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New offshore indirect investment regulations- Vietnamese employees able to participate in overseas employee share ownership plans

The Government issued Decree No. 135/2015/ND-CP on offshore indirect investment ("**OII**") which took effect from 15 February. Guiding the implementation of Decree 135, the State Bank of Vietnam has now issued Circular No. 10/2016/TT-NHNN which will come into effect on 13 August.

Some notable issues in relation to OII in the above regulations include:

- OII refers to the purchase of overseas securities, other valuable papers or making investments via overseas securities investment funds or other intermediary financial institutions.
- Only Vietnamese individuals and economic organisations satisfying certain conditions stated in Decree 135 are permitted to engage in OII.
- Vietnamese employees of foreign invested companies, representative offices and other Vietnam-based units of foreign companies are allowed to participate in offshore employee share ownership programs ("ESOPs"). The Vietnam entities must register with, and obtain approval, from the SBV for the ESOPs prior to implementation. All transactions in relation to the registered ESOPs (e.g. overseas fund remittance or transfer of proceeds back to Vietnam) must be conducted via a bank account to be opened by the Vietnam entity with a bank in Vietnam.
- Periodical reports on the implementation of the ESOPs must be submitted by the Vietnam entities to the State Bank of Vietnam.

Please liaise with your regular contacts at PwC Legal if you have any questions on the above.

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This publication has been prepared for general guidance on matters of interest only, and does not constitute professional advice. *For further information, please contact: Phan Thi Thuy Duong (PwC Legal HCMC) at phone (84-8) 38230796 ext. 1508, email: phan.thi.thuy.duong@vn.pwc.com or Veera Mäenpää (PwC Legal HCMC) at phone (84-8) 38230796 ext. 1517, email: veera.maenpaa@vn.pwc.com, or contact Le Anh Tuan (PwC Legal Hanoi) at phone (84-4) 39462246 ext. 1504, email: tuan.le.anh@vn.pwc.com.*