

Asia Counsel Insights provide an overview of the key trending legal and business issues in Vietnam and how they may impact your business. Please enjoy your read.

### Key Dates

- 8<sup>th</sup> August mortgage procedure for off-the-plan property should be simpler.
- 15<sup>th</sup> August new application dossier for investment on commercial housing project applies.



### Investment

#### Offshore Investment

On 29 June 2016, the State Bank issued Circular 12/2016/TT-NHNN guiding offshore investments. Under Circular 12, an investor engaging in offshore investment is required to open an investment capital account in VND or an applicable foreign currency at a commercial bank in Vietnam. The account can only be opened once the investor has received approval from the Ministry of Planning and Investment to undertake offshore investment. All remittance in relation to the offshore investment must be conducted through this account.

For an offshore investment project with multiple investors, each investor must open its own investment capital account.

Non-credit institution investor must also register its foreign currency offshore investment activity with the local branch of the State Bank of Vietnam.

### Securities

#### Foreign Holding in Securities Business

Under Decree 86/2016/ND-CP dated 1 July 2016 of the Government on securities business investment conditions, a foreign investor may acquire more than 51% of the charter capital of a Vietnamese securities business (eg securities firm and fund management company) if it satisfies the following key conditions:

- It has at least two years' operational experience in the banking, securities or insurance sector.
- It is based in a jurisdiction which has multilateral or bilateral cooperation agreement on management and supervision of securities activities with the State Securities Commission of Vietnam.
- The acquisition is approved by the highest decision making body of the foreign organization and the securities business entity.

### Business

#### Telecommunications Service

The Government issued Decree No. 81/2016/ND-CP amending Decree No. 25/2011/ND-CP guiding the Telecommunications Law. New provisions under Decree 81 are below.

- Applicants for telecoms services are no longer required to submit service contract templates at the time of application.
- The regulatory timeframe for issue of a telecoms services license is reduced to 15 working days, compared to 45 working days under Decree 25.
- For essential telecom services requiring a standard form contract and general transaction conditions as prescribed by the Prime Minister, the Ministry of Industry and Trade shall approve registration of the same after consulting the Ministry of Information and Communication.

Decree 81 takes effect on 1 July 2016

### About Asia Counsel

Asia Counsel is a dynamic international corporate and commercial law firm dedicated to serving clients in Vietnam. Our partners have over nine years of experience in working on complex and challenging matters in Vietnam. We are committed to helping clients achieve their business strategies and providing outstanding legal services.

If you have any questions on any of the items discussed above, please do not hesitate to contact us.

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## Banking Factoring

On 1 July 2016, the Government issued Decree 60/2016/ND-CP regulating the business conditions on factoring, including: debt purchase, debt sale, brokerage and advisory services in relation to factoring and debt trading floor service.

The general conditions for enterprises to conduct a factoring business includes:

- The enterprise must have an internal rule for organization and conduct of factoring business.
- The enterprise must satisfy the minimum charter capital, investment capital required for each service: VND 5 billion for brokerage or advisory services in relation to factoring, VND 100 billion for factoring business and VND 500 billion for debt trading floor service.
- The manager of the enterprise must have a bachelor degree in economic or management and five years relevant management and work experience.

Decree 60 will take effect from 1 July 2016.

## Insurance

### New Decree on Insurance Business

The Government issued Decree 73/2016/ND-CP detailing the Law on Insurance Business and its amendments. Pursuant to the new Decree, there are some notable changes regarding conditions for establishment of an insurance enterprise.

- An investor cannot use any loan or entrusted money to contribute capital to an insurance enterprise.
- The legal capital of insurance enterprise providing healthcare insurance is VND 300 billion.
- There are stricter conditions on the financial capacity for investors to establish an insurance enterprise (eg, a Vietnamese entity investor must have a minimum total assets of VND2,000 billion and a foreign entity investor must have a minimum total assets of USD2 billion).
- The fund for protection of insured persons will be managed by the MOF instead of the Vietnam Insurance Association.

Decree 73 takes effect on 1 July 2016.

## Finance

### Purchase of corporate bonds by credit institutions

On 30 June 2016, the State Bank of Vietnam issued Circular No. 22/2016/TT-NHNN on purchase of corporate bonds by credit institutions and foreign bank branches ("**Credit Institutions**"). New provisions under Circular 22 are:

- Credit Institutions are not permitted to use loans from other Credit Institutions to purchase corporate bonds.
- Credit Institutions may repurchase corporate bonds owned by other organizations and individuals. Such bonds must not be subject to any disputes or used as security for other obligations, and have not reached maturity date.

Credit Institutions are required to revise and update their internal rules on purchase of corporate bonds according to Circular 22 and file them to the banking supervisory authority of the State Bank of Vietnam.

The Circular will be effective as of 15 August 2016.

## Vietnam Fact Box

### Economic figures of the first half of 2016 compared to 2015

GDP growth	+5.52
Total retail sales of consumer goods and services	+9.50
Industrial production index	+7.50
Export turnover	+5.90
Import turnover	-0.50
Foreign visitors	+21.30
CPI	+1.72
Inflation	+1.80

Source: General Department of Statistics

## Agribusiness

On 1 July 2016, the Government issued Decree 66/2016/ND-CP regulating the conditions for investment in livestock, aquatic animals, crop farming animal husbandry and other agribusinesses.

The general conditions for investment in a food production facility are below:

- Business owners must possess a certificate of food safety knowledge.
- The business location must be away from hospitals, schools and domestic waste treatment areas.
- Any equipment, packages, containers and display for sale must confirm to relevant Vietnam technical regulations.
- There must be proper equipment for waste treatment and regulation of clean airflow in the facility.

Decree 66 takes effect from 1 July 2016.

