LAC DUY & ASSOCIATES

NEWSLETTER

MAY 2025

SOME AMENDMENTS AFFECTING FOREIGN INVESTORS PURCHASING SHARES OF VIETNAMESE CREDIT INSTITUTIONS UNDER DECREE NO. 69/2025/ND-CP

CHANGES OF DECREE 68/2025/ND-CP COMPARED TO DECREE 118/2021/ND-CP ON HANDLING OF ADMINISTRATIVE VIOLATIONS

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NEWSLETTER

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Dear Clients,

Lac Duy & Associates would like to send you the legal newsletter of April 2025 with some notable updates and articles as follows:

- Some amendments affecting foreign investors purchasing shares of vietnamese credit institutions under Decree No.69/2025/NĐ-CP
- Changes of Decree No.68/2025/ND-CP compared to Decree No.118/2021/ND-CP on handling of administrative violations
- Legal documents in 05/2025

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SOME AMENDMENTS AFFECTING FOREIGN INVESTORS PURCHASING SHARES OF VIETNAMESE CREDIT INSTITUTIONS UNDER DECREE NO. 69/2025/ND-CP

On March 18, 2025, the Government issued Decree No. 69/2025/ND-CP, amending and supplementing several articles of Decree No. 01/2014/ND-CP dated January 3, 2014, regarding foreign investors purchasing shares of Vietnamese credit institutions. Key changes include:

1. Share purchase forms for foreign investors

Under the previous regulations in Clause 2, Article 6 of Decree 01/2014/ND-CP, foreign investors were allowed to purchase shares when a credit institution sold shares to increase its charter capital or sold treasury shares.

This regulation has been amended in Decree 69/2025/ND-CP as follows:

"*Foreign investors may purchase shares when credit institutions offer shares, issue shares to increase charter capital, or* ***sell treasury shares that were purchased by the credit institution before January 1, 2021***".

Thus, currently, foreign investors can only buy treasury shares if those shares were acquired by the credit institution before January 1, 2021.

2. Shareholding ratios for foreign investors

The regulations on shareholding ratios for foreign investors in Decree 01/2014/ND-CP have been amended by Decree 69/2025/ND-CP as follows:

Clause 5, Article 7 of Decree 01/2014/ND-CP after being amended and supplemented by Clause 5, Article 1 of Decree 69/2025/ND-CP as follows:

*"The total shareholding of foreign investors shall not exceed 30% of the charter capital of a Vietnamese commercial bank, **except for cases specified in Clauses 6 and 6a of this Article or during the implementation of provisions in Clause 9, Article 14 of this Decree. The total shareholding of foreign investors shall not exceed 50% of the charter capital of a non-bank credit institution in Vietnam, except for cases specified in Clause 6 of this Article"**.*

Clause 6, Article 7 of Decree 01/2014/ND-CP is also amended and supplemented by Clause 6, Article 1 of Decree 69/2025/ND-CP as follows:

*"**In special cases to ensure the safety of the credit institution system,** the Prime Minister decides the shareholding ratio of a foreign organization or strategic foreign investor, and the total shareholding of foreign investors at a weak credit institution exceeding the limits specified in Clauses 2, 3, and 5 of this Article for specific cases".*

Finally, Decree No. 69/2025/ND-CP also **adds Clause 6a to Clause 6, Article 7 of Decree 01/2014/ND-CP**:

"The total shareholding of foreign investors at a commercially transferred bank (excluding banks where the State holds over 50% of the charter capital) may exceed 30% but not exceed 49% of the charter capital of the transferred commercial bank according to the approved compulsory transfer plan and implemented within the duration of the compulsory transfer plan".

3. Obligations of foreign investors

Decree 69/2025/ND-CP adds Clauses 6a and 6b to Clause 6 of Article 14 of Decree 01/2014/ND-CP regarding situations when foreign investors purchase additional shares offered by a credit institution corresponding to the common share ratio of each shareholder but exceed the limits set in Article 7, divided into cases as follows:

Firstly, if a foreign investor or a foreign investor and related parties exceed the limits in Article 7, within a maximum of 6 months from the time of exceeding the limit, the foreign investor

must reduce their shareholding ratio to comply with the limits in Article 7.

Secondly, if the total shareholding of foreign investors exceeds the limits in Article 7, the foreign investor may not purchase additional shares of that credit institution until the total shareholding complies with the regulations in Article 7.

Additionally, according to Clause 12, Article 1 of Decree 69/2025/ND-CP amending Clause 9 of Article 14 of Decree 01/2014/ND-CP: ***"From the end date of the implementation of the compulsory transfer plan, foreign investors may not purchase additional shares of the transferred commercial bank (except when the transferred commercial bank offers shares to existing shareholders or foreign investors sell shares they hold in the transferred commercial bank to other foreign investors as agreed) until the total shareholding of foreign investors in that transferred commercial bank is below 30% of the charter capital".***

CHANGES OF DECREE 68/2025/ND-CP COMPARED TO DECREE 118/2021/ND-CP ON HANDLING OF ADMINISTRATIVE VIOLATIONS

On March 18, 2025, the Government promulgates Decree No. 68/2025/ND-CP ("**Decree 68**") with a number of changes compared to the previously issued Decree No. 118/2021/ND-CP ("**Decree 118**") on handling administrative violations as follows:

1. New regulations on the form of application of penalties for administrative violations to fines and deprivation of the right to use licenses and practice certificates for a definite time; suspension of operation for a definite period in case of aggravating or extenuating circumstances as prescribed in Clause 4, Article 1 of Decree 68 amending and supplementing Article 9 of Decree 118.

1.1 Fine form: The specific fine level for an act of administrative violation is the average level of the fine bracket prescribed for such act. In case of aggravating or extenuating circumstances:

Detail	Specific fines are determined
There is 1 extenuating circumstance	From above minimum to below average
There are 2 or more extenuating circumstances	Minimum level
There is 1 aggravating circumstance	From above average to below maximum
There are 2 or more aggravating circumstances	Maximum Level
There are both aggravating circumstances and mitigating circumstances	Subtracting an aggravating circumstance from an extenuating circumstance

Note: If the decree on sanctioning administrative violations in the fields of state management stipulates the principles for determining the specific fine level for an act of administrative violation in case of aggravating or extenuating circumstances, the provisions of that decree shall apply.

1.2 Forms of deprivation of the right to use licenses and practice certificates for a definite time; suspension of operation for a definite time: The specific deprivation period for an act of administrative violation is the average of the time frame for deprivation or suspension prescribed for such act. In case of aggravating or extenuating circumstances:

Detail	Specific fines are determined
There is 1 extenuating circumstance	From above minimum to below average
There are 2 or more extenuating circumstances	Minimum level
There is 1 aggravating circumstance	From above average to below maximum
There are 2 or more aggravating circumstances	Maximum Level
There are both aggravating circumstances and mitigating circumstances	Subtracting an aggravating circumstance from an extenuating circumstance

Note: If the decree on sanctioning administrative violations in the fields of state management stipulates the principle of determining a specific time limit for deprivation of the right to use licenses and practice certificates for a definite time, suspension of operation for a definite period of an act of administrative violation in case of aggravating circumstances, mitigation shall comply with the provisions of that decree.

2. Competence to sanction administrative violations

In general, the determination of the competence to sanction administrative violations in Decree 68 is carried out in accordance with the provisions of Article 52 of the Law on Handling of Administrative Violations. However, Decree 68 still specifies a number of cases of competence of central agencies organized by vertical branches as follows:

- The chief inspector of the ministry or the person competent to sanction the highest administrative violation in the branch or field under his management. If at the place where the violation occurs, the Chairman of the People's Committee shall be the person with sanctioning competence. In addition, the Chairman of the People's Committee at the level also has the authority to commit violations of many people in many different branches; the case has material evidences and means of real estate, flying fish, ... or bulky goods, high transportation costs... are also under the sanctioning authority of the Chairman of the People's Committee.

- For acts not falling under the competence of the Chairman of the People's Committee, it will be determined according to the form and level of sanction, the value of confiscated material evidences and means of administrative violations, and remedial measures. If the sanctioning form, level, value of material evidences and means of administrative violations are confiscated and remedial measures fall under the sanctioning person's competence, the sanctioning competence still belongs to that person. If the sanctioning form, level, value of material evidences and means of administrative violations are confiscated or the remedial measures exceed their competence, such person must transfer the violation case to the competent authority for handling.

3. Supplementing new regulations on making records of sanctioning administrative violations

(i) Grounds for making records of administrative violations: Clause 6, Article 1 of Decree 68 has been additionally stipulated with a number of contents on the making of records of administrative violations as follows: one of the grounds for making records of administrative violations in addition to the working minutes specified in Decree 118, Decree 68 has supplemented a number of working minutes other records and documents recording violations detected in the course of inspection, examination, implementation of management activities or conducting proceedings are also considered as grounds.

(ii) Time limit for making records of administrative violations: the most noticeable difference between Decree 68 and Decree 118 is that the time limit has **been increased from 02 working days to 03 working days** from the detection of violations. In addition, if the cases are detected by professional technical means and equipment or the value of material evidences must be determined, ... the record must be made within **05 working days** from the date of identification of the violator, **an increase of 02 working days** compared to the previously issued Decree 118.

Above is an article by Lac Duy & Associates about the changes of Decree 68/ND-CP compared to Decree 118/ND-CP on handling administrative violations and hopes that it will be useful for you to refer to and implement in practice. In case you need further advice, please contact us through lacduy@lacduy-associates.com email for timely support.

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NEW LEGAL DOCUMENTS IN MAY 2025

NO.	EFFECTIVE DATE	NAME
		INVEST
1.	May 05, 2025	Circular 18/2025/TT-BTC amending Circular 119/2020/TT-BTC regulating registration, depository, clearing and settlement of securities transactions, Circular 96/2020/TT-BTC guiding the disclosure of information on the securities market has been amended under Circular 68/2024/TT-BTC issued by the Minister of Finance
2.	May 17, 2025	Resolution No. 196/2025/QH 15 on adjustment and supplementation of state budget estimates in 2025
3.	May 17, 2025	Resolution No. 198/2025/QH15 on a number of special mechanisms and policies for private economic development
4.	May 19, 2025	Decree No. 69/2025/ND-CP amending Decree No. 01/2014/ND-CP on foreign investors buying shares of Vietnamese credit institutions
		ADMINISTRATIVE VIOLATIONS
1.	May 02, 2025	Decree No. 68/2025/ND-CP amending and supplementing a number of articles of the Government's Decree No. 118/2021/ND-CP dated December 23, 2021 detailing a number of articles and measures to implement the Law on Handling of Administrative Violations
		ADMINISTRATIVE APPARATUS
1.	May 01, 2025	Circular 001/2025/TT-BNV promulgated on Internal Regulations and Regulations on recruitment, promotion and consideration for promotion of civil servants and public employees promulgated by the Minister of Home Affairs