

LAW ON COOPERATIVES

Pursuant to the Constitution of the Socialist Republic of Vietnam;

The National Assembly of Vietnam promulgates the Law on Cooperatives.

Chapter I

GENERAL PROVISIONS

Article 1. Scope

This Law deals with the establishment, management, reorganization, dissolution, bankruptcy and relevant activities of artels, cooperatives and cooperative unions; State policies for development of artels, cooperatives and cooperative unions.

Article 2. Regulated entities

1. Artels, cooperatives and cooperative unions.
2. Members of artels, cooperatives and cooperative unions.
3. Regulatory authorities, organizations and individuals relevant to establishment, management, reorganization, dissolution, bankruptcy and relevant activities of artels, cooperatives and cooperative unions.

Article 3. Application of Law on Cooperatives and other laws

In case there are other laws containing specific regulations on establishment, management, reorganization, dissolution, bankruptcy and relevant activities of artels, cooperatives and cooperative unions, regulations of these laws shall apply.

Article 4. Definitions

For the purposes of this Law, the following terms shall be construed as follows:

1. “*internal transaction*” means supply of goods/services, including employment services, or grant of internal loans by a cooperative or cooperative union to its official members under specific written agreements.

2. “*external transaction*” means transactions other than internal transactions of a cooperative or cooperative union.
3. “*cooperative registration certificate*” means a physical or electronic document recording information on registration of a cooperative or cooperative union issued by a business registration authority to that cooperative or cooperative union.
4. “*artel registration certificate*” means a physical or electronic document recording information on registration of an artel issued by a business registration authority to that artel.
5. “*labour contribution*” means a member’s direct participation in management and/or working under specific agreement made with an artel, cooperative or cooperative union.
6. “*capital contribution*” means a member’s contribution of assets as charter capital to establish a new cooperative or cooperative union or contribution of additional capital to an existing cooperative or cooperative union or members’ contribution of their own assets as assets of an artel.
7. “*cooperative*” means an organization that has the status of a juridical person, is voluntarily established by at least 05 official members who cooperate with and assist each other in production, business and job creation with the aim of meeting general economic, cultural and social demands of its members and making contribution to sustainable community and social development, and adheres to the principles of autonomy, equality and democracy.
8. “*cooperative union*” means an organization that has the status of a juridical person, is voluntarily established by at least 03 official members who cooperate with and assist each other in production, business and job creation with the aim of increasing their production and business scale, improving their ability to compete in the market, and making contribution to sustainable community and social development, and adheres to the principles of autonomy, equality and democracy.
9. “*level of use of products/services*” of a member means the ratio of value of products/services used by that member to total value of products/services supplied by a cooperative or cooperative union to all of its members.
10. “*level of labour contribution*” of a member means the ratio of salaries, wages or remunerations paid to that member to the sum of those paid to all members.
11. “*relatives*” of a person include his/her spouse, biological parents, adoptive parents, parents-in-laws, biological children, adopted children, children-in-law, biological siblings, siblings-in-law and biological siblings of his/her spouse.

12. “*stake*” means the value of assets that a member has contributed or promises to contribute as charter capital to a cooperative or cooperative union or to an artel under terms and conditions of a signed cooperation contract.
13. “*undistributed fund*” means the fund of a cooperative or cooperative union that shall not be distributed to its members during its operation.
14. “*undistributed assets*” are assets of a cooperative or cooperative union that shall not be distributed to its members during its operation.
15. “*distributed assets*” are assets of a cooperative or cooperative union that shall be distributed to its members.
16. “*members*” include official members, contributing members and non-contributing members of a cooperative or cooperative union or are members of an artel.
17. “*official members*” include:
- a) Any member that makes capital contribution and uses products/services of a cooperative or cooperative union;
 - b) Any member that makes capital contribution and labour contribution to a cooperative or cooperative union;
 - c) Any member that makes capital contribution and labour contribution to, and uses products/services of a cooperative or cooperative union.
18. “*contributing member*” means a member that only makes capital contribution, without using products/services and making labour contribution, to a cooperative or cooperative union.
19. “*non-contributing members*” include:
- a) A member that does not make capital contribution but uses products/services of a cooperative or cooperative union;
 - b) A member that does not make capital contribution but makes labour contribution to a cooperative or cooperative union;
 - c) A member that does not make capital contribution but uses products/services and makes labour contribution to a cooperative or cooperative union.
20. “*reorganization*” means the split-off, split-up, consolidation or merger of a cooperative or cooperative union.

21. “*artel*” means an organization that does not have the status of a juridical person and is voluntarily established under a cooperation contract by at least 02 members who jointly make capital contribution and labour contribution to perform certain works, share benefits and assume joint responsibility.

22. “*internal transaction rate*” means the ratio of revenues earned from internal transactions to total revenues earned by a cooperative or cooperative union or the ratio of costs of internal transactions to total expenses incurred by cooperative or cooperative union in a fiscal year.

23. “*holding*” means the ratio of a member’s stake to the charter capital of a cooperative or cooperative union or the ratio of the stake of an artel's member to total value of stakes of all members of that artel.

24. “*charter capital*” means total value of assets that official members and contributing members have contributed or promise to contribute upon establishment or during operation of a cooperative or cooperative union.

25. “*minimum capital contribution*” means the smallest amount of money that an individual or organization has to contribute as charter capital to become an official member or contributing member of a cooperative or cooperative union.

26. “*maximum capital contribution*” means the greatest amount of money that an individual or organization may contribute as charter capital of a cooperative or cooperative union.

Article 5. Protection of artels, cooperatives and cooperative unions and their members by the State

1. Recognize and protect the rights to ownership of assets, capital, income and other lawful rights and interests of artels, cooperatives and cooperative unions and their members. The State may purchase or requisition assets of artels, cooperatives and cooperative unions in accordance with regulations of law on purchase and requisitioning of assets.

2. Ensure equality in business and investment environment between artels, cooperatives and cooperative unions, and other enterprises and business entities.

3. Give artels, cooperatives and cooperative unions autonomy in their organization, operation, production and business activities without intervening in their lawful operations.

Article 6. Political organizations and socio-political organizations of artels, cooperatives and cooperative unions

1. Political organizations and socio-political organizations of artels, cooperatives and cooperative unions shall operate in accordance with the Constitution the laws of Vietnam and their own charters.

2. Artels, cooperatives and cooperative unions shall enable their members and employees to establish and join such organizations mentioned in Clause 1 of this Article.

Article 7. Prohibited acts

1. Regulatory authorities are prohibited from:

a) Issuing cooperative or artel registration certificate to ineligible applicants; refusing to issue cooperative or artel registration certificate to applicants that meet eligibility requirements laid down in this Law;

b) Obstructing the performance of legitimate rights and obligations of artels, cooperatives, cooperative unions and their members as prescribed in this Law;

c) Giving assistance or incentives to artels, cooperatives or cooperative unions without complying with principles and provisions on eligible entities, authority, contents and procedures laid down in laws;

d) Abusing their positions and powers to violate regulations of law on assistance and provision of incentives for artels, cooperatives and cooperative unions;

dd) Delaying, obstructing or harassing artels, cooperatives, cooperative unions and relevant organizations and individuals during registration, operation of, or provision of assistance to, artels, cooperatives or cooperative unions;

e) Deliberately reporting or providing incorrect or untruthful information on assistance or incentives for artels, cooperatives or cooperative unions.

2. Artels, cooperatives and cooperative unions are prohibited from:

a) Operating without obtaining registration certificate as prescribed in this Law; operating without satisfying eligibility requirements laid down in this Law and relevant laws;

b) Providing untruthful or incorrect information in the application for registration of artel, cooperative or cooperative union;

c) Improperly implementing or applying principles for organization, management and operation laid down in this Law;

d) Providing false or untruthful information or forging documents for personal gain;

dd) Using resources for the purposes other than the intended ones.

3. Members of artels, cooperatives and cooperative unions are prohibited from:

- a) Abusing positions and powers to obtain personal gain or interests for a group of members;
- b) Providing untruthful information for their artels, cooperatives and cooperative unions.

Article 8. Principles for organization, management and operation of artels, cooperatives and cooperative unions

1. Voluntary and open membership.

Organizations and individuals may establish, join or leave artels, cooperatives or cooperative unions of their own will. Artels, cooperatives or cooperative unions attach much importance to interests of their members and increase membership engagement; irrespective of their gender, social position, ethnic group or religion, membership is open to all.

2. Democratic and equal organization and management.

Organization and operation of an artel shall be decided by its members on a democratic basis. Official members of a cooperative or cooperative union are allowed to engage in the organization, management and operation of that cooperative or cooperative union in a democratic and equal manner, regardless of their stakes.

3. Economic participation by members of a cooperative or cooperative union

Official members shall make capital contribution when joining the cooperative or cooperative union, and jointly control capital, funds and assets of the cooperative or cooperative union; have incomes distributed primarily according to their levels of use of products/services or levels of labour contribution.

4. Autonomy.

Artels, cooperatives and cooperative unions shall have autonomy in their operation before the Constitution and the law of Vietnam.

5. Education, training and information.

Artels, cooperatives and cooperative unions shall attach special importance to the dissemination of guidelines of the Communist Party of Vietnam as well as the State policies and laws on development of collective economy to their members, general public and young people; regularly provide education, training and re-training for improving qualifications and technical skills for their members and employees; provide adequate, accurate and timely information for their members.

6. Cooperation.

Members shall cooperate and assist each other with the aim of enriching themselves and their communities. Artels are encouraged to participate in establishment of cooperatives; cooperatives are encouraged to cooperate in establishment of cooperative unions so as to improve their capability to participate in production and consumption chains of products and services. Artels, cooperatives and cooperative unions are encouraged to establish and participate in representative bodies and Vietnam Cooperative Alliance system so as to develop domestic and international cooperative movement. Linkages between artels, cooperatives and cooperative unions, and other organizations, especially state-owned enterprises, in assisting the development of such linkages, consuming and using products/services should be strengthened with the aim of facilitating effective operation of such artels, cooperatives and cooperative unions.

7. Concern for community.

Artels, cooperatives, cooperative unions and young people shall express their concern and work for the development of a community of their members featuring solidarity and mutual assistance, and the development of local, regional, national and international residential communities.

Article 9. Rights of cooperatives and cooperative unions

Every cooperative or cooperative union has the right to:

1. Operate in such a way to effectively achieve its set objectives and goals.
2. Decide its organizational structure, management and operation; hire and use employees.
3. Freely engage in any business line that is not banned by laws.
4. Request its members to register their demands for products/services so as to develop and implement an appropriate plan for supply of products/services to its members.
5. Supply products/services to entities other than its members after having fulfilling all obligations to and ensuring interests of its members as prescribed in its charter or relevant laws.
6. Provide services and organize economic, social and cultural activities for the purposes of improving living conditions of its members and communities, and achieving sustainable development.
7. Engage in implementation of policies, programs and projects on economic, cultural and social development, political security, social safety and public order, and environmental protection in residential communities.

8. Admit new members and terminate membership in accordance with regulations of law on cooperatives.
9. Increase or decrease charter capital during its operation.
10. Raise capital in accordance with regulations of law.
11. Grant internal loans as prescribed in this Law.
12. Monitor revenues and expenses on its internal transactions separately from those on its external transactions.
13. Enter into joint ventures, linkages and cooperation with domestic and foreign organizations and individuals for achieving its operational objectives.
14. Make capital contribution to, purchase shares of, or establish enterprises with the aim of supporting its operations.
15. Distribute its incomes and settle its losses and debts.
16. Join in its representative body.
17. File complaints or denunciations of acts of infringing upon its legitimate rights and interests in accordance with regulations of law; settle internal disputes and take actions against violating members in accordance with its charter.
18. Exercise other rights as prescribed by law and its charter.

Article 10. Obligations of cooperatives and cooperative unions

Every cooperative or cooperative union is obliged to:

1. Admit membership upon fulfillment of all of eligibility requirements laid down in this Law, its charter and relevant laws.
2. Ensure legitimate rights and interests of its members in accordance with this Law and its charter.
3. Perform all agreements made with its members, and give priority to demands registered by its members over those of non-member entities.
4. Comply with regulations of law on finance, taxation, accounting, auditing and statistics, and relevant laws.
5. Manage and use its capital, assets and funds in accordance with regulations of law and its charter.

6. Manage and use land and resources in accordance with regulations of law.
7. Conclude and perform employment contracts, pay social insurance contributions and implement other policies for its employees in accordance with regulations of law.
8. Provide education, training and re-training for its members and employees.
9. Fulfill the cooperative/cooperative union registration obligations in an accurate, adequate and timely manner as prescribed in this Law.
10. Disclose information to its members as prescribed in Article 14 of this Law and make information disclosure as prescribed in relevant laws.
11. Make compensation for damage caused to its members in accordance with regulations of law and its charter.
12. Make, update and retain its register of official/contributing members.
13. Comply with reporting regulations and update information on its operating status in accordance with regulations of law.
14. Perform other obligations as prescribed by law and its charter.

Article 11. Legal representatives of cooperatives and cooperative unions

1. The legal representative of a cooperative or cooperative union is the person that, on behalf of the cooperative or cooperative union, exercises and performs the rights and obligations in its transactions, acts as the plaintiff, defendant or person with relevant interests and duties before a court or arbitral tribunal, and performs other rights and obligations as prescribed by law.
2. A cooperative or cooperative union may have one or several legal representatives. The quantity, position, rights and obligations of the legal representative, and division of rights and obligations amongst legal representatives (in case there are several legal representatives) shall be specified in the charter of the cooperative or cooperative union.
3. A cooperative or cooperative union shall have at least one legal representative residing in Vietnam. In case a cooperative or cooperative union has the only one legal representative but this representative fails to perform or is unable to perform his/her rights and obligations, and does not authorize any person to do so within 30 days, the cooperative or cooperative union shall convene the General Meeting of Members (GMM) to elect a new legal representative within 15 days from the expiration of the abovementioned period.
4. The court and other proceeding authorities are entitled to appoint the legal representative to participate in proceedings as prescribed by law.

Article 12. Document retention

1. A cooperative or cooperative union shall retain the following documents in accordance with regulations of law:

- a) Its charter, regulations and rules; register of official/contributing members;
- b) Cooperative registration certificate; certificates of intellectual property rights; certificates of registration of product/service quality; licenses for conditional business lines and other relevant documents;
- c) Documents proving its ownership and rights to use assets;
- d) Certificates of capital contribution of official/contributing members; minutes and resolutions of the establishment meeting, GMM, Board of Directors; decisions issued by the cooperative or cooperative union;
- dd) Its financial statements, accounting books, records and other accounting documents.
- e) Conclusions given by inspecting authorities and auditor's reports (if any);
- g) Other documents as prescribed in its charter.

2. An artel shall retain the following documents in accordance with regulations of law:

- a) Cooperation contract;
- b) Artel registration certificate (if any);
- c) Records of contributions made by its members;
- d) Other documents as prescribed in the cooperation contract.

Article 13. National cooperative information system

1. The national cooperative information system includes the national cooperative portal, the artel, cooperative and cooperative union database, relevant databases and technical infrastructure systems.

2. The national cooperative information system shall be established consistently from central to local government; must be standardized for updating, use and management of information therein using information technology.

3. The Minister of Planning and Investment of Vietnam shall issue regulations on information, update, use and management of the national cooperative information system.

Article 14. Disclosure of information to members of cooperatives and cooperative unions

1. A cooperative or cooperative union shall be required to disclose the following information to its members, including:

- a) Its charter and internal regulations;
- b) Resolutions of the GMM, Board of Directors, and decisions issued by the Director (General Director);
- c) List of official/contributing members, in which holding of each member must be specified;
- d) Annual financial statements;
- dd) Information on management and use of its undistributed fund and undistributed assets;
- e) Information on education, training and re-training for its members and employees;
- g) Other information to be disclosed as prescribed by its charter.

2. The cooperative or cooperative union must openly post the information specified in Clause 1 of this Article at its head office within 05 working days from the issuance date of the document containing such information, and provide such information for its members when requested. Information must be posted for a minimum of at least 30 days from the posting date.

Article 15. Register of members of cooperatives and cooperative unions

1. Register of official/contributing members of a cooperative or cooperative union is a physical or electronic document which shall inter alia contain the following information:

- a) Name, code and head office's address of the cooperative or cooperative union;
- b) Full name, contact address, nationality, personal identification number or legal document number of members that are individuals; names, EID numbers or legal document numbers and head office's address of members that are organizations;
- c) Stakes, holdings, contribution time, types of contributed assets, quantity and value of each type of contributed assets of each member;
- d) Number and issuance date of capital contribution certificate of each member.

2. The compilation of the register of non-members shall be subject to the decision of the cooperative or cooperative union.

Article 16. Classification of cooperatives

1. Cooperatives shall be classified into micro, small, medium and large cooperatives according to the number of their official members and one of the following two criteria:

a) Revenue;

b) Total capital.

2. Micro, small, medium and large cooperatives shall be determined according to their scope of operation.

3. The Government shall elaborate this Article.

Chapter II

STATE POLICIES FOR DEVELOPMENT OF ARTELS, COOPERATIVES AND COOPERATIVE UNIONS

Article 17. Rules for implementing State policies

1. Contents, subjects, procedures, resources, levels and results of assistance must be transparent and publicly disclosed.

2. The implementation of State policies must be in line with the master program for development of collective economy, and appropriate to the State's ability to balance its resources in each period.

3. In case an artel, cooperative or cooperative union is eligible for multiple levels of assistance under the same policy within a given period as prescribed in this Law and relevant laws, it shall be entitled to the most favorable level of assistance.

Article 18. Criteria for beneficiary selection

1. A cooperative or cooperative union shall be eligible for assistance policies if meeting the following criteria:

a) It is not serving any administrative penalty for committing the prohibited acts specified in Clause 2 Article 7 of this Law, or a Court's criminal sentence in effect;

b) It admits membership or increases internal transaction rate or develops undistributed fund/undistributed assets or provides education, training and re-training for its members

and employees or is newly established in a disadvantaged or extremely disadvantaged area as prescribed by laws;

c) The auditor's report is available, if required by the assistance policy.

2. An artel shall be eligible for assistance policies if meeting the following criteria:

a) It has a valid artel registration certificate;

b) It is not serving any administrative penalty for committing the prohibited acts specified in Clause 2 Article 7 of this Law;

c) It admits membership or provides education, training and re-training for its members and employees or is newly established in a disadvantaged or extremely disadvantaged area as prescribed by laws.

3. If there are multiple cooperatives and/or cooperative unions meeting the criteria laid down in Clause 1 of this Article, or there are multiple artels meeting the criteria laid down in Clause 2 of this Article, they shall be selected according to the following order of priority: number of members; number of members who are disabled persons; number of members who are ethnic minorities; number of members and employees participating in compulsory social insurance and those participating in voluntary social insurance; number of women executives, members and employees; area of operations (in disadvantaged or extremely disadvantaged area); participation in value chain linkages and/or sectoral linkage clusters associated with green economy, circular economy, knowledge economy, organic agriculture, climate change adaptation and digital transformation for sustainable development; organization or participation in activities for benefits and interests of residential communities.

4. The Government shall elaborate this Article.

Article 19. Funding for implementing State policies

1. Funding from state budget as prescribed by the law on state budget.

2. Funding from exemption and reduction of taxes, fees, charges, land rents, land levy and other amounts payable to state budget as prescribed by law.

3. Funding from concessional loans granted in accordance with regulations of law.

4. Funding lawfully raised from or granted by domestic and foreign organizations and individuals.

Article 20. Policies for development of human resources, information provision and consultancy

1. Formulate and include training contents in collective economy in training programs of certain higher education institutions, and training programs in political theory and state management.
2. Formulate and provide training and re-training programs for members and employees of artels, cooperatives and cooperative unions, regulatory authorities, representative bodies, and relevant authorities and organizations.
3. Pay salaries and bonuses and provide other benefits to attract highly-skilled human resources to artels, cooperatives and cooperative unions.
4. Formulate and implement communications programs for increasing awareness and knowledge of administration, production and business of artels, cooperatives and cooperative unions.
5. Provide information and legal counseling for, and assist in access to funding sources and other matters during the establishment, operation, reorganization, dissolution and bankruptcy of artels, cooperatives and cooperative unions;
6. Develop a network of providers of legal counseling services for artels, cooperatives and cooperative unions.
7. Develop effective operating models of cooperatives and cooperative unions in a large scale.
8. Promote international cooperation in providing full-time training programs in collective economy.
9. The Government shall elaborate this Article.

Article 21. Land policies

1. In their land use plannings and plans, local governments should prioritize the leasing of land areas to artels, cooperatives and cooperative unions; give incentives regarding land rents and leasing period to artels, cooperatives and cooperative unions that do not receive land leasing assistance as prescribed in the land law and relevant laws.
2. Artels, cooperatives and cooperative unions shall be eligible for lent exemption/reduction when using land/land areas containing water surface leased directly by the State or receive the State subsidies for paying rents on land/land areas containing water surface leased or sub-leased by other organizations, family households or individuals in accordance with regulations of the land law.
3. The State shall enable artels, cooperatives and cooperative unions to use land stably during their business in accordance with regulations of the land law.

Article 22. Policies on taxes, fees and charges

1. Artels, cooperatives and cooperative unions shall be entitled to the most favorable tax, fee and charge incentives for the same business line and in the same area in accordance with regulations of law on taxes, fees and charges.
2. Artel registration charges and fees for disclosing registration information on electronic information systems of business registration authorities shall not be collected.
3. Corporate income tax (CIT) shall be exempted and reduced in accordance with regulations of the CIT Law in the following cases:
 - a) Incomes earned from internal transactions of a cooperative or cooperative union;
 - b) Incomes earned by an artel, cooperative or cooperative union when cooperating with other organizations and individuals in establishing value chains/sectoral business clusters associated with green economy, circular economy and knowledge economy for sustainable development;
 - c) Other cases as prescribed in the CIT Law.
4. CIT on incomes forming undistributed funds and assets of cooperatives and cooperative unions shall be exempted in accordance with regulations of the CIT Law.
5. Artels, cooperatives and cooperative unions shall be entitled to exemption and reduction of license fees as prescribed by the law on fees and charges.
6. Organizations and individuals shall be exempted from payment of registration fees when following procedures for transfer of land use rights or ownership of assets which they contribute to cooperatives and cooperative unions in accordance with regulations of law on fees and charges.

Article 23. Policies on access to funding and insurance

1. Artels, cooperatives and cooperative unions shall be entitled to:
 - a) Apply for concessional loans from credit institutions as prescribed by laws;
 - b) Apply for concessional loans, post-investment interest rate incentives and investment credit guarantee of cooperative development assistance funds in accordance with the Government's regulations;
 - c) Be given priority to access funding of science and technology development fund, environmental protection fund, climate change adaptation fund and other financial institutions for the purpose of sustainable development as prescribed by laws;

d) Cooperatives and cooperative unions operating in financial and banking sector shall receive assistance in increasing their financial capability;

dd) Be given priority and assistance to participate in investment promotion activities of ministries, regulatory authorities and local governments.

2. When purchasing insurance for their undistributed assets, artels, cooperatives and cooperative unions shall be entitled to insurance premium subsidies as prescribed by the Law on insurance business.

3. When purchasing voluntary social insurance, members of artels, cooperatives and cooperative unions shall be entitled to insurance contribution subsidies granted by the State in accordance with regulations of the law on social insurance.

Article 24. Policies for application of science and technology, innovation and digital transformation

Artels, cooperatives and cooperative unions shall be given assistance in:

1. Adopting innovations and improving their productivity on the basis of science and technology and innovations; developing models of green economy, circular economy, and reduction of greenhouse gas emissions; adopting technological innovations, accessing, promoting, developing and owning technologies through research, provision of training and consultancy, searching for technologies, reverse engineering and technology transfer; establishing, managing, using, protecting and developing intellectual property.

2. Adopting digital transformation and applying e-commerce to their production and distribution of products by means of development of information technology infrastructure and provision of shared terminal devices, software programs and applications.

3. Building and connecting their own websites to the National cooperative information system.

4. They will be provided with funding for using technology transfer consulting services according to their requests and under specific service contracts signed with relevant service providers.

5. The Government shall elaborate this Article.

Article 25. Policies on market access and research

Artels, cooperatives and cooperative unions shall be given assistance in:

1. Accessing legal and economic information; doing market survey and research; accessing forecasts and warnings of trade remedies against Vietnam's exports.

2. Establishing raw material areas, producing and selling products, applying and obtaining certificates of conformity to relevant quality standards for market development.
3. Building and registering brands and origin of their products; registering and adopting marketing strategies for their products.
4. Developing products, goods and services of local origin and with typical economic and cultural values and advantages of their local areas.
5. Organizing or participating in domestic and foreign trade fairs and exhibitions; building, developing and participating in e-commerce trading floors.
6. Participating in trade promotion activities of ministries, regulatory authorities and local governments.
7. The Government shall elaborate this Article.

Article 26. Policies for investment in development of infrastructure and equipment

1. Artels, cooperatives and cooperative unions shall be given assistance in investing in development of infrastructure and equipment serving their production and business, social security, environmental protection and climate change adaptation.
2. Some State infrastructure structures serving public interests of communities shall be transferred to local artels, cooperatives and cooperative unions for management, operation, repairing and maintenance as prescribed by laws.
3. Some public works and other infrastructure systems shall be transferred to artels, cooperatives and cooperative unions for use as their head offices, warehouse facilities, stores/showrooms selling, displaying and introducing products or for serving their business as prescribed by laws.
4. Artels, cooperatives and cooperative unions shall be provided with financial assistance for making investment in and construction of infrastructure for establishing chains of production, supply of processing services and consumption of their products.
5. The Government shall elaborate this Article.

Article 27. Policies for assistance in financial consultancy and risk assessment

1. Micro and small cooperatives shall be granted audit fee subsidies when they are eligible for the State's assistance policies as prescribed.
2. Representative bodies and Vietnam Cooperative Alliance system shall be given assistance in carrying out risk assessment and financial consultancy; conducting their

internal control and providing internal control consulting for artels, cooperatives and cooperative unions.

3. The Government shall elaborate this Article.

Article 28. Policies for assistance in agricultural operations

1. In addition to the provisions of Articles 20 through 27 of this Law, artels, cooperatives and cooperative unions operating in agricultural sector shall be also entitled to:

- a) Agricultural insurance subsidies as prescribed in the Law on insurance business;
- b) Assistance in accessing to funding sources, plant varieties, animal breeds, science and technology applications when they adopt sustainable production, organic agriculture and climate change adaptation;
- c) Financial assistance for building infrastructure of raw material areas when they establish concentrated raw material areas using land use rights that they receive as capital contribution or land/land areas containing water surface leased by other organizations, family households and individuals.

2. The Government shall elaborate Point b and Point c Clause 1 of this Article.

Article 29. Cooperative development assistance funds

1. Cooperative development assistance funds are off-budget state financial funds or financial organizations that operate for nonprofit purposes, follow the capital preservation and growth principle, and have autonomy in raising and use of capital for performing the following tasks:

- a) Consider granting concessional loans, post-investment interest rate incentives and investment credit guarantee to cooperatives and cooperative unions, and to members of artels and cooperatives, except members that are enterprises;
- b) Receive, manage and use capital from domestic and foreign sources, donations, grants, contributions and entrusted capital of domestic and foreign organizations and individuals in accordance with regulations of law;
- c) Raise capital from domestic organizations and individuals in accordance with regulations of law;
- d) Offer and receive trusteeship in granting loans; provide financial and investment consultancy, and training for customers that get loans from cooperative development assistance funds in accordance with regulations of law.

2. Vietnam Cooperative Development Assistance Fund is affiliated to the central government. Provincial-level cooperative development assistance funds are established in provinces or central-affiliated cities.

3. The Government shall elaborate the establishment, organization and operation of cooperative development assistance funds.

Chapter III

MEMBERS OF COOPERATIVES AND COOPERATIVE UNIONS

Section 1. MEMBERS OF COOPERATIVES

Article 30. Qualification for membership

1. An official member or contributing member of a cooperative must be:

- a) a Vietnamese citizen who is aged 18 or older and has full capacity for civil acts;
- b) an individual that is a foreign investor possessing a valid investment registration certificate as prescribed by the Law on investment;
- c) a family household, artel or another organization that does not have the status of juridical person, and is duly established and operating in Vietnam. These organizations must appoint their representatives as prescribed by the Civil Code to perform rights and obligations of a member of the cooperative; or
- d) a Vietnamese juridical person.

2. A non-contributing member of a cooperative must be:

- a) an individual that is a Vietnamese citizen, or a foreigner lawfully residing in Vietnam, who is aged 18 or older and has full capacity for civil acts;
- b) a Vietnamese citizen who is aged 15 to under 18, and is not incapacitated or a person with limited capacity for civil acts or a person with difficulty in awareness or control of his/her own acts. When entering into civil transactions or performing certain works, this member must also meet relevant conditions laid down in relevant laws;
- c) a family household, artel or another organization that does not have the status of juridical person, and is duly established and operating in Vietnam. These organizations must appoint their representatives as prescribed by the Civil Code to perform rights and obligations of a member of the cooperative; or
- d) a Vietnamese juridical person.

3. Organizations and individuals must submit applications for voluntary admission, make capital contribution or pay membership fees, and meet relevant conditions laid down in this Law and the cooperative's charter.

4. An organization or individual may become a member of more than one cooperative, unless otherwise prescribed by a cooperative's charter.

5. In order to become an official member or contributing member of a cooperative, an individual that is a foreign investor or a foreign-invested organization shall be required to meet:

a) Market access conditions for foreign investors laid down in the Law on investment and relevant laws;

b) Conditions for ensuring national defense and security laid down in the Law on investment.

6. A cooperative that admits foreign-invested organizations and/or individuals that are foreign investors as its official members or contributing members shall be required to meet market access conditions for foreign investors laid down in the Law on investment and relevant laws.

7. Total number of official members that are foreign-invested organizations and individuals being foreign investors must be less than 35% of total official members of a cooperative.

Article 31. Rights of members

1. A cooperative's official member shall be entitled to:

a) be provided by the cooperative with products, services and employment;

b) receive incomes distributed in accordance with this Law and the cooperative's charter;

c) receive welfare benefits of the cooperative;

d) attend or elect delegates to the GMM;

dd) vote on matters falling under the jurisdiction of the GMM;

e) stand as a candidate for or nominate persons to the position of members of the Board of Directors, Director (General Director), members of the Board of Controllers or Controller and other managerial positions to be elected;

g) request the Board of Directors, Director (General Director), members of the Board of Controllers or Controller to explain the cooperative's operations;

h) request the Board of Directors, Director (General Director), members of the Board of Controllers or Controller to convene extraordinary GMM;

i) be provided with necessary information concerning the cooperative's operations; be provided with training and re-training for improving the member's professional qualifications to serve the cooperative's operation;

k) leave the cooperative in accordance with this Law and the cooperative's charter;

l) have part or entire amount of the member's stakes returned as prescribed in this Law and the cooperative's charter;

m) receive the remaining assets of the cooperative in accordance with this Law and the cooperative's charter;

n) file complaints, denunciations or lawsuits in accordance with regulations of law;

o) exercise other rights as prescribed by law and the cooperative's charter.

2. A cooperative's contributing member shall be entitled to:

a) exercise the rights specified in Points b, c, g, i, k, l, m, n and o Clause 1 of this Article;

n) attend and comment without voting in meetings of the GMM, if invited.

3. A cooperative's non-contributing member shall be entitled to:

a) exercise the rights specified in Points a, c, i, k, n and o Clause 1 of this Article;

n) attend and comment without voting in meetings of the GMM, if invited.

Article 32. Obligations of members

1. A cooperative's official member shall be obliged to:

a) make capital contributions in full and on schedule as promised in the cooperative's charter;

b) use the cooperative's products/services as registered or make labour contribution as agreed upon with the cooperative;

c) assume liability for the cooperative's debts and other financial obligations which is equal to the member's stakes in the cooperative;

d) make compensation for damage caused to the cooperative in accordance with regulations of law and the cooperative's charter;

dd) comply with guidelines, objectives, charter and internal regulations of the cooperative, resolutions of the GMM, and decisions issued by the Board of Directors (in case of fully-organized management model) or by the Director (in case of simplified management model);

e) perform other obligations as prescribed by law and the cooperative's charter.

2. Contributing members shall be obliged to perform the obligations in points a, c, d, dd and e Clause 1 of this Article.

3. A cooperative's non-contributing member shall be obliged to:

a) pay membership fees as prescribed in the cooperative's charter. Membership fees must not be paid to state budget as prescribed by the Law on fees and charges.

b) perform the obligations in Points b, d, dd and e Clause 1 of this Article.

Article 33. Termination of membership

1. The membership of an official member shall be terminated in the following cases:

a) A member that is an individual dies; is declared by a Court dead, missing or incapacitated, or to be a person with limited capacity for civil acts or difficulty in awareness or control of his/her own acts;

b) A member that is an organization ceases to exist, is dissolved or declared bankrupt;

c) The cooperative ceases to exist, is dissolved or declared bankrupt;

d) A member voluntarily leaves the cooperative;

dd) A member is expelled according to the cooperative's charter;

e) A member has neither used products/services nor made labour contribution for a consecutive period prescribed in the cooperative's charter;

g) At the capital contribution time, a member fails to make capital contribution as promised or makes a capital contribution which is lower than the minimum capital contribution prescribed in the cooperative's charter.

2. The membership of contributing members shall be terminated according to Points a, b, c, d, dd and g Clause 1 of this Article.

3. The membership of a non-contributing member shall be terminated:

a) In the cases specified in Points a, b, c, d, dd and e Clause 1 of this Article; or

b) if the member fails to pay membership fees as prescribed in the cooperative's charter.

4. The authority to decide termination of membership, and settlement of rights and obligations of members that have their membership terminated shall comply with the provisions of this Law and the cooperative's charter.

Section 2. MEMBERS OF COOPERATIVE UNIONS

Article 34. Qualification for membership

1. Members of a cooperative union include:

a) Official members that are cooperatives; and

b) Contributing members and non-contributing members that have the status of Vietnamese juridical person.

2. Cooperatives and Vietnamese juridical persons must submit applications for voluntary admission, make capital contribution, and meet relevant conditions laid down in this Law and the cooperative union's charter.

3. A member of a cooperative union may also be member in other cooperative unions, unless otherwise prescribed by a cooperative union's charter.

4. In order to become an official member or contributing member of a cooperative union, a foreign-invested organization shall be required to meet:

a) Market access conditions for foreign investors laid down in the Law on investment and relevant laws;

b) Conditions for ensuring national defense and security laid down in the Law on investment.

5. A cooperative union that admits foreign-invested organizations as its official members or contributing members shall be required to meet market access conditions for foreign investors laid down in the Law on investment and relevant laws.

6. Total number of official members that are foreign-invested organizations must be less than 35% of total official members of a cooperative union.

Article 35. Rights of members

1. An official member of a cooperative union shall be entitled to:

a) be provided by the cooperative union with products, services and employment;

- b) receive incomes distributed in accordance with this Law and the cooperative union's charter;
- c) receive welfare benefits of the cooperative union;
- d) attend or elect delegates to the GMM;
- dd) vote on matters falling under the jurisdiction of the GMM;
- e) stand as a candidate for or nominate persons to the position of members of the Board of Directors, Director (General Director), members of the Board of Controllers or Controllers and other managerial positions to be elected;
- g) request the Board of Directors, Director (General Director), members of the Board of Controllers or Controller to explain the cooperative union's operations;
- h) request the Board of Directors, Director (General Director), members of the Board of Controllers or Controller to convene extraordinary GMM;
- i) be provided with necessary information concerning the cooperative union's operations; be provided with training and re-training for improving the member's professional qualifications to serve the cooperative union's operation;
- k) leave the cooperative union in accordance with this Law and the cooperative union's charter;
- l) have partial or entire amount of the member's stakes returned as prescribed in this Law and the cooperative union's charter;
- m) receive the remaining assets of the cooperative union in accordance with this Law and the cooperative union's charter;
- n) file complaints, denunciations or lawsuits in accordance with regulations of law;
- o) exercise other rights as prescribed by law and the cooperative union's charter.

2. A cooperative union's contributing member shall be entitled to:

- a) exercise the rights specified in Points b, c, g, i, k, l, m, n and o Clause 1 of this Article;
- n) attend and comment without voting in meetings of the GMM, if invited.

3. A cooperative union's non-contributing member shall be entitled to:

- a) exercise the rights specified in Points a, c, i, k, n and o Clause 1 of this Article;

n) attend and comment without voting in meetings of the GMM, if invited.

Article 36. Obligations of members

1. A cooperative union's official member shall be obliged to:

- a) make capital contributions in full and on schedule as promised in the cooperative union's charter;
- b) use the cooperative union's products/services as registered or make labour contribution as agreed upon with the cooperative union;
- c) assume liability for the cooperative union's debts and other financial obligations which is equal to the member's stakes in the cooperative union;
- d) make compensation for damage caused to the cooperative union in accordance with regulations of law;
- dd) comply with guidelines, objectives, charter and internal regulations of the cooperative union, resolutions of the GMM and decisions issued by the Board of Directors (in case of fully-organized management model) or by the Director (in case of simplified management model);
- e) perform other obligations as prescribed by law and the cooperative union's charter.

2. Contributing members of a cooperative union shall be obliged to perform the obligations in points a, c, d, dd and e Clause 1 of this Article.

3. A cooperative union's non-contributing member shall be obliged to:

- a) pay membership fees as prescribed in the cooperative union's charter. Membership fees must not be paid to state budget as prescribed by the Law on fees and charges.
- b) perform the obligations in Points b, d, dd and e Clause 1 of this Article.

Article 37. Termination of membership

1. The membership of a cooperative union's official member shall be terminated in the following cases:

- a) A member ceases to exist, or is dissolved or declared bankrupt;
- b) The cooperative union ceases to exist, or is dissolved or declared bankrupt;
- c) A member voluntarily leaves the cooperative union;

- d) A member is expelled according to the cooperative union's charter;
 - dd) A member has neither used products/services nor made labour contribution for a consecutive period prescribed in the cooperative union's charter;
 - e) At the capital contribution time, a member fails to make capital contribution as promised or makes a capital contribution which is lower than the minimum capital contribution prescribed in the cooperative union's charter.
2. The membership of contributing members of a cooperative union shall be terminated according to Points a, b, c, d and e Clause 1 of this Article.
3. The membership of a cooperative union's non-contributing member shall be terminated:
- a) In the cases specified in Points a, b, c, d and dd Clause 1 of this Article; or
 - b) if the member fails to pay membership fees as prescribed in the cooperative union's charter.
4. The authority to decide termination of membership and settlement of rights and obligations for members that have their membership terminated shall comply with the provisions of this Law and the cooperative union's charter.

Chapter IV

ESTABLISHMENT OF COOPERATIVES AND COOPERATIVE UNIONS

Article 38. Founders

1. Founders of a cooperative are individuals and/or organizations that voluntarily engage in the establishment of that cooperative and shall become its official members.

Founders of a cooperative union are cooperatives that voluntarily engage in the establishment of that cooperative union and shall become its official members.

2. Founders shall mobilize and disseminate information about the establishment; develop business plan and draft charter; make preparations and perform other works necessary for convening the meeting on establishment of the cooperative or cooperative union.

3. Founders may seek consultancy and assistance in establishing the cooperative or cooperative union from business registration authority, competent authority or representative body in local area where the cooperative or cooperative union will be established.

4. Founders that are foreign-invested organizations or individuals that are foreign investors shall be required to meet market access conditions for foreign investors laid down in the Law on investment and relevant laws.

Article 39. Establishment meeting

1. The meeting on establishment of a cooperative or cooperative union shall be convened by its founder(s) with the participation of:

- a) Founders that are individuals;
- b) Legal representatives or authorized representatives of founders that are organizations;
- c) Individuals, legal representatives or authorized representatives of other organizations that wish to become members of the cooperative or cooperative union;
- d) Representatives of representative bodies may attend but not vote at the meeting, if invited.

2. The meeting on establishment of a cooperative or cooperative union shall be organized according to the following order:

- a) Discuss the draft charter; list of members; business plan; management model;
- b) Ratify the charter;
- c) Ratify the list of members, including individuals and organizations that vote for the charter and are qualified for membership as prescribed in this Law and relevant laws.

3. Official members shall decide the following contents:

- a) The business plan;
- b) Election of members and Chairperson of the Board of Directors (in case of fully-organized management model) or Director (in case of simplified management model). The Board of Directors shall appoint Director (or General Director);
- c) Election of members and head of the Board of Controllers (in case of fully-organized management model) or Controller (in case of simplified management model);
- d) The person authorized to follow cooperative or cooperative union registration procedures and perform other tasks in establishment, organization and operation of the cooperative or cooperative union.

4. Official members and contributing members shall conduct valuation and ratify valuation results of assets contributed as capital by members as prescribed in Clause 1 Article 77 of this Law.

5. The resolution of the establishment meeting shall, inter alia, have the contents in Clause 3 of this Article and must be ratified under the majority rule. Each member shall have one vote.

Article 40. Charter of cooperatives and cooperative unions

The charter of a cooperative or cooperative union must not be contrary to this Law and relevant laws, and shall, inter alia, have the following contents:

1. Name, head office's address; logo (if any) of the cooperative or cooperative union;
2. Business lines of the cooperative or cooperative union;
3. Qualification for membership and admission procedures;
4. Cases of membership termination and procedures, including the following conditions for membership termination:
 - a) Cases of expulsion of members;
 - b) Level of frequent use of products/services or consecutive period over which an official member fails to make labour contribution;
 - c) Minimum value of products/services which must be used by an official member;
5. Rights and obligations of members;
6. Management model; authority of the GMM; tasks and powers of the Board of Directors, Director (General Director) and Board of Controllers (in case of fully-organized management model) or tasks and powers of Director and Controller (in case of simplified management model);
7. Quantity, titles, rights and obligations of the legal representative; division of rights and obligations between legal representatives (if the cooperative or cooperative union has more than one legal representative);
8. The charter capital; increase/decrease in charter capital; minimum and maximum capital contributions, contribution method and time limit; valuation of contributed assets; partial or full return of stakes to official/contributing members;
9. Membership fees payable by non-contributing members, if any;

10. Methods for convening the GMM; voting at the GMM; electing delegates to attend and vote at the GMM in case the GMM is organized in the form of a delegate meeting;
11. Minimum internal transaction rate;
12. Investment, capital contribution, purchase of shares, establishment of enterprises, joint ventures or associations with other business entities;
13. Establishment of funds; contributions to funds; income distribution method;
14. Financial management, use and settlement of assets, capital, funds and losses;
15. Rules for paying remunerations, salaries, wages, bonuses and other benefits to members of the Board of Directors, Director (General Director), members of the Board of Controllers or Controller, and employees;
16. Procedures for issuance, re-issuance, replacement and revocation of certificates of capital contribution;
17. Procedures for revising the charter;
18. Actions against overdue debts of members;
19. Actions against violations against the charter and rules for settlement of internal disputes.

Article 41. Registration of cooperatives and cooperative unions

1. Registration of a cooperative or cooperative union includes registration of establishment of the cooperative or cooperative union; registration of conversion from an artel into a cooperative; registration of operation of branch, representative office or business location of the cooperative or cooperative union; and other registration and notification obligations as prescribed in this Law.
2. Registration applications shall be submitted to business registration authorities adopting one of the following methods:
 - a) Submit a physical application directly to the business registration authority;
 - b) Submit a physical application by post;
 - c) Submit applications through the electronic information system of the business registration authority.
3. The Government shall provide detailed regulations on business registration authorities and interconnected procedures for registration of cooperatives and cooperative unions.

4. The Minister of Planning and Investment of Vietnam shall promulgate forms of documents used in registering cooperatives and cooperative unions.

Article 42. Registration of establishment of cooperatives and cooperative unions

1. Before starting its operations, the person authorized to register the establishment of the cooperative or cooperative union (hereinafter referred to as “authorized person”) shall follow procedures for registration of its establishment with the business registration authority in charge of area where it will be located.

2. An application for registration of establishment of a cooperative or cooperative union includes:

a) The application form;

b) The charter;

c) The resolution of the establishment meeting;

d) The list of official members and contributing members;

dd) The list of legal representatives who are Vietnamese citizens, in which their personal identification numbers must be specified; the list of legal representatives who are foreigners, accompanied with copies of their legal documents;

e) The copy of the investment registration certificate as prescribed in Point b Clause 1 Article 30 of this Law;

g) The copy of the investment registration certificate for the project on establishment of a cooperative or cooperative union in case the cooperative or cooperative union is established by individuals that are foreign investors or foreign-invested organizations as prescribed in the Law on investment.

3. The authorized person shall provide adequate, truthful and accurate information prescribed in Clause 2 of this Article, and assume legal responsibility for their provided information.

4. Within 03 working days from the receipt of the application, the business registration authority shall consider the validity of the application and issue the cooperative registration certificate. In case of invalid application, the business registration authority shall request the applicant in writing to make necessary modifications. If an application is refused, a written notice indicating reasons for refusal shall be given.

Article 43. Contents of application form for registration of establishment

An application form for registration of establishment of a cooperative or cooperative union shall, inter alia, include the following information:

1. Name of the cooperative or cooperative union;
2. Head office's address and telephone number of the cooperative or cooperative union;
3. Business lines of the cooperative or cooperative union;
4. Charter capital;
5. Number of official members and contributing members (members that are foreign investors or foreign-invested organizations must be identified);
6. Full name, signature, contact address, nationality, and personal identification number or number of legal document of the legal representative of the cooperative or cooperative union;
7. Tax registration information.

Article 44. Cooperative registration certificate

1. A cooperative registration certificate may be issued if:
 - a) The registered business lines are not banned;
 - b) The submitted application is valid;
 - c) Name of the cooperative or cooperative union is conformable with the provisions of this Law;
 - d) The application fees have been fully paid in accordance with regulations of law on fees and charges.
2. Cooperatives and cooperative unions may apply for re-issuance or replacement of their cooperative registration certificates in accordance with the Government's regulations and pay application fees in accordance with regulations of law.

Article 45. Contents of a cooperative registration certificate

A cooperative registration certificate shall, inter alia, have the following information:

1. Name of the cooperative or cooperative union;
2. Head office's address;

3. Identification number of the cooperative or cooperative union;
4. Charter capital;
5. Full name, contact address, nationality, personal identification number or number of legal document of the legal representative of the cooperative or cooperative union.

Article 46. Identification number of cooperatives and cooperative unions

1. Identification number of a cooperative or cooperative union is generated by the electronic information system of the business registration authority, and issued to the cooperative or cooperative union upon its establishment.
2. Each cooperative or cooperative union shall have a sole identification number which must not be issued to any other organization.
3. The identification number of a cooperative or cooperative union shall be used for fulfilling tax obligations, following administrative procedures, and performing other rights and obligations.

Article 47. Registration of revisions to cooperative registration certificate

1. A cooperative or cooperative union shall be required to follow procedures for registration of revisions to its cooperative registration certificate if there is any change in the information specified in Clauses 1, 2 and 5 Article 45 of this Law or a decrease or increase of at least 5% or at least VND 01 billion in its charter capital or when the cooperative or cooperative union undergoes reorganization. Procedures for registration of revisions:

- a) Within 10 days from the occurrence of a revision to its cooperative registration certificate, the cooperative or cooperative union shall submit an application for registration of revisions to the business registration authority;
- b) Within 03 working days from the receipt of the application, the business registration authority shall consider the validity of the application and issue the cooperative registration certificate. In case of invalid application, the business registration authority shall request the applicant in writing to make necessary modifications. If an application is refused, a written notice indicating reasons for refusal shall be given.

2. Procedures for registering revisions to the cooperative registration certificate under a court decision or arbitration award:

- a) An application for registration of revisions to the cooperative registration certificate shall be submitted to the business registration authority within 10 days from the effective date of the court's decision or judgment or arbitration award;

b) Within 03 working days from the receipt of the application, the business registration authority shall consider the validity of the application and issue the cooperative registration certificate in accordance with the effective court's decision or judgment or arbitration award. In case of invalid application, the business registration authority shall request the applicant in writing to make necessary modifications. If an application is refused, a written notice indicating reasons for refusal shall be given.

3. The Government shall elaborate documents required for registration of revisions to cooperative registration certificate.

Article 48. Notification of changes in registration information of cooperatives and cooperative unions

1. A cooperative or cooperative union shall notify the business registration authority of any changes in registered information about:

a) Its business lines;

b) Tax registration information;

c) Information on official members and contributing members that are foreign-invested organizations or individuals being foreign investors.

2. Procedures for notification of changes:

a) Within 10 days from the occurrence of any change in Clause 1 of this Article, the cooperative or cooperative union shall send a written notification of change to the business registration authority;

b) Within 03 working days from the receipt of the notification, the business registration authority shall consider the validity of the notification and decide whether to accept the change. In case of invalid notification, the business registration authority shall request the cooperative or cooperative union in writing to make necessary modifications. If a notification is refused, a written notice indicating reasons for refusal shall be given.

3. Procedures for notifying changes in registration information of a cooperative or cooperative union under a court decision or arbitration award:

a) Within 10 days from the effective date of the court's decision or judgment or arbitration award, the person that requests to make the change (the requester) shall send a notification to the business registration authority;

b) Within 03 working days from the receipt of the notification, the business registration authority shall consider the validity of the notification and accept the change in accordance with the effective court's decision or judgment or arbitration award. In case of invalid notification, the business registration authority shall request the requester in

writing to make necessary modifications. If a notification is refused, a written notice indicating reasons for refusal shall be given.

4. The Government shall elaborate documents required for notification of changes in registration information of cooperatives and cooperative unions.

Article 49. Disclosure of registration information of cooperatives and cooperative unions

1. After a cooperative registration certificate is granted to a cooperative or cooperative union, the business registration authority shall disclose registration information of that cooperative or cooperative union on its electronic information system. Information to be disclosed includes:

a) Contents of the issued cooperative registration certificate;

b) The business lines of the cooperative or cooperative union.

2. In case of registration of revisions to the cooperative registration certificate as prescribed in Article 47 of this Law or notification of changes in registration information of a cooperative or cooperative union as prescribed in Article 48 of this Law, such revisions or changes must be disclosed on the electronic information system of the business registration authority.

3. The information mentioned in Clause 1 and Clause 2 of this Article shall be disclosed for a consecutive duration of 30 days from the day on which the application or notification is accepted.

Article 50. Names of cooperatives, cooperative unions, and their branches, representative offices and business locations

1. The Vietnamese name of a cooperative or cooperative union shall contain two elements in the following order:

a) The cooperative's name shall begin with the phrase "Hợp tác xã". The name of a cooperative development assistance fund that operates in the form of a cooperative shall begin with the phrase "Quỹ hỗ trợ phát triển hợp tác xã". The name of a cooperative union shall begin with the phrase "Liên hiệp hợp tác xã";

b) The proper name shall consist of letters in the Vietnamese alphabet, the letters F, J, Z, W, digits and symbols.

2. The foreign language name of a cooperative or cooperative union is the name translated from its Vietnamese name into one of Latin-based languages. The proper name of the cooperative or cooperative union may be kept unchanged or translated into the foreign language.

3. The abbreviated name of a cooperative or cooperative union may be abbreviation of either Vietnamese name or foreign language name.
4. The name of a branch, representative office or business location of a cooperative or cooperative union shall consist of the name of that cooperative or cooperative union and the phrase “Chi nhánh”, “Văn phòng đại diện” or “Địa điểm kinh doanh” respectively.
5. When selecting its proper name, a cooperative or cooperative union must not:
 - a) use any name that is identical or confusingly similar to another cooperative or cooperative union’s name which is already registered nationwide;
 - b) use any name that infringes upon the industrial property rights with regard to trade name, brand name, or geographical indication of another organization or individual in accordance with regulations of the Law on intellectual property;
 - c) use the name of a state authority, the people’s military unit, political organization, socio-political organization, socio-political-professional organization, or social-professional organization as part or all of its name, unless it is accepted by that authority, unit or organization;
 - d) use words or symbols against the country’s history, culture, ethical values and good traditions.
6. Names of cooperatives and cooperative unions, and their branches and representative offices must be registered with business registration authorities.
7. The Government shall elaborate this Article.

Article 51. Head offices of cooperatives and cooperative unions

Head office of a cooperative or cooperative union shall be located within the territory of Vietnam, and be its mailing address.

Article 52. Seals of cooperatives and cooperative unions

1. The seal of a cooperative or cooperative union can be physical or digital as prescribed in the Law on electronic transactions.
2. Each cooperative or cooperative union shall decide the type, quantity, design and contents of its seal and the seals of its branches, representative offices and other affiliated units.
3. The management and storage of seals shall comply with the charter or regulations adopted by the cooperative or cooperative union, its branch, representative office or

another affiliated unit that owns the seal. The cooperative or cooperative union shall use the seal during its operation as prescribed by law.

Article 53. Branches, representative offices and business locations of cooperatives and cooperative unions

1. A branch of a cooperative or cooperative union is its dependent unit that has some or all functions of the cooperative or cooperative union, including authorized representative. The business lines of the branch shall match those of the cooperative or cooperative union.

2. A representative office of a cooperative or cooperative union is its dependent unit that acts as an authorized representative for interests of the cooperative or cooperative union. The representative office shall not do business.

3. A business location of a cooperative or cooperative union is a place where its specific business operations are carried out.

Article 54. Provision of registration information of cooperatives and cooperative unions

1. Organizations and individuals are entitled to request business registration authorities to provide registration information of cooperatives and cooperative unions on their electronic information systems, and shall pay fees in accordance with regulations of law.

2. Business registration authorities shall fully and promptly provide information in accordance with Clause 1 of this Article.

Article 55. Registration of branches, representative offices; notification of business locations of cooperatives and cooperative unions

1. A cooperative or cooperative union is entitled to establish one or some branches and/or representative offices in an administrative division of Vietnam according to the following procedures:

a) The cooperative or cooperative union shall submit an application for registration of branch/representative office to the business registration authority in charge of the area where its branch/representative office will be located;

b) Within 03 working days from the receipt of the application, the business registration authority shall consider the validity of the application and decide whether to issue the certificate of branch/representative office registration. In case of invalid application, the business registration authority shall request the applicant in writing to make necessary modifications. If an application is refused, a written notice indicating reasons for refusal shall be given.

2. Within 10 days from the occurrence of any revision to the certificate of domestic branch/representative office registration, the cooperative or cooperative union shall submit an application for registration of revisions to the business registration authority.
3. A cooperative or cooperative union is entitled to establish its branches and/or representative offices in foreign countries. Within 30 days from the establishment date of its overseas branch or representative office, the cooperative or cooperative union shall send a written notification thereof to the business registration authority in charge of the area where it is headquartered.
4. Within 10 days from the issuance date of its decision to establish a business location, the cooperative or cooperative union shall send written notification thereof to the business registration authority in charge of the area where the business location is situated.
5. The Government shall provide specific regulations on documentation required for registration of branches/representative offices, registration of revisions thereof, and notification of business locations of cooperatives and cooperative unions.

Chapter V

MANAGEMENT MODELS OF COOPERATIVES AND COOPERATIVE UNIONS

Section 1. MANAGEMENT MODEL AND GENERAL MEETING OF MEMBERS

Article 56. Management model

1. Cooperatives and cooperative unions shall be managed adopting two management models as follows:
 - a) The fully-organized management model consists of the GMM, Board of Directors, Director (General Director), and Board of Controllers. The Chairperson of the Board of Directors may concurrently hold the position of Director (General Director);
 - b) The simplified management model consists of the GMM, Director and Controller.
2. A small, medium or large cooperative or cooperative union that has 10 members or more must adopt the fully-organized management model.
3. A micro cooperative or cooperative union that has less than 10 members may adopt either fully-organized management model or simplified management model.
4. In case a cooperative or cooperative union that is adopting the simplified management model is developed into a small, medium or large cooperative or cooperative union that

has 10 members or more, the adoption of the fully-organized management model must be decided in the nearest GMM.

Article 57. General Meeting of Members (GMM)

1. The GMM of a cooperative or cooperative union is its supreme governing body. The GMM shall be convened annually and whenever necessary. In case of simplified management model, the GMM shall be convened on a periodical basis as prescribed in the cooperative or cooperative union's charter but at least every 03 months and on an ad hoc basis.

2. The GMM shall be held in the form of a plenary meeting or delegate meeting. If the meeting of the GMM is held in the form of a plenary meeting, official members will attend and vote at the meeting. If the meeting of the GMM is held in the form of a delegate meeting, delegates representing official members will attend and vote at the meeting. The GMM of a cooperative or cooperative union that has a total of at least 50 official members may be held in the form of a delegate meeting.

Contributing members and non-contributing members may be invited to the meeting of the GMM.

3. The meeting of the GMM may be on-site meeting, online meeting or hybrid meeting.

4. The minutes of the meeting of the GMM shall be compulsory while their audio and video recordings are optional. These materials shall be provided at the request of members. The minutes must bear signatures of the chair and secretary of the meeting. In case the chair and the secretary refuse to sign the minutes, the minutes shall be effective if they are signed by more than 50% of the members participating in the meeting. In this case, the minutes shall clearly state the refusal by the chair and the secretary to sign them. The persons who sign the minutes shall be jointly responsible for the accuracy and truthfulness of the minutes.

Article 58. Delegates participating in delegate meeting

1. Eligibility requirements and procedures for election of delegates to participate in the delegate meeting are provided in the cooperative or cooperative union's charter.

2. The number of delegates participating in the delegate meeting shall comply with the cooperative or cooperative union's charter, provided that:

a) It shall not be fewer than 50% of total official members of the cooperative or cooperative union that has a total of more than 50 to 100 official members;

b) It shall not be fewer than 30% of total official members of the cooperative or cooperative union that has a total of more than 100 to 300 official members;

c) It shall not be fewer than 20% of total official members of the cooperative or cooperative union that has a total of more than 300 to 1.000 official members;

d) It shall not be fewer than 200 delegates of the cooperative or cooperative union that has a total of more than 1.000 official members.

3. Delegates participating in the delegate meeting must express opinions and aspirations of and communicate the congress's results to members that they represented.

Article 59. Convening GMM

1. The Board of Directors (in case of fully-organized management model) or Director (in case of simplified management model) shall convene the annual GMM within 04 months from the end of the fiscal year.

2. In case of fully-organized management model, an extraordinary meeting of the GMM shall be convened in the following cases:

a) It is convened by the Board of Directors to settle the matters beyond their jurisdiction;

b) It is convened by the Board of Directors at the request of the Board of Controllers or at least one third of total official members of the cooperative or cooperative union;

c) It is convened by Chairperson of the Board of Directors in case a periodical meeting of the Board of Directors cannot be held after it has been convened twice.

3. In case of simplified management model, an extraordinary meeting of the GMM shall be convened by the Director:

a) to settle matters beyond his/her jurisdiction; or

b) at the request of the Controller or at least one third of total official members of the cooperative or cooperative union.

4. An extraordinary meeting of the GMM in the case specified in Point b Clause 2 or Point b Clause 3 of this Article shall be convened as follows:

a) Within 15 days from the receipt of the request of the Board of Controllers or Controller or at least one third of total official members of the cooperative or cooperative union, the Board of Directors or Director shall convene the extraordinary meeting of the GMM;

b) If Board of Directors or Director fails to convene the extraordinary meeting of the GMM within the time limit specified in Point a of this Clause or fails to convene the annual GMM within 04 months from the end of the fiscal year, the Board of Controllers or Controller shall be entitled to convene the extraordinary meeting of the GMM;

c) If the Board of Controllers or Controller fails to convene the extraordinary meeting of the GMM within 15 days as prescribed in Point b of this Clause, the member representing at least one third of total official members of the cooperative or cooperative union shall be entitled to convene the GMM. The record of appointment of this representative must be made and bear signatures of all members that request the convening of the GMM.

5. In case the Board of Directors or Director fails to convene the GMM as prescribed in Clause 1 and Point a Clause 4 of this Article, they shall pay compensation for damage incurred by the cooperative or cooperative union in accordance with regulations of law and the cooperative or cooperative union's charter.

In case the Board of Controllers or Controller fails to convene the GMM as prescribed in Point b Clause 4 of this Article, they shall pay compensation for damage incurred by the cooperative or cooperative union in accordance with regulations of law and the cooperative or cooperative union's charter.

6. The meeting of the GMM shall be chaired by the person that convenes it, unless another chair is elected by the GMM.

7. The meeting of the GMM shall be conducted when it is participated in by at least 50% of its total official members or total delegates appointed. If the required number of participants is not sufficient, the meeting of the GMM shall be postponed.

In case the conditions for conducting the first meeting are not fulfilled, the second meeting will be convened within 30 days from the planned opening date of the first meeting. The second meeting of the GMM shall be conducted when it is participated in by at least 33% of its total official members or total delegates appointed.

In case the conditions for conducting the first meeting are not fulfilled, the third meeting will be convened within 20 days from the planned opening date of the second meeting. In this case, the meeting of the GMM shall be conducted regardless of the number of participants.

Article 60. Preparing for GMM

1. The person who convenes the GMM shall prepare a list of members/delegates entitled to participate in the meeting; draw up the meeting agenda, prepare documents and draft the resolution of the meeting; send the invitation to each member at least 03 days before the planned opening date of the meeting. The invitation shall specify the time, location, method and agenda of the meeting. The invitations to the meeting can be sent physically, electronically or by another method prescribed in the cooperative or cooperative union's charter.

2. A content of the meeting agenda may be modified according to written proposal by at least one third of total official members. Such a written proposal must be sent to the person who convenes the meeting at least 02 days before the planned opening date of the

meeting, unless otherwise prescribed in the cooperative or cooperative union's charter. It must contain full name of the official member that makes the proposal and proposed contents.

3. The person who convenes the GMM is entitled to refuse the proposal specified in Clause 2 of this Article in the following cases:

- a) The proposal is not sent by the prescribed deadline;
- b) The proposal is made for an issue other than those to be considered at the GMM;
- c) The proposed content is beyond the jurisdiction of the GMM;
- d) Other cases prescribed by the cooperative or cooperative union's charter.

4. The person who convenes the GMM must report the refused proposals to the GMM before deciding the meeting agenda.

Other proposed contents must be included in the draft agenda. The official agenda must be approved by the GMM by voting.

Article 61. Participating in and voting at meetings of GMM

1. It will be considered that a member or delegate participates in and votes at the meeting of the GMM in the following cases:

- a) He/she directly participates in and votes at the meeting;
- b) He/she participates and votes online;
- c) He/she authorizes another organization or individual to participate in and vote at the meeting.

2. Each of the following contents will be ratified by the GMM when it is voted for by at least 65% of total members or delegates who participate in and vote at the meeting as prescribed in Clause 1 of this Article:

- a) Revisions to the cooperative or cooperative union's charter;
- b) Investment in or sale of distributed assets whose value is equal to or greater than 20% of total value of assets written in the latest financial statements of the cooperative or cooperative union; investment in or sale of undistributed assets;
- c) Changes in the management model of the cooperative or cooperative union;
- d) Reorganization, dissolution or bankruptcy of the cooperative or cooperative union.

3. A content other than those specified in Clause 2 of this Article will be ratified when it is voted for by at least 50% of total members or delegates who participate in and vote at the meeting as prescribed in Clause 1 of this Article.

4. In case of a cooperative's GMM, each official member participating in the plenary meeting shall have one vote of equal effect regardless of their stakes and position. Each delegate participating in the delegate meeting shall have a number of votes equal to the number of members that he/she represents.

5. In case of a cooperative union's GMM, each official member or delegate participating in the meeting may have an equal or different number of votes depending on the number of official members of its member cooperatives prescribed in the cooperative union's charter.

6. Votes casted and the record of the vote counting conducted at the meeting of the GMM must be retained.

Article 62. Eligibility requirements to be fulfilled by members of Board of Directors, Director (General Director), members of Board of Controllers or Controller, Accountant

1. To become a member of the Board of Directors of a cooperative or cooperative union, a person must meet the following requirements:

a) He/she is an official member or legal or authorized representative of the organization that is an official member of that cooperative or cooperative union;

b) He/she is not holding the position of a member of the Board of Controllers or Controller, chief accountant or cashier of that cooperative or cooperative union;

c) He/she is not a relative of any other member of the Board of Directors, any member of the Board of Controllers or Controller, chief accountant or cashier of that cooperative or cooperative union.

2. The Director (General Director) of a cooperative or cooperative union must meet the following requirements:

a) He/she is an official member or legal or authorized representative of the organization that is an official member of that cooperative or cooperative union. The cooperative or cooperative union that adopts the fully-organized management model may hire the Director (General Director) as decided by its GMM.

b) He/she is not holding the position of a member of the Board of Controllers or Controller, chief accountant or cashier of that cooperative or cooperative union;

c) He/she is not a relative of any member of the Board of Controllers or Controller, chief accountant or cashier of that cooperative or cooperative union.

3. To become a member of the Board of Controllers or a Controller of a cooperative or cooperative union, a person must meet the following requirements:

a) He/she is an official member or legal or authorized representative of the organization that is an official member of that cooperative or cooperative union;

b) He/she is not holding the position of a member of the Board of Directors, Director (General Director), chief accountant or cashier of that cooperative or cooperative union;

c) He/she is not a relative of any member of the Board of Directors, any other member of the Board of Controllers or Controller, Director (General Director), chief accountant or cashier of that cooperative or cooperative union.

4. The following persons are banned from holding the position of a member of the Board of Directors, Director (General Director), or a member of the Board of Controllers or Controller:

a) A person is facing criminal prosecution, kept in temporary detention, serving an imprisonment sentence, serving an administrative penalty in a correctional institution or rehabilitation center, or is prohibited by the court from holding certain positions or doing certain works; or

b) Other persons prescribed by law and the cooperative or cooperative union's charter.

5. The chief accountant or person in charge of accounting works must have professional qualifications in accounting as prescribed by the Law on accounting.

Article 63. Dismissal, discharge or termination of employment contracts of title holders of cooperatives or cooperative unions

1. The person holding the title of a member of the Board of Directors, a member of the Board of Controllers or Controller, or Director (General Director) shall be dismissed, discharged or has his/her employment contract terminated in one of the following cases:

a) He/she no longer satisfies the requirements laid down in Article 62 of this Law;

b) He/she has submitted a resignation which has been also accepted;

c) He/she is incapacitated, has limited capacity for civil acts or has difficulty in awareness or control of his/her own acts;

d) The organization of which the Director (General Director), the member of the Board of Controllers or Controller acts as representative fails to maintain its juridical person status, ceases to exist, or is dissolved or declared bankrupt;

dd) Other cases prescribed by law, the cooperative or cooperative union's charter and the signed employment contract.

2. The member of the Board of Directors, the Director (General Director), the member of the Board of Controllers or Controller who is dismissed, discharged or has his/her employment contract terminated shall still assume responsibility for decisions issued while he/she held such a position.

Section 2. FULLY-ORGANIZED MANAGEMENT MODEL

Article 64. Powers of GMM under fully-organized management model

1. Ratify the orientation for development of the cooperative or cooperative union; revisions to the charter; reports on performance of the Board of Directors and of the Board of Controllers; annual financial statements; business plans.
2. Ratify the plan for income distribution and settlement of losses/debts; contributions to undistributed fund and other funds; plan to pay remunerations, salaries, wages, bonuses and other benefits to members of the Board of Directors, Director (General Director), members of the Board of Controllers, holders of other managerial positions, and employees.
3. Ratify the investment in or sale of distributed assets whose value is equal to or greater than 20% of total value of assets written in the latest financial statements of the cooperative or cooperative union; investment in or sale of undistributed assets.
4. Ratify the capital contribution, purchase of shares, and establishment of enterprises, joint ventures or associations; participation in other cooperatives, cooperative unions and representative bodies.
5. Ratify increase or decrease in charter capital and minimum capital contribution; mobilization of capital; partial or entire return of stakes; results of valuation of assets and undistributed assets; regulations on management and use of assets and funds.
6. Ratify the management model; internal management regulations; regulations on operation of the Board of Directors and of the Board of Controllers; decide the number of members of the Board of Directors, the number of members of the Board of Controllers, and the number of legal representatives of the cooperative or cooperative union; reorganization, dissolution, or bankruptcy of the cooperative or cooperative union.
7. Elect and dismiss members of the Board of Directors, members of the Board of Controllers, Head of the Board of Controllers; legal representatives. Elect, dismiss or

authorize the Board of Directors to elect and dismiss Chairperson of the Board of Directors. Ratify the policy to appoint the Chairperson of the Board of Directors to concurrently hold the position of Director (General Director) or to hire Director (General Director).

8. Decide to select an independent audit organization.

9. Have other powers which are decided by the GMM but must not be contrary to this Law and relevant laws.

Article 65. Board of Directors

1. The Board of Directors is the managerial body of the cooperative or cooperative union, and is composed of a Chairperson and other members who are elected by the establishment meeting or GMM from among official members of the cooperative or cooperative union. The number of members of the Board of Directors shall be prescribed by the cooperative or cooperative union's charter but shall neither be fewer than 03 members nor exceed 15 members. Total members of the Board of Directors that are foreign-invested organizations and individuals who are foreign investors must be accounted for less than 35% of its total members.

2. The term of office of the Board of Directors is prescribed by the cooperative or cooperative union's charter but shall not exceed 05 years. A member of the Board of Directors shall be the same term of office as the Board of Directors. A member of the Board of Directors may be re-elected without term limit. Members of the Board of Directors shall be elected and dismissed by secret ballot.

3. The Board of Directors of a cooperative shall meet on a periodical basis as prescribed in its charter but at least every 03 months. The Board of Directors of a cooperative union shall meet on a periodical basis as prescribed in its charter but at least every 06 months.

4. An extraordinary meeting of the Board of Directors may be held at the request of:

a) Its Chairperson;

b) Director (General Director);

c) The head of the Board of Controllers; or

d) At least one third of total members of the Board of Directors.

5. Procedures for conducting a meeting of the Board of Directors:

a) A meeting of the Board of Directors shall be conducted when it is participated in by at least two thirds of its total members. Decisions of the Board of Directors shall be ratified under the majority rule. Each member shall have one vote of equal effect. In case of

equality of votes, the option that is voted for by the Chairperson of the Board of Directors or the person authorized by the Chairperson to chair the meeting shall prevail;

b) In case a periodical meeting of the Board of Directors cannot be conducted due to inadequate number of participants, the Chairperson of the Board of Directors shall convene the second meeting within 15 days from the planned date of the first meeting. In this case, the second meeting shall be conducted when it is participated in by more than 50% of total members of the Board of Directors;

c) In case the second meeting of the Board of Directors cannot be conducted due to inadequate number of participants, the Chairperson of the Board of Directors shall convene an extraordinary meeting of the GMM within 30 days from the planned date of the second meeting. The Chairperson of the Board of Directors shall request the extraordinary GMM to consider the eligibility of the members of the Board of Directors who refuse to participate in its meeting as notified and propose appropriate disciplinary actions;

d) The minutes of every meeting of the Board of Directors shall be compulsory while its audio and video recordings are optional. These materials shall be provided at the request of its members. The minutes must bear signatures of the chair and secretary of the meeting. Members of Board of Directors shall be entitled to have their opinions recorded in the meeting minutes. In case the chair and the secretary refuse to sign the minutes, the minutes shall be effective if they are signed by more than 50% of the members participating in the meeting. In this case, the minutes shall clearly state the refusal by the chair and the secretary to sign them. The persons who sign the minutes shall be jointly responsible for the accuracy and truthfulness of the minutes.

6. In case a content is ratified by the Board of Directors against regulations of law, the resolution of the GMM or the cooperative or cooperative union's charter, thereby causing damage to the cooperative or cooperative union, the members that vote for the ratification of that content shall be jointly responsible for it and pay compensation for damage incurred by the cooperative or cooperative union in accordance with regulations of law; the members that vote against the ratification of that content shall not be held responsible and shall be entitled to request the Court to suspend or invalidate this content.

Article 66. Tasks and rights of Board of Directors

1. Request the GMM to consider ratifying the contents falling under its jurisdiction as prescribed in Article 64 of this Law.

2. Decide organization of assisting divisions and affiliated units of the cooperative or cooperative union as prescribed in the charter. Establish branches and/or representative offices of the cooperative or cooperative union.

3. Organize the implementation of resolutions of the GMM. Submit reports on business performance of the cooperative or cooperative union to the GMM.

4. Transfer, liquidate or dispose of assets of the cooperative or cooperative union under its jurisdiction. Decide investment in or sale of distributed assets whose value is smaller than 20% of total value of assets written in the latest financial statements of the cooperative or cooperative union.
5. Cooperate with the owner and capital contributors in conducting valuation or hiring a qualified valuation organization to determine the value of assets contributed by individuals and organizations during the operation of the cooperative or cooperative union.
6. Manage, admit or terminate the membership of official members and contributing members. Report the admission of members to the cooperative or cooperative union to the nearest GMM.
7. Elect and dismiss Chairperson of the Board of Directors according to the charter (if any).
8. Appoint, dismiss, discharge, sign or terminate employment contract, supervise and assess the performance of the Director (General Director), Deputy Director (Deputy General Director) and holders of other managerial positions.
9. Decide commendation and reward, or imposition of disciplinary actions on official members, contributing members and employees; reward other organizations and individuals that make significant contribution to the development of the cooperative or cooperative union.
10. Perform other tasks and rights as prescribed by law and the cooperative or cooperative union's charter.

Article 67. Chairperson of Board of Directors

1. The Chairperson of the Board of Directors shall be elected by the establishment meeting or the GMM from among official members of the cooperative or cooperative union, or by the Board of Directors from among its members. The establishment meeting or the GMM or the Board of Directors shall be entitled to dismiss the Chairperson of Board of Directors that they have elected. The Chairperson of the Board of Directors shall be elected and dismissed by secret ballot.
2. The Chairperson of the Board of Directors shall have the following tasks:
 - a) Assume responsibility before the GMM and the Board of Directors for his/her performance of assigned tasks;
 - b) Sign the charter and the resolution on establishment of the cooperative or cooperative union; documents issued by the establishment meeting or the GMM; sign documents

issued by the Board of Directors in accordance with regulations of law and the cooperative or cooperative union's charter;

c) Decide programs/plans and assign tasks to members of the Board of Directors;

d) Draw up and prepare the agenda, convene and chair the meetings of the Board of Directors, the GMM, unless otherwise prescribed in this Law or the cooperative or cooperative union's charter;

dd) Perform other tasks and rights as prescribed by law and the cooperative or cooperative union's charter.

3. In case the Chairperson of the Board of Directors is not present or not able to perform his/her tasks, he/she shall authorize another member in writing to perform the rights and tasks of the Chairperson of the Board of Directors in accordance with the cooperative or cooperative union's charter. In case no member is authorized or the Chairperson is dead, missing, detained, serving an imprisonment sentence, serving an administrative penalty in a correctional institution or rehabilitation center, making a getaway, has limited capacity for civil acts or is incapacitated, has difficulty in awareness or control of his/her own acts, is prohibited by the court from holding certain positions or doing certain works, the new Chairperson of the Board of Directors shall be elected as follows:

a) One of the remaining members of the Board of Directors shall be elected as the interim Chairperson of the Board of Directors until a new Chairperson of the Board of Directors is officially elected in the nearest GMM;

a) One of the remaining members of the Board of Directors shall be elected as the interim Chairperson of the Board of Directors until a new Chairperson of the Board of Directors is officially elected in the nearest GMM;

4. In case the Chairperson of the Board of Directors concurrently holds the position of the Director (General Director), he/she shall also perform rights and tasks of the Director (General Director) as prescribed in Clause 4 Article 68 of this Law.

Article 68. Director (General Director) under fully-organized management model

1. The Director (General Director) is the person who manages the business operations of the cooperative or cooperative union; bears the supervision of and responsibility before the Board of Directors and before the law for his/her performance.

2. The term of office of the Director (General Director) is prescribed by the cooperative or cooperative union's charter but shall not exceed 05 years. The Director (General Director) may be re-elected without term limit.

3. In case the Director (General Director) is not an official member of the cooperative or cooperative union but hired, he/she may attend but not vote at the meetings of the GMM

and of the Board of Directors. The term of office of a hired Director (General Director) shall be determined in his/her employment contract.

4. The Director (General Director) shall have the following rights and tasks:

a) Request the Board of Directors to consider deciding the contents falling under its jurisdiction;

b) Implement resolutions of the establishment meeting, the GMM, resolutions and decisions of the Board of Directors; sign contracts in the name of the cooperative or cooperative union within his/her competence;

c) Organize the implementation of business plans; decide business locations;

d) Assume responsibility for cooperative purchasing or selling of products/services for members of the cooperative or cooperative unions;

dd) Manage, admit or terminate membership of non-contributing members, and submit reports thereof to the Board of Directors; recruit employees; decide to reward or discipline non-contributing members and employees;

e) Perform other tasks and rights as prescribed by law and the cooperative or cooperative union's charter.

Article 69. Board of Controllers under fully-organized management model

1. The Board of Controllers shall have 01 - 07 members, including a head and other members who are elected by the GMM from among official members of the cooperative or cooperative union and shall assume responsibility before the GMM. The term of office of the Board of Controllers shall not exceed 05 years. A member of the Board of Controllers shall have the same term of office as the Board of Directors. A member of the Board of Controllers may be re-elected without term limit. If the Board of Controllers has the only one member, this member shall also act as the head of the Board of Controllers. Members of the Board of Controllers shall be elected and dismissed by secret ballot.

2. The Board of Controllers operates independently, inspects and supervises operations of the cooperative or cooperative union in accordance with regulations of law and the charter.

3. The Board of Controllers shall have the following rights and tasks:

a) Inspect the compliance with laws, the charter and resolutions of the GMM and of the Board of Directors, and other regulations and rules of the cooperative or cooperative union;

- b) Supervise operation of the Board of Directors, Director (General Director), and members in accordance with regulations of law, the charter, resolutions of the GMM and other regulations and rules of the cooperative or cooperative union;
- c) Inspect financial activities, compliance with accounting regulations, income distribution, settlement of losses, use of funds, assets and borrowed capital of the cooperative or cooperative union, and financial assistance or subsidies granted by the State;
- d) Appraise annual financial statements before they are submitted to the GMM; organize internal audit, where necessary; review, inspect and evaluate the effectiveness of internal control, internal audit, risk management and early warning systems of the cooperative or cooperative union.
- dd) Request provision of documents, books, records and other necessary information which must not be used for any purpose other than performance of review, inspection and supervision tasks;
- e) Report control results to the Board of Directors and the GMM; request the Board of Directors, Director (General Director) to take remedial actions against shortcomings and violations committed during the operation of the cooperative or cooperative union; submit the report on performance of the Board of Controllers to the GMM for ratification;
- g) Receive and consider proposals concerning the cooperative or cooperative union within its competence or submit them to the Board of Directors or GMM for consideration;
- h) The head and members of the Board of Controllers may attend but not vote at meetings of the Board of Directors;
- i) Draw up and prepare the agenda, and convene extraordinary meetings of the GMM;
- k) Perform other tasks and rights as prescribed by law and the cooperative or cooperative union's charter.

Section 3. SIMPLIFIED MANAGEMENT MODEL

Article 70. Power of GMM under simplified management model

1. Ratify the orientation for development of the cooperative or cooperative union; revisions to the charter; reports on performance of Director and Controller; annual financial statements; business plans.
2. Ratify the plan for income distribution and settlement of losses/debts; contributions to undistributed fund and other funds; plan to pay remunerations, salaries, wages, bonuses

and other benefits to Director, Controller, holders of other managerial positions, and employees.

3. Approve the investment in or sale of distributed assets whose value is equal to or greater than 20% of total value of assets written in the latest financial statements of the cooperative or cooperative union; investment in or sale of undistributed assets.
4. Ratify the capital contribution, purchase of shares, and establishment of enterprises, joint ventures or associations; participation in other cooperatives, cooperative unions and representative bodies.
5. Ratify increase or decrease in charter capital and minimum capital contribution; mobilization of capital; partial or entire return of stakes; conduct valuation or ratify results of valuation of assets and undistributed assets; ratify regulations on management and use of assets and funds.
6. Ratify the management model, internal management regulations; plan to organize assisting divisions/affiliated units of the cooperative or cooperative union; reorganization, dissolution, or bankruptcy of the cooperative or cooperative union.
7. Elect and dismiss Director and Controller; decide quantity of, elect and dismiss legal representatives.
8. Decide to select an independent audit organization; establish branches and/or representative offices; reward and discipline official members and contributing members.
9. Ratify admission or termination of the membership of official members and contributing members as prescribed in the charter.
10. Have other powers which are decided by the GMM but must not be contrary to this Law and relevant laws.

Article 71. Director under simplified management model

1. The Director is the person who manages the business operations of the cooperative or cooperative union; bears the supervision of and responsibility before the GMM and before the law for his/her performance.
2. The term of office of the Director is prescribed by the cooperative or cooperative union's charter but shall not exceed 05 years. The Director may be re-elected without term limit. The Director shall be elected and dismissed by secret ballot.
3. The Director shall have the following rights and tasks:
 - a) Request the GMM to consider the contents falling under its jurisdiction;

- b) Sign the charter and resolution on establishment of the cooperative or cooperative union; documents issued by the GMM;
- c) Implement resolutions of the GMM; decide matters concerning the cooperative or cooperative union's daily business operations which are not under the GMM's jurisdiction; sign contracts in the name of the cooperative or cooperative union in case the Director is also the legal representative as prescribed by the charter or by law;
- d) Organize the implementation of business plans; decide business locations; submit reports on business performance and admission of members to the cooperative or cooperative union to the GMM;
- dd) Assume responsibility for cooperative purchasing or selling of products/services for members of the cooperative or cooperative unions;
- e) Decide transfer, liquidation or disposition of assets of the cooperative or cooperative union within his/her competence assigned by the GMM; decide investment in or sale of distributed assets whose value is smaller than 20% of total value of assets written in the latest financial statements of the cooperative or cooperative union;
- g) Manage members, notify resolutions and decisions of the GMM to official members and contributing members; admit and terminate membership of non-contributing members in accordance with this law and the charter, and submit reports thereof to the nearest GMM; recruit employees; evaluate performance of Deputy Director (if any);
- h) Decide commendation and reward, or imposition of disciplinary actions on non-contributing members and employees; reward other organizations and individuals that make significant contribution to the development of the cooperative or cooperative union;
- i) Perform other tasks and rights as prescribed by law and the cooperative or cooperative union's charter.

Article 72. Controller under simplified management model

1. The Controller inspects and supervises operations of the cooperative or cooperative union in accordance with regulations of law and the charter. The Controller works independently and assumes responsibility before the GMM and before the law for his/her performance.
2. The term of office of the Controller is prescribed by the charter but shall not exceed 05 years. The Controller may be re-elected without term limit. The Controller shall be elected and dismissed by secret ballot.
3. The Controller shall have the following rights and tasks:

- a) Inspect the compliance with laws, the charter and resolutions of the GMM, and other regulations and rules of the cooperative or cooperative union;
- b) Supervise operation of the Director and members in accordance with regulations of law, the charter, resolutions of the GMM and other regulations and rules of the cooperative or cooperative union;
- c) Inspect financial activities, compliance with accounting regulations, income distribution, settlement of losses, use of funds, assets and borrowed capital of the cooperative or cooperative union, and financial assistance or subsidies granted by the State;
- d) Appraise annual financial statements before they are submitted to the GMM; organize internal audit, where necessary;
- dd) Request provision of documents, books, records and other necessary information which must not be used for any purpose other than performance of review, inspection and supervision tasks;
- e) Report control results to the GMM; request the Director to take remedial actions against shortcomings and violations committed during the operation of the cooperative or cooperative union;
- g) Receive and consider proposals within its competence or submit them to the Director or GMM for consideration;
- h) Draw up and prepare the agenda, and convene extraordinary meetings of the GMM;
- i) Perform other tasks and rights as prescribed by law and the cooperative or cooperative union's charter.

Chapter VI

ASSETS AND FINANCE OF COOPERATIVES AND COOPERATIVE UNIONS

Article 73. Contributed assets

1. Contributed assets include VND, convertible foreign currencies, gold, land use right (LUR), intellectual property rights, technologies, technical secrets, other assets and rights that can be converted into VND.
2. Only the individual or organization that has the lawful right to ownership or right to use the asset or another right mentioned in Clause 1 of this Article may contribute it as capital as prescribed by law.

3. With regard to assets that are LURs, vehicles or other assets, the organization or individual may select to contribute that asset or reach an agreement to allow the cooperative or cooperative union to enjoy that asset-related rights in accordance with regulations of the Land Law and Civil Code.

4. Members can use their assets for performing business operations of the cooperative or cooperative union under cooperation contracts or linkage agreements signed with the cooperative or cooperative union. These assets shall not be considered as contributed assets and the transfer of their ownership to the cooperative or cooperative union is not required.

Article 74. Charter capital of cooperatives and cooperative unions

1. Stakes of official members shall be subject to specific agreement, provisions of this law and the charter regarding minimum and maximum capital contribution. The maximum capital contribution shall not exceed 30% and 40% of the charter capital of the cooperative and cooperative union respectively.

2. Total stakes of all contributing members shall be subject to specific agreement and the charter but shall not exceed 30% and 40% of the charter capital of the cooperative and cooperative union respectively.

3. Total stakes of all members of a cooperative or cooperative union that are foreign-invested organizations or individuals being foreign investors shall not exceed 30% of its charter capital.

4. Charter capital contribution time limit, method and amounts are prescribed in the charter, provided that a member must complete the charter capital contribution within 06 months from the issuance date of the cooperative registration certificate or from the day on which the membership is granted, excluding the time needed to transport or import contributed assets and for completing ownership transfer procedures (if any). During this period, the members shall have rights and obligations that are proportional to the holdings they will have in the cooperative or cooperative union.

5. The members may only contribute assets that are different from their promised ones if such a change is approved by the Board of Directors (in case of fully-organized management model) or the GMM (in case of simplified management model).

6. In case a member fails to contribute or fully contribute capital as promised by the expiration of the period mentioned in Clause 4 of this Article:

a) The member that has not made capital contribution at all or has made a capital contribution which is smaller than the minimum one prescribed in the charter shall have their membership terminated;

b) The member that has not yet completed their capital contribution as promised but has made a capital contribution which is equal to or greater than the minimum one prescribed in the charter will have the rights that are proportional to their stake as prescribed in this Law and the charter.

7. Within 30 days from the deadline for capital contribution specified in Clause 4 of this Article, the cooperative or cooperative union shall register a change in its charter capital which must be equal to the actually contributed capital amount as prescribed in this Law, unless the missing capital amount has been fully contributed within this period. The member who fails to make full capital contribution as promised shall be responsible for the financial obligations incurred before the issuance date of the capital contribution certificate in proportion to their stake as prescribed in this Law and the charter.

Article 75. Capital contribution certificate

1. When the capital is fully contributed, the member shall be granted a capital contribution certificate by the cooperative or cooperative union and have their information recorded in the register of members.

2. A capital contribution certificate shall, inter alia, contain the following information:

a) Name, code and head office's address of the cooperative or cooperative union;

b) The charter capital of the cooperative or cooperative union;

c) Full name, contact address, nationality, personal identification number or legal document number of the individual making capital contribution; name, head office's address, EID number or legal document number of the organization making capital contribution;

d) The member's stake and holding;

dd) The number and date of issuance of the capital contribution certificate;

e) Full name and signature of the legal representatives of the cooperative or cooperative union.

3. The cooperative or cooperative union shall re-issue a capital contribution certificate if it has been lost or damaged; replace a capital contribution certificate with a new one if any of the information in Clause 2 of this Article is changed; revoke the capital contribution certificate if the membership of its hold is terminated.

4. Procedures for issuance, re-issuance, replacement and revocation of capital contribution certificates are available in the charter.

Article 76. Transfer of ownership of contributed assets

1. Contribution of assets as capital to a cooperative or cooperative union shall be subject to the following provisions:

- a) For assets whose ownership must be registered or LURs, the member making capital contribution shall follow procedures for transferring the ownership of such assets or LURs to the cooperative or cooperative union in accordance with regulations of law;
- b) The contribution of assets whose ownership must not be registered shall be recorded in writing.

2. The contribution of capital to a cooperative or cooperative union by reaching an agreement that allows the cooperative or cooperative union to enjoy asset-related rights shall be subject to the following provisions:

- a) The member and the cooperative or cooperative union must enter into a written agreement establishing asset-related rights which must specify the right enjoyment duration in accordance with regulations of law and the charter;
- b) The right enjoyment duration must be specified in the capital contribution certificate;
- c) The member must not transfer the ownership of the asset or LUR to the cooperative or cooperative union.

3. The record of transfer of contributed assets shall, inter alia, contain the following information:

- a) Name and head office's address of the cooperative or cooperative union;
- b) Full name, contact address, nationality, personal identification number or legal document number of the individual making capital contribution; name, head office's address, EID number or legal document number of the organization making capital contribution;
- c) Types and quantities of contributed assets; total value of contributed assets and the ratio of this value to the company's charter capital of the cooperative or cooperative union;
- d) Date of transfer; signatures and full names of the individual making capital contribution or authorized representative or legal representative of the individual or organization making capital contribution and of the legal representative of the cooperative or cooperative union.

4. The capital contribution is considered completed once the asset ownership, LUT or other asset-related right has been transferred to the cooperative or cooperative union as prescribed in Clause 1 and Clause 2 of this Article.

Article 77. Valuation of contributed assets and undistributed assets

1. Assets contributed upon establishment of a cooperative or cooperative union shall be valued by official members/contributing members by consensus or by a qualified valuation organization.

In case the value of a contributed asset which is determined by official members/contributing members of the cooperative or cooperative union is higher than its actual value at the contribution time (overvalued), these members shall jointly contribute an amount equal to the difference upon completion of valuation process.

If a valuation organization is employed, the value of contributed assets must be accepted by more than 50% of total official members and contributing members that participate in the establishment meeting.

2. The value of assets contributed during the operation shall be determined under an agreement made between the GMM or the Board of Directors of the cooperative or cooperative union and the capital contributor or by an employed valuation organization. If a valuation organization is employed, the value of contributed assets must be accepted by the GMM or the Board of Directors of the cooperative or cooperative union.

3. The value of undistributed assets during the operation or in case of dissolution or bankruptcy shall be determined by an employed valuation organization and must be accepted by the GMM or the Board of Directors of the cooperative or cooperative union.

Article 78. Increase or decrease in charter capital of cooperatives and cooperative unions

1. Charter capital of a cooperative or cooperative union may be increased in the following cases:

- a) Increase in the members' stakes;
- b) Receipt of capital contribution from new members.

2. Charter capital of a cooperative or cooperative union may be decreased in the following cases:

- a) Members fail to contribute or fully contribute capital as promised by the expiration of the period prescribed in Clause 4 Article 74 of this Law;
- b) The cooperative or cooperative union returns partial or entire stakes to its members.

3. A cooperative or cooperative union may only make decrease in its charter capital if it is still able to fully pay its debts and other liabilities after the return of stakes to its members.

4. In case the value of a member's stakes exceeds the maximum capital contribution after decreasing its charter capital, the cooperative or cooperative union shall take one or some of the following actions to ensure its member's compliance with the maximum capital contribution prescribed in this Law and its charter:

- a) Return the excess amount to that member;
- b) Raise more capital from other members;
- c) Admit new members.

Article 79. Raising capital and receiving financial assistance, grants and donations

1. Each cooperative or cooperative union shall firstly use capital raised from its members for making investments and developing its business under a specific agreement made with its members.

2. If the amount of capital raised from its members is not sufficient to meet its business needs, the cooperative or cooperative union may raise capital from other sources as prescribed by laws and its charter.

3. Cooperatives or cooperative unions receive financial assistance from the State for fulfilling tax obligations as prescribed by the Law on corporate income tax. Amounts of financial assistance received from the State shall be managed according to the following provisions:

a) Amounts which must be recorded as undistributed assets shall be considered as the undistributed assets of the cooperative or cooperative union;

b) Amounts which must be repaid shall be recorded as debts of the cooperative or cooperative union;

a) Amounts other than those specified in Points a and b of this Clause shall be managed in accordance with the cooperative or cooperative union's charter.

4. Cooperatives or cooperative unions receive, manage and use lawful grants and donations from organizations and individuals under specific agreements made in accordance with regulations of laws. Receipt, management and use of grants or donations from foreign entities must comply with regulations of law, international agreements or treaties to which the Socialist Republic of Vietnam is a signatory.

Article 80. Working capital of cooperatives and cooperative unions

1. Working capital of a cooperative or cooperative union includes stakes of official members and contributing members, membership fees, raised capital, accumulated capital, undistributed funds, other funds and other lawful revenues.

2. Working capital of a cooperative or cooperative union must be managed and used in accordance with the provisions of this Law and relevant laws.

Article 81. Establishment of enterprises by cooperatives and cooperative unions

1. Cooperatives or cooperative unions are allowed to establish enterprises for the purposes of assisting their operation, promotion of their linkages, consumption or use of their products and services. Enterprise establishment procedures shall be followed in accordance with regulations of the Law on enterprises.

2. Cooperatives or cooperative unions shall perform their rights and obligations as owners of enterprises in accordance with regulations of the Law on enterprises and relevant laws.

3. Other transactions and contracts between the cooperative or cooperative union and their established enterprise must be made and performed in an independent and impartial manner as same terms and conditions as those applied to independent legal entities.

4. The enterprise established by a cooperative or cooperative union shall not be allowed to become an official member or contributing member of that cooperative or cooperative union.

5. The enterprise establishment by a cooperative or cooperative union must:

a) be approved by its GMM; and

b) be carried out without use of its undistributed funds and undistributed assets.

6. The cooperative or cooperative union must notify its establishment of enterprise to the authority that has issued the cooperative registration certificate within 10 working days from the day on which the enterprise is established.

7. The Government shall stipulate enterprise establishment requirements to be satisfied by cooperatives and cooperative unions.

Article 82. Contributing capital and purchasing shares of enterprises

1. Cooperatives and cooperative unions have the right to contribute capital to and purchase shares of enterprises, except enterprises that are their official members or contributing members for the purposes of assisting their operation, promotion of their linkages, consumption or use of their products and services.

2. Cooperatives or cooperative unions shall perform their rights and obligations as members or shareholders of such enterprises in accordance with regulations of the Law on enterprises and relevant laws.

3. The cooperative or cooperative union shall not be allowed to admit the enterprise to which it contributes capital or of which it purchases shares as its official member or contributing member.

4. The contribution of capital to or purchase of shares of enterprises by a cooperative or cooperative union must:

a) be approved by its GMM; and

b) be carried out without use of its undistributed funds and undistributed assets.

5. The Government shall stipulate requirements to be satisfied by cooperatives and cooperative unions when contributing capital to or purchasing shares of enterprises.

Article 83. Internal lending by cooperatives and cooperative unions

1. Internal lending means a cooperative or cooperative union's grant of loans with a term of not exceeding 12 months to its official members for the purposes of supporting their business and improving their living conditions following the rule of voluntariness, self-responsibility, non-profit making, capital conservation, sufficient debt repayment and offsetting of internal lending costs. Internal lending transactions are not considered as banking activities as prescribed by the Law on credit institutions.

2. In order to perform internal lending transactions, a cooperative or cooperative union shall be required to meet the following conditions:

a) The cooperative or cooperative union operates under the fully-organized management model and has established a Board of Controllers consisting of at least 03 members;

b) The cooperative or cooperative union only grants internal loans after it has allocated sufficient capital for its business; internal loans shall be granted without use of capital raised from either its members or external entities;

c) Internal loans must be monitored and recorded on separate accounts.

d) Internal lending transactions must be approved by its GMM and specified in its charter.

3. The Government shall elaborate Clause 2 of this Article and stipulate limits on loan amounts, interest rates and settlement of risks associated with internal loans of cooperatives or cooperative unions.

Article 84. Undistributed funds

Undistributed fund of a cooperative or cooperative union is established from the following sources:

1. Income from its internal transactions which is annually contributed to its undistributed fund at the rate specified in its charter;
2. Income from its external transactions; income earned from the enterprise established by the cooperative or cooperative union; income from its holding of stakes or shares of other enterprises which is annually contributed to its undistributed fund at the rate specified in its charter, provided it shall not be smaller than:
 - a) 5%, for cooperatives;
 - b) 10%, for cooperative unions.
3. Income from transfer or liquidation of undistributed assets as prescribed in Point a Clause 3 Article 79 and Point c Clause 2 Article 88 of this Law;
4. Grants or donations which are given by organizations and individuals in either VND or foreign currency as agreed by the parties and contributed to the cooperative or cooperative union's undistributed fund after fulfilling tax obligations as prescribed by laws.

Article 85. Incomes earned from internal transactions of a cooperative or cooperative union

1. Each cooperative or cooperative union shall separate its incomes from internal transactions from those from external transactions as the basis for competent authorities to consider its applications for CIT exemption/reduction or enjoyment of benefits from State policies as prescribed and for its income distribution as prescribed in Article 86 of this Law. If failing to do so, all incomes earned by the cooperative or cooperative union shall be treated as its incomes from external transactions.
2. The Government shall issue regulations on internal transactions and incomes therefrom of cooperatives and cooperative unions.

Article 86. Income distribution

After making contribution to its undistributed fund, paying taxes and fulfilling other financial obligations, and settling business losses as prescribed by laws, the remaining incomes of a cooperative or cooperative union shall be used for:

1. Making contributions to funds as prescribed by laws (if any);
2. Making contributions to other funds as decided by its GMM;
3. The incomes that remain after making contributions to the funds specified in Clauses 1 and 2 of this Article shall be distributed by the cooperative or cooperative union to its official members and contributing members as follows:

a) At least 51% of the remaining income earned from internal transactions shall be distributed to its official members in proportion to their levels of use of products/services and levels of labour contribution; the remainder shall be distributed to its official members and contributing members in proportion to their holdings as prescribed in its charter;

b) The remaining income earned from external transactions shall be distributed to its official members and contributing members as prescribed in its charter.

Article 87. Management and use of funds

1. Undistributed fund of a cooperative or cooperative union shall be used for establishing and increasing its undistributed assets; shall not be distributed to its members during its operation; shall be settled when the cooperative or cooperative union undergoes dissolution or bankruptcy procedures as prescribed in Articles 101 and 102 of this Law. The cooperative or cooperative union must open separate book to monitor and record its undistributed fund by its contribution sources.

2. The cooperative or cooperative union may use the idle balance on its undistributed fund to make deposits at credit institutions or provide collateral for its loans but must ensure capital conservation, except amounts of its undistributed fund derived from financial assistance given by the State and other organizations and individuals which cannot be used as collateral for loans as prescribed. Interests on such deposits shall be paid to the undistributed fund.

3. The undistributed fund and other funds shall be managed and used in accordance with provisions of the charter and financial management regulations of the cooperative or cooperative union, and regulations of law.

4. The Board of Directors or Director of the cooperative or cooperative union shall submit annual reports to its GMM on management and use of its funds during the year and plans to use such funds in the following year within its competence.

Article 88. Management and use of assets

1. Assets of a cooperative or cooperative union are established from the following sources:

a) Stakes of its official members and contributing members, and membership fees;

b) Capital raised from its members and other sources;

c) Capital and assets acquired during its operation;

d) State financial assistance and lawful grants or donations received from other organizations and individuals.

2. Undistributed assets of a cooperative or cooperative union include:

a) LURs over land areas allocated by the State without collecting land levies; LURs over land areas allocated by the State with collecting land levies or leased by the State or acquired from purchase of property attached to land or receipt of lawful transfer of LURs from others for which land levies, land rents or payments for purchase of property or receipt of transfer of LURs are covered by State financial assistance;

b) Assets established from its undistributed fund;

c) Assets which are partially or entirely acquired using the State financial assistance and must be considered as undistributed assets;

d) Assets lawfully given or donated by organizations and individuals and considered as undistributed assets as agreed upon by the parties;

dd) Assets which are works or structures invested or built by the State for public interests of communities and transferred to the cooperative or cooperative union for management and operation;

e) Other assets which are considered as undistributed assets as prescribed by its charter.

3. Management and use of undistributed assets of a cooperative or cooperative union are subject to the following provisions:

a) Assets specified in Clause 2 of this Article shall be managed and used in accordance with regulations of law and its charter or specific agreement between the donor and the cooperative or cooperative union. The cooperative or cooperative union must open separate book to monitor and record its undistributed assets by their sources.

b) The cooperative or cooperative union shall protect and carry out periodical maintenance and repair of undistributed assets using its funding during their use;

c) Undistributed assets whose values have been determined as prescribed in Clause 3 Article 77 of this Law may be transferred or liquidated if such transfer or liquidation is made with the GMM's approval and in conformity with regulations of law and the cooperative or cooperative union's charter or specific agreement between the donor and the cooperative or cooperative union;

d) The cooperative or cooperative union may use its undistributed assets as collateral when applying for loans but must ensure capital conservation, except those specified in Points a, c and dd Clause 2 of this Article and those which are established from donations or grants and cannot be used as collateral for loans as required by donors.

4. Assets of a cooperative or cooperative union shall be managed and used in accordance with its charter, resolutions of the GMM, its financial management regulations and regulations of law.

Article 89. Settling losses and debts of cooperatives and cooperative unions

1. At the end of the fiscal year, cooperatives or cooperative unions shall carry forward their losses, if any, to the following year in accordance with regulations of law on tax administration.

2. Debts of a cooperative or cooperative union shall be settled in accordance with regulations of law and its charter.

Article 90. Returning and inheriting stakes

1. A cooperative or cooperative union shall return stakes to its members upon termination of their membership or return the amount of stakes that exceed the maximum capital contribution to its members as prescribed in this Law and its charter.

2. Members shall have their stakes returned after they have fulfilled their financial obligations towards the cooperative or cooperative union.

3. In case an official member or contributing member that is an individual dies, his/her heir, if meeting eligibility requirements laid down in this Law and the cooperative or cooperative union's charter, shall become a new official member or contributing member at his/her own free will and continue performing rights and obligations of the deceased person; otherwise, he/she will receive inherit the stakes left by the deceased person in accordance with regulations of law.

4. In case an official member or contributing member that is an individual is declared missing, his/her rights and obligations shall be performed through his/her asset manager in accordance with regulations of the Civil Code.

5. In case a member that is an individual is declared by a Court incapacitated or to be a person with limited capacity for civil acts or difficulty in awareness or control of his/her own acts, his/her rights and obligations shall be performed through his/her guardian or legal representative in accordance with regulations of the Civil Code.

6. In case a member that is an organization ceases to exist, is dissolved or declared bankrupt, its stakes shall be returned in accordance with regulations of law and the cooperative or cooperative union's charter.

Article 91. Accounting

1. Cooperatives and cooperative unions shall perform accounting works and prepare financial statements in accordance with regulations of the Law on accounting.

2. Cooperatives and cooperative unions shall make their own decision to separately monitor and record their internal transactions and external transactions. If a cooperative or cooperative union fails to separately monitor and record their internal transactions, all transactions of the cooperative or cooperative union shall be considered its external transactions.

3. The Minister of Finance of Vietnam shall stipulate specific accounting policies applicable to cooperatives and cooperative unions.

Chapter VII

REORGANIZATION, DISSOLUTION AND BANKRUPTCY OF COOPERATIVES AND COOPERATIVE UNIONS

Article 92. Split-up of cooperatives and cooperative unions

1. A cooperative or cooperative union (hereinafter referred to as “parent cooperative or cooperative union”) may split all of its existing assets, rights, obligations and members to establish two or more new cooperatives or cooperative unions.

2. Split-up procedures:

a) The GMM of the parent cooperative or cooperative union shall ratify the resolution on its split-up in accordance with this Law and its charter.

The resolution shall, inter alia, contain the following information: name and head office's address of the parent cooperative or cooperative union; names of the new cooperatives or cooperative unions; rules, methods and procedures for division of rights and assets, including undistributed fund and undistributed assets; employment plan; methods for division, time limit and procedures for transfer of stakes from the parent cooperative or cooperative union to the new ones; rules for settlement of obligations of the parent cooperative or cooperative union; time limit for completing the split-up;

b) The resolution shall be sent to all creditors, made known to employees, and sent to the People’s Committee that has issued the cooperative registration certificate within 15 days from its ratification date;

c) Registration of new cooperatives or cooperative unions shall comply with the provisions of Articles 41 and 42 of this Law. In this case, an application for cooperative or cooperative union registration shall include the documents in Points a, b, d, dd, e and g Clause 2 Article 42 of this Law and the split-up resolution.

3. The parent cooperative or cooperative union shall cease to exist after the new cooperatives or cooperative unions are issued with the cooperative registration certificate. The new cooperatives or cooperative unions shall be jointly responsible for unpaid debts, ongoing employment contracts and other obligations of the parent cooperative or

cooperative union or reach an agreement with creditors, clients and employees of the parent cooperative or cooperative union that one of the new cooperatives or cooperative unions will fulfill these obligations. The new cooperatives or cooperative unions shall obviously inherit all rights, obligations and lawful interests of the parent cooperative or cooperative union under the split-up resolution.

4. Undistributed assets and undistributed fund of the parent cooperative or cooperative union shall be transferred to and used as undistributed assets and funds of the new cooperatives or cooperative unions under a division plan approved by the GMM of the parent cooperative or cooperative union.

Article 93. Split-off of cooperatives and cooperative unions

1. A cooperative (hereinafter referred to as “parent cooperative”) may split some of its assets, rights, obligations and members to establish one or some new cooperatives. A cooperative union (hereinafter referred to as “parent cooperative union”) may split some of its assets, rights, obligations and members to establish one or some new cooperative unions. Parent cooperative or cooperative union shall not cease their existence.

2. Split-off procedures:

a) The GMM of the parent cooperative or cooperative union shall ratify the resolution on its split-off in accordance with this Law and its charter.

The resolution shall, inter alia, contain the following information: name and head office's address of the parent cooperative or cooperative union; name(s) of the new cooperative(s) or cooperative union(s); employment plan; rules, methods and procedures for partial transfer of assets, rights and obligation from the parent cooperative or cooperative union to the new cooperative(s) or cooperative union(s), including undistributed fund and undistributed assets; time limit for completing the split-off;

b) The resolution shall be sent to all creditors, made known to employees, and sent to the People’s Committee that has issued the cooperative registration certificate within 15 days from its ratification date;

c) Registration of new cooperative(s) or cooperative union(s) shall comply with the provisions of Articles 41 and 42 of this Law. In this case, an application for cooperative or cooperative union registration shall include the documents in Points a, b, d, dd, e and g Clause 2 Article 42 of this Law and the split-off resolution;

d) Registration of revisions to the cooperative registration certificate and notification of changes in registration information of the parent cooperative or cooperative union shall comply with the provisions of Articles 41, 47 and 48 of this Law. In this case, the split-off resolution must be submitted when following registration or notification procedures.

3. The parent cooperative or cooperative union and the new cooperative(s) or cooperative union(s) shall be jointly responsible for unpaid debts, ongoing employment contracts and other obligations of the former, unless otherwise agreed upon by the parent cooperative or cooperative union, the new cooperative(s) or cooperative union(s), creditors, clients and employees. The new cooperative(s) or cooperative union(s) shall obviously inherit all rights, obligations and lawful interests which are transferred from the parent cooperative or cooperative union under the split-off resolution.

4. Undistributed assets and undistributed fund of the parent cooperative or cooperative union shall be transferred to and used as undistributed assets and funds of the new cooperative(s) or cooperative union(s) under a division plan approved by the GMM of the parent cooperative or cooperative union.

Article 94. Consolidation of cooperatives and cooperative unions

1. Two or more cooperatives or cooperative unions (hereinafter referred to as “consolidating cooperatives or cooperative unions”) may be consolidated into a new cooperative or cooperative union of the same business type (hereinafter referred to as “consolidated cooperative or cooperative union”), after which the consolidating cooperatives or cooperative unions shall cease to exist.

2. Consolidation procedures:

a) The consolidating cooperatives or cooperative unions shall prepare the draft consolidation contract and the draft charter of the consolidated cooperative or cooperative union.

The consolidation contract shall, inter alia, include the following information: names and head office’s addresses of the consolidating cooperatives or cooperative unions; name and head office’s address of the consolidated cooperative or cooperative union; employment plan; debt settlement plan; time limit, procedures and conditions for transfer of assets, including undistributed funds and undistributed assets; time limit and procedures for transfer of stakes from the consolidating cooperatives or cooperative unions to the consolidated cooperative or cooperative union; time limit for completing consolidation procedures;

b) The GMMs of the consolidating cooperatives or cooperative unions shall ratify the consolidation contract and charter of the consolidated cooperative or cooperative union, decide to adopt management model and elect chairperson and members of the Board of Directors or Director, the head and members of the Board of Controllers or Controller;

c) The consolidation contract shall be sent to all creditors, made known to employees, and sent to the People’s Committee that has issued the cooperative registration certificate within 15 days from its ratification date;

d) Registration of the consolidated cooperative or cooperative union shall comply with the provisions of Articles 41 and 42 of this Law. In this case, an application for cooperative or cooperative union registration shall include the documents in Points a, b, d, dd, e and g Clause 2 Article 42 of this Law, the consolidation contract and the resolutions on ratification of the consolidation contract of the consolidated cooperatives or cooperative unions.

3. The consolidated cooperative or cooperative union shall inherit lawful rights and interests, and assume responsibility for unpaid debts, ongoing employment contracts and other obligations of the consolidating cooperatives or cooperative unions. The consolidated cooperative or cooperative union shall obviously inherit all rights, obligations and lawful interests of the consolidating cooperatives or cooperative unions under the consolidation contract.

4. Undistributed assets and undistributed funds of the consolidating cooperatives or cooperative unions shall be transferred to and used as undistributed assets and funds of the consolidated cooperative or cooperative union.

Article 95. Acquisition of cooperatives and cooperative unions

1. One or some cooperatives or cooperative unions (hereinafter referred to as “acquired cooperative(s) or cooperative union(s)”) may be acquired by another cooperative or cooperative union of the same business type (hereinafter referred to as "acquiring cooperative or cooperative union") by transferring all of their assets, rights, obligations and lawful interests to the latter.

2. Acquisition procedures:

a) The acquiring cooperative or cooperative union and the acquired cooperative or cooperative union shall prepare the draft acquisition contract and the draft charter of the former.

The acquisition contract shall, inter alia, include the following information: name and head office’s address of the acquiring cooperative or cooperative union; name and head office’s address of the acquired cooperative or cooperative union; employment plan; methods, procedures, time limit and conditions for transfer of assets, including undistributed funds and undistributed assets; transfer of stakes from the acquired cooperative or cooperative union to the acquiring cooperative or cooperative union; time limit for completing acquisition procedures;

b) The GMMs of the acquiring cooperative or cooperative union and the acquired cooperative or cooperative union shall ratify the acquisition contract and the charter of the former;

c) The acquisition contract shall be sent to all creditors, made known to employees, and sent to the People's Committee that has issued the cooperative registration certificate within 15 days from its ratification date;

d) Registration of revisions to the cooperative registration certificate and notification of changes in registration information of the acquiring cooperative or cooperative union shall comply with the provisions of Articles 41, 47 and 48 of this Law. In this case, the submitted application must include the acquisition contract and resolutions on ratification of the acquisition contract of the acquiring cooperative or cooperative union and the acquired cooperative or cooperative union.

3. After completing procedures for registration of the acquiring cooperative or cooperative union, the acquired cooperative or cooperative union shall cease to exist. The acquiring cooperative or cooperative union shall inherit rights and lawful interests, and assume responsibility for unpaid debts, ongoing employment contracts and other obligations of the acquired cooperative or cooperative union. The acquiring cooperative or cooperative union shall obviously inherit all rights, obligations and lawful interests of the acquired cooperative or cooperative union under the acquisition contract.

4. Undistributed assets and undistributed funds of the acquired cooperative or cooperative union shall be transferred to and used as undistributed assets and funds of the acquiring cooperative or cooperative union.

Article 96. Business suspension and termination of cooperatives and cooperative unions

1. A cooperative or cooperative union shall send a written notification to the business registration authority at least 03 working days before its intended business suspension or resumption date.

2. The business registration authority and competent authorities are entitled to request a cooperative or cooperative union to:

a) suspend or terminate business operation in conditional business lines or business lines restricted to foreign investors if the cooperative or cooperative union is found not to satisfy corresponding business conditions;

b) suspend business operation at the request of competent authorities in accordance with regulations of laws on tax administration, environment and relevant laws;

c) suspend or terminate one or some business lines under a court decision.

3. During the suspension period, the cooperative or cooperative union shall fully pay outstanding taxes and social insurance contributions, and keep paying its debts and performing contracts signed with its clients and employees, unless otherwise agreed.

4. The Government shall elaborate this Article.

Article 97. Cases of dissolution of cooperatives and cooperative unions

1. A cooperative or cooperative union shall follow dissolution procedures in one of the following cases:

a) The cooperative or cooperative union is voluntarily dissolved under the resolution of its GMM;

b) The cooperative or cooperative union is compulsorily dissolved under a court decision or in case its cooperative registration certificate is revoked, unless otherwise prescribed by laws.

2. A cooperative or cooperative union may only be dissolved after all of its debts and liabilities are fully paid and it is not involved in any disputes at a Court or arbitral tribunal. The legal representative, chairperson and members of the Board of Directors Director (General Director) and relevant title holders of the cooperative or cooperative union shall be jointly responsible for debts of that cooperative or cooperative union; individually responsible for any damage caused by their failure to comply or strictly comply with regulations on dissolution laid down in this Law.

Article 98. Voluntary dissolution of cooperatives and cooperative unions

1. The GMM shall ratify the resolution on dissolution of the cooperative or cooperative union. The resolution shall, inter alia, contain the following information:

a) Name and head office's address of the cooperative or cooperative union;

b) Reasons for dissolution;

c) Time limit and procedures for transfer of undistributed assets and undistributed fund;

d) Time limit and procedures for finalizing contracts and paying debts, debt settlement plan. The debt settlement plan must contain creditors' names and addresses, debt amounts, deadline, location and method of payment, method and deadline for settlement of creditors' complaints;

dd) Plan for settlement of obligations under employment contracts.

2. The Board of Directors (in case of fully-organized management model) or Director (in case of simplified management model) shall directly organize the liquidation of assets of the cooperative or cooperative union under the GMM's resolution, unless a separate liquidation organization must be established as prescribed by its charter.

3. Within 07 working days from the ratification date of its resolution, the legal representative of the cooperative or cooperative union must complete the following tasks:

a) Send the dissolution resolution to the business registration authority or People's Committee that has issued the cooperative registration certificate, tax authority and employees of the cooperative or cooperative union;

b) Openly post the dissolution resolution at the head office, branch(es) and representative office(s) of the cooperative or cooperative union;

c) Send the dissolution resolution to creditors and persons with related rights, obligations and interests if the cooperative or cooperative union still has unpaid debts.

4. The business registration authority shall post a notification that the cooperative or cooperative union is undergoing dissolution, accompanied with the dissolution resolution, on its electronic information system.

5. Assets of the cooperative or cooperative union shall be settled in accordance with the provisions of Article 101 of this Law.

6. The legal representative of the cooperative or cooperative union shall send an application for dissolution to the business registration authority within 05 working days from the day on which the cooperative or cooperative union's debts are fully paid. Before submitting an application for dissolution, the cooperative or cooperative union shall follow procedures for shutdown of its branches, representative offices and/or business locations as prescribed by the Government.

7. The business registration authority shall update the cooperative or cooperative union's dissolution status on its electronic information system:

a) within 05 working days from the receipt of the application for dissolution; or

b) after 06 months from the receipt of the dissolution resolution as prescribed in Point a Clause 3 of this Article without receiving any application for dissolution and further comments from the cooperative or cooperative union and written opinions from relevant parties.

8. The Government shall elaborate this Article.

Article 99. Compulsory dissolution of cooperatives and cooperative unions

1. The business registration authority shall send a notification that the cooperative or cooperative union is undergoing dissolution to the People's Committee that has issued the cooperative registration certificate and also post that notification on its electronic information system on the same day on which the decision to revoke the cooperative registration certificate is issued or right after an effective court decision on the

cooperative or cooperative union's dissolution is received. The notification must be accompanied with the decision to revoke the cooperative registration certificate or the effective court decision.

2. Within 10 days from the receipt of the decision to revoke the cooperative registration certificate or the effective court decision, the cooperative or cooperative union shall follow the guidelines in Clauses 1, 2, 3, 5 and 6 Article 98 of this Law. When being sent as prescribed in Point a Clause 3 Article 98 of this Law, the dissolution resolution must be accompanied with the copy of the decision to revoke the cooperative registration certificate or the effective court decision.

3. After 06 days from the date on which a notification is made as prescribed in Clause 1 of this Article without receiving any written objections from relevant parties, or within 05 working days from the receipt of the application for dissolution, the business registration authority shall update the cooperative or cooperative union's dissolution status on its electronic information system.

4. The Government shall elaborate this Article.

Article 100. Prohibited acts upon dissolution of cooperatives and cooperative unions

1. From the issuance date of the dissolution resolution, the decision to revoke the cooperative registration certificate or the effective court decision, the legal representative, chairperson and members of the Board of Directors, Director (General Director) and members of the cooperative or cooperative union are prohibited from the following acts:

- a) Concealing, disguising assets;
- b) Denying or reducing the creditors' claims to the debts;
- c) Converting unsecured debts into debts secured with the cooperative or cooperative union's assets;
- d) Concluding new contracts, except for those serving the dissolution of the cooperative or cooperative union;
- dd) Pledging, donating, leasing out assets;
- e) Terminating effective contracts;
- g) Raising capital in any shape or form.

2. The persons who commit the violations mentioned in Clause 1 of this Article, depending on the nature and severity of each violation, will be held liable to administrative penalties or criminal prosecution and pay compensation for any damage caused to the cooperative or cooperative union in accordance with regulations of law.

Article 101. Settlement of assets upon dissolution of cooperatives and cooperative unions

1. Upon its dissolution, a cooperative or cooperative union shall get back and settle its undistributed fund and undistributed assets; get back other assets; transfer or liquidate assets.

2. Upon its dissolution, a cooperative or cooperative union's undistributed fund shall be settled according to the following rules:

a) Undistributed fund derived from the proceeds earned from transfer or liquidation of undistributed assets which are entirely or partially acquired using the State financial assistance shall be paid to state budget;

b) The undistributed fund specified in Clause 4 Article 84 of this Law shall be settled under specific agreement between the donor and the cooperative or cooperative union. If such agreement is not available, the provisions of Clauses 4 and 5 of this Article shall prevail;

c) The undistributed fund specified in Clauses 1 and 2 Article 84 of this Law shall be settled according to the provisions of Clauses 4 and 5 of this Article.

3. Upon its dissolution, a cooperative or cooperative union's undistributed assets shall be settled according to the following rules:

a) The undistributed assets specified in Points a, c and dd Clause 2 Article 88 of this Law shall be transferred to competent authorities that shall settle such assets by their sources as prescribed by laws;

b) The undistributed assets specified in Point d Clause 2 Article 88 of this Law shall be settled under specific agreement between the donor and the cooperative or cooperative union. If such agreement is not available, the provisions of Clauses 4 and 5 of this Article shall prevail;

c) The undistributed assets specified in Points b and e Clause 2 Article 88 of this Law shall be settled according to the provisions of Clauses 4 and 5 of this Article.

4. Remaining assets of the cooperative or cooperative union upon its dissolution shall be distributed in the following order of priority:

a) Pay dissolution costs, including costs incurred from recovery, valuation and liquidation of assets;

b) Pay unpaid salaries, severance pay, social insurance premiums as prescribed by laws, and other benefits of employees under the collective bargaining agreement and signed employment contracts;

c) Pay tax debts;

d) Pay other debts.

5. The assets that remain after they are distributed according to Clause 4 of this Article shall be distributed to official members and contributing members of the cooperative or cooperative union in proportion to their holdings.

6. The Government shall elaborate this Article.

Article 102. Bankruptcy of cooperatives and cooperative unions

1. Bankruptcy of cooperatives or cooperative unions shall comply with regulations of the Law on bankruptcy.

2. Undistributed fund and undistributed assets of a cooperative or cooperative union that goes bankrupt shall be settled in the same manner as those of a cooperative or cooperative union that is dissolved as prescribed in Article 101 of this Law.

Article 103. Revocation of cooperative registration certificate

1. The cooperative registration certificate of a cooperative or cooperative union shall be revoked in one of the following cases:

a) The application for cooperative or cooperative union registration is found to contain fraudulent information;

b) The cooperative or cooperative union is suspended for more than 12 months without notifying the business registration authority and the tax authority;

c) The cooperative or cooperative union fails to send reports on its compliance as prescribed in this Law within 12 months from the receipt of the request from the business registration authority;

d) The cooperative or cooperative union fails to maintain the minimum number of members as prescribed for a period of 12 consecutive months; fails to meet the requirement regarding the maximum number of members that are foreign-invested organizations and individuals being foreign investors laid down in this Law for a period of 06 consecutive months;

dd) The cooperative or cooperative union fails to meet the requirement regarding its members' maximum capital contribution laid down in this Law for a period of 12 consecutive months;

e) The cooperative or cooperative union fails to convene the annual GMM for 18 consecutive months from the date of the latest GMM, except force majeure events;

g) The revocation is made according to a Court decision or request of a competent authority as prescribed by relevant laws.

2. The Government shall elaborate the procedures for revoking the cooperative registration certificate.

Article 104. Shutting down branches, representative offices and business locations

1. Branch or representative office of a cooperative or cooperative union shall be shut down in the following cases:

a) The cooperative or cooperative union decides to shut down its branch or representative office;

b) The certificate of branch or representative office registration is revoked as prescribed by law.

2. Business locations of a cooperative or cooperative union shall be shut down under decision issued by its Director (General Director).

3. The legal representative of the cooperative or cooperative union and the head of the branch or representative office that is shut down shall be jointly responsible for the accuracy and truthfulness of the application for shutdown of that branch, representative office or business location.

4. The cooperative or cooperative union whose branch is shut down shall perform the contracts and pay the debts, including tax debts, of the branch that is shut down, and continue employing or fully provide lawful benefits for that branch's employees as prescribed by law.

5. The Government shall elaborate this Article.

Chapter VIII

AUDITING OF COOPERATIVES AND COOPERATIVE UNIONS

Article 105. Internal audit

1. Cooperatives or cooperative unions that operate in financial and banking sectors shall conduct internal audit in accordance with provisions of the Law on Credit Institutions.

2. Cooperatives or cooperative unions that operate in sectors other than those specified in Clause 1 of this Article are encouraged to conduct internal audit in accordance with regulations of the law on internal audit.

Article 106. Independent audit

1. The annual financial statements of the following cooperatives and cooperative unions must be audited by independent audit organizations, including:

a) Large-scale cooperatives;

b) Cooperative unions that have at least 10 members;

c) Cooperatives or cooperative unions that apply for enjoyment of benefits from State policies and thus must have their annual financial statements audited by independent audit organizations as prescribed by such policies;

d) Cooperative development assistance funds that operate in the form of a cooperative.

2. Audit frequency:

a) The financial statements of the cooperatives or cooperative unions mentioned in Points a and b Clause 1 of this Article shall be audited at the audit frequency specified in their charters but at least once every 02 years;

b) The financial statements of the cooperatives or cooperative unions mentioned in Point c Clause 1 of this Article shall be audited as required by their charters, competent authorities and relevant regulations of law;

c) The financial statements of the cooperatives or cooperative unions mentioned in Point d Clause 1 of this Article shall be audited every year.

3. The compliance audit and operational audit of cooperatives or cooperative unions shall be performed at the request of their GMMs or competent authorities.

Chapter IX

ARTELS

Article 107. Establishment and operation of artels

1. Artels shall be established, organized and operate under cooperation contracts made in accordance with regulations of the Civil Code.

2. Artels that receive capital contributions and enter into cooperation contracts of indefinite term or a term of at least 12 months or that apply for enjoyment of benefits from State policies shall be required to follow registration procedures with business registration authorities. Other artels are encouraged to follow such registration procedures.

3. An artel shall have the following rights:

- a) Have a proper name;
 - b) Engage in business lines which are not prohibited by laws; engage in conditional business lines as prescribed by laws;
 - c) Enter into business cooperation with other organizations and individuals to expand their business as prescribed by laws;
 - d) Open and use checking accounts at payment service providers in accordance with regulations of relevant laws;
 - dd) Establish and conduct civil transactions;
 - e) Enjoy benefits from State policies, if eligible;
 - g) Have other rights as prescribed by laws and the signed cooperation contract.
4. An artel shall have the following obligations:
- a) Ensure rights, lawful and legitimate interests of its members, employees, and relevant organizations and individuals;
 - b) Fully and punctually perform obligations towards its members, and relevant organizations and individuals;
 - c) Discharge other obligations as prescribed by laws and the signed cooperation contract.
5. The Government shall elaborate Clauses 1, 2, 3 and 4 of this Article.
6. The Minister of Planning and Investment of Vietnam shall promulgate forms of documents used in registering artels.

Article 108. Conversion of artels into cooperatives

1. An artel may be converted into a cooperative if:
- a) It has a valid artel registration certificate;
 - b) It has been operating for a consecutive period of at least 12 months from the issuance date of the artel registration certificate; and
 - c) The conversion is agreed by all of its members.
2. The establishment of the cooperative which is converted from an artel shall comply with regulations on establishment of cooperatives in this Law.

3. The cooperative converted from an artel shall obviously inherit all rights and obligations of the artel from the issuance date of the cooperative registration certificate.

Article 109. Assistance policies for artels converted into cooperatives

1. Business registration authorities shall provide free of charge counseling and instructions on documentation and procedures for conversion of artels into cooperatives.
2. Counseling and instructions on taxes and accounting-related administrative procedures shall be provided free of charge for a maximum duration of 03 years from the issuance date of the initial cooperative registration certificate in accordance with the Government's regulations.
3. The initial cooperative registration certificate shall be issued free of charge; the initial application for license to engage in conditional business lines shall be processed free of charge; the cooperative shall be exempted from the license tax for 03 years from the issuance date of its initial cooperative registration certificate.
4. Cooperatives converted from artels shall be eligible for CIT exemption and reduction in accordance with regulations of the Law on corporate income tax.
5. Cooperatives converted from artels shall be eligible for land levy exemption and reduction in accordance with regulations of the Law on land.

Chapter X

REPRESENTATIVE BODIES OF ARTELS, COOPERATIVES AND COOPERATIVE UNIONS

Article 110. Representative bodies of artels, cooperatives and cooperative unions

1. Representative bodies of artels, cooperatives and cooperative unions are established, organized and operate in accordance with regulations of law on associations and societies and relevant laws.
2. Representative bodies of artels, cooperatives and cooperative unions have the following obligations:
 - a) Represent and protect rights and lawful interests of their members;
 - b) Disseminate, instruct, share information and encourage the implementation of State policies for development of artels, cooperatives and cooperative unions;
 - c) Provide counseling, assistance, relevant services and human resource training to serve the establishment and development of artels, cooperatives and cooperative unions;

d) Implement programs and projects, and provide public services as assigned in order to support the development of artels, cooperatives and cooperative unions;

dd) Engage in the formulation of policies and laws on artels, cooperatives and cooperative unions;

e) Represent their members in cooperative relationships with domestic and foreign organizations in accordance with regulations of law;

g) Carry out risk assessment and provide counseling and assistance for enhancing transparency in financial management, ensuring compliance with regulations of law during their operation, and improving business efficiency of artels, cooperatives and cooperative unions;

h) Evaluate efficiency and contribution of artels, cooperatives and cooperative unions, and their members to economic, social and cultural development.

3. Representative bodies shall be provided for funding from state budget for performing tasks assigned by the State.

4. Artels, cooperatives and cooperative unions are encouraged to join representative bodies.

Article 111. Vietnam Cooperative Alliance system

1. Vietnam Cooperative Alliance is an organization that represents and protects rights and lawful interests of artels, cooperatives and cooperative unions, plays a key role in and boosts the development of collective economy.

2. Vietnam Cooperative Alliance system includes Vietnam Cooperative Alliance that is a central-government agency and provincial cooperative alliances that are established in provinces and central-affiliated cities. The Charter of Vietnam Cooperative Alliance shall be ratified by its Congress and approved by the Prime Minister of Vietnam; the charter of a provincial cooperative alliance shall be ratified by its Congress and approved by Chairperson of the provincial People's Committee. Contents, format and effect of the charter of a provincial cooperative alliance must be consistent with those of the Charter of Vietnam Cooperative Alliance.

3. Vietnam Cooperative Alliance system has the following obligations:

a) Perform obligations of representative bodies specified in Clause 2 Article 110 of this Law;

b) Protect rights and lawful interests of artels, cooperatives and cooperative unions that are not their members;

c) Perform other tasks assigned by the State.

4. The State shall assist and facilitate Vietnam Cooperative Alliance system' performance of assigned tasks.

Chapter XI

STATE MANAGEMENT OF ARTELS, COOPERATIVES AND COOPERATIVE UNIONS

Article 112. Primary state management tasks

1. Formulate and organize the implementation of strategies, plans, programs and schemes for development of artels, cooperatives and cooperative unions on national, sectoral, regional and local scale.

2. Formulate, promulgate, disseminate, instruct and organize the implementation of legislative documents, mechanisms, policies and solutions for developing artels, cooperatives and cooperative unions.

3. Inspect the compliance with laws by artels, cooperatives and cooperative unions; take actions against violations as prescribed by laws.

4. Promote international cooperation in developing artels, cooperatives and cooperative unions.

5. Build, manage and operate the national cooperative information system.

Article 113. Responsibilities of regulatory authorities

1. The Government shall take charge of performing uniform state management of artels, cooperatives and cooperative unions nationwide.

2. The Ministry of Planning and Investment of Vietnam shall take charge of assisting the Government in performing state management of artels, cooperatives and cooperative unions.

3. Within the ambit of their assigned tasks and powers, Ministries and ministerial agencies shall perform state management of artels, cooperatives and cooperative unions in accordance with regulations of law.

4. People's Committees at all levels shall perform state management of artels, cooperatives and cooperative unions under their jurisdiction, and implement measures for development of artels, cooperatives and cooperative unions included in their local socio-economic development programs.

5. Within the ambit of their assigned tasks and powers, Ministries, ministerial agencies, relevant agencies and People's Committees at all levels shall make connection and share information with the national cooperative information system.

6. Regulatory authorities shall cooperate with the Central Committee and member organizations of Vietnamese Fatherland Front, representative bodies, Vietnam Cooperative Alliance system and other organizations in disseminating and organizing the implementation of regulations and laws on artels, cooperatives and cooperative unions; implementing programs and projects on development of artels, cooperatives and cooperative unions.

Chapter XII

IMPLEMENTATION

Article 114. Implementation

1. This Law comes into force from July 01, 2024, except the regulations in Clause 2 of this Article.
2. The regulations in Clauses 3 and 4 Article 115 of this Law come into force from September 01, 2023.
3. The Law on Cooperatives No. 23/2012/QH13 ceases to have effect from the effective date of this Law, except the regulations in Clause 5 Article 115 of this Law.
4. Before the national population database is successfully connected with the artel, cooperative and cooperative union database, individuals who are Vietnamese citizens may use copies of their legal documents as substitutes for personal identification numbers when following administrative procedures as prescribed in this Law.

Article 115. Transition

1. Cooperatives and cooperative unions that are established before the effective date of this Law may continue their operation without following re-registration procedures if their organizational structure and operation are not contrary to this Law; their charters must be modified within 18 months from the effective date of this Law if they are not conformable with the provisions of this Law.
2. Artels that are established before the effective date of this Law and have to follow registration procedures as prescribed in Clause 2 Article 107 of this Law must complete registration procedures as prescribed in this Law within 18 months from the effective date of this Law.
3. Cooperatives and cooperative unions shall terminate their internal credit extension activities performed under the Law on Cooperatives No. 23/2012/QH13 from September

01, 2023. Regarding the internal credit contracts signed before September 01, 2023, contracting parties shall continue performing their rights and obligations under the signed contracts but shall not extend such contracts.

4. A cooperative that has established, contributed capital to or purchased shares of an enterprise and this enterprise that is also a member of that cooperative shall not be allowed to increase the cooperative's stakes or shares in that enterprise as of September 01, 2023, and must comply with the provisions of Articles 81 and 82 of this Law within 24 months from September 01, 2023.

5. State policies for cooperatives and cooperative unions promulgated under the Law on Cooperatives No. 23/2012/QH13 may continue to be applied until they are expired or documents replacing or repealing such policies are available.

This Law is ratified by the 15th National Assembly of the Socialist Republic of Vietnam during its 5th session held on June 20, 2023.

**CHAIRMAN OF THE NATIONAL
ASSEMBLY**

Vuong Dinh Hue

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