

**LAW**

**ON ASSIGNMENT INSTRUMENTS**

Pursuant to the Constitution of the Socialist Republic of Vietnam dated 1992 which was amended, supplemented under the Resolution No. 51/2001/QH10 dated 25/12/2001 of the National Assembly, Legislation X, the 10<sup>th</sup> session;

This Law provides for the instruments of assignment

**CHAPTER I. GENERAL PROVISIONS**

**Article 1. Governing scope**

This Law shall govern relationships of assignment instruments in the issuance, acceptance, guarantee, assignment, mortgage, authorized collection, payment, recourse and court suit. The instruments of assignment provided for in this Law shall include bills of exchange, promissory notes, cheques and other instruments of assignment except for long term debt instruments to be issued by organizations for mobilizing funds from the market.

**Article 2. Subjects of application**

This Law shall be applicable to Vietnamese organizations, individuals, and foreign organizations, individuals that take part in the relationship of assignment instruments within the territory of the Socialist Republic of Vietnam.

**Article 3. Foundation for the issuance of assignment instruments**

1. Drawer, issuer shall be entitled to issue instruments of assignment on the basis of transactions of goods trading, service supply, lending between organizations and individuals, lending transactions among credit institutions and organizations, individuals; payment transactions and donation transactions in accordance with provisions of applicable laws

2. Relationship of assignment instruments provided for in this Law shall be independent of basic transactions concerning the issuance of assignment instruments as stipulated in paragraph 1 of this Article.

**Article 4. Interpretation**

In this Law, the following terms shall be construed as follows:

1. Assignment instrument shall be a valuable paper that unconditionally acknowledges a payment order or a payment commitment for a definite amount of money at a certain point of time;
2. Bill of exchange is a valuable paper which a drawer draws up and requests drawee to make unconditional payment for a definite amount of money upon request or at a certain point of time in the future to beneficiary
3. *Promissory note* is a valuable paper which an issuer draws up and undertakes to make unconditional payment for a definite amount of money upon request or at a certain point of time in the future to beneficiary
4. Cheque is a valuable paper, which a drawer draws up, orders drawee being a bank or an authorized payment services supplier of the State Bank of Vietnam to deduct a certain money amount from his account to make payment to the beneficiary
5. Drawer is the one who draws up and signs for issuance of a bill of exchange, a cheque
6. Drawee is the one who is responsible for making payment of the money amount stated in a bill of exchange, or a cheque upon the order of the drawer
7. Acceptor is the drawee after he has signed for the acceptance of a bill of exchange
8. Beneficiary is the one who owns assignment instruments in capacity as one of the following ones:
  - a. *Payee of the amount* stated in the assignment instrument under the designation of the drawer, issuer
  - b. *Assignee of assignment instruments* under forms of assignment stipulated in this Law;
  - c. Holder of assignment instruments which state that the payment is to be made to the holder
9. Issuer is the one who draws up and signs for the issuance of a promissory note
10. Related persons are those who take part in relationship of assignment instruments by signing his name on the assignment instruments in capacity as a drawer, an issuer, an acceptor, assignor or a guarantor
11. Authorized collector is a bank or other payment service suppliers that are permitted by the State Bank of Vietnam to engage in authorized collection service of assignment instrument.
12. Issuance is an act where the drawer or the issuer draws up, signs and make the first transfer of the assignment instrument to the beneficiary.
13. Assignment is an act where a beneficiary transfers the ownership of the assignment instruments to the assignee under the forms of assignment as stipulated in this Law.

14. Discount of assignment instrument is an act where a credit institution buys assignment instruments from the beneficiary prior to the maturity.

15. Rediscount of assignment instrument is an act where the State Bank of Vietnam, or a credit institution repurchases the assignment instruments that have been discounted by another credit institution prior to the maturity.

16. Acceptance is the commitment of the drawee on the payment of the entire or one part of the money amount stated in the bill of exchange in accordance with provisions of this Law.

17. Cheque clearing payment center is the State Bank of Vietnam or another organization, which is licensed by the State Bank of Vietnam to organize, preside over the exchange, clearing payment of cheques, the settlement of financial obligations arising from the clearing payment of cheques to members being banks, authorized payment service suppliers of the State Bank of Vietnam.

18. *Signature* is the direct signature by hand on the assignment instrument of the person who has right, obligation for the assignment instrument or of an authorized person in compliance with provisions of applicable laws. Signature of the representative of the organization on the assignment instrument must be enclosed with a seal.

19. Assignment instrument relationship is the relationship among organizations, individuals in the issuance, acceptance, guaranty, assignment, mortgage, collection authorization, payment, recourse, litigation relating to the assignment instrument.

#### **Article 5. Application of the Law on assignment instruments and related laws**

1. Parties participating in the assignment instrument relationship must comply with this Law and related laws.

2. Basing on principles of this Law, the Government shall provide in details for the application of this Law for other assignment instruments.

#### **Article 6. Application of international treaties and international commerce customs in assignment instrument relationship with foreign element**

1. In cases where international treaties in which the Socialist Republic of Vietnam has participated contain provisions that are different from those in this law, the provisions of such international treaties shall prevail.

2. In cases where the assignment instrument relationship has foreign element, parties to the assignment instrument relationship shall be entitled to agree on the application of international commerce customs, including the Uniform Customs and Practice for documentary credits, Uniform Rules for Collection of the International Chamber of Commerce and other related international customs in accordance with applicable provisions of the Government.

3. In cases where the assignment instruments are issued in Vietnam, but they are accepted, guaranteed, assigned, mortgaged, collected, paid, recoured, litigated in another country, the assignment instruments thereof must be issued in accordance with provisions of this Law.

4. In cases where the assignment instruments are issued in other countries, but they are accepted, guaranteed, assigned, mortgaged, collected, paid, recoured, litigated in Vietnam, the acceptance, guaranty, assignment, mortgage, collection authorization, payment, recourse, litigation thereof must be performed in accordance with provisions of this Law.

#### **Article 7. Terms relating to the assignment instruments**

1. Term of payment, term of sending recourse notice and litigation prescription in case of dispute in assignment instrument relationship shall include holidays and weekend holidays; if the last day of the term falls on a holiday, weekend, the last day of the term thereof shall be the following working day right after that holiday or weekend.

2. Specific term of payment of each assignment instrument shall be determined by the drawer, issuer and stated in the assignment instrument in line with provisions of this Law.

3. Term of sending the recourse notice, litigation prescription, in case where the acceptance or payment of the assignment instrument is refused, shall be implemented in accordance with provisions in Article 50 and Article 78 of this Law.

#### **Article 8. Amount of money to be paid in an assignment instrument**

The amount of money to be paid in an assignment instrument must be stated in both number and word.

#### **Article 9. Assignment instruments which state that the payment is to be made in foreign currency**

1. The payment in foreign currency shall be stated on assignment instruments in accordance with provisions of applicable laws on foreign exchange control.

2. Assignment instruments, which state that the payment is to be made in foreign currency as provided for in Paragraph 1 of this Article, shall be paid in foreign currency where the last beneficiary is permitted to collect foreign currency in accordance with provisions of applicable laws on foreign exchange control.

3. Assignment instruments of which the payment is stated to be made in foreign currency, but the last beneficiary is not permitted to collect foreign currency in compliance with provisions of applicable laws on foreign exchange control, the amount of money stated on the assignment instrument thereof shall be paid in Vietnamese dong under the exchange rate announced by the State Bank of Vietnam at the payment time, or under the rate of foreign currency trading announced by the payment performing bank at the payment time in case where the bank performs the payment.

## **Article 10. Language in the assignment instruments**

Assignment instruments must be drawn in Vietnamese, except for the case where the assignment instrument relationship has foreign element, the assignment instrument thereof may be drawn in foreign languages upon the agreement of parties.

## **Article 11. Signature which is binding enough in terms of obligation**

1. Assignment instruments must contain the signature of the drawer or the issuer.
2. Related person shall only have obligation under the assignment instrument when the assignment instrument or the attached auxiliary sheet contains his signature or the signature of the person authorized by the related person in capacity as a drawer, an issuer, an acceptor, an assignor or a guarantor.

## **Article 12. Forged signature, signature of the unauthorized person**

In cases where an assignment instrument contains a forged signature or signature of an unauthorized person, the signature thereat shall be invalid; signature of other related person on the assignment instrument shall still remain valid.

## **Article 13. Loss of assignment instruments**

1. Where an assignment instrument is lost, the beneficiary thereof must immediately give a written notice to the drawee, the drawer or the issuer. The beneficiary must inform clearly the case where the assignment instrument is lost and shall take responsibility to the law for the honesty of that information. The beneficiary may inform of the loss of assignment instrument by telephone and other direct forms upon the agreement of the parties.

In case where the person, whose assignment instrument is lost, is not a beneficiary, he must inform immediately the beneficiary.

2. In case where the lost assignment instrument does not yet become due, the beneficiary shall be entitled to request the issuer, the drawer to reissue an assignment instrument with the same content as the lost assignment instrument for replacement after the beneficiary has given a notice of the loss of the assignment instrument and has made a written commitment on the payment in lieu of the drawee or the issuer if the legal beneficiary presents the assignment instrument, which is already noticed to be lost, to request for the payment.

3. Upon receipt of the notice of the loss of the assignment instrument in accordance with provisions in Paragraph 1 in this Article, the issuer and the drawee shall not be entitled to make payment for that lost assignment instrument. The inspection, control of the assignment instruments, which are announced to be lost, shall be implemented in accordance with provisions of the State Bank of Vietnam.

4. In case where the lost assignment instrument is misused for payment prior to the time where the drawee, issuer receives the notice of the loss of the assignment instrument, the drawee, issuer therein shall be exempted from his responsibilities, if he correctly complies with the inspection,

control and makes payment of assignment instruments in accordance with provisions of this Law.

5. The drawee, issuer shall be responsible for compensating the beneficiary for damages if the payment of assignment instrument is made after the receipt of the notice of the loss of the assignment instrument.

#### **Article 14. Spoilage of assignment instruments**

1. Where the assignment instrument is spoiled, the beneficiary shall be entitled to request the drawer or the issuer to re-issue the assignment instrument with the same content for replacement.

2. The drawer, the issuer shall be obliged to re-issue the assignment instrument after the receipt of the spoiled assignment instrument, if the spoiled assignment instrument does not yet become due and contains sufficient information, or there is an evidence to prove that the person having the spoiled assignment instrument is the legal beneficiary of the assignment instrument.

#### **Article 15. Prohibited acts**

1. Counterfeiting the assignment instrument, correcting or erasing elements on the assignment instrument.

2. Intentionally assigning or accepting the assignment of or presenting the counterfeited, corrected, erased assignment instruments for payment

3. Signing the assignment instrument not in accordance with competence or counterfeiting the signature on the assignment instrument.

4. Assigning the assignment instrument despite knowing that assignment instrument is overdue or is refused to be accepted, refused to be paid or is announced to be lost.

5. Intentionally issuing the assignment instrument when having not enough credit solvencies.

6. Intentionally issuing cheques after being suspended from the right to issue cheques.

## **CHAPTER II BILL OF EXCHANGE**

### **Section 1 ISSUING BILL OF EXCHANGE**

#### **Article 16. Contents of a bill of exchange**

1. A Bill of exchange shall contain following contents:

a. Phrase “Bill of exchange” to be stated on the front of the bill of exchange.

b. A request for unconditional payment of a definite amount of money.

- c. Term of payment;
  - d. Place of payment;
  - dd. Name for organizations, full name for individuals, address of the drawee;
  - e. Name for organizations, full name for individuals of the beneficiary appointed or requested by the drawer to pay the Bill of Exchange in accordance with the order of the beneficiary or requested to pay the Bill of exchange for the holder.
  - g. Place and date of drawing;
  - h. Name for organizations, full name for individuals. address and signature of the drawer.
2. A Bill of exchange shall be invalid if it lacks one of the contents stipulated in Paragraph 1 of this Article, except for following cases:
- a. Where term of payment is not stated in the bill of exchange, the bill of exchange thereof shall be paid at sight when presented;
  - b. Where place of payment is not stated in the bill of exchange, the bill of exchange thereof shall be paid at the address of the drawee;
  - c. Where place of drawing is not stated specifically in the bill of exchange, the bill of exchange thereof shall be considered as being drawn at the address of the drawer.
3. Where the amount of money stated in number on the bill of exchange is different from the amount in word, the amount in word shall be valid for payment. In cases where the amount of money on the bill of exchange is stated twice and more in word or in number and there is a difference, the amount in word with the smallest value shall be valid for payment.
4. In cases where there is not enough space to state in the bill of exchange, the bill of exchange thereof may have an attached auxiliary sheet. The attached auxiliary sheet shall be used to state contents of guaranty, assignment, mortgage, collection authorization. The first person who draws up the auxiliary sheet must attach it to the bill of exchange and sign his name on the connection between the auxiliary sheet and the bill of exchange.

#### **Article 17. Obligations of the drawer**

- 1. The drawer shall be obliged to make payment of the amount of money on the bill of exchange to the beneficiary where the acceptance or payment of the bill of exchange is refused.
- 2. Where the assignor or guarantor has made payment of the bill of exchange to the beneficiary after the acceptance or payment of the bill of exchange is refused, the drawer thereat shall be obliged to make payment to the assignor or the guarantor with the amount stated on that bill of exchange.

## **Section II**

### **ACCEPTANCE OF BILL OF EXCHANGE**

#### **Article 18. Presenting bill of exchange to request for the acceptance**

1. The beneficiary must present the bill of exchange to request for the acceptance in following cases:
  - a. The drawer stated already on the bill of exchange that this bill of exchange must be presented to request for the acceptance;
  - b. Bill of exchange which states the payment term in accordance with provisions in point b Paragraph 1 Article 42 herein must be presented to request for the acceptance within a period of one year since the drawing date.
2. The presentation of bill of exchange to request for the acceptance shall be considered as valid where the bill of exchange is presented by the beneficiary or the legal representative of the beneficiary at the place of payment, during the working time of the drawee and is not overdue yet.
3. Bill of exchange may be presented for acceptance in the form of registered letter through the public postal service. The presenting date of the bill of exchange for the acceptance in this case shall be calculated in line with the date stated on the seal of the post office where the registered letter is sent.

#### **Article 19. Acceptance period**

The drawee shall accept or refuse to accept the bill of exchange within a period of two working days since the presentation of the bill of exchange; in the event where the bill of exchange is presented in the form of registered letter through public postal service, that period shall be calculated from the date where the drawee confirms the receipt of the bill of exchange.

#### **Article 20. Violating the obligation to present the bill of exchange to request for the acceptance**

Where the beneficiary fails to present the bill of exchange in accordance with provisions in Paragraph 1 Article 18 herein, the drawer, assignor and guarantor of those people shall not be obliged to pay the bill of exchange, except for the guarantor of the drawee.

#### **Article 21. Form and contents of the acceptance**

1. The drawee shall carry out the acceptance of the bill of exchange by stating the phrase “accepted”, date of acceptance and his signature on the front side of the bill of exchange.
2. In the event where the drawee only accepts the payment of one part of the amount stated on the bill of exchange, he must state clearly the accepted amount.



## **Article 22. Obligation of the acceptor**

After accepting the bill of exchange, the acceptor shall be obliged to make unconditional payment of the bill of exchange in line with the accepted content to the beneficiary, the person who already made payment of the bill of exchange in accordance with provisions of this Law.

## **Article 23. Refusing the acceptance**

1. The bill of exchange shall be considered being refused if it is not accepted by the drawee within the period provided for in Article 19 herein.
2. Where one part or entire of the bill of exchange is refused, the beneficiary shall be entitled to make immediate recourse from his assignor, the drawer, guarantor in accordance with provisions in Article 48 herein.

## **Section III**

### **GUARANTY FOR BILL OF EXCHANG**

## **Article 24. Guaranty of bill of exchange**

Guaranty of bill of exchange means a third person (hereinafter referred to as the guarantor) makes a commitment with the guarantee to pay one part or entire of the amount of money stated on the bill of exchange upon its maturity where the guarantee fails to make payment or makes insufficient payment.

## **Article 25. Form of guaranty**

1. The guaranty of bill of exchange is performed by the way where the guarantor states the phrase “guaranteed”, amount to be guaranteed, name, address, signature of the guarantor and name of the guarantee on the bill of exchange or on its attached auxiliary sheet
2. In the event where the name of the guarantee is not stated, the guaranty thereat shall be considered being provided to the drawer.

## **Article 26. Rights and obligations of the guarantor**

1. The guarantor shall be obliged to make payment of the bill of exchange in line with committed amount if the guarantee fails to perform or performs insufficiently his obligation of payment at the maturity of the bill of exchange.
2. The guarantor shall only be entitled to cancel the guaranty in the event where the bill of exchange has not enough required contents as provided for in Article 16 herein.
3. After performing the guaranty obligation, the guarantor is entitled to receive rights of guarantee for related people, entitled to deal with security assets of the guarantee and is entitled to request the guarantee, drawer, acceptor to jointly perform the payment obligation of the guaranty amount that has been paid.

4. The guaranty for the bill of exchange by the credit institutions shall be implemented in accordance with provisions of this Law and other provisions of applicable laws relating to banking guaranty

#### **Section IV**

### **ASSIGNMENT OF BILL OF EXCHANGE**

#### **Article 27. Assignment form of bill of exchange**

The beneficiary shall assign the bill of exchange under one of following forms:

1. Endorsement
2. Transfer

#### **Article 28. Bill of exchange which is not assigned**

Bill of exchange shall not be assigned if there is a phrase “non-assigned”, or “assignment is prohibited”, or “non-payment under the order of” or another phrase with the same meaning to be stated on the bill of exchange.

#### **Article 29. Principles of assignment**

1. The assignment of the bill of exchange is the assignment of the entire amount of money stated on the bill of exchange. The assignment of one part of the amount stated on the bill of exchange shall be invalid.
2. The assignment of bill of exchange to two persons or more shall be invalid.
3. The assignment of bill of exchange in the form of endorsement must be unconditional. The assignor shall not be entitled to state further any condition other than the contents provided for in Article 31 herein on the bill of exchange. Any condition companied with the endorsement shall be invalid.
4. The assignment of bill of exchange shall be the assignment of all rights arising from the bill of exchange.
5. The bill of exchange, which is overdue or refused to be accepted or refused to be paid, shall not be assigned.
6. The beneficiary may assign the bill of exchange to the acceptor, drawer or the assignor.

#### **Article 30. Assignment in form of endorsement**

1. Assignment by endorsement means the beneficiary transfers his ownership of the bill of exchange to the assignee by endorsing on the back side of the bill of exchange and transfer the bill of exchange to the assignee.

2. The assignment by endorsement shall be applicable to all types of bill of exchange, except for the non-assigned bill of exchange as provided for in Article 28 herein.

### **Article 31. Form and content of endorsement**

1. The assignment by endorsement must be performed by the way in which the beneficiary write and sign his name on the backside of the bill of exchange.

2. The assignor may endorse over the bill of exchange under one of two following forms:

a. Blank endorsement;

b. Full endorsement.

3. When performing the assignment by blank endorsement, the assignor shall sign his name on the backside of the bill of exchange and transfer the bill of exchange to the assignee. The endorsement for the holder of bill of exchange is the blank endorsement.

4. When performing the assignment by full endorsement, the assignor shall sign his name on the back side of the bill of exchange and state full name of the assignee, date of assignment.

### **Article 32. Rights and obligations of the endorser**

1. The endorser is obliged to assure that the already assigned bill of exchange shall be accepted and paid, except for the case as provided for in Paragraph 2 of this Article. Where one part or entire of the bill of exchange is refused to be accepted or refused to be paid, the endorser shall be obliged to pay the amount being refused of the assigned bill of exchange.

2. The endorser may stop the assignment of the bill of exchange by stating such phrase as “non-assigned”, or “assignment is prohibited” or another phrase with the same meaning in the content of the endorsement on the bill of exchange; in the event where the bill of exchange is continued to be assigned, the endorser thereof shall not be obliged to make payment to the assignee thereafter.

### **Article 33. Assignment by transfer**

1. Assignment by transfer means the beneficiary transfers his ownership of the bill of exchange to the assignee by transferring the bill of exchange to the assignee.

2. The assignment by transfer shall be applicable to following bills of exchange:

a. Bill of exchange, which is drawn to the holder;

b. Bill of exchange, which is only assigned one time by blank endorsement;

c. Bill of exchange of which the final assignment is a blank endorsement.

### **Article 34. Rights of the assignee of bill of exchange by transfer or blank endorsement**

The assignee of the bill of exchange in the form of transfer or blank endorsement shall have following rights:

1. To fill in the blank with his name or name of another person;
2. To continue the blank endorsement of the bill of exchange by signing his name on the bill of exchange;
3. To continue the assignment of the bill of exchange to other people by transfer;
4. To make full endorsement of the bill of exchange.

### **Article 35. Discount, rediscount of bill of exchange**

Bill of exchange may be discounted or rediscounted at the State Bank of Vietnam, credit institutions in accordance with provisions of the State Bank of Vietnam.

## **Section V**

## **TRANSFER FOR MORTGAGE AND TRANSFER FOR COLLECTION AUTHORIZATION OF BILL OF EXCHANGE**

### **Article 36. Right to mortgage bill of exchange**

The beneficiary shall have the right to mortgage the bill of exchange in accordance with provisions in this Section and other provisions of related laws.

### **Article 37. Transfer of bill of exchange for mortgage**

The mortgager of the bill of exchange must transfer the bill of exchange to the mortgagee. Agreement on the mortgage of bill of exchange must be made in written document.

### **Article 38. Dealing with mortgaged bill of exchange**

Where the mortgager completes obligations secured by the mortgage of bill of exchange, the mortgagee thereat must return the bill of exchange to the mortgager. In the event where the mortgager fails to sufficiently, timely comply with obligations secured by the mortgage of bill of exchange, the mortgagee thereat shall become the beneficiary of the bill of exchange and be paid in line with the obligations secured by the mortgage of bill of exchange.

### **Article 39. Collection authorization through the authorized collector**

1. The beneficiary may transfer the bill of exchange to the authorized collector to ask him for the collection of the amount stated on the bill of exchange in the form of transferring the bill of exchange to the authorized collector in accordance with provisions of this Law accompanied with a written authorization for the collection.

2. The authorized collector shall not be permitted to perform rights of a beneficiary under the bill of exchange except for the right to present the bill of exchange for payment, right to receive the amount of money stated on the bill of exchange, right to transfer the bill of exchange to another authorized collector to ask him for the collection of the bill of exchange.

3. The authorized collector must present the bill of exchange to the drawee for payment in accordance with provisions in Article 43 herein. In the event where the authorized collector fails to present or does not present the bill of exchange at the due course, resulting in a fact that the bill of exchange is not paid, the authorized collector thereat shall be responsible for making damage compensation to the beneficiary with an amount equaling to the amount stated on the bill of exchange at the maximum.

4. The State Bank of Vietnam shall specifically provide for the procedures on the collection authorization of bill of exchange through the authorized collector.

## **Section VI**

### **PAYMENT OF BILL OF EXCHANGE**

#### **Article 40. Beneficiary**

The beneficiary of the bill of exchange shall be considered as legal where fully satisfying following conditions:

1. To hold the bill of exchange which is not overdue yet and does not know that there has been a notice of the acceptance refusal or payment refusal for that bill of exchange;
2. To define the ownership to the bill of exchange in a legal way. In the event where the beneficiary accept the assignment of the bill of exchange by the endorsement, the assignment signatures on the bill of exchange thereof must be continuous, non-interrupted;
3. There is not any notice of the fact that previous endorsers of the bill of exchange held the bill of exchange by the ways of cheating, forcing, constraining or other illegal ways.

#### **Article 41. Rights of the beneficiary**

1. The beneficiary holding bill of exchange as provided for in Article 40 herein shall have following rights:
  - a. To present the bill of exchange for the acceptance or for payment where the bill of exchange becomes due;
  - b. To request related people to make payment of the bill of exchange at the maturity;
  - c. To assign the bill of exchange in accordance with provisions of this Law;
  - d. To transfer for mortgage or transfer for collection authorization of the bill of exchange;
  - dd. To make recourse, litigate for the bill of exchange.

2. Rights of the beneficiary who holds the bill of exchange in accordance with provisions in Article 40 herein shall be still assured even when previous related people held the bill of exchange illegally.

#### **Article 42. Term of payment**

1. Payment term of the bill of exchange is stated under one of following terms:

- a. At sight when presenting;
- b. After a certain period since the date where the bill of exchange is accepted;
- c. After a certain period since the date of drawing;
- d. On a specific day.

2. The bill of exchange shall be invalid if many payment terms are stated or the payment term is not stated in compliance with provisions in Paragraph 1 of this Article.

#### **Article 43. Presenting the bill of exchange for payment**

1. The beneficiary shall be entitled to present the bill of exchange at the place of payment to request the drawee to make payment on the day where the bill of exchange becomes due or within a period of five following working days.

2. The beneficiary may present the bill of exchange after the term stated on the bill of exchange, if the late presentation thereat is caused by a force majeure or an objective hindrance. The time when the force majeure or objective hindrance occurs shall not be included in the payment term

3. The bill of exchange with the payment term as “at sight when presenting” must be presented for payment within a period of ninety days since the date of drawing.

4. The presentation of the bill of exchange for payment shall be considered as valid upon the full satisfaction of following conditions:

- a. The bill of exchange is presented by the beneficiary or his legal representative;
- b. The bill of exchange becomes due;
- c. The bill of exchange is presented at the payment place in accordance with provisions at point d Paragraph 1 and point b Paragraph 2 in Article 16 herein.

5. The beneficiary may present the bill of exchange for payment in the form of registered letter through the public postal service. The determination of the time for presenting the bill of exchange for payment shall be calculated in line with the date stated on the seal of the post office where the registered letter is sent.

#### **Article 44. Payment of the bill of exchange**

1. The drawee shall make payment or refuse the payment of the bill of exchange for the beneficiary within a period of three working days since the receipt of the bill of exchange. In the event where the bill of exchange is presented for payment in the form of registered letter through the public postal service, the payment term thereof shall be calculated from the date when the drawee confirms the receipt of the bill of exchange.
2. Where the bill of exchange is wholly paid, the beneficiary must sign his name and transfer the bill of exchange, attached auxiliary sheet to the person who has made payment.

#### **Article 45. Refusing to make payment**

1. The bill of exchange shall be considered as being refused to be paid if the beneficiary fails to make full payment of the amount stated on the bill of exchange within the term as provided for in Paragraph 1 Article 44 herein.
2. Where one part or entire of the amount stated on the bill of exchange is refused to be paid, the beneficiary shall have the right to make immediate recourse of the amount which is not paid yet from the previous assignor, the drawer and the guarantor in accordance with provisions in Article 48 herein.

#### **Article 46. Completing the payment of bill of exchange**

The payment of bill of exchange is considered as completed in following cases:

1. The drawer, drawee, acceptor has made payment of the entire amount stated on the bill of exchange to the beneficiary;
2. The acceptor becomes the beneficiary of the bill of exchange on the maturity date or on the following day.
3. The beneficiary cancels the bill of exchange or waives the rights to the bill of exchange where the cancellation or the waiver thereof is stated clearly on the bill of exchange with the phrases “cancelled”, “waived” or other phrases with the same meaning, date of cancellation, waiver and signature of the beneficiary.

#### **Article 47. Payment prior to the maturity**

The drawee, who makes payment of the bill of exchange prior to the maturity upon request by the beneficiary, shall be subject to any damage resulting from the payment prior to the maturity.

#### **Section VII**

#### **RECOURSE DUE TO THE BILL OF EXCHANGE IS NOT ACCEPTED OR IS NOT PAID**

#### **Article 48. Rights to make recourse**

1. The beneficiary shall have the right to make recourse of the amount as provided for in Article 52 herein from following people:
  - a. The drawer, guarantor, previous assignor in the event where the acceptance of one part or entire of the bill of exchange is refused in accordance with provisions of this Law;
  - b. The drawer, assignor, guarantor, in the event where the bill of exchange becomes due but is not paid in line with contents of the bill of exchange;
  - c. The drawer, assignor, guarantor, in the event where the drawee is declared to be bankrupt, dissolved, dead or disappear, including the case where the bill of exchange is already accepted or not accepted yet.
  - d. The assignor, guarantor in the event where the bill of exchange does not become due yet, but the drawer is declared to be bankrupt, dissolved, dead or disappear and the bill of exchange is not accepted yet.
2. The assignor who has made payment to the beneficiary shall have the right to make recourse from the drawer or his previous assignor.

#### **Article 49. The written notice of recourse**

In the event where the acceptance or payment of the bill of exchange is refused, the beneficiary must give a written notice to the drawer, his assignor, their guarantor of that refusal.

#### **Article 50. Notification term**

1. The beneficiary must inform the drawer, his assignor and their guarantor about the fact that the bill of exchange is refused to be accepted or refused to be paid within a period of four working days since the date of refusal.
2. Within a period of four working days since the receipt of the notice, each assignor must give a written notice to his assignor of the fact that the bill of exchange is refused, enclosed with the name and address of the person who has sent notice to him. This notification shall be performed until the time where the drawer receives the notice of the fact that the bill of exchange is refused to be accepted or refused to be paid.
3. Within the notification term as provided for in Paragraph 1 and Paragraph 2 in this Article, if the notification can not be implemented due to a force majeure or an objective hindrance, the time when the force majeure or the objective hindrance occurs shall not be included in the notification term

#### **Article 51. Responsibilities of related people**

1. The drawer, the assignor shall be jointly responsible for the payment of the entire amount of money stated on the bill of exchange to the beneficiary.



2. The acceptor, guarantor shall be jointly responsible for the payment of the amount they have committed to accept or committed to guarantee to the beneficiary

#### **Article 52. Amount to be paid**

The beneficiary shall be entitled to request the payment of following amounts of money:

1. The amount which is not accepted or is not paid;
2. Expenses for the recourse, other related reasonable expenses;
3. Interests against the amount of late payment since the maturity date of the bill of exchange in accordance with provisions of the State Bank of Vietnam.

### **CHAPTER III PROMISSORY NOTE**

#### **Article 53. Contents of a promissory note**

1. A promissory note shall have following contents:

a. A phrase “Promissory note” is stated on the front side of the promissory note;

b. A commitment of unconditional payment of a definite amount of money;

c. Payment term

d. Place of payment;

dd. Name for organizations, full name for individuals of the beneficiary appointed or requested by the drawer to pay the Promissory Note in accordance with the order of the beneficiary or requested to pay the promissory note for the holder.

g. Place and date of drawing;

h. Name for organizations, full name for individuals, address and signature of the issuer.

2. The promissory note shall be invalid if it lacks one of the contents provided for in Paragraph 1 in this Article, except for following cases:

a. In the event where the place of payment is not stated on the promissory note, the place of payment thereat shall be the address of the issuer.

b. In the event where the place of issuance is not stated on the promissory note, the place of issuance thereat shall be the address of the issuer.

3. Where the amount of money stated in number on the promissory note is different from the amount in word, the amount in word shall be valid for payment. In cases where the amount of

money on the promissory note is stated twice and more in word or in number and there is a difference, the amount in word with the smallest value shall be valid for payment.

4. In cases where there is not enough space to state in the promissory note, the promissory note thereof may have an attached auxiliary sheet. The attached auxiliary sheet shall be used to state contents of guaranty, assignment, mortgage, collection authorization. The first person who draws up the auxiliary sheet must attach it to the promissory note and sign his name on the connection between the auxiliary sheet and the promissory note.

#### **Article 54. Obligations of the issuer**

The issuer shall be obliged to pay the amount of money stated on the promissory note to the beneficiary upon the maturity and have other obligations as an acceptor of the promissory note in accordance with provisions of this Law.

#### **Article 55. Obligations of the first assignor of the promissory note**

The first assignor of the promissory note shall have obligations as a drawer of the bill of exchange in accordance with provisions in Article 17 herein.

#### **Article 56. Completing the payment of promissory note**

The payment of promissory note shall be considered as completed in following cases:

1. Where the issuer becomes the beneficiary of the promissory note at the maturity date or on the following day.
2. The issuer has made payment of the entire amount of money stated on the promissory note to the beneficiary;
3. The beneficiary cancels the promissory note

#### **Article 57. Guaranty, assignment, mortgage, collection authorization, payment and recourse of promissory note**

Provisions from Article 24 to Article 52 herein on guaranty, assignment, mortgage, collection authorization, payment and recourse of a bill of exchange shall be similarly applicable to a promissory note.

### **CHAPTER IV. CHEQUES**

#### **Section I CONTENTS OF A CHEQUE AND CHEQUE DRAWING**

#### **Article 58. Contents of a cheque**

1. The front side of a cheque shall contain following contents:

- a. The word “Cheque” to be printed on top of the cheque;
  - b. A definite amount of money;
  - c. Name of the bank or the payment service supplier being the drawee;
  - d. Name for organization, full name for individual of the beneficiary who is designated or requested by the drawer to make payment of the cheque in accordance with the order of the beneficiary or requested to make payment of the cheque to the holder;
  - dd. Place of payment;
  - e. Drawing date;
  - g. Name for the organization, full name for individual and signature of the drawer.
2. Where a cheque lacks one of the contents provided for in Paragraph 1 of this Article, it shall be invalid, except for the case where the place of payment is not stated on the cheque, the cheque thereat shall be paid at the business place of the drawer.
  3. Apart from the contents stipulated in Paragraph 1 of this Article, cheques suppliers may provide more contents without arising any legal obligation of parties, such as the account number which the drawer is entitled to use to draw cheques, address of the drawer, address of the drawee and other contents.
  4. In the event where a cheque is paid through the Cheque Clearing Payment Center, there shall be further contents as provided for by the Cheque Clearing Payment Center on the cheque.
  5. The back side of a cheque is used for stating contents of cheque assignment.
  6. The amount of money stated in number of a cheque must be equal to the amount in word. Where the amount in number is different from the amount in word, the cheque shall not be valid for payment.

#### **Article 59. Size of a cheque and the arrangement of contents on a cheque**

1. Size of a cheque and the arrangement of contents on a cheque shall be designed and implemented by a cheques supplier, except for the case stipulated in Paragraph 2 of this Article.
2. The Cheque Clearing Payment Center shall provide for the size of a cheque, contents and positions of contents on a cheque for the cheque to be paid through the Cheque Clearing Payment Center.

#### **Article 60. Cheque drawing**

1. A cheque is drawn to order the drawee to make payment:

- a. To a definite person and not permit to assign the cheque by stating clearly the name of beneficiary and accompanying with one of phrases such as “non-assigned”, “non-payment under order of”;
  - b. To a definite person and permit to assign the cheque by clearly stating the name of the beneficiary without accompanying with the phrase “assignment is not permitted” as provided for in Point a of this Paragraph;
  - c. To the cheque holder, by stating the phrase “paid to the cheque holder” or not stating the name of the beneficiary.
2. A cheque may be drawn to order the drawee to make payment of the amount of money stated on the cheque to the very drawer.
  3. A cheque shall not be drawn to order the very drawer to make payment of the cheque, except for the case where the drawing is performed to make payment from one unit to another unit of the drawer.
  4. A cheque drawer shall be the organization, which, individual, who has account at a bank, authorized payment service supplier of the State Bank of Vietnam.

#### **Article 61. Cheque to be paid through account and cheque to be paid in cash**

1. The drawer or assignor of a cheque may not permit to pay the cheque in cash by stating the phrase “pay to account” on the cheque. In this case, the drawee shall only be entitled to transfer the amount of money stated on that cheque to the account of the beneficiary and shall not be permitted to pay in cash, even when the phrase “pay to account” is crossed out.
2. In the event where the phrase “pay to account” is not stated, the drawee thereat shall pay the cheque to the beneficiary in cash.

#### **Article 62. Bearer crossed cheque and non-bearer crossed cheque**

1. The drawer or the assignor may stipulate that the cheque is only paid to a bank or a beneficiary who has an account at the drawn bank by marking two parallel diagonals on the cheque.
2. The drawer or the assignor of cheque may stipulate that the cheque is only paid to a specific bank or to a beneficiary who has account at that bank by marking two parallel diagonals on the cheque and writing the name of that bank between these two parallel diagonals. Cheques with the names of two banks between two diagonals shall not be valid for payment, except for the case where one of two banks whose name is stated between the two diagonals is the authorized collection bank.

### **Section II CHEQUE SUPPLY**

### **Article 63. Supply of blank cheque**

1. The State Bank of Vietnam shall supply blank cheques to credit institutions and other organizations having accounts at the State Bank of Vietnam.
2. Banks, other payment service suppliers shall supply blank cheques to organizations, individuals using accounting for drawing cheques.
3. Cheques suppliers shall provide for conditions, procedures on the preservation, use of cheques supplied by themselves.

### **Article 64. Printing, delivery and preservation of cheques**

1. Cheques suppliers shall organize the printing of cheques to supply to the users.
2. Before blank cheques are printed and supplied for use, cheques suppliers must register the form of blank cheque at the State Bank of Vietnam.
3. The printing, delivery, preservation and use of blank cheques shall be implemented in accordance with provisions of the State Bank of Vietnam on printing, delivery, preservation and use of valuable printed documents.

## **Section III**

### **ASSIGNMENT, COLLECTION AUTHORIZATION OF CHEQUES**

#### **Article 65. Assignment of cheques**

The assignment of cheques shall be applied in accordance with provisions on the assignment of bill of exchange in Section IV Chapter II herein, except for the transfer for collection authorization of cheque to payment service suppliers in accordance with provisions in Article 66 herein.

#### **Article 66. Transfer of cheques for collection authorization**

1. The beneficiary of cheque may transfer cheque for collection authorization through the endorsement and transfer of cheque to the authorized collector.
2. The authorized collector shall only have the right, on behalf of transferor, to present cheque, receive the money amount stated on the cheque, transfer the cheque to another authorized collector for cheque collection; to recourse the amount of money stated on the cheque from the drawer and the transferor of the cheque if the authorized collector has made payment, in advance, of the amount stated on the cheque to the beneficiary and the cheque to be collected under authorization is refused to be paid by the drawee.

## **Section IV**

### **ASSURING THE PAYMENT OF CHEQUE**

### **Article 67. Certification of cheque**

1. In the event where a cheque contains enough contents as provided for in Article 58 herein and when the drawer who has enough money to make cheque payment requests for the certification of cheque, the drawee shall be obliged to certify the cheque by stating phrase “certified” and sign his name on the cheque.
2. The drawee shall be obliged to retain an amount of money, which is enough for the payment of certified cheque when that cheque is presented within the presentation term

### **Article 68. Cheque guaranty**

The guaranty of cheque shall be implemented in accordance with provisions on the guaranty of bill of exchange as stipulated from Article 24 to Article 26 herein.

## **Section V**

### **PRESENTATION AND PAYMENT OF CHEQUE**

#### **Article 69. Presentation term for cheque payment request and place of presentation**

1. The presentation term for a cheque payment request shall be thirty days since the drawing date.
2. The beneficiary shall be entitled to present cheque payment request later, if the late presentation is caused by a force majeure or an objective hindrance. The time when the force majeure or the objective hindrance occurs shall not be included in the presentation term for the payment request.
3. During the presentation term for the payment request, the cheque must be presented for payment at place of payment as stipulated in point dd Paragraph 1 and Paragraph 2 in Article 58 herein or at the Cheque Clearing Payment Center if it is permitted to make payment through this Center.
4. The presentation of cheque for payment shall be considered as valid where the cheque is presented by the beneficiary or his legal representative at the place of payment as stipulated in Paragraph 3 of this Article.
5. The beneficiary may present cheque for payment in the form of registered letter through the public postal service. The determination of time to present cheque for payment shall be calculated under the date stated on the seal of the post office where the cheque is sent.

#### **Article 70. Presenting cheque at the Cheque Clearing Payment Center**

Banks, other payment service suppliers shall present cheque payment request at the Cheque Clearing Payment Center in accordance with provisions of this Center.

#### **Article 71. Making payment**

1. Where cheque is presented for payment in line with the term and place of presentation as stipulated in Article 69 herein, the drawee shall be obliged to make payment within the date of presentation or in the following working day if drawer's account has enough money for payment.
2. The drawee who does not comply with provisions in Paragraph 1 of this Article shall be subject to the damage compensation for the beneficiary with an amount, which is equal to the interests of the amount stated on the cheque at the maximum since the presentation of the cheque for the payment under the interest rate imposed on the late payment of cheque, stipulated by the State Bank of Vietnam and applied at the time of presenting cheque.
3. In the event where cheque is presented for payment prior to the date of drawing stated on the cheque, the payment shall only be made from the date of drawing stated on the cheque.
4. If a cheque is presented after the presentation term for payment, but not in excess of six months since the drawing date, the drawee thereat may still make payment if he does not receive a notice of payment suspension for that cheque and the drawer's account has enough money for payment.
5. In the event where the amount of money which the drawer is entitled to use for drawing cheque is not enough to make payment of the entire amount stated on the cheque in accordance with provisions in Paragraph 1 and Paragraph 2 of this Article, if the beneficiary requests for the payment of one part of the amount stated on the cheque, the drawee thereat shall be obliged to make payment upon the request by the beneficiary within the scope of the amount which the drawer currently has and is entitled to use for payment.
6. Upon the payment of one part of the amount stated on the cheque, the drawee must state clearly the amount that has been paid on the cheque and return the cheque to the beneficiary or the person authorized by the beneficiary. The beneficiary or his authorized person must make a written receipt of the payment and send it to the drawee.
7. The written receipt in this case shall be considered as a written evidence of the fact that the drawee has made partial payment of the amount stated on the cheque.
8. In the event where the cheque is presented for payment after the drawer is declared to be bankrupt, dissolved, dead, disappear or lose civil act capacity, the cheque thereat shall be still valid for payment in accordance with provisions in this Article.
9. The payment of cheque in accordance with provisions in Paragraph 4 of this Article shall terminate after six months since the drawing date on the cheque.

## **Article 72. Payment of the assigned cheque**

Upon payment of assigned cheque by endorsement, the drawee must verify to assure the continuity of the chain of assignment signatures.

### **Article 73. Suspension of cheque payment**

1. The drawer shall have the right to request the payment suspension for the cheque he has drawn by sending a written notice to the drawee of the request for the cheque payment suspension when this cheque is presented for payment. The written notice of the payment suspension shall only be effective after the period as provided for in Paragraph 1 Article 69 herein.
2. The drawer shall be obliged to pay the amount of money stated on the cheque after the cheque is refused to be paid by the drawee in accordance with his notice of the payment suspension.

### **Article 74. Refusing to make payment of cheque**

1. A cheque shall be considered as being refused to be paid if after the period as provided for in Paragraph 1 Article 71 herein, the beneficiary does not receive the sufficient amount of money stated on the cheque.
2. When refusing to make payment of cheque, the drawee, Cheque Clearing Payment Center must make a written confirmation on the refusal of payment, stating clearly the number of the cheque, amount of money to be refused, reason of the refusal, date of presentation, name, address of the cheque drawer, sign his name and deliver it to the presenter of the cheque.

### **Article 75. Making recourse of cheque because the cheque payment is not made**

The recourse of cheque because the cheque payment is not made shall be similarly applied in accordance with provisions from Article 48 to Article 52 herein.

## **CHAPTER V LITIGATION, INSPECTION AND DEALING WITH VIOLATION**

### **Article 76. Litigation by the beneficiary**

1. After sending the notice of the fact that the acceptance or payment for one part of or entire amount of money stated on the assignment instrument is refused, the beneficiary shall have the right to litigate at the Court against one, several or entire concerned persons to request the payment of the amount stipulated in Article 52 herein. Litigation file must consist of a written litigation application, the assignment instrument which is refused to be accepted or refused to be paid, a notice of fact that the assignment instrument is refused to be accepted or refused to be paid.
2. The beneficiary failing to present the assignment instrument for payment within the period as stipulated in Article 43 and Article 69 herein or failing to send a notice of being refused to be accepted or refused to be paid within the period as stipulated in Article 50 herein shall not be entitled to litigate against concerned people, except for the issuer, acceptor or the drawer, the guarantor of the drawee in the event where the bill of exchange is not accepted yet.



### **Article 77. Litigation by concerned person**

Concerned person being litigated in accordance with provisions in Article 76 herein shall be entitled to litigate against the previous assignor, acceptor, issuer, drawer or their guarantor for the amount of money stipulated in Article 52 herein since the date where these concerned person completes the payment of the assignment instrument.

### **Article 78. Litigation prescription**

1. The beneficiary shall have the right to litigate against the drawer, issuer, guarantor, assignor, the acceptor of the request for payment of the amount of money stipulated in Article 52 herein within a period of three years since the date where the assignment instrument is refused to be accepted or refused to be paid.

2. Concerned person being litigated in accordance with provisions in Article 76 herein shall have the right to litigate the drawer, the issuer, the previous assignor, the guarantor, the acceptor for the amount of money stipulated in Article 52 herein within a period of 2 years since the date when this concerned person completes the payment of the assignment instrument.

3. In the event where the beneficiary fails to present the assignment instrument for payment at the due course as stipulated in Article 43 and Article 69 herein, or fails to send a notice of the fact that the assignment instrument is refused to be accepted or refused to be paid within the period as provided for in Article 50 herein, he shall only have the right to litigate against the acceptor, the issuer, the drawer, the guarantor of the drawee within a period of two years since the drawing date of the assignment instrument.

4. In the litigation prescription stipulated in Paragraph 1, 2 and 3 of this Article, if there occurs a force majeure or an objective hindrance, which affects the implementation of the rights of litigation of the beneficiary and concerned person, the time when the force majeure or the objective hindrance occurs shall not be included in the litigation prescription.

### **Article 79. Dealing with disputes**

1. Any dispute on the assignment instrument may be dealt with at the Court or the Commercial Arbitration Agency.

2. People's Court in provinces, cities under the Central Government's management shall be competent to deal with the disputes on the assignment instrument. People's Court shall deal with the disputes on assignment instrument independently of the basic transactions on the issuance of assignment instrument and only basing on the litigation file stipulated in Paragraph 1 Article 76 herein. Sequences and procedures on the settlement of disputes on assignment instrument at the Court shall be implemented in accordance with provisions of the Code on Civil Action.

3. The commercial arbitrator shall be competent to settle disputes on assignment instrument, if prior to or after the occurrence of the dispute, parties have agreed on the settlement of disputes by arbitration. The arbitration agreement and sequences, procedures on arbitration litigation shall be implemented in accordance with provisions of the laws on arbitration.

**Article 80. Inspection of the compliance with provisions of laws on assignment instrument.**

1. The State Bank of Vietnam, within the scope of its assignments, authorities, shall be responsible for the inspection, examination of the compliance with provisions of laws on assignment instruments in the transactions of assignment instruments relating to banking activities.
2. Ministries, Ministerial level agencies, within the scope of their assignments, authorities, shall take the direct responsibility for or coordinate in the inspection, examination of the compliance with provisions of laws on assignment instruments within the scope of their management.
3. The Government shall specifically provide for the inspection coordination in accordance with this Article.

**Article 81. Dealing with violation**

1. Individuals violating provisions of this Law shall, upon the nature, seriousness of the violation, be subject to administrative punishment or prosecuted for criminal liabilities; if causing any damage, they shall be subject to the compensation in accordance with provisions of applicable laws.
2. Organization violating provisions of this Law shall, upon the nature, seriousness of the violation, be subject to administrative punishment; if causing any damage, they shall be subject to the compensation in accordance with provisions of applicable laws.

**CHAPTER VI  
IMPLEMENTING PROVISIONS**

**Article 82. Implementing effectiveness**

1. This Law shall be effective from 01 July 2006.
2. The Ordinance on commercial papers dated 24 December 1999 and other legal documents on commercial papers and cheques shall expire since the effectiveness of this Law.

**Article 83. Guiding the implementation**

The Government shall provide in details for and provide guidance on the implementation of this Law.

This Law was approved by the National Assembly of the Socialist Republic of Vietnam, Legislation XI, Session 8, dated 29 November 2005.

**THE NATIONAL  
ASSEMBLY  
CHAIRMAN**

**NGUYEN VAN AN**