

**LAW**  
**ON BANKRUPTCY**

*Pursuant to the Constitution of the Socialist Republic of Vietnam;*

*The National Assembly promulgates the Law on Bankruptcy.*

**Chapter I**

**GENERAL PROVISIONS**

**Article 1. Scope**

This Law regulates the procedure for submitting, receiving petitions and initiating bankruptcy process; the asset liabilities and measures for asset preservation during bankruptcy settlement; procedure for business operation recovery; the declaration of bankruptcy and implementation of Decisions on the declaration of bankruptcy.

**Article 2. Regulated entities**

This Law shall be applied to enterprises and cooperatives or cooperative unions (hereinafter referred to as cooperatives) which are established and run in accordance with the regulations of the law.

**Article 3. Application of Law on Bankruptcy**

1. The Law on Bankruptcy is applied to the bankruptcy process of every enterprise and cooperative based in the territory of Vietnam.
2. In case an international agreement to which Vietnam is a signatory contravenes regulations of this Law, such international agreement shall prevail.

**Article 4. Interpretation of terms**

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

1. *An insolvent enterprise or insolvent cooperative (hereinafter referred to as insolvent entity)* is an enterprise or a cooperative having failed to meet the debt liability for 03 months from the deadline for repayment.
2. *Bankruptcy* is a legal status of an insolvent entity that is declared bankrupt by the People's Court.
3. *A creditor* is an individual, an agency or an organization entitled to request the debtors to pay debts. Creditors include creditors of unsecured debts, creditors of partly-secured debts and creditors of secured debts.
4. *A creditor of unsecured debts (hereinafter referred to as unsecured creditor)* is an individual, an agency or an organization entitled to request the debtor to pay the debts that are not secured against assets of the debtor or a third party.

5. *A creditor of secured debts (hereinafter referred to as secured creditor)* is an individual, an agency or an organization being entitled to request the debtor to pay the debt secured against assets of the debtor or a third party.
6. *A creditor of partly-secured debts (hereinafter referred to as partly-secured creditor)* is an individual, an agency or an organization entitled to request the insolvent entity to pay the debt partly secured against assets of the debtor or a third party whose value is not sufficient to cover the debt.
7. *Asset management officer* is an individual specialized in management and liquidation of the assets of an insolvent entity during the process of bankruptcy settlement.
8. *Asset management enterprise* is an enterprise practicing in management and liquidation of the assets of an insolvent entity during the process of bankruptcy settlement.
9. *Bankruptcy conductors* are judges and executive judges of the People's Courts; The Chairman of the People's Procuracy, prosecutors; asset management officers and asset management enterprises; The heads of civil execution authorities, bailiffs.
10. *Entities involved in bankruptcy process (hereinafter referred to as involved entities)* are creditors; employees; insolvent entities; shareholders; members of cooperatives or cooperatives which are members of cooperative unions; debtors of insolvent entities and other entities having relevant benefits and liabilities during the bankruptcy settlement.
11. *Fee for submission of request for initiation of bankruptcy* (hereinafter referred to as bankruptcy fee) is an amount of money which the applicants for initiation of bankruptcy is required to pay for filing the petition to the People's Court.
12. *Cost of bankruptcy* is an amount of money paid for bankruptcy settlement, including the payments for services provided by asset management officers and asset management enterprise, audit, publication and other expenditures according to the regulations of the law.
13. *Payment for financial management* is an amount of money paid for the bankruptcy settlement services provided by asset management officers and asset management enterprise.
14. *Bankruptcy advance* is an amount of money decided by the People's Court in order to make announcement and pay an advance to asset management officers and asset management enterprises.

#### **Article 5. Eligibility and liability to submit written requests for initiation of bankruptcy process**

1. Any creditor of unsecured debts or partly-secured debts is entitled to send a written request for initiation of bankruptcy process after 03 months from the payment due date for the debts which the enterprise or cooperative does not pay..
2. Any employee, internal Trade Union (or the superior Trade Union if the internal Trade Union is not established) is entitled to send a written request for initiation of bankruptcy process after 03 months from the day on which the entity have to pay salaries and other debts to the employees.
3. The legal representative of each enterprise or cooperative is liable to send a written request for initiation of bankruptcy process when the entity is insolvent.

4. The owner of any private enterprise, the President of the Board of Directors of any joint-stock company, President of the Member assembly of any multi-member limited liability company, the owner of any single limited liability company or any general partner of any partnership is liability to submit a written request for initiation of bankruptcy process when the entity is insolvent.

5. Any shareholder or any group of shareholders owning at least 20% of ordinary shares for at least 06 consecutive months is entitled to file a written request for initiation of bankruptcy process when the joint-stock company is insolvent. Any shareholder or any group of shareholders owning less than 20% of ordinary shares for at least 06 consecutive months is entitled to file a written request for initiation of bankruptcy process when the joint-stock company is insolvent if it is mentioned in the company's charter.

6. Any member of any cooperative or any legal representative of any cooperative which is a member of the cooperative union is entitled to file a written request for initiation of bankruptcy process when the entity is insolvent.

#### **Article 6. Announcement of insolvency of enterprises or cooperatives**

1. Any individual, agency or organization realizing that any enterprise or a cooperative is insolvent is liable to send a written notification to those mentioned in Article 5 of this Law.

2. The notifying entities must ensure the precision of the notification. In case any entity intentionally notifies false information resulting in causing damage to the enterprise or cooperative, the entity must pay the compensation and have the liability for the damage.

#### **Article 7. Responsibility to provide documents and evidences of relevant entities**

1. Any individual, agency or organization keeping documents and evidences related to the bankruptcy case is responsible for providing sufficiently the documents and evidences within 15 days from the receipt of request of creditors, enterprise or cooperative, the People's Court, the People's Procuracy, asset management officer or the asset management enterprise.

2. Any individual, agency or organization cannot provide the documents and evidences as prescribed in Clause 1 of this Article must provide a written explanation. Any entity not providing the evidences intentionally without legitimate reason shall be punished according to the regulations of the law.

#### **Article 8. Competence in bankruptcy settlement of the People's Court**

1. The People's Court of central-affiliated cities and provinces (hereinafter referred to as provincial People's Court) has the competence in bankruptcy settlement for enterprises and cooperatives registered in the province and for one of the following cases:

a) There are overseas assets or involving entities.

b) The insolvent entity has branches and/or representative offices located in district and/or cities of various provinces;

c) The insolvent entity has real estate in district and/or cities of various provinces;

d) The provincial People's Court takes the bankruptcy cases under the management of the People's Court of a district/city of the province due to their complicity.

2. The district People's Court has the competence in bankruptcy settlement for enterprises and cooperatives of which the headquarters are located in the district and for the cases not mentioned in Clause 1 of this Article.

3. The Supreme People's Court shall provide guidance on implementing this Article.

#### **Article 9. Tasks and entitlements of Judges**

1. Collect and verify documents and evidences related to the request for initiation of bankruptcy process if necessary.

2. Make the Decision on the initiation of bankruptcy process or the refusal to initiate bankruptcy process.

3. Make the Decision on appointing or replacing the asset management officer and/or the asset management enterprise.

4. Supervise the asset management officer and/or asset management enterprise.

5. Decide to conduct an audit of the insolvent entity if necessary.

6. Make the Decision on the liquidation of the assets of the insolvency entity after the Decision on the initiation of bankruptcy process in order to cover the cost of bankruptcy.

7. Take temporary emergency measures according to the regulations of the law.

8. Impose the prohibition against leaving the place on the representative of the insolvent entity and request the competent authorities to escort him/her according to the regulations of the Law.

9. Convene the creditors' meeting.

10. Make the Decision on approving the resolution of the creditors' meeting on the plan to resume business operation.

11. Make the Decision on suspending bankruptcy process.

12. Make the Decision on the declaration of bankruptcy of the insolvent entity.

13. Impose administrative penalties and/or request competent authorities to impose criminal penalties according to the regulations of the Law.

14. Refer to the bankruptcy settlements for the prior similar cases with the guidance of the Supreme People's Court.

15. Must dismiss settling bankruptcy in one of the cases prescribed in Clause 1 Article 10 of this Law.

16. Perform other tasks and powers according to the regulations of the Law.

#### **Article 10. Dismissing settling bankruptcy or replacing the Judge**

1. A judge must dismiss settling bankruptcy or be replaced in the following cases:

a) The judge is an involved entity; a representative or a relative of an involved entity of the case;

b) The judge is participating in the case as a prosecutor, a asset management officer, the legal guardian of an involved entity, a valuator or a translator;

c) The Judge is a member of a group of Judges taking charge of the case and has connections of consanguinity with other judges;

d) The judge has once made the Decision on the declaration of bankruptcy for the case;

dd) There is any evidence that the Judge is prejudiced.

2. The replacement of the Judge shall be decided by executive judge of the People's Court. In case the Judge taking charge of the case is an executive judge, the replacement of the Judge shall be decided by a higher People's Court. The decision on replacing the Judge of the executive judge shall be the final decision.

### **Article 11. individuals or enterprises being entitled for practicing financial management.**

An individual or an enterprise being entitled for practicing financial management is:

1. A asset management officer;

2. Asset management enterprise

### **Article 12. Requirements for working as a asset management officer**

1. The following individuals are eligible for being issued practice certificates of asset management officer:

a) A lawyer;

b) An auditor;

c) A person having a bachelor degree in law, economy, accountancy or bank and 05 years of experience or more in his/her field.

2. 2. Requirements for working as a asset management officer:

a) Be capable of civil acts;

b) Have ethical qualities, sense of responsibility, integrity and objectivity;

c) Have practice certificate of asset management officer.

3. The Government shall regulate the issuance of practice certificates of asset management officer and State management of asset management officers.

### **Article 13. Asset management enterprises**

1. An enterprise being entitled for practicing financial management is:

a) A partnership;

b) A private enterprise.

2. Requirements for a asset management enterprise.

a) The partnership is established by at least two general partners who are asset management officer and/or the General Director or Director of the partnership is a asset management officer;

b) A private enterprise is owned by a asset management officer who is its Director.

3. The Government shall regulate the financial management and the implementation of State management of asset management enterprises.

#### **Article 14. Individuals prohibited from practicing financial management.**

1. Officials and civil servants; military officers, professional soldiers and military workers who are working in the offices and bases of the People's Army; professional commissioned and non-commissioned officers who are working in the offices and units affiliated to the Police Authorities.
2. An individuals who faces a criminal prosecution; who is convicted and not expunged criminal record; who is incurring administrative penalty of putting into a reform school or a rehabilitation center.
3. An individual who is incapable of civil acts.

#### **Article 15. Revocation of practice certificates of asset management officers**

1. An issued practice certificates of asset management officers shall be revoked if the obtainers are:
  - a) Officials and civil servants; military officers, professional soldiers and military workers who are working in the offices and bases of the People's Army; professional commissioned and non-commissioned officers who are working in the offices and bases of the Police Authorities.
  - b) Individuals who are convicted and the sentence
  - c) Individuals whose practicing certificates of lawyer or auditor is revoked;
  - d) individuals replaced according to Point a and b of Clause 1 Article 46 of this Law in 02 or more bankruptcy cases.
2. The Government shall regulate the revocation of practice certificate of asset management officer.

#### **Article 16. Rights and obligations of asset management officers and asset management enterprises**

1. Manage and supervise the business operation and asset liquidation of the insolvent entities as follows:
  - a) Collect, verify and manage the documents and evidence related to the business operation of the entities.
  - b) Draw up lists of assets, creditors and debtors;
  - c) Preserve assets; prevent selling and/or giving asset without permission of the Judge; prevent dispersing and hiding assets; maximize the value of the entities' asset on selling and/or liquidating;
  - d) Supervise the business operation of the entities according to the regulations of the Law;
  - dd) Hire an individual or an organization according to the regulations of the Law;
  - e) Advise the Judge on selling the entities' assets in order to cover the cost of bankruptcy;
  - g) Sell the entities' assets in accordance with the Judge's decision in order to cover the cost of bankruptcy;

- h) Valuate and liquidate assets according to the regulations of this Law; send reports to civil execution authorities and notifications to involving entities on the asset liquidation of an appointed individual or organization.
  - i) Send the collected money to the bank accounts held by the People's Court or civil execution authorities
2. Represent the insolvent entity if the entity does not have any legal representative.
  3. Make a report on assets, debts and the operation of the enterprise or cooperative participating in making plan for recovering the business operation of the insolvent entity.
  4. Advise the Judge to do the followings:
    - a) Collect evidences;
    - b) Declare that a transaction is invalid and take back the entities' assets which are illegally sold or given;
    - c) Take temporary emergency measures; impose administrative penalties; transfer dossier to competent authorities for imposing criminal penalties according to the regulations of the Law.
  5. Receive payment and professional liability insurance according to the regulations of the Law.
  6. Make a report on the performance of the tasks and powers at the request of the Judge and/or civil execution authorities; Take liability before the Judge, civil execution authorities and the Law for the performance of the tasks and powers.

#### **Article 17. Tasks and powers of civil execution authorities**

1. Implement the decision on taking temporary emergency measures, on declaration of an invalid transaction, on the declaration of bankruptcy and other decisions according to the regulations of this Law.
2. Request the asset management officers and/or the asset management enterprises to valuate and liquidate the entities' assets; Liquidate the assets in the cases prescribed in Clause 4 Article 121 of this Law;
3. Supervise the performance of liquidation of the insolvent entities' asset of the asset management officers and asset management enterprises; request the asset management officers and asset management enterprises to report on the liquidation.
4. Request the People's Court to replace the asset management officers and/or the asset management enterprises during the liquidation of the insolvent entities' assets according to Article 46 of this Law;
5. Redistribute the assets of the insolvent entities in accordance with the decision of the People's Court.
6. Make the Declaration of finishing the process of the Declaration of bankruptcy.
7. Perform other tasks and powers according to the regulations of the Law on civil execution.

#### **Article 18. Rights and obligations of involved entities**

1. Comply with the requests of the Judge, the asset management officers, the asset management enterprises and civil execution authorities according to the regulations of Law on bankruptcy;

2. Provide documents and evidences related to the bankruptcy settlement.
3. Request individuals, agencies and organizations keeping the documents and evidences related to their lawful rights and interests to provide the evidences to the People's Court.
4. Request the Judge, asset management officer, asset management enterprise to collect and verify the documents and evidence which cannot provide or request for assess and valuate the assets; request the Judge to conduct an audit of the insolvent entities; request the Judge to convene the testifiers.
5. Be informed and allowed to record and make copy of the documents and evidences provided by other involving entities or collected by the Judge.
6. Request for employment, change and cancellation of the temporary emergency measures.
7. Receive eligibility notification for performing their rights and obligations.
8. Protect or employ a legal guardian to protect their lawful rights and interests.
9. Participate in the creditors' meeting.
10. Request for replacing the asset management officers and/or asset management enterprises according to Article 46 of this Law.
11. Request the asset management officers and/or asset management enterprises to add more creditors and debtors into the lists of creditors and debtors.
12. Advise the asset management officers and/or asset management enterprises to take back the sums of money and/or assets of the debtors.
13. Present at the request of the asset management officers and/or asset management enterprise, at the summon of the People's Court and comply with the decisions of the People's Court during the bankruptcy settlement.
14. Participating in the management and liquidation of assets at the requests of the Judge, the civil execution authorities, asset management officers, the asset management enterprises.
15. Request for reconsidering the decision of the People's Court according to the regulations of this Law.
16. In case an involved entity dies, his/her lawful heir shall perform the rights and obligations prescribed in this Article.

**Article 19. Rights and obligations of applicants for initiation of bankruptcy process (hereinafter referred to as requesters)**

1. Perform rights and fulfill obligations of the involving entities prescribed in Article 18 of this Law.
2. Advise the People's Court on the asset management officers and/or asset management enterprises before the initiation of bankruptcy process.
3. Pay the bankruptcy fee and/or bankruptcy advance except the cases in which the bankruptcy fee and/or bankruptcy advance are exempt.
4. Be honest about submitting requests for the initiation of bankruptcy process

**Article 20. Rights and obligations of insolvent entities.**



1. Perform rights and fulfill obligations of the involving entities prescribed in Article 18 of this Law.
2. Give opinion on accept or reject a number or all of the requests of the requesters.
3. Publicly announce the Decision on the initiation of bankruptcy process on the receipt of the Decision.

#### **Article 21. Controlling and supervising the observance of the Law during the bankruptcy settlement**

1. The People's Procuracy shall control and supervise the observance of the law during the bankruptcy settlement and performance of requesting, advising, and appealing according to the regulations of this Law.
2. The People's Procuracy shall participate in meetings about considering the advices and appeal of the People's Procuracy; control and supervise the decisions pertaining to bankruptcy settlement of the People's Court.

#### **Article 22. Bankruptcy fee**

The requesters must pay the bankruptcy fee according to the regulations of the Law on court fees of People's Court. The requesters prescribed in Clause 2 Article 5 and Point a Clause 1 Article 105 of this Law is exempt from paying this fee.

#### **Article 23. The cost of bankruptcy and the bankruptcy advance**

1. The cost of bankruptcy is covered by the value of the assets of the insolvent entities.
2. The requesters must pay the bankruptcy advance except the requesters mentioned in Clause 2 Article 5 and Point a Clause 1 Article 105 of this Law.
3. The People's Court shall appoint asset management officers and/or asset management enterprises to sell a number of assets of an insolvent entity in order to ensure the cost of bankruptcy. The valuation and sale of the assets shall comply with Articles 122, 123 and 124 of this Law.
4. People's Court shall decide the bracket of the bankruptcy advance for each specific case according to the regulation of the Law, and decide the return of the advance, except the cases in which the petitioners violated as mentioned in Clause 4 Article 19 of this Law.

#### **Article 24. Payments for asset management officers and asset management enterprises**

1. The payment for the asset management officers and asset management enterprises shall be calculated depending on their time, effort and result.
2. The Government shall regulate the payment for the asset management officers and the asset management enterprises.

#### **Article 25. Written requests, provision and notification during bankruptcy settlement**

The People's Court, the People's Procuracy, civil execution authorities, asset management officers, and asset management enterprises must make requests, provision and written notifications to the involved entities according to the regulations of this Law and the Law on civil procedure.

### **Chapter II**

## **WRITTEN REQUESTS FOR INITIATION OF BANKRUPTCY PROCESS AND RECEIPT OF REQUESTS FOR INITIATION OF BANKRUPTCY PROCESS**

### **Article 26. Requests of debtors for initiation of bankruptcy process**

1. When requesting the People's Court to initiate bankruptcy process, the creditors mentioned in Clause 1 Article 5 of this Law must make a request for the initiation of bankruptcy process.

2. A request for initiation of bankruptcy process must contain:

a) Date

b) Name of the People's Court in charge of bankruptcy settlement;

c) Name and address of the requester;

d) Name and address of the enterprise or the cooperative forced to file for bankruptcy;

dd) The due debts

Proof of due debts must be enclosed herewith .

3. When advising on the selection of asset management officers and/or asset management enterprises, the request must contain the name and address of the asset management officers and/or asset management enterprises.

### **Article 27. Requests for initiation of bankruptcy process of employees or representatives of Trade Unions**

1. When requesting the People's Court to initiate bankruptcy process, the representative of the employees or the Trade Union mentioned in Clause 2 Article 5 of this Law must make a request for the initiation of bankruptcy process.

2. A request for initiation of bankruptcy process must contain:

a) Date

b) Name of the People's Court in charge of bankruptcy settlement;

c) Name and address of the petitioner;

d) Name and address of the enterprise or the cooperative forced to file for bankruptcy;

dd) Total amount of outstanding salaries and other debts which are due

Proof of employees' salaries and other due debts must be enclosed herewith.

3. In case of appointment of asset management officers and/or asset management enterprises, the request must contain the name and address of the asset management officers and/or asset management enterprises.

4. From the day of submission of the requests, the employees or the Trade Union representative shall have the rights and obligations of creditors' according to the regulations of this Law.

### **Article 28. Request for initiation of bankruptcy process of insolvent entities .**

1. The insolvent entities mentioned in Clause 3 and Clause 4 Article 5 of this Law must make requests for the initiation of bankruptcy process.

2. A request for initiation of bankruptcy process must contain:

- a) Date
- b) Name of the People's Court in charge of bankruptcy settlement;
- c) Name of the insolvent entity
- c) Name and address of the requester;
- dd) The basis for requesting initiation of bankruptcy process

3. The request for initiation of bankruptcy process must be enclosed with the following documents:

- c) A financial statement of the insolvent entity of the recent 03 years. In case the insolvent entity has been established less than 03 years, the financial statement shall cover all the operation time;
- b) An explanation for the insolvency; A report on results of the recovering attempts of the entity, which is failed to remedy the insolvency;
- c) A detailed list of assets and their locations of the entity
- d) A list of creditors and debtors with their respective name, address, loans and debts which are secured, partly-secured and/or unsecured and due or not due;
- dd) Documents related to the establishment of the entity;
- e) The results of the valuation for the remaining assets (if any)

4. In case of appointment of asset management officers and/or asset management enterprises, the request must contain the name and address of the asset management officers and/or asset management enterprises.

5. If the entities prescribed in Clause 3 and Clause 4 Article 5 of this Law do not file the request for initiation of bankruptcy process on the situation of insolvency of the enterprise or the cooperative, they shall take the liability before the Law. Compensation shall be paid if there is any damage caused by the failure to request initiation of bankruptcy process after the insolvency of the enterprise or the cooperative.

**Article 29. Requests for initiation of bankruptcy process of shareholders of groups of shareholders of joint-stock companies, members of cooperative or cooperative members of cooperative unions.**

1. When requesting the People's Court to initiate bankruptcy process, a shareholder of a group of shareholders of a joint-stock company, a member of a cooperative or a legal representative of a cooperative member of a cooperative union mentioned in Clause 5 and Clause 6 Article 5 of this Law must make a request for the initiation of bankruptcy process.

2. The petition must contain the contents prescribed in Clause 2 Article 28 of this Law and be enclosed with the documents (if any) prescribed in Clause 3 and Clause 4 Article 28 of this Law.

**Article 30. Method of sending requests for the initiation of bankruptcy process**

1. Anyone wishing to request the initiation of bankruptcy process must send the application and documents to the People's Court either

- a) directly;
- b) or by post.

2. The day on which the request for bankruptcy process is submitted shall be counted from the day on which the People's Court receives the request or attested by the day on postmark.

### **Article 31. Appointment of a judge for bankruptcy settlement**

1. Within 03 working days from the receipt of the written request for initiation of bankruptcy process, the executive judge of the People's Court shall appoint a judge or a group of 03 judges for the bankruptcy settlement.

2. The executive judge of the Supreme People's Court shall make the regulations on the group of judges according to Clause 1 of this Article.

### **Article 32. Handling the written request for initiation of bankruptcy process**

1. Within 03 working days from the day of appointment, the appointed judge must consider and handle the request as follows:

a) if the written request for initiation of bankruptcy process is satisfactory, the judge shall notify the requester of the bankruptcy fee and bankruptcy advance except the cases in which the bankruptcy fee and bankruptcy advance are exempt.

b) If the written request for initiation of bankruptcy process does not include any content prescribed in Article 26, Article 27, Article 28 or Article 29 of this Law, the judge shall request the requester to amend the petition;

b) The written request for initiation of bankruptcy process shall be transferred to another People's Court if it is within the jurisdiction of such People's Court;

d) The written request for initiation of bankruptcy process may be dismissed.

2. The notification of handling of request for initiation of bankruptcy process must be made in writing and sent to the requester and the insolvent entity.

### **Article 33. Transferring written request for initiation of bankruptcy process to the competent People's Court and handling the request for reconsideration of such move;**

1. The People's Court handling the written request for initiation of bankruptcy process mentioned in Point c Clause 1 Article 32 of this Law shall transfer the written request for initiation of bankruptcy process and related documents and evidences to a competent People's Court and notify the requester.

2. Within 03 working days from of the receipt of the Decision on moving the written request for initiation of bankruptcy process, the petitioner or the designated People's Court may request the executive judge of the higher People's Court to directly reconsider such move.

3. Within 03 working days from of the receipt of the request, the executive judge of the higher People's Court shall directly reconsider the move. The Decision of the executive judge of the higher People's Court shall be the final decision.

### **Article 34. Requests for amending written requests for initiation of bankruptcy process**

If the written request for initiation of bankruptcy process does not include any content prescribed in Article 26, Article 27, Article 28 or Article 29 of this Law, the judge shall request the requester to amend the petition; The time for the petition to be amended shall be decided by the People's Court but not more than 10 working days from the day on which the requester receives

the request; in special cases, the People's Court may extend the time but not more than 15 days in total.

### **Article 35. Dismissing written requests for initiation of bankruptcy process**

1. The People's Court shall dismiss the written request for initiation of bankruptcy process in the following cases:

- a) The requester is not prescribed in Article 5 of this Law;
- b) The requester does not make amendment to the written request for initiation of bankruptcy process according to Article 34 of this Law;
- c) Another People's Court has made a Decision on the initiation of bankruptcy process for the insolvent entity;
- b) The requester withdraws the written request for initiation of bankruptcy process according to Clause 2 Article 37 of this Law;
- dd) The requester does not pay the bankruptcy fee and bankruptcy advance except the cases in which the bankruptcy fee and bankruptcy advance are exempt.

2. The Decision to dismiss the written request for initiation of bankruptcy process of the People's Court must contain the explanation for the dismissal. The People's Court must send such Decision to the requester and the People's Procuracy at the same level within 03 working days from the day on which the Decision is made.

### **Article 36. The Request for reconsidering the dismissal of the written requests for initiation of bankruptcy process**

1. Within 03 working days from the receipt of the Decision to dismiss the written request for initiation of bankruptcy process of the People's Court, the requester or the People's Procuracy at the same level may request the executive judge of People's Court who makes the Decision to reconsider the dismissal.

2. Within 03 working days from the receipt of the request, the executive judge of People's Court who makes the Decision must:

- a) Make a Decision on upholding the dismissal of the written request for initiation of bankruptcy process.
- b) Make a Decision to cancel the dismissal of the written request for initiation of bankruptcy process and take the case according to the regulations of this Law;

3. Within 05 working days from the receipt of the Decision pertaining to the reconsideration of the dismissal of the written request for initiation of bankruptcy process, the requester or the People's Procuracy at the same level may request the executive judge of the higher People's Court for reconsideration.

4. Within 07 working days from the receipt of the request, the executive judge of the higher People's Court must:

- a) Make a Decision to uphold the dismissal of the written request for initiation of bankruptcy process.

- b) Make a Decision to cancel the dismissal of the written request for initiation of bankruptcy process and request the People's Court to take the case according to the regulations of this Law;
5. The Decision of the executive judge of the higher People's Court shall be the final decision. This Decision must be sent to the petitioner, the People's Procuracy at the same level, the People's Procuracy making request and the People's Court having made the dismissal.

**Article 37. An agreement between the creditors making written requests for initiation of bankruptcy process and an insolvent entity;**

1. Within 03 working days from the day on which the People's Court receives the satisfactory written request for initiation of bankruptcy process, the insolvent entity and creditors may submit a written request to the People's Court for permission to negotiate withdrawing of request.

The People's Court shall decide the negotiation duration which is not longer than 20 days from of the receipt of the satisfactory written request for initiation of bankruptcy process.

2. If the parties reach an agreement on withdrawal of the written request for initiation of bankruptcy process, the People's Court shall dismiss the case.

3. If the parties cannot reach an agreement within the time given, the People's Court shall request the requester to pay the bankruptcy fee and bankruptcy advance and take the case according to the regulations of this Law.

4. The negotiation of the parties must comply with the regulations of this Article and the Law on bankruptcy;

**Article 38. Procedure for paying the bankruptcy fee and bankruptcy advance**

1. Within 03 working days from the receipt of the satisfactory written request for initiation of bankruptcy process, People's Court must estimate an amount of the bankruptcy advance and inform the requester in order for him/her to make the payment.

If there is a request for negotiation, the requester shall be notified of the bankruptcy fee and bankruptcy advance in accordance with Clause 3 Article 37 of this Law.

2. Within 15 days from the receipts of the request for paying the bankruptcy fee and bankruptcy advance, the requester must make the payment as follows:

a) Pay the civil execution authorities the bankruptcy fee;

b) Send the advance of bankruptcy fee to the bank account held by the People's Court.

**Article 39. Receipt of written requests for initiation of bankruptcy process**

The People's Court shall receive the written request for initiation of bankruptcy process on receiving the receipts of the bankruptcy fee and the bankruptcy advance. With regard to the cases in which the bankruptcy fee and bankruptcy advance are exempt, the receipt shall be considered the day on which the People's Court receives the satisfactory written request for initiation of bankruptcy process.

**Article 40. Announcing receipt of written requests for initiation of bankruptcy process**

1. Within 03 working days from the receipt of the written request for initiation of bankruptcy process, the People's Court must send a written notification of such receipt to the requester, the

insolvent entity, organizations and/or agencies that are handling cases related to the entity and the People's Procuracy at the same level.

If the requester is the legal representative of the insolvent entity, the People's Court must send the notification to the creditors advised by the entity.

2. If the requester is not the insolvent entity, within 15 days from the receipt of the notification of the People's Court, the insolvent entity must provide the People's Court with the documents and evidences prescribed in Clause 3 Article 28 of this Law.

#### **Article 41. Temporary suspension of the financial obligation of an insolvent entity;**

Within 05 working days from the acceptance of the written request for initiation of bankruptcy process, the suspension of the financial obligation of an insolvent entity shall be as follows:

1. The civil execution authorities must suspend the civil execution pertaining to the assets subject to the judgment debt of the entity, except the judgment forcing the entity to pay the compensation for life, health, reputation or salaries of its employees. The suspension must comply with the regulations of the Law on civil execution;

2. The People's Court and referee must suspend the civil cases related to the financial obligations in which the insolvent entity is a litigant. The suspension must comply with the regulations of the Law on civil procedure and the Law on commercial arbitration.

The People's Court must separate and suspend the civil part in a criminal and administrative case, which is related to the financial obligations of the insolvent entity being a litigant. The separation and suspension must comply with the regulations of the Law on criminal procedure and administrative procedure;

3. The competent authorities shall suspend the handling of collateral for secured debts of the insolvent entity.

The collateral which is likely to be damaged or dramatically devalued shall be handled according to Clause 2 and Clause 3 Article 53 of this Law.

### **Chapter III**

#### **INITIATION OF BANKRUPTCY PROCESS**

#### **Article 42. Decisions on the initiation of bankruptcy process or the refusal to initiate bankruptcy process**

1. Within 30 days from the receipt of a written request for initiation of bankruptcy process, the Judge shall make a Decision on the initiation of bankruptcy process or refusal to initiate bankruptcy process, except the cases prescribed in Article 105 of this Code.

2. The Judge shall make the Decision on the initiation of bankruptcy process when the enterprise or cooperative is insolvent.

3. If necessary, before making the decision, the Judge may convene a meeting which is attended by the requester, the chairman or the legal representative of the entity forced to file for bankruptcy and other relevant individuals and organizations in order to examine the proof of insolvency of the entity.

4. The Decision on the initiation of bankruptcy process must contain:

- a) Date;
- b) Name of the People's Court; full name of the Judge;
- c) Date and reference number of the acceptance of written request for initiation of bankruptcy process; name and address of the requester;
- d) Name and address of the insolvent entity;
- dd) Time and place where the creditors make declarations and the legal consequences of not making declaration.

5. The People's Court shall make the Decision on the refusal to initiate bankruptcy process if the enterprise or cooperative is deemed not to be the cases prescribed in Clause 2 of this Article.

In this case, the person submitting the written request for initiation of bankruptcy process shall be reimbursed for the bankruptcy advance; the request for fulfillment of the financial obligations that are suspended as prescribed in Article 41 of this Law shall be continued to be handled.

6. The Decision on the initiation of bankruptcy process or the refusal to initiate bankruptcy process shall take effect from the date on which it is made.

#### **Article 43. Notification of Decisions on the initiation of bankruptcy process or the refusal to initiate bankruptcy process**

1. The Decision on imitating bankruptcy process issued by the People's Court must be sent to the requester, the insolvent entity, creditors, the People's Procuracy at the same level, civil execution authorities, tax authorities, business registry where the headquarter of insolvent entity located and posted on the national enterprise registration portal , website of the People's Court and 02 consecutive issues of the newspaper of the province where the headquarter of insolvent entity is located.

2. The Decision on the refusal to initiate bankruptcy process must be sent to the requester, the entity forced to file for bankruptcy and the People's Procuracy at the same level.

3. The time for sending notification of the Decision on the initiation for bankruptcy process is within 03 working days from the day on which the Decision is given by the People's Court.

#### **Article 44. Requests for reconsidering and appeals against Decisions on initiation of bankruptcy process or Decision on refusal to initiate bankruptcy process**

1. Within 07 working days from the receipt of a Decision on the initiation of bankruptcy process, the involving entities may request reconsideration of the Decision, the People's Procuracy at the same level may appeal against the Decision.

2. On receiving the request or the appeal, the People's Court giving the Decision on the initiation of bankruptcy process shall send the dossier on the case to the superior People's Court for settlement.

3. Within 03 working days from the receipt of the dossier on the case and the request for reconsideration and/or the appeal, the superior People's Court shall appoint a group of 03 judges to handle the request and/or the appeal and forward the dossier to the People's Procuracy at the same level.

4. Within 05 working days from the receipt of the dossier on the case forwarded by the People's Court, the People's Procuracy at the same level must return the dossier to the People's Court.



5. Within 05 working days from the receipt of the dossier on the case returned by the People's Procuracy at the same level, the group of judges must arrange a meeting for considering and settling the request and/or the appeal.
6. The meeting shall be attended by the representatives of the People's Procuracy and the minutes of the meeting shall be taken by a court clerks. If necessary, other entities may be summoned in order to clarify unclear issues.
7. The group of judges may give one of the following decisions:
  - a) Uphold the Decision on the initiation of bankruptcy process or the refusal to initiate bankruptcy process;
  - b) Cancel the Decision on the refusal to initiate bankruptcy process and request the People's Court given the Decision to make a Decision on the initiation of bankruptcy process;
  - c) Cancel the Decision on the initiation of bankruptcy process and notify the People's Court given the Decision and the involving entities.
8. The decision of the group of judges is the final decision.
9. The executive judge of the Supreme People's Court shall make the regulations on settling the request for reconsideration and/or appeal against the Decision on the initiation for bankruptcy process.

**Article 45. Appointment of asset management officers and asset management enterprises**

1. Within 03 working days from the day on which the Decision on the initiation of bankruptcy process, the judge is responsible for appointing asset management officers and asset management enterprises.
2. Criteria for appointing asset management officers and asset management enterprises:
  - a) The individuals must possess practice certificates of asset management officers and asset management enterprises;
  - b) The requester gives advice on selecting the asset management officers and/or asset management enterprises.
  - c) The asset management officers and the asset management enterprises do not have benefits related to the case;
  - d) The characteristics of the case are suitable;
  - dd) asset management officers and/or asset management enterprises must not be the relatives of the involving entities.
3. The written appointment of the asset management officers and/or the asset management enterprises must contain:
  - a) Date
  - d) Name and address of the creditors; the insolvent entity;
  - c) Name and address of the asset management officers and/or asset management enterprises;
  - d) The summary content of the request for initiation of bankruptcy process;

- dd) Criteria for appointing asset management officers and the asset management enterprises;
- e) The amount of the bankruptcy advance for the asset management officers and/or the asset management enterprises
- g) Tasks and powers of the asset management officer and/or the asset management enterprise
- h) Signature and stamp of the judge of the People's Court

**Article 46. Replacement of asset management officers or asset management enterprises**

1. A asset management officer or a asset management enterprise shall be replaced by the Judge if such asset management officer or asset management enterprise:

- a) Violates any obligation prescribed in this Law;
- b) Is proven not objective while performing duties;
- c) Be incapable of performing duties in cases of force majeure;

2. The Decision on replacement of a asset management officer or a asset management enterprise must be made in writing and sent to the asset management officer, asset management enterprise, and involved entities. The handling of the advance paid to the asset management officer and asset management enterprise must be specified in such Decision

3. Within 03 working days from of the receipt of the Decision to replace the asset management officer or asset management enterprise, the involving entities and the asset management officer or asset management enterprise may request the executive judge of the People's Court to reconsider the Decision.

4. Within 03 working days from of the receipt of the request for reconsideration of the replacement of the asset management officer or asset management enterprise, the executive judge of the competent People's Court shall make one of the following Decisions.

- a) Uphold the Decision to replace the asset management officer or asset management enterprise;
- b) Cancel the Decision to replace the asset management officer or asset management enterprise.

5. The Decision of the executive judge of the People's Court, which is prescribed in Clause 4 of this Article shall be the final decision.

6. If the replacement is made due to the regulations prescribed in Point a and Point b Clause 1 this Article, the replaced financial management or asset management enterprise must return all their paid advance . If the replacement is made due to the regulations prescribed in Point c Clause 1 this Article, the replaced financial management or asset management enterprise shall be paid in proportion to the work done.

7. Within 03 working days on which the Decision on the replacement is made, the asset management officer or asset management enterprise must transfer all the work done to the new asset management officer or asset management enterprise.

8. The asset management officer or asset management enterprise which is replaced due to the regulations prescribed in Point a and Point b Clause 1 this Article or does not transfer the works prescribed in Clause 7 this Article, shall be administratively sanctioned or liable to criminal prosecution depending on the nature and severity of the violations. If there is any damage, the

replaced asset management officer or asset management enterprise must pay the compensation for such damage.

**Article 47. Business operation of insolvent entities on initiation of bankruptcy process.**

1. After the Decision on the initiation of bankruptcy process is made, the insolvent entity shall keep running the business operation but under the supervision of the judge and asset management officers and/or asset management enterprises.

2. On the perception that the insolvent entity is incapable of running the business operation or denoted to violate the regulations prescribed in Clause 1 Article 48 of this Law, the judge shall decide to replace the legal representative of the insolvent entity upon the request of creditors' meeting or the asset management officers and/or asset management enterprises.

**Article 48. Prohibited activities of insolvent entities on initiation of bankruptcy process.**

1. After the Decision on the initiation of bankruptcy is made, the insolvent entity is prohibited from:

a) Dispersing and hiding assets;

b) Paying the unsecured debts, except the unsecured debts incurred after the initiation of bankruptcy process and the employees' salaries prescribed in Point c Clause 1 Article 49 of this Law.

c) Renouncing the right over debt claim;

d) Making an unsecured debt into a secured or partly-secured debt with collateral which are assets of the entity.

2. Any transaction prescribed in Clause 1 this Article is invalid and shall be handled according to Article 60 of this Law.

**Article 49. Supervising insolvent entities on initiation of bankruptcy process.**

1. After the Decision on the initiation of bankruptcy process is made, the insolvent entity must notice the asset management officers and/asset management enterprises before:

a) Doing the activities related to loan, pledge, mortgage, sale, transfer or lease of assets; sale or exchange of shares; transfer of asset ownership;

b) Terminating a valid contract;

c) Paying the debts incurred after the initiation of bankruptcy process; paying employees' salaries.

2. The notification shall be sent directly or in form of registered mail, normal mail, email, fax or telex.

3. Within 03 working days from the receipt of notification of the entity, the asset management officers and/or asset management enterprises must respond that whether the entity is permitted to do the activities mentioned in Clause 1 this Article or not, and be liable to their responses. The asset management officers and/or asset management enterprises must report on their responses to the judge.

4. If one of the activities prescribed in Clause 1 this Article is made without the permission of the asset management officers and/or asset management enterprises, it shall be stopped, recovered to the original state and handled according to the regulations of the Law.

#### **Article 50. Authorizing bankruptcy settlement**

1. During the bankruptcy settlement, the People's Court may authorize another People's Court in order to retrieve assets, collect statements of the involving entities, assess and value assets or take other measures to collect statements and evidences related to the case.

2. , It is required to state clearly the names and addresses of the involved entities related to the authorization and delegated tasks in the Decision on authorization.

3. The authorized People's Court must perform the works within 30 days from the receipt of the authorization and send a written report on the results to the People's Court giving the authorization; If the authorized People's Court cannot perform the tasks, it must send an explanation to the People's Court giving the authorization.

### **Chapter IV**

#### **FINANCIAL OBLIGATIONS**

#### **Article 51. Valuation of financial obligation**

1. The valuation of financial obligations that an insolvent entity incurs before the People's Court makes the Decision on the initiation of bankruptcy process shall be carried out when such Decision is issued.

2. The valuation of financial obligations that an insolvent entity incurs after the People's Court makes the Decision on the initiation of bankruptcy process shall be carried out when the Decision on the declaration of bankruptcy is issued.

3. In case the financial obligations prescribed in Clause 1 and Clause 2 this Article are not in money, the People's Court shall value the obligations in money.

#### **Article 52. Determination of interest on debts**

1. The interest on the debts shall be charged under the agreement from the issuance of the Decision on initiation of bankruptcy process but the payment for such interest shall be delayed.

If the judge gives a decision on suspending bankruptcy process according to Article 86 of this Law and/or suspending the plan to resume the business operation according to Point a Clause 1 Article 95 of this Law, the parties shall continue to pay the interest as agreed.

2. The interest on any debt arising during the time from the initiation of the bankruptcy process to the declaration of bankruptcy shall be determined according to the agreement under the regulations of the law.

3. From the day of the declaration of bankruptcy of the insolvent entity, the interests on debts are no longer charged.

#### **Article 53. Handling secured debts**

1. After the initiation of bankruptcy process, the asset management officers and/or asset management enterprises shall request the judge to handle the secured debts that are suspended as prescribed in Clause 3 Article 41 of this Law. The judge shall consider and decide as follows :

- a) If the assets put up as collateral are used for resuming the business operation, they shall be handled according to the Resolution of creditors' meeting;
  - b) If the plan to resume business operation is not implemented or the assets put up as collateral are not necessary to resume the business operation, the assets shall be handled according to effective period of the contract, with regard to any secured contract which is due. With regard to any secured contract that is undue, the People's Court shall suspend the contracts and handle the secured debts before the declaration of bankruptcy. The secured debts shall be handled according to Clause 3 this Article.
2. If the assets put up as collateral are likely to be damaged or dramatically devalued, the asset management officers and/or asset management enterprises shall request the judge to immediately handled them according to Clause 3 this Article.
3. The assets put up as collateral prescribed in Point b Clause 1 and Clause 2 this Article shall be handled as follows:
- a) The secured debts determined before the People's Court receives the written request for initiation of bankruptcy process shall be paid by the collateral.
  - b) If the value of the collateral is not enough to cover the debt, the remaining value of the debt shall be paid during the liquidation of the assets of the insolvent entity; if the value of the collateral is higher than the debt, the difference shall be included in the value of the assets of the insolvent entity.

#### **Article 54. Sequence of redistribution of assets**

1. When the judge gives the Decision on the declaration of bankruptcy, the assets of the insolvent entity shall be redistributed in the following sequence:
  - a) Cost of bankruptcy
  - b) The unpaid salaries, severance pay, social insurance and medical insurance to employees, other benefits according to the labor contracts and collective bargaining agreements;
  - c) Debts incurred after the initiation of bankruptcy which are used for resuming the business operation.
  - d) Financial obligations to the Government; unsecured debts payable to the creditors on the list of creditors; secured debts which are not paid because the value of collateral is not enough to cover such debts.
2. The remaining amount of the asset value after every payment prescribed in Clause 1 this Article has been made shall belong to:
  - a) Members of the cooperative ;
  - b) Owners of the private enterprises;
  - c) Owners of the single member limited companies;
  - d) Members of multi-member limited liability companies , shareholders of the joint-stock companies;
  - dd) members of the partnerships;

3. If the value of the assets of the insolvent entity is not enough to make the payment as prescribed in Clause 1 this Article, the entities given the same priority shall be paid in proportion to the debt.

#### **Article 55. Financial obligations in cases of joint responsibility or guarantees**

1. If there are many enterprises and/or cooperatives having joint responsibility to a debt while one or all of the entities are insolvent, the creditor may claim the payment for the debt from any entity according to the regulations of the Law.

2. In case an guarantor is insolvent, the guarantee is handled as follows:

a) The guarantor must fulfill every obligation to the guarantee that arises. If the guarantor does not pay sufficiently in the range of guarantee, the creditor may request the guarantee obtainer to pay the deficiency;

b) If the obligation to the guarantee is not occur yet, the guarantee obtainer must find another measure for guarantee, except the guarantee obtainer has other agreements with the creditor.

3. If the guarantee obtainer or both the guarantor and the guarantee obtainer are insolvent, the guarantor shall take the liability of the guarantee obtainer according to the regulation of the Law.

#### **Article 56. Returning rented or borrowed assets on the declaration of bankruptcy of an insolvent entity**

1. Within 10 working days from the receipt of the Decision on declaration of bankruptcy, the owners of the assets rented or borrowed by the insolvent entity must present proof of the ownership, rental contract or borrowing contract to the civil execution authorities in order to take back the assets.

2. If the insolvent entity has paid the rent in advance and the rental period has not ended, the owners shall take back the assets after paying the amount in proportion to the remaining rental period in order for the civil execution authorities to include the amount in the assets of the entity.

3. If the insolvent entity has transferred the rented or borrowed assets to other parties and cannot take back, the owners of the assets may request for compensation for the assets which is considered an unsecured debt.

#### **Article 57. Returning collaterals**

The insolvent entity shall only return the collaterals to the individuals and/or organizations who have transferred the assets to the entity in order to fulfill their obligations to the entity before the People's Court initiates bankruptcy process in case the individuals and/or organizations have fulfilled their obligations to the entity.

#### **Article 58. Retrieving sold assets**

If the sellers have sent the goods to the insolvent entity but have not received the payment for such goods and the insolvent entity has not received such goods, the sellers shall take back the goods.. If the insolvent entity has received the goods and cannot return them, the sellers shall be considered the creditors of unsecured debts.

### **Chapter V**

## **MEASURES FOR PRESERVING ASSETS**

## **Article 59. Invalid transactions**

1. A transaction of the insolvent entity which is made within 06 months prior to the day on which the People's Court gives the Decision on the initiation of bankruptcy process shall be considered invalid in the following cases:

- a) The asset transfer does not apply market prices;
- b) Unsecured debts are converted into debts secured wholly or partly against assets of the debtor;
- c) The payment or offsetting is beneficial for a creditor whose debt is undue, or the amount offset against is larger than the due debt;
- d) Assets are given to other entities;
- dd) The transaction does not serve the business operation of the entity;
- e) The transaction is meant for dispersing the entity's assets.

2. A transaction of the insolvent entity, which is prescribed in Clause 1 this Article, made with relevant entities within 18 months prior to the day on which the People's Court gives the Decision on the initiation of bankruptcy process shall be considered invalid.

3. The relevant entities mentioned in Clause 2 this Article include:

- a) The parent company, the manager of the parent company and the persons having authority to appoint the manager of the subsidiary ;
- b) Subsidiaries of the parent company; enterprises established by the cooperative;
- c) People or groups of people that dominate decisions on the business operation of the enterprise or cooperative issued by their management board;
- d) the manager of the entity;
- dd) Spouse, father, adoptive father, mother, adoptive mother, children, adopted children, brothers, sisters of the manager of the entity or the members and/or shareholders having capital holdings or controlling shares;
- e) The individuals appointed as the representatives of those prescribed in Points a, b, c, d and dd this Clause;
- g) Enterprises in which the entities prescribed in Points a, b, c, d, dd, e and h this Clause have so much holding that they may dominate the decisions of the management boards of the enterprises;
- h) A group of people cooperating with each other in acquiring capital holdings, shares or other benefits of the company in order to dominate the decisions of the company.

4. The asset management officers and/or asset management enterprises are responsible for considering the transactions of the insolvent entity and report on any detected transaction prescribed in Clause 1 and Clause 2 this Article to the People's Court in order for the People's Court to consider declaring the transaction invalid.

## **Article 60. Declaring transactions invalid**

1. Within 10 working days from the day on which the asset management officers and/or asset management enterprises and/or the involving entities request for declaring a transaction invalid

or the People's Court detects a transaction prescribed in Clause 1 and Clause 2 Article 59 of this Law, the People's Court shall make one of the following decisions:

- a) Reject the request of the asset management officers and/or asset management enterprises and/or the involving entities.
- b) Declare the transaction invalid, cancel the preservation measures and handle the results of the invalid transaction according to the regulation of the Law.

2. The Decision on declaring the transaction invalid shall take effect from the day on which it is made.

3. Within 05 working days from the receipt of the Decision on declaring the transaction invalid, the insolvent entity and its contracting party may send a written request to the executive judge of the People's Court in order to reconsider such Decision.

4. Within 07 working days from the receipt of the request for reconsidering the Decision on declaring the transaction invalid, the executive judge of the People's Court given the Decision shall make one of the following decisions:

- a) Reject the request for reconsidering the Decision on declaring the transaction invalid;
- b) Cancel the Decision on declaring the transaction invalid. Any dispute shall be settled according to Chapter X of this Law.

5. Within 07 working days from the receipt of the Decision prescribed in Point b Clause 1 this Article, the civil execution authorities are responsible for implementing the Decision according to the regulation of the Law on civil execution.

#### **Article 61. Suspension of valid contracts**

1. Within 05 working days from the day on which the People's Court receives the written request for initiation of bankruptcy process, on the perception that the performance of a valid contract which is being performed or planned for performing may cause negative impacts on the insolvent entity, the creditors and/or the entity may request the People's Court to suspend the execution of the contract, unless secured debts are handled according to Article 53 of this Law.

2. The request for suspending the performance of the contract prescribed in Clause 1 this Article, which is sent to the People's Court, must have the following contents:

- a) Date
- b) Name and address of the requestor;
- c) Number and type of the contract; conclusion date of the contract;
- d) The parties concluding the contract with the insolvent entity;
- dd) Specific contents of the contract;
- e) Reasons for suspending the performance of the contract.

3. Within 05 working days from the receipt of the request, the People's Court shall make a Decision on suspending the execution of the contract or send a written notification to the requestor in case of disapproval.



4. Within 05 working days from the day on which the People's Court make the Decision on the initiation of bankruptcy process, the People's Court must consider the contracts which are suspended as prescribed in Clause 1 this Article and make either:

- a) the Decision to continue executing the unexpired contract if the performance of the contract does not have any negative impact on the insolvent entity;
- b) the Decision to suspend the contract and handle the results according to Article 62 of this Law.

5. In case the People's Court decides not to initiate the bankruptcy process, the People's Court having made the Decisions on suspending the performance of the contracts prescribed in Clause 1 this Article shall cancel such Decisions.

#### **Article 62. Compensation for damage when contracts are suspended**

1. In case of and suspended contract, if the assets that the insolvent entity receives under the contract persist among other assets of the entity, the party signing the contract with the entity can reclaim the assets and pay the amount that the entity has received; if the assets do not exist, the party signing the contract shall have the right as a unsecured creditor to the unpaid amount.

2. If the suspension of a contract leads to the damage to the party signing the contract with the entity, the party signing the contract shall have the right as a unsecured creditor to such compensation.

#### **Article 63. Offsetting liabilities**

1. After the People's Court issues an Decision to initiate the bankruptcy process, creditors and insolvent entity may offset their liabilities against those of the creditors provided that such liabilities are derived from the contract concluded before the Decision to initiate the bankruptcy process is issued.

2. That the liabilities shall be offset must comply with the regulations in Clause 1 this Article and approved by the asset management officer and asset management enterprise. The asset management officer and asset management enterprise must report the liabilities offsetting to the Judge.

3. Methods of offsetting liabilities:

- a) If the parties have equivalent financial obligations, they do not need to fulfill such obligations to each other and the obligations shall be considered to be ended, unless otherwise prescribed by law;
- b) If the financial obligations of the parties are not equivalent and the positive difference belongs to the entity, the party signing the contract with the entity shall pay the value of such difference. The value of such difference shall be included in the assets of the entity.
- b) If the financial obligations of the parties are not equivalent and the positive difference belongs to the party signing the contract with the entity, such party shall become a unsecured creditor of such difference.

#### **Article 64. Assets of insolvent enterprises and cooperatives**

1. Assets of an insolvent enterprise or cooperative include:

- a) Assets and asset ownership of the insolvent entity at the time the People's Court decide to initiate the bankruptcy process;
- b) Assets and asset ownership acquired after the People's Court decide to initiate the bankruptcy process;
- c) The difference between the value of the collateral and the secured debts that the entity must pay to the creditors of the secured debts;
- d) Value of land use right of the entity that is determined according to the regulations of the law;
- dd) Dispersed and hidden assets that are confiscated;
- e) Assets and asset ownership that are confiscated from the invalid deals;
- g) Other assets under the regulations of the law.

2. Assets of an insolvent private enterprise or partnership include:

- a) Assets prescribed in Clause 1 this Article;
- b) Assets of the owner of the private enterprise or general partner that are not directly involved in the business; if the owner of the private enterprise or general partner have the shared assets, such assets shall be redistributed under the regulations of the civil law and relevant law provisions.

3. If a cooperative is declared bankrupt, the assets that are not redistributed shall be handled under the regulations of the law on cooperatives.

#### **Article 65. Inventory of assets of insolvent entities**

1. The insolvent entity must make an inventory of the assets and carry out the asset valuation within 30 days from the receipt of a Decision on initiation of bankruptcy; or send a written request for extension to the Judge if necessary but not more than 2 times, each extension is at most 30 days. The assets of entities shall be valued under the regulations of the law.

2. If the legal representative of an entity is absent, the asset management officer and asset management enterprise shall appoint another representative to make the inventory and carry out the valuation of the assets of such entity.

3. The inventory of assets must be immediately sent to the People's Court implementing the bankruptcy process.

4. If the inventory and valuation of the assets of any entity prescribed in Clause 1 this Article is incorrect, the People's Court shall request the asset management officer and asset management enterprise to make an inventory and carry out valuation of part of or all of the assets of the entity. The assets shall be valued according to the market price at the time for inventory.

5. The representative if any entity and other people that do not cooperate in making the inventory of assets or intend to falsify the inventory of assets shall be penalized under the regulations of the law.

#### **Article 66. Sending debt claims**

1. The creditors must send a debt claim to the asset management officer and asset management enterprise within 30 days from the day on which the People's Court issue a Decision on initiation of bankruptcy process.

2. A debt claim must include:

a) Names, addresses, nationality and ID numbers of the creditors or representatives of the creditors.

b) Total debts payable including the debts, due debts, overdue interest; undue debts; secured debts and their methods; the unsecured debts that the entity liable for; the compensation according to the contract (if any).

3. The documents and evidence of the debts shall be attached to a debt claim. Every debt claim must be signed by the creditor or the legal representative of the creditor.

4. In case of force majeure or objective obstacles, the period of such force majeure or objective obstacles shall not be included in the duration prescribed in Clause 1 this Article.

#### **Article 67. Compilation of lists of creditors**

1. The asset management officer and asset management enterprise must make a list of creditors, collect documents related to the debts and publish the list of creditors within 15 days from the deadline for sending a debt claim. The list of creditors must include the names, addresses, nationality and ID numbers of the creditors or representatives of the creditors, of which the secured debts, unsecured debts, due debts and undue debts must be specified.

2. Each list of creditors must be published at the head office of the People's Court in charge of bankruptcy process and the head office of the entity and on the enterprise registration Portal, Portal of the People's Court and must be sent to the creditors sending debt claims within 10 days from the day on which such list is published.

3. The creditors and insolvent entity can request the Judge to reconsider the list of creditors within 05 working days from the deadline for publishing such list. In case of force majeure or objective obstacles, the period of such force majeure or objective obstacles shall not be included in the duration prescribed in this Clause.

4. The Judge shall consider the request and make amendment to the list of creditors if necessary within 03 working days from the receipt of the written request for the reconsideration.

#### **Article 68. Compilation of lists of debtors**

1. The asset management officer and asset management enterprise must make a list of the debtors of each insolvent entity. The list of creditors must include the names, addresses, nationality and ID numbers of the debtors or representatives of the debtors, of which the secured debts, unsecured debts, due debts and undue debts must be specified.

2. Each list of debtors must be published at the head office of the People's Court in charge of bankruptcy process and the head office of the entity within 45 days from the issuance of the Decision on initiation of bankruptcy process and must be sent to the debtors within 10 days from the day on which such list is published.

3. The debtors and the insolvent entity can request the Judge to reconsider the list of debtors within 05 working days from

4. The Judge shall consider the request and make amendment to the list of debtors if necessary within 03 working days from the receipt of the written request for the reconsideration.

#### **Article 69. Application for secured transactions by insolvent entities**

Any insolvent entity that lend the assets to the others and is obliged to apply for the secured transactions, such entity must immediately apply for them if it has not done that; is the entity does nor do that, the asset management officer and the asset management enterprise shall apply for the secured transactions.

#### **Article 70. Employment of temporary emergency measures**

1. During the handling of a request for initiation of bankruptcy process, any entity having eligibility and liability for requesting for the initiation of bankruptcy process prescribed in Article 5 of this Law, asset management officer and asset management enterprise can request the People's Court in charge of bankruptcy process to decide to employ one of the following temporary emergency measures to preserve the assets of the insolvent entity and ensure the legal rights and obligations of the employees:

- a) Allowing selling fragile goods, goods close to expiration date, goods that can hardly be bought if they are not sold at the right time; allowing harvesting and selling farm products or other goods and products;
- b) Distrain and sealing assets of the entity;
- c) Blocking bank account of the entity;
- d) Sealing stores, fund, keeping the accounting books and relevant documents of the entity;
- dd) Prohibiting transferring the rights to the assets of the insolvent entity;
- e) Remaining the current conditions of the assets of the insolvent entity;
- g) Prohibiting or forcing other relevant entities to perform some acts;
- h) Compelling the employer to advance the salaries, wages, compensation, occupational accident and occupational disease pensions to the employees;
- i) Other temporary emergency measures under the regulations of the law.

2. Anyone requiring employment of temporary emergency measures must send a written request to the People's Court. A written request for employment of temporary emergency measures must include:

- a) Date;
- b) Name and address of the person requesting employment of temporary emergency measures;
- c) Name and address of the person to whom the temporary emergency measures are applied;
- d) Reason for employing the temporary emergency measures;
- dd) The employed temporary emergency measures and specific requirements.

The requester shall provide the evidence for the necessity of employing the temporary emergency measures for the People's Court depending on the request for employing such temporary emergency methods.

3. The procedures for the employment, change and cancellation of the temporary emergency measures; handling of requests for reconsideration of the employment, change and cancellation of the temporary emergency methods; and the implementation of the Decisions on , change and

cancellation of the temporary emergency methods must comply with the regulations of this Law, the law on civil procedure and civil execution.

4. The Supreme People's Court shall provide guidance on this Article.

#### **Article 71. Handling of suspension of civil execution**

1. If the People's Court issues a Decision on refusal to initiate the bankruptcy process, the People's Court, referee and civil execution authority that have issued the Decision on suspension prescribed in Article 41 of this Law shall issue a Decision on cancellation of Decision on suspension.

2. If the People's Court issues a Decision on initiation of the bankruptcy process, the People's Court, referee and civil execution authority that have issued the Decision on suspension prescribed in Article 41 of this Law shall issue a Decision on suspension and transfer the dossier on such case to the People's Court that is implementing the bankruptcy process for consideration.

3. If the People's Court issue a Decision on suspension of implementation of the bankruptcy process in accordance with the regulations in Clause 1 Article 86 of this Law and suspension of the procedures for resuming the business operation prescribed in Point a Clause 1 Article 95 of this Law, the People's Court, referee and civil execution authority shall issue a Decision on cancellation of the Decision on suspension prescribed in Clause 2 this Article and handle that under the regulations of the law.

#### **Article 72. Handling of suspension of civil execution and handling of cases**

1. In case of any suspension on the civil execution as prescribed in Clause 2 Article 71 of this Law, the People's Court shall implement the bankruptcy process as follows:

a) If the judgment and decision of the People's Court has become effective and there are no decisions on inventory of assets of the entity, the beneficiaries shall receive the payment as a unsecured creditor;

a) If the judgment and decision of the People's Court has become effective and there is the decision on inventory of assets of the entity, the beneficiaries shall receive the payment as a creditor of secured debt;

2. In case of any suspension of handling of a case in accordance with the regulations in Clause 2 Article 71 of this Law, on receiving the dossier on the case from the People's Court issuing the decision on suspension of handling of such case, the People's Court that is implementing the bankruptcy process must consider and decide the financial obligations that must be fulfilled by the insolvent entity or the financial obligations that other litigants must fulfill as follows:

a) If the insolvent entity must fulfill the financial obligations, the beneficiaries can demand the payment from the assets of the entity as a creditor.

b) If the litigants must fulfill the financial obligations, the insolvent entity shall receive a payment in proportion to such financial obligations.

#### **Article 73. Obligations of banks at which entities have accounts**

The bank at which any entity declared bankrupt has an account must not pay the debts of such entity from the day on which the People's Court issues the Decision on declaration of bankruptcy, unless the People's Court or the civil execution authority grants a written approval.

#### **Article 74. Obligations of employees**

The employees of any entity must protect its assets and must not hide or disperse its assets from the day on which the People's Court issues the Decision on initiation of bankruptcy process.

### **Chapter VI**

## **CREDITORS' MEETINGS**

#### **Article 75. Convening and notification of convening creditors' meetings**

1. The Judge shall convene a Creditors' meeting within 20 days from the end of the inventory of assets if such inventory of assets is finished after the list of creditors is made or from the day on which the list of creditors is made if such inventory of assets is finished before the list of creditors is made, unless the Creditors' meeting is not convened as prescribed in Article 105 of this Law.

2. The notification of convening the creditors' meeting and other relevant documents must be sent to the persons having the right to attend the creditors' meeting and the persons obliged to attend the creditors' meeting that are respectively prescribed in Clause 77 and Clause 78 of this Law within 15 days before the opening of such meeting. The summonses to the creditors' meeting must specify the time and place to hold the creditors' meeting, programme and contents of the meeting.

3. The summonses to the creditors' meeting and documents must be sent directly, by post or registered mail, via fax, telex, email or others that record this sending.

#### **Article 76. Principles to conduct creditors' meetings**

1. The agreements of the involved entities must be respected if such agreements comply with the regulations of the law and social ethics.

2. Every involved entity is equal.

3. The creditors' meetings must be conducted openly.

#### **Article 77. Right to attend creditors' meetings**

The persons entitled to attend the creditors' meetings are:

1. The creditors whose names are on the list of creditors. The creditors can authorize others to attend the creditors' meetings and the rights and obligations of the authorized persons are the same as the creditors'. Such authorization must be recorded in writing;

2. The representatives of the employees, representatives of the Trade Union that are authorized by the employees. The rights and obligations of the authorized persons are the same as the creditors'.

3. The guarantors having paid the debts of the insolvent entities; in this case, the guarantors are the unsecured creditors.

#### **Article 78. Obligation to attend creditors' meetings**

1. The persons submitting the written request for the initiation of the bankruptcy process prescribed in Article 5 of this Law, owners or legal representatives of the insolvent entities must attend the creditors' meetings. They can authorize others to attend the creditors' meetings and the rights and obligations of the authorized persons are the same as the authorizing persons'. Such authorization must be recorded in writing.

2. If the representatives of the insolvent entities are intentionally absent from the creditors' meetings without legitimate excuses, the asset management officers, asset management enterprises shall send written requests to the People's Court for imposition of penalties under the regulations of the law.

#### **Article 79. Valid requirements for creditors' meetings**

1. The creditors attending represent at least 51 % of the total unsecured debts.

The creditors not attending the creditors' meetings must send the written opinions in which the opinions about the contents prescribed in Clause 1 Article 83 of this Law are written to the Judge before the opening of the creditor's meetings. Such creditors shall be considered to attend the creditors' meetings.

2. The asset management officers, asset management enterprises assigned to deal with the written requests for the initiation of bankruptcy process must attend the creditors' meetings.

#### **Article 80. Deferment of creditors' meetings**

1. Any creditors' meeting failing to satisfy the requirements prescribed on Article 79 of this Law shall be deferred. The Judge shall record the deferment of the creditors' meeting in writing and record the opinions of such meeting participants. The Judge must notify the involved entities of the deferment of the creditors' meeting right on the day on which the creditors' meeting is deferred.

2. The Judge must reconvene the creditors' meeting within 30 days from the deferment of such creditors' meeting.

3. If the creditors' meeting that is reconvened as prescribed in Clause 2 this Article does not satisfy the requirements prescribed in Article 79 of this Law, the Judge shall record that in writing and make a Decision on declaration of bankruptcy.

#### **Article 81. Contents and sequence of creditors' meetings**

1. A creditors' meeting shall be conducted as follows:

a) The appointed Judge shall declare the creditors' meeting open;

b) The creditors' meeting shall vote on the appointment of a Secretary made by the asset management officer and asset management enterprise to record the creditors' meeting in writing;

c) The asset management officer and asset management enterprise shall report the absence and presence of the participants in the creditors' meeting according to the summonses of the People's Court, reasons for absence and check the IDs of the participants in the creditors' meeting.

d) The Judge shall announce the participants in the creditors' meeting and the handling of written request for the initiation of the bankruptcy process to the creditors' meeting;

- dd) The asset management officer and asset management enterprise shall report the current conditions of business and finance of the insolvent entity; the result of the inventory of assets, list of creditors, list of debtors, and other necessary issues to the creditors' meeting;
- e) The owner or the legal representative of the insolvent entity shall give opinions about the report delivered by the asset management officer and asset management enterprise and propose the solutions to the reorganization of the business, the ability and deadline to pay the debts;
- g) The creditors or representatives of the creditors shall present the requests for bankruptcy settlement, reasons, purposes and bases of such requests;
- h) The involved entities or representatives of them shall give their opinions about their rights and obligations related to the handling of request for the initiation of bankruptcy process;
- i) The witnesses shall give opinions; the assessors and representative of the price assessing agency shall present the assessment result, valuation result; other judicial assistant shall clarify the unclear issues or conflicts;
- k) The asset management officer and asset management enterprise shall publish the written opinions, documents and evidences provided by the absentees.
- l) The creditors' meeting shall discuss the report delivered by the asset management officer and asset management enterprise and opinions of the participants in the creditors' meeting;
- m) The asset management officer, asset management enterprise and the participants in the creditors' meeting can request the Judge to give a Decision to replace the legal representative of the insolvent entity;
- n) The creditors can establish their Representative board.

2. The Resolution of the creditors' meeting shall be passed when more than half of the unsecured creditors attend and representatives of at least 65% of the unsecured debts approve. The Resolution of the creditors' meeting shall apply to every creditors.

### **Article 82. Creditors' Representative boards**

1. A creditors' Representative board have 03 to 05 members that are elected in the creditors' meeting including a President, a vice-President and member(s).
2. The creditors' Representative board shall supervise the implementation of the Resolution of the creditors' meeting and propose the implementation of the Resolution of the creditors' meeting to the asset management officer and asset management enterprise on behalf of the creditors. If the asset management officer and asset management enterprise do not accept such proposal, the creditors' Representative board can send a written notification to the Judge in charge of the bankruptcy settlement.

### **Article 83. Resolutions of creditors' meetings**

1. A creditors' meeting can propose a Resolution including one of these conclusion:
  - a) Proposal to suspend the handling of the request for initiation of bankruptcy process (regarding cases prescribed in Clause 1 Article 86 of this Law);
  - b) Proposal to allow the entity to resume its business operation;
  - c) Proposal to declare the entity bankrupt.



2. A Resolution of a creditors' meeting must include:

- a) Date;
- b) Names of the asset management officer and asset management enterprise;
- c) Name and address of the person requesting the initiation of the bankruptcy process;
- d) Name and address of the entity forced to file for bankruptcy;
- dd) Name and address of the relevant persons;
- e) Opinions of participants in the creditors' meeting;
- g) Opinions of the asset management officer and asset management enterprise about the requests of the participants in the creditors' meeting;
- h) Conclusion of the creditors' meeting and voting result.

3. The Resolution of any creditors' meeting must be signed by the Judge, asset management officer, representative of the asset management enterprise and announced in the creditors' meeting.

4. If the Resolution of any creditors' meeting is not passed under the regulations of Clause 2 Article 81 of this Law, the People's Court shall declare the entity bankrupt.

#### **Article 84. Sending Resolutions of creditors' meetings**

The People's Court shall send the Resolution of each creditors' meeting to the People's Procuracy at the same level and the persons having the right to attend the creditors' meeting and the persons obliged to attend the creditors' meeting that are respectively prescribed in Clause 77 and Clause 78 of this Law within 03 working days from the organization of such creditors' meeting.

#### **Article 85. Reconsideration of Resolutions of creditors' meetings**

1. In case of any disagreement on the Resolution of any creditors' meeting, the persons having the right and owing the obligation to attend such creditors' meeting (as prescribed in Article 77 and Article 78 of this Law) can submit a written request and the People's Procuracy at the same level can request the Executive judge of the People's Court that is handling the bankruptcy to reconsider such Resolution of the creditors' meeting within 05 working days from the receipt of the Resolution of the creditors' meeting.

2. A written request must include:

- a) Date;
- b) Names and addresses of the person or the People's Procuracy sending the request;
- c) Contents.

3. Within 10 working days from the receipt of any request, the Executive judge of People's Court that is handling the bankruptcy shall consider and decide either:

- a) to disapprove the request;
- b) to reorganize the creditors' meeting.

4. The Decision on the handling of any request shall be sent to the People's Procuracy at the same level and the persons having the right and owing the obligation to attend the creditors' meeting (prescribed in Article 77 and Article 78 of this Law) within 03 working days from the issuance of such Decision.

5. The Decision issued as prescribed in Clause 3 this Article shall be the final one.

#### **Article 86. Suspension of implementation of bankruptcy process**

1. If a entity is solvent from the day of which the People's Court decide to initiate the bankruptcy process by the day on which the entity is declared bankrupt, the People's Court shall issue a Decision on the suspension of the implementation of the bankruptcy process.

The entity must repay the bankruptcy advance to the person sending written request for the initiation of the bankruptcy process, unless such person violates the regulation in Clause 4 Article 19 of this Law.

2. Any Decision on the suspension of the implementation of the bankruptcy process must be sent to the persons notified of the Decision on the initiation of the bankruptcy process prescribed in Clause 1 Article 43 of this Law within 03 working days from the issuance of the Decision on the suspension.

Within 15 days from the receipt of a Decision on suspension, the involved entities can send a request for the reconsideration and the People's Procuracy at the same level can send a petition for the Decision on suspension of the implementation of the bankruptcy process to the People's Court that is handling the bankruptcy process.

3. Within 03 working days from the receipt of any request and petition prescribed in Clause 2 this Article, the Executive judge of People's Court that is handling the bankruptcy process must consider and deal with the petition and request for the reconsideration of the Decision on suspension of implementation of bankruptcy process and decide whether

a) to uphold the Decision on suspension of the implementation of the bankruptcy process;

b) or cancel the Decision on suspension of the implementation of the bankruptcy process and assign the Judge to handle the bankruptcy.

4. Any Decision on handling of petition and request for the reconsideration of the Decision on suspension of the implementation of bankruptcy process must be sent to the persons notified of the Decision on initiation of bankruptcy process prescribed in Clause 1 Article 43 of this Law within 03 working days from the issuance of such Decision.

### **Chapter VII**

#### **PROCEDURES FOR RESUMING BUSINESS OPERATIONS**

##### **Article 87. Making plans to resume business operations**

1. The insolvent entity must send the plan to resume their business operation to the Judge, creditors, asset management officer and asset management enterprise for consideration within 30 days from the day on which any creditors' meeting passes the Resolution that mentions the procedures for resuming their business operation.

2. The creditors, asset management officer, asset management enterprise shall give their opinions to complete the plan to resume the business operation that is sent to the asset management

officer, asset management enterprise, creditors and creditors' Representative board (if any) within 10 working days from the receipt of such plan.

3. The asset management officer and asset management enterprise must send a report to the Judge on their receipt of the plan to resume the business operation as prescribed in Clause 2 this Article.

4. The Judge shall consider before sending the plan to resume the business operation to the creditors' meeting for consideration within 15 days from the receipt of such plan from the asset management officer and asset management enterprise.

#### **Article 88. Contents of plans to resume business operations**

1. The plan to resume the business operation of an insolvent entity must specify the solutions to resume the business operation; requirements, deadline and plan to pay the debts.

2. The solutions to resume the business operation include:

a) Capital mobilization;

b) Debt relief, debt moratorium;

c) Changing products and goods;

d) Technological innovation;

dd) Reorganization of governing board, merging or separating the production division;

e) Selling share to the creditors and others;

g) Selling or lending the assets;

h) Other solutions under the regulations of the law.

#### **Article 89. Deadline for implementation of plans to resume business operations**

1. The deadline for implementation of a plan to resume the business operation of an insolvent entity is prescribed in the Resolution of the creditors' meeting agreeing the plan to resume the business operation.

2. If the creditors' meeting cannot specify the deadline implementation of a plan to resume the business operation of an insolvent entity, such plan shall be implemented within 03 years from the day on which the creditors' meeting agrees such plan.

#### **Article 90. Valid requirements for creditors' meetings agreeing plans to resume business operations of entities**

1. The creditors attending represent at least 51 % of the total unsecured debts.

The creditors absent from the creditors' meeting send their written opinions to the Judge before the creditors' meeting is opened of which their opinions about the agreement or disagreement about the plan to resume the business operation of the entity. Such absent creditors shall be considered to attend the creditors' meeting.

2. The asset management officers, asset management enterprises assigned to deal with the written requests for the initiation of bankruptcy process must attend the creditors' meetings.

#### **Article 91. Contents and procedures for approving plans to resume business operations**

1. The Judge shall convene the creditors' meeting to consider and agree the plan to resume the business operation within 10 working days from the submission of any plan to resume the business operation of a insolvent entity to the creditors' meeting.
2. A creditors' meeting shall be conducted as follows:
  - a) The appointed Judge shall declare the creditors' meeting open;
  - b) The creditors' meeting shall vote on the appointment of a Secretary made by the asset management officer and asset management enterprise to record the creditors' meeting in writing;
  - c) The asset management officer and asset management enterprise shall report the absence and presence of the participants in the creditors' meeting according to the summonses of the People's Court, reasons for absence and check the IDs of the participants in the creditors' meeting.
  - d) The Judge shall report the participants in the creditors' meeting;
  - dd) The representative of the entity shall present the plan to resume the business operation;
  - e) The participants in the creditors' meeting shall express their opinion about the plan to resume the business operation;
  - g) The creditors' meeting shall discuss a vote on the plan to resume the business operation.
4. A creditors' meeting can be delayed once in case of failing to satisfy the valid requirements. The creditors' meeting shall be reorganized in accordance with the regulations in Article 90 and Article 91 of this Law.
5. The Resolution of the creditors' meeting shall be considered to agree the plan to resume the business operation when more than half of the unsecured creditors attend the meeting and representatives of at least 65 of the total unsecured debts vote for.

If the plan to resume the business operation uses the collateral, the time to use the collateral and plan to handle the collateral must be specified and approved by the creditors of such collateral.
6. The Resolution of the creditors' meeting shall apply to every creditors.
7. If the creditors' meeting is not reorganized or the creditors' meeting cannot pass the Resolution prescribed in Clause 5 this Article, the People's Court shall declare the entity bankrupt.

#### **Article 92. Recognition of Resolutions of creditors' meetings through plans to resume business operations**

1. The Judge shall issue a Decision on recognition of the Resolution of the creditors' meeting through the plan to resume the business operation of an insolvent entity. This Resolution shall apply to every involved entities.

The prohibitions and supervision on the business operation of the entity prescribe in Article 48 and Article 49 of this Law shall end from the effective date of this Resolution.

2. The People's Court shall send the Decision on recognition of the Resolution of the creditors' meeting agreeing the plan to resume the business operation of the insolvent entity, creditors and the People's Procuracy at the same level within 07 working days from the issuance of such Decision.

#### **Article 93. Supervising execution of plans to resume business operations**

1. After the Judge issues the Decision on recognition of the Resolution of the creditors' meeting agreeing the plan to resume the business operation of an insolvent entity, the asset management officer, asset management enterprise and creditors shall supervise the business operation of such entity.

2. The entity must send biannual reports on the execution of its plan to resume the business operation to the asset management officer and asset management enterprise. The asset management officer, asset management enterprise shall notify the Judge and the creditors.

#### **Article 94. Adjustment to plans to resume business operations**

1. During the execution of any plan to resume the business operation, the creditors can negotiate with the entity about the adjustment to such plan.

2. The agreement on the adjustment to the plan to resume the business operation of an entity shall be concluded when more than half of the unsecured creditors attending and representing at least 65% of the total unsecured debts vote for it.

3. The asset management officer and asset management enterprise shall send the Judge a written request for the issuance of the Decision on recognition of agreement on the adjustment to the business operation of the entity.

The Decision on recognition of agreement on the adjustment to the business operation of the entity shall be sent to the insolvent entity and creditors within 07 working days from the issuance of such Decision.

#### **Article 95. Suspension of plans to resume business operations**

1. The Judge shall issue a Decision on suspension of the plan to resume the business operation of an insolvent entity if:

a) the entity has completely executed the plan to resume the business operation;

b) or the entity cannot execute the plan to resume the business operation;

c) or the entity is still insolvent after the deadline for the execution of the plan to resume the business operation.

2. The People's Court shall publish the Decision on suspension of the plan to resume the business operation of the entity in accordance with the regulations in Clause 1 Article 43 of this Law.

#### **Article 96. Legal consequences of suspension of plans to resume business operations**

1. Regarding the case prescribed in Point a Clause 1 Article 95 of this Law, the entity shall be considered solvent. The Judge in charge of handling the request for initiation of bankruptcy process shall give a written notification of the end of the rights and obligations of the asset management officer and asset management enterprise.

2. Regarding any case prescribed in Point b or Point c Clause 1 Article 95 of this Law, the Judge shall issue a Decision on declaration of bankruptcy to the entity.

### **Chapter VIII**

#### **BANKRUPTCY PROCESS APPLIED TO CREDIT INSTITUTIONS**

#### **Article 97. Employment of regulations on bankruptcy process for credit institutions**

The bankruptcy process for credit institutions shall be implemented under the regulations of this Chapter. Any issue that is not prescribed in this Chapter shall be applied the corresponding regulations of this Law, except for the regulations in Chapter VI and Chapter VII of this Law.

#### **Article 98. Rights and obligations to submit request for initiation of bankruptcy process**

After the State bank of Vietnam issue a Decision to end the special control or Decision to end the employment or not to employ the measures to regain solvency but the credit institution is still insolvent, the following entities have the right and obligation to submit written requests for initiation of bankruptcy process:

1. The persons prescribed in Clauses 1, 2, 5 and 6 Article 5 of this law;
2. The credit institutions liable to submit the written requests for the initiation of bankruptcy process; if any credit institution does not submit the written request for the initiation of the bankruptcy process, the State bank of Vietnam shall submit a written request for the initiation of bankruptcy process for such credit institution.

#### **Article 99. Receipt of requests for initiation of bankruptcy process for credit institutions**

The People's Court shall receive the request for initiation of bankruptcy process of any credit institution when the State bank of Vietnam issues the Decision to end the special control or Decision to end the employment or not to employ the measures to regain solvency but such credit institution is still insolvent.

#### **Article 100. Repayment on special loans**

Each credit institution eligible to request a special loan from the State bank of Vietnam and other credit institutions under the regulations of the law on credit institutions that is declared bankrupt must repay such special loan to the State bank of Vietnam and other credit institutions before its assets are redistributed in accordance with the regulations in Article 101 of this Law.

#### **Article 101. Sequence of distribution of assets**

1. The redistribution of the assets of a credit institution shall follow this following sequence:
  - a) Bankruptcy fee;
  - b) Unpaid salaries, severance pay, social insurance, medical insurance of the employees and other benefits under their labor contracts and collective bargaining agreements;
  - c) Deposits, amounts that the deposit insurers must pay to the depositors at the credit institution declared bankrupt under the regulations of the law on deposit insurance and instructions of the State bank of Vietnam;
  - d) Financial obligations to the State; unsecured debts payable to the creditors on the list of creditors; secured debts that are unpaid because the value of the collateral cannot afford the debts.
2. The remaining amount after the debts are paid off by the value of the assets of the credit institution as prescribed in Clause 1 this Article shall be given to:
  - a) Cooperatives that are members of the credit institution;
  - a) Single member limited liability company that is the owner of the credit institution;

c) Multi-member limited liability companies that contribute capital to the credit institution; joint-stock companies that are the shareholder in the credit institution.

3. If the value of the assets are not sufficient for the payment in accordance with the regulations in Clause 1 this Article, the entities in a order of priority shall be paid at a rate in proportion to the debts.

#### **Article 102. Return of assets when credit institutions are declared bankrupt and assets are liquidated**

Within 10 working days from the receipt of any Decision to declare the a credit institution bankrupt, the owner of the assets and managed kept by the credit institution under the entrustment contract to keep and manage the assets must present the documents proving their ownership and relevant documents to the civil execution authority to receive their assets.

#### **Article 103. Transactions of credit institutions during special control**

Transactions conducted by any credit institution during the time that the State bank of Vietnam employs the special control or measures to regain the solvency under the management of the State bank of Vietnam shall not be applied the regulations on invalid transactions prescribed in Article 59 of this Law.

#### **Article 104. Decisions to declare credit institutions bankrupt**

The People's Court shall issue a Decision to declare a credit institution bankrupt within 30 days from the day on which the asset management officer and asset management enterprise completely make the list of creditors and debtors and the inventory of assets of the credit institution.

The Supreme People's Court shall provide guidance on this Article.

### **Chapter IX**

#### **DECLARATION OF BANKRUPTCY**

#### **Article 105. Declaration of bankruptcy by simplified procedures**

1. The People's Court shall declare the bankruptcy by the simplified procedures if:

a) A written request for the initiation of the bankruptcy process is submitted in accordance with the regulations in Clauses 3, 4 and 5 of this Law but the insolvent entity cannot afford the bankruptcy fee and bankruptcy advance;

b) The insolvent entity cannot afford the bankruptcy cost after the written request for the initiation of bankruptcy process is accepted.

2. If the entity is considered a case prescribed in Clause 1 this Article, the People's Court shall notify the involve entities that the Court shall use the simplified procedures.

3. The People's Court shall consider and declare the entity bankrupt regarding any case prescribed in Clause 1 this Article or continue to handle that by using the regular procedures and notify that to the involved entities within 30 days from the day on which the People's Court give the notification as prescribed in Clause 2 this Article.

4. If the People's Court declares the entity bankrupt in accordance with the regulations in Point b Clause 1 this Article, the bankruptcy fee and bankruptcy advance shall not be refunded to the applicant.

#### **Article 106. Decisions on declaration of bankruptcy when creditors' meetings fail**

The People's Court shall issue a Decision to declare the entity bankrupt within 15 days from the receipt of the report on the result of a creditors' meeting regarding any case prescribed in Clause 3 Article 80, Clause 4 Article 83 and Clause 7 Article 91 of this Law.

#### **Article 107. Decisions on declaration of bankruptcy after issuance of Resolutions of creditors' meetings**

1. The People's Court shall consider the Decision to declare entity bankrupt within 15 days from the receipt of the Resolution of a creditors' meeting requesting the declaration of bankruptcy in accordance with the regulations in Point c Clause 1 of this Law.

2. After the creditors' meeting passes the Resolution, any content of which is applied the plan to resume the business operation, the People's Court shall issue a Decision to declare the entity bankrupt if:

- a) The entity cannot formulate the plan to resume the business operation before the deadline prescribed in Clause 1 Article 87 of this Law;
- b) The creditors' meeting does not agree the plan to resume the business operation of the entity;
- c) The entity cannot execute the plan to resume the business operation.

#### **Article 108. Decisions to declare entities bankrupt**

1. A Decision to declare any entity bankrupt must include:

- a) Date;
- b) Name of the People's Court; full name of the Judge in charge of the implementation of bankruptcy process;
- c) Name and address of the entity declared bankrupt;
- d) Bases of declaration of bankruptcy;
- dd) Stopping the business operation of the entity declared bankrupt; suspension of transactions related to such entity; stopping charging the entity the interest; handling of consequences of suspended transactions; declaration of invalid transactions and handling of consequences of invalid transactions; termination of labor contract signed with the employees, provision of benefits for the employees;
- e) Termination of entitlements of the representative of the entity;
- g) Asset liquidation and remaining assets of the entity put up for auction;
- h) Plan to distribute the assets before and after the entity is declared bankrupt according to the order of asset redistribution prescribed in Article 54 of this Law;
- i) Transferring the request for handling of dispute to the People's Court;
- k) Prohibition of holding posts after the entity is declared bankrupt as prescribed in Article 130 of this Law;



- 1) Handling of other issues under the regulations of the law.
2. Every Decision to declare entities bankrupt shall become effective from the issuance of such Decision.

#### **Article 109. Sending and announcing Decisions to declare entities bankrupt**

1. The People's Court shall make an announcement in accordance with the regulations in Clause 1 Article 43 of this Law and send the copy of the declaration of bankruptcy to the Department of Justice where the People's Court is located if the Decision to declare the entity bankrupt prohibits the individuals from holding the post, establishing and managing the entity within 10 working days from the issuance of a Decision to declare the entity bankrupt.
2. The People's Court must send the Decision to declare the entity bankrupt to the business registry to delete the name of the entity from the business registration book within 10 working days from the issuance of such Decision; if the Supreme People's Court issues a Decision to consider the request and petition as prescribed in Article 113 of this Law, such duration can be extended to 15 days from the day on which the Supreme People's Court issues the Decision.

#### **Article 110. Financial obligations after Decisions to declare entities bankrupt are issued**

1. The Decisions on declaration of bankruptcy prescribed in Articles 105, 106 and 107 of this Law do not exempt any owner of private enterprises, general partner of any partnership from fulfilling the financial obligations to the creditors having not received payments unless the involved entities have other agreement or the law has other regulations.
2. Any financial obligation incurred after any entity is declared bankrupt shall be handled under the regulations of the law on civil execution and other relevant law provisions.

#### **Article 111. Requests for reconsideration of and appeals against Decisions on declaration of bankruptcy**

1. Any person that is notified as prescribed in Clause 1 Article 109 of this Law can send a request for reconsideration of and the People's Procuracy at the same level can appeal against the Decision to declare the entity bankrupt.
2. Each request for consideration and appeal must be made within 15 days from the receipt of the Decision on or valid notification of declaration of bankruptcy.

The People's Court that has issued the Decision to declare the entity bankrupt must send the dossier on such bankruptcy case attached to the request and appeal to the superior People's Court for consideration within 03 working days from the receipt of such request and appeal.

#### **Article 112. Handling of requests and appeals against Decisions on declaration of bankruptcy**

1. The superior People's Court shall directly appoint a team including 03 Judges to consider and handle the request and appeal against the Decision to declare the entity bankrupt and send the dossier on the bankruptcy case to the People's Procuracy at the same level on receiving any dossier on bankruptcy case attached to the request and appeal.
2. The People's Procuracy at the same level must return the dossier to the People's Court within 05 working days from the receipt of such dossier from the People's Court.

3. Within 20 days from the receipt of the dossier on the bankruptcy case attached to the request and appeal, the Judge team must call a meeting and issue:

a) a Decision to refuse the request and appeal and affirm the Decision to declare the entity bankrupt;

b) or a Decision to change the Decision to declare the entity bankrupt;

a) or a Decision to cancel the Decision to declare the entity bankrupt and transfer the dossier to the inferior People's Court for reconsideration.

4. The People's Procuracy shall attend the meeting called by the Judge team and the court clerk shall take the minutes of the meeting; the People's Court shall call the requester and other relevant persons to the meeting to represent their opinions if necessary.

5. The Decision on handling of request and appeal issued by the superior People's Court shall become effective from its issuance.

### **Article 113. Consideration of requests and appeals according to special procedures**

1. Within 15 days from the day on which the superior People's Court issue the Decision on handling of request and appeal as prescribed in Article 122 of this Law, if there is any written request for reconsideration of the involve entity, appeal of the Supreme People's Procuracy or appeal of People's Court, the Executive judge of the Supreme People's Court shall reconsider such Decision when:

a) There are serious violations against the law on assets;

b) There are new facts that can change the Decision on declaration of bankruptcy that the People's Court and involved entities do not know when the People's Court issues such Decision.

2. The Supreme People's Court shall request the People's Court that has issued the Decision on handling of request and appeal as prescribed in Article 112 of this Law to the Supreme People's Court for consideration regarding any case prescribed in Clause 1 this Article.

3. Within 30 days from the receipt of any request of appeal the Executive judge of the Supreme People's Court shall issue either:

a) a Decision to refuse the request and appeal and affirm the Decision issued by the inferior People's Court;

a) or a Decision to cancel the Decision to declare the entity bankrupt issued by the inferior People's Court, Decision on handling of request for reconsideration and appeal filed by the superior People's Court and transfer the dossier to the inferior People's Court for reconsideration.

4. The Decision on handling of request and appeal issued by the Executive judge of the Supreme People's Court is the final one and becomes effective from its issuance.

## **Chapter X**

### **HANDLING OF ASSET DISPUTES**

#### **Article 114. Handling of asset disputes prior to Decisions on declaration of bankruptcy**

1. Any dispute about assets arises during the bankruptcy settlement of any entity prior to the Decision on declaration of bankruptcy, the People's Court that is handling the bankruptcy shall

consider to split the disputed assets to handle it by another case under the regulations of the law on civil procedure.

2. After the People's Court makes the valid judgment and Decision on handling of asset dispute as prescribed in the regulations in Clause 1 this Article, the People's Court in charge of bankruptcy settlement shall deal with the assets as follows:

a) Before the Decision on declaration of bankruptcy is issued, the assets derived from the valid judgment and decision shall belong to the entity;

a) After the Decision on declaration of bankruptcy is issued, the assets derived from the valid judgment and decision shall be redistributed according to the Decision on declaration of bankruptcy.

3. That the disputed assets shall be handled as a separate case as prescribed in Clause 1 this Article must be reported in accordance with the regulations in Clause 1 Article 43 of this Law.

4. The asset management officer and asset management enterprise shall represent the entity declared bankrupt to participate in the handling of dispute about assets.

#### **Article 115. Handling of disputes about assets during implementation of Decision on declaration of bankruptcy**

1. If any dispute or failure to implementation arises during the asset liquidation according to the Decision in declaration of bankruptcy, the bailiff, asset management officer, asset management enterprise and involved entities shall request the People's Court that has handle the bankruptcy case to consider.

2. Within 10 working days from the receipt of the request of the bailiff, asset management officer, asset management enterprise and involved entities, the People's Court shall:

a) issue a refusal notice about the request of the bailiff, asset management officer, asset management enterprise and involved entities;

b) send the written request to the competent persons for consideration of the appeal against the Decision on declaration of bankruptcy under the regulations of the law.

3. If the bailiff, asset management officer, asset management enterprise and involved entities disagree with the notice prescribed in Point a Clause 2 this Article, they can request the competent persons to consider the appeal against the Decision on declaration of bankruptcy under the regulations of the law.

4. The asset management officer and asset management enterprise shall represent the entity to participate in the handling of dispute about assets.

### **Chapter XI**

#### **BANKRUPTCY PROCESS INVOLVING FOREIGN ENTITIES**

##### **Article 116. Foreigners involved in bankruptcy process**

Any foreigner involved in the bankruptcy process must comply with the regulations of the Law on Bankruptcy of Vietnam.

##### **Article 117. Judicial delegation of Vietnam People's Court to foreign competent authorities**

1. The People's Court shall implement the judicial delegation according to the judicial assistance treaty to which the Socialist Republic of Vietnam is a State Party or the principle of reciprocity during any bankruptcy settlement involving foreign entities.
2. The procedures for the judicial delegation must comply with the regulations of the law on civil procedure and the law on judicial assistance.

**Article 118. Procedures for recognition and authorization to implement Decisions on bankruptcy settlement of foreign Courts**

The recognition and authorization to implement the Decisions on bankruptcy settlement must comply with the regulations on the judicial assistance treaty to which the Socialist Republic of Vietnam is a State Party and other regulations of the law on judicial assistance.

**Chapter XII**

**IMPLEMENTATION OF DECISIONS ON DECLARATION OF BANKRUPTCY**

**Article 119. Entitlement to implementation of Decisions on declaration of bankruptcy**

The entitlement to the implementation of every Decision in declaration of bankruptcy is prescribed in this Law, the civil law and other relevant law provisions.

**Article 120. Procedures for implementation of Decisions on declaration of bankruptcy**

1. The civil execution authority shall issue the Decision on implementation and assign the bailiff to implement the Decision on declaration of bankruptcy within 05 working days from the issuance of an Decision on declaration of bankruptcy.
2. After assigned by the Head of the civil execution authority, the bailiff shall:
  - a) open an bank account held by the civil execution authority in charge of implementing the Decision on declaration of bankruptcy to send confiscated money of the insolvent entity;
  - b) supervise the asset liquidation conducted by the asset management officer and asset management enterprise;
  - c) enforce the asset confiscation and transfer the assets to the buyers under the regulations of the law on civil execution;
  - d) redistribute the assets according to the Decision of declaration of bankruptcy after receiving the report of the asset management officer and asset management enterprise on the asset liquidation.

**Article 121. Requesting asset management officers and asset management enterprises to conduct asset liquidation**

1. The bailiff shall send a written request that the asset management officer and asset management enterprise conduct the asset liquidation within 02 working days from the receipt of the Decision on the appointment of the Head of the civil execution authority.
2. A written request for the conduct of asset liquidation includes:
  - a) date;
  - b) name of the bailiff;

c) names of the asset management officer and asset management enterprise conducting asset liquidation.

d) name and address of the entity declared bankrupt;

dd) specific methods of asset liquidation in accordance with the regulations in Articles 122, 123 and 124 of this Law.

3. The written request for the asset liquidation must be sent to the People's Court, the People's Procuracy and the persons involved in the bankruptcy process.

4. If the asset management officer and asset management enterprise do not conduct the asset liquidation within 02 years from the receipt of the written request of the bailiff prescribed in Clause 2 this Article, the asset management officer and asset management enterprise must end the asset liquidation and transfer the documents and assets of the entity declared bankrupt to the civil execution authority for consideration under the regulations of the law.

### **Article 122. Asset valuation**

1. The asset management officer and asset management enterprise must carry out the valuation of the assets within 10 working days from the issuance of the Decision on declaration of bankruptcy under the regulations of the law.

The asset management officer and asset management enterprise must not sign the contract for valuation with any entity related to their rights and benefits.

2. If the liquidated assets are likely to be damaged or their value is likely to decrease, the asset management officer and asset management enterprise shall value the assets and conduct liquidation under the regulations of the law.

### **Article 123. Asset revaluation**

1. In case of any serious violation against the regulations in Article 122 of this Law leading to the inaccurate result of the asset valuation, the assets shall be revalued.

2. The Judge shall decide the revaluation in case of sale of assets prescribed in Clause 3 Article 23 of this Law. The bailiff shall decide the revaluation in case of asset liquidation

### **Article 124. Sale of assets**

1. The assets shall be sold:

a) by auction;

b) without auction.

2. The movables to the value of more than VND 10 million and real estate shall be put up for auction under the regulations of the law on asset auction.

Any asset management officer and asset management enterprise can negotiate with the auctioneer within 05 days from the valuation. The asset management officer and asset management enterprise shall sign the contract for the asset auction with the auctioneer.

If the asset management officer and asset management enterprise fail to conclude the negotiation, a auctioneer shall be appointed by the bailiff to sign the contract for the asset auction.

The contract for asset auction shall be signed within 10 days from the valuation/

The movables shall be put up for auction within 30 days and the real estate shall be put up for auction within 45 days from the signing of the contract for asset auction.

3. The asset management officer and asset management enterprise shall put the assets up for auction if:

- a) the assets locate at any province where there are no auctioneers at all or no auctioneers signing the contract for asset auction.
- b) the movables are worth from VND 2 million to VND 10 million.

The movables shall be put up for auction within 30 days and the real estate shall be put up for auction within 45 days from the valuation or the receipt of the refusal notice about the auction.

4. The asset management officer and asset management enterprise shall sell the assets to the value of less than VND 2 million or the assets prescribed in Clause 2 Article 122 of this Law without auction.

The assets shall be sold within 05 working days from the issuance of the Decision on the implementation of the Decision on declaration of bankruptcy or the Decision on the sale of assets.

5. The procedures for the auction are prescribed in the regulations of the law on asset auction.

#### **Article 125. Confiscation of assets**

1. The asset management officers, asset management enterprises and bailiffs shall request the People's Courts to issue the Decisions on Confiscation of assets of the enterprises and cooperatives due to invalid deals in accordance of the regulations in Article 59 of this Law. The assets shall be confiscated under the regulations of the civil law.

2. Any dispute about the confiscation of assets or the difference of the asset value shall be handled in accordance with the regulations in Article 115 of this Law.

#### **Article 126. Suspension of Decisions on declaration of bankruptcy**

The head of the civil execution authority shall suspend the Decision on declaration of bankruptcy when:

1. The entity declared bankrupt has no assets to be redistributed;
2. The assets of the entity declared bankrupt are completely redistributed;
3. The Head of the civil execution authority shall report the bankrupt settlement to the People's Court and notify the suspension of the implementation of the Decision on declaration of bankruptcy to the relevant entities.

#### **Article 127. Handling assets of an entity after it is declared bankrupt**

1. In case a transaction is found invalid as prescribed in Article 59 of this Law after an entity is declared bankrupt, the asset management officer or asset management enterprise is entitled to request the Court to declare the transaction invalid, handle the consequences, and redistribute assets of the entity in accordance with Article 54 of this Law.

2. If case assets of an entity have not been redistributed after it is declared bankrupt, the Court that makes the declaration shall consider redistributing assets in accordance with Article 54 of this Law.

3. Civil execution authorities shall decide the asset redistribution in accordance with Clause 2 of this Article.

### **Article 128. Handling of complaints about implementation of Decisions on declaration of bankruptcy**

The complaints and handling of complaints about the implementation of the Decisions on declaration of bankruptcy must comply with the regulations of the civil law.

## **Chapter XIII**

### **IMPOSITION OF PENALTIES**

#### **Article 129. Responsibilities for violations against law on bankruptcy**

1. Any entity committing violations against the law during the bankruptcy settlement shall be disciplined, face the administrative penalties or criminal prosecution depending on the nature and severity of the violations; or offer compensation in case of damage under the regulations of the law.

2. Any asset management officer or asset management enterprise committing violations against the law during the bankruptcy settlement shall face administrative penalties depending on the nature and severity of the violations; or offer compensation in case of damage under the regulations of the law. Any asset management officer or official of a asset management enterprise committing violations against the criminal may face a criminal prosecution under the regulations of the law.

#### **Article 130. Prohibition of holding posts after entities are declared bankrupt**

1. Any President, General Director, Director, member of the Board of Directors of a wholly state-owned enterprise declared bankrupt shall not hold such post in any other state-owned enterprise after such declaration of bankruptcy.

2. Any representative of the capital holding of the State in a State-invested enterprise which is declared bankrupt must not hold the management post in any other State-invested enterprise.

3. If any manager of the entity declared bankrupt intentionally commits the violations against the regulations in Clause 1 Article 18, Clause 5 Article 28 and Clause 1 Article 48 of this Law, the Judge shall consider and give a Decision on the prohibition of the establishment of the enterprise or cooperative and working as manager of any enterprise or cooperative within 03 years from the day on which People's Court issues the Decision on declaration of bankruptcy.

4. Regulations in Clauses 1, 2 and 3 this Article shall nor applied to the entities going bankrupt due to force majeure.

## **Article XIV**

### **IMPLEMENTATION**

#### **Article 131. Transitional clauses**

1. From the effective date of this Law, the assets of any entity discovered after the Decision on declaration of bankruptcy is issued in accordance with the Law on Bankruptcy No. 21/2004/QH11 shall be dealt with according to the regulations in Article 127 of this Law.

2. Any complaint about the Decision on declaration of bankruptcy which is issued in accordance with the regulations in the Law on Bankruptcy No. 21/2004/QH11 before the effective date of this Law that has not been dealt with by the effective date of this Law shall be dealt with according to the procedures prescribed in Clause 2 Articles 111, 112 and 113 of this Law.
3. Any request for the initiation of the bankruptcy process that People's Court has accepted before the effective date of this Law but has not issued the Decision on declaration of bankruptcy shall be dealt with according to the regulations of this Law.
4. The Government, Supreme People's Court and Supreme People's Procuracy shall give guidance on the implementation of this Article.

#### **Article 132. Effect**

1. This Law shall come into effect from January 01, 2015.
2. The Law on Bankruptcy No. 21/2004/QH11 shall expire from the effective date of this Law.

#### **Article 133. Instructions on implementation**

The Government, Supreme People's Court and Supreme People's Procuracy shall provide instructions on the implementation of the articles and clauses in the Law.

*This Law has been passed by the 13<sup>th</sup> National Assembly of the Socialist Republic of Vietnam at the 7<sup>th</sup> meeting on June 19, 2014.*

**THE PRESIDENT OF THE  
NATIONAL ASSEMBLY**

**Nguyen Sinh Hung**

---

*This translation is made by **THƯ VIỆN PHÁP LUẬT**, Ho Chi Minh City, Vietnam and for reference purposes only. Its copyright is owned by **THƯ VIỆN PHÁP LUẬT** and protected under Clause 2, Article 14 of the Law on Intellectual Property. Your comments are always welcomed*