agencies

1. The Government shall perform the uniform state management of cooperatives and unions of cooperatives;

2. The Ministry of Planning and Investment shall assist the Government in performing the state management of cooperatives and unions of cooperatives;

3. Ministries and ministerial-level agencies shall, within the scope of their powers and tasks, perform the state management of cooperatives and unions of cooperatives in accordance with law.

4. People's Committees at all levels shall, within the scope of their powers and tasks,

perform the state management of cooperatives and unions of cooperatives in accordance with law.

5. State management agencies shall coordinate with the Vietnam Fatherland Front and its member organizations and other social organizations in organizing the implementation of the law on cooperatives and unions of cooperatives; propaganda and dissemination of the law on cooperatives and unions of cooperatives; and implement programs and projects on development of cooperatives and unions of cooperatives.

Article 61. Inspection, examination and audit

1. The Ministry of Planning and Investment shall assume the prime responsibility for, and coordinate with ministries, ministerial-level agencies and People's Committees at all levels in, inspecting and examining the implementation of the law on cooperatives and unions of cooperatives.

2. Ministries, ministerial-level agencies and People's Committees at all levels shall, within the scope of their respective functions and tasks, inspect and examine operations of cooperatives and unions of cooperatives.

3. The Government shall stipulate the audit of cooperatives and unions of cooperatives.

Chapter IX

IMPLEMENTATION PROVISIONS

Article 62. Transitional provisions

1. Cooperatives and unions of cooperatives which are established prior to the effective date of this Law and are organized and operate not contrary to this Law may continue to operate without re-registration.

2. Cooperatives and unions of cooperatives which are established prior to the effective date of this Law and are organized and operate not in accordance with this Law shall re-register or transform into another type of organization within 36 months from the effective date of this Law.

3. The Government shall detail this Article.

Article 63. Effect

1. This Law takes effect on July 1, 2013.

2. Cooperative Law No. 18/2005/QH12 ceases to be effective on the date this Law takes effect.

Article 64. Implementation detailing and guidance

The Government shall detail and guide the implementation of articles and clauses as assigned in this Law.

This Law was passed on November 20, 2012, by the XIIIth National Assembly of the Socialist Republic of Vietnam at its 4th session.-

Chairman of
the National Assembly
NGUYEN SINH HUNG