

THE GOVERNMENT

THE SOCIALIST REPUBLIC OF VIETNAM
Independence – Freedom – Happiness

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DECREE

PROVIDING REGULATORY FRAMEWORK FOR MULTI-LEVEL MARKETING

Pursuant to the Law on government organization dated June 19, 2015;

Pursuant to the Competition Law dated December 03, 2004;

Pursuant to the Law on investment dated November 26, 2014 and the Law dated November 22, 2016 on amendments to Article 6 and Appendix 4 regarding the list of business lines subject to specific business conditions of the Law on investment;

At the request of Minister of Industry and Trade;

The Government promulgates a Decree providing the regulatory framework for multi-level marketing.

Chapter I

GENERAL PROVISIONS

Article 1. Scope

This Decree deals with multi-level marketing and management of multi-level marketing activities.

Article 2. Regulated entities

This Decree applies to multi-level marketing companies, multi-level marketing salespeople and other organizations and individuals involved in multi-level marketing model.

Article 3. Interpretation of terms

For the purposes of this Decree, the terms below are construed as follows:

1. “multi-level marketing (MLM)” means a business model that utilizes the network of participants at different levels wherein commissions, bonuses and other economic benefits are or may be paid to participants based on their personal sales and the sales made by other distributors below the participants, also known as downline distributors.

2. “multi-level marketing company” refers to a company that uses the multi-level marketing for sale of its products.
3. “participant” refers to a salesperson who participates in the MLM under a contract signed with the MLM company.
4. "MLM contract” means a written agreement on the participation in the MLM entered into by and between a salesperson and the MLM company.
5. “business rule” means a set of rules established by a MLM company for governing activities of MLM participants, process and procedures for performing MLM activities.
6. “compensation plan” means a plan used by a MLM company to calculate and pay commissions, bonuses and other economic benefits to participants based on their own sales efforts and the sales made by their downline distributors.
7. “position and identity number in the MLM” refer to the position and identity number of a participant in the MLM network which are used as a basis for calculating commissions, bonuses and other economic benefits paid out to that participant.

Article 4. Subject of the multi-level marketing

1. The MLM business model is used to sell products only. Any business activities carried out in the form of MLM regarding a subject other than commodities are prohibited, unless otherwise prescribed by law.
2. The following goods cannot be sold through the MLM business model:
 - a) Medicines; medical equipment; veterinary drugs (including veterinary drugs used in aquaculture); pesticides; insecticidal and germicidal chemicals and preparations which are restricted or banned from household and medical use; other hazardous chemicals;
 - b) Digital content products.

Article 5. Prohibited acts in multi-level marketing

1. A MLM company is prohibited from:
 - a) requesting a prospective participant to deposit or pay a certain amount of money in any way to be eligible to enter into a MLM contract;
 - b) requesting a prospective participant to buy a certain quantity of products in any way to be eligible to enter into a MLM contract;

c) paying money or other economic benefits to a participant in compensation for his/her recruitment of new distributors without consideration of his/her sale of products to recruited distributors;

d) refusing to pay, without legitimate reasons, commissions, bonuses or other economic benefits to eligible participants;

dd) providing false information concerning the compensation plan or benefits from participation in the MLM;

e) providing false or misleading information about features or uses of products or operations of the MLM company through speakers or trainers at conferences, meetings, training courses or training materials of the MLM company;

g) maintaining more than one MLM contract, position, identity number or others of equivalent validity for a participant;

h) implementing sales promotion program using multi-level network in which a participant has more than one position, identity number or others of equivalent validity;

i) providing commercial intermediary services as regulated by the Law on commerce with the aims of maintaining, expanding and developing its own MLM network;

k) receiving or accepting a participant's application or other document which states that the participant relinquishes a part or all of his/her rights as defined herein or says that the MLM company must not fulfill obligations towards to the participant as regulated herein;

l) using the MLM strategy to trade or sell a subject other than the one permitted in Article 4 herein;

m) failing to use the management system registered with the regulatory authority that issued the MLM registration certificate to manage its MLM participants; and

n) trading or transferring the network of MLM participants to another enterprise, except for acquisition, amalgamation or merger of enterprises.

2. A MLM participant is prohibited from:

a) committing the prohibited act specified in Point a Clause 1 of this Article;

b) providing false or misleading information about benefits of a participant, features or uses of products, or operations of the MLM company;

c) failing to obtain a written authorization from the MLM company before organizing MLM conferences, meetings or training courses;

d) luring, enticing or bribing participants of another MLM company to participate in the network of the MLM company in which he/she participates;

dd) taking advantage of his/her position, power or social position to encourage, request, lure or entice other persons to participate in MLM network or buy products through the MLM model;

e) performing MLM activities in a province in which the MLM company does not yet carry out registration of MLM activities.

3. Organizations and individuals are prohibited from selling products through the MLM, or organizing conferences, meetings, training courses or introduction of their MLM activities or the MLM of the others without obtaining the MLM registration certificate, unless otherwise prescribed by law.

4. Individuals are prohibited from participating in the MLM network of an organization or individual that is not granted the MLM registration certificate, unless otherwise prescribed by law.

Chapter II

REGISTRATION OF MULTI-LEVEL MARKETING

Article 6. Registration of multi-level marketing

The registration of MLM must be properly carried out in accordance with regulations herein.

Article 7. Eligibility requirements for MLM registration

1. An applicant for MLM registration is required to fulfill all of the following requirements:

a) It must be an enterprise that is duly established under the laws of Vietnam in the territory of Vietnam and has never had a MLM registration certificate revoked;

b) It must have at least VND 10 billion of charter capital;

c) The partners, if the MLM company is a partnership, the proprietor, if the MLM company is a private enterprise or a single-member limited liability company, the members, if the MLM company is a limited liability company of two or more members, the founders, if the MLM company is a joint-stock company, or the legal representative of the MLM company must have never held one of the said positions at a MLM company whose MLM registration certificate has been revoked in accordance with regulations of the Government's Decree No. 42/2014/ND-CP dated May 14, 2014 and regulations herein;

d) It must deposit money at a commercial bank or a branch of foreign bank locating in Vietnam as regulated in Clause 2 Article 50 of this Decree;

dd) Its MLM contract forms, business rule, compensation plan and training programs must be available, obvious, transparent and conformable with regulations herein;

e) It must develop an information technology system to manage participants in the MLM and a website to provide information about its profiles and MLM activities;

g) It must develop a communications system to receive and take actions against complaints or queries of MLM participants.

2. The applicant shall prepare an application for the MLM registration certificate as regulated in Article 9 herein and be legally responsible for the legality, truthfulness and accuracy of the submitted application.

Article 8. MLM registration certificate

1. A MLM registration certificate shall be effective for 05 years from the date of issue.

2. The MLM registration certificate is made into 02 originals, among which 01 original is delivered to the applicant and the other is kept by the Ministry of Industry and Trade.

3. A MLM registration certificate includes the following contents: The name of MLM company; information concerning the Certificate of company registration/Certificate of investment registration (if any), including: company's code, issuing authority, date of initial issue, date of the latest modification; head office's address, telephone number, fax number, website and email address; information about the legal representative, including: full name, nationality, details of ID card/ citizen's identity card/ passport, position, registered permanent residence/ temporary residence; scope of products sold through the MLM.

Article 9. Application for MLM registration certificate

An application for the MLM registration certificate includes the following documents (which must bear the applicant's stamp):

1. The application form for the MLM registration certificate made according to the Form No. 01 in the Appendix enclosed herewith.

2. A copy of the certificate of company registration or other paper with the same value.

3. The list of persons mentioned in Point c Clause 1 Article 7 herein, enclosed with copies of their personal identity papers (ID card or citizen identity card or passport if that is a Vietnamese citizen; passport and certificate of registration of temporary residence issued by a Vietnamese authority if that is a foreigner permanently residing in Vietnam; passport if that is a foreigner who does not permanently reside in Vietnam).

4. 02 sets of documents concerning the applicant's MLM activities, including:

- a) The MLM contract form;
- b) The compensation plan;
- c) The basic training program;
- d) The business rule.

5. The list of products sold through the MLM, including: Name, type, origin, packaging specifications, warranty (if any), selling price, point volume calculated based upon the selling price, and time of application.

6. The original of the bank's confirmation of compulsory deposit.

7. Technical documents concerning the information technology system used for managing participants as prescribed in Article 44 herein.

8. Documents proving that the applicant's website meets the requirements in Article 45 herein.

9. Documents proving the applicant's communications system used for receiving and taking actions against complaints or queries of MLM participants.

Article 10. Procedures for issuance of a MLM registration certificate

1. Receipt of application:

a) The applicant shall submit an application, including the documents specified in Article 9 herein (enclosed with their files in ".doc" and ".xls" formats), to the Ministry of Industry and Trade (by hand or by post);

b) Within 05 working days from the receipt of the application, the Ministry of Industry and Trade shall check its adequacy and validity. If an application is insufficient or invalid, the Ministry of Industry and Trade shall request the applicant in writing to modify or supplement the application;

c) Within 30 days from the receipt of the written request from Ministry of Industry and Trade, if the applicant fails to modify or supplement the application as requested, the Ministry of Industry and Trade shall return the received application.

2. Processing of application:

a) Upon the receipt of a sufficient and valid application, the Ministry of Industry and Trade shall notify the applicant of the application processing fees. The Ministry of Industry and Trade shall return the application if it does not receive the full payment of processing fees within 30 days from the notification date;

b) The Ministry of Industry and Trade shall process the application within 20 working days from the receipt of processing fees in full;

c) Application processing steps:

- Obtain a written verification of the accuracy of the deposit confirmation from the bank where the applicant deposits money;

- Consider the conformity of the documents included in the application for the MLM registration certificate with regulations herein.

d) If the application fails to meet all of requirements herein, the Ministry of Industry and Trade shall request the applicant in writing to modify or supplement the application. The applicant may only supplement the application once within 30 days from the receipt of the written request from the Ministry of Industry and Trade.

The Ministry of Industry and Trade shall consider the supplemented documents within 15 working days from the receipt of such documents.

3. Return of application:

If the applicant fails to modify or supplement the application within the time limit specified in Point d Clause 2 of this Article or the application still fails to meet the requirements herein after it has been modified or supplemented, the Ministry of Industry and Trade shall give a written notification of application return which indicates reasons for return.

4. Issuance of a MLM registration certificate:

If the application meets all of requirements herein, the Ministry of Industry and Trade shall issue the MLM registration certificate using the form No. 02 in the Appendix enclosed herewith and return 01 set of documents specified in Clause 4 Article 9 herein after being affixed the seal of the Ministry of Industry and Trade.

5. Within 10 working days from the issue of the MLM registration certificate, the Ministry of Industry and Trade shall publish information concerning the MLM activities on its website, notify the bank where the MLM company deposits money and provide the copy of the MLM registration certificate and copies of the documents specified in Clause 4 and Clause 5 Article 9 herein to Provincial Departments of Industry and Trade nationwide by one of the following modes:

a) By post;

b) By e-mail;

c) Via the MLM management system of the Ministry of Industry and Trade.

Article 11. Modification of a MLM registration certificate

1. The MLM company is liable to carry out procedures for modification of the MLM registration certificate in the following cases:

a) In case there are any changes in the MLM company's profiles, including name, legal representative, head office's address, founders, proprietor, or deposit at bank, the MLM company shall carry out procedures for modification of the MLM registration certificate within 15 working days from the date on which such changes are certified by competent authorities;

b) In case there are changes in contents specified in Clause 4, Clause 7, Clause 8 and Clause 9 Article 9 herein, the MLM company shall carry out procedures for modification of the MLM registration certificate before application.

2. In case there are changes in the list of products sold through the MLM, the MLM company shall notify the Ministry of Industry and Trade in writing of such changes before application.

Article 12. Application and procedures for modification of a MLM registration certificate

1. An application for modification of a MLM registration certificate includes:

a) The application form for modification of the MLM registration certificate made according to the Form No. 03 in the Appendix enclosed herewith;

b) The original of the MLM registration certificate issued by the Ministry of Industry and Trade;

c) Documents specified in Article 9 herein and concerning the modified contents of the MLM registration certificate.

2. Procedures for modification of a MLM registration certificate are performed under regulations in Article 10 herein.

3. Procedures for notification of changes in the list of products sold through the MLM:

a) The MLM company shall send a written notification of changes in the list of products sold through the MLM, which specifies changed contents and is enclosed with the new list of products sold through the MLM, to the Ministry of Industry and Trade (by hand or by post);

b) If requiring further modification or supplements, the Ministry of Industry and Trade shall send a written request to the MLM company within 15 working days from the receipt of the company's documents.

The MLM company is allowed to sell products specified in the list of products sold through the MLM if the Ministry of Industry and Trade does not request for any modification or supplements within 15 working days from the receipt of the company's documents;

c) The Ministry of Industry and Trade shall notify Provincial Departments of Industry and Trade nationwide by one of the modes specified in Clause 5 Article 10 herein of the MLM company's notification of changes in the list of products sold through the MLM.

Article 13. Re-issuance of a MLM registration certificate

1. In case a MLM registration certificate is lost, torn or destroyed, the MLM company shall submit the application for re-issuance of the MLM registration certificate using the Form No. 04 in the Appendix enclosed herewith to the Ministry of Industry and Trade (by hand or by post).

2. Within 10 working days from the receipt of the valid application for re-issuance of the MLM registration certificate, the Ministry of Industry and Trade shall re-issue the MLM registration certificate to the applicant.

Article 14. Renewal of a MLM registration certificate

1. A MLM registration certificate may be renewed for a number of times, 05 years at a time.

2. The MLM company is permitted to apply for an approval for renewal of its MLM registration certificate if it satisfies all of the requirements specified in Article 7 herein.

3. At least 03 months before the expiry date of the MLM registration certificate, the MLM company must carry out procedures for renewal of the MLM registration certificate.

4. An application for renewal of a MLM registration certificate includes:

a) The application form for renewal of the MLM registration certificate made according to the Form No. 05 in the Appendix enclosed herewith;

b) The documents specified in Clause 2 and Clause 3 Article 9 herein;

c) The documents specified in Clause 4, Clause 5, Clause 6, Clause 7, Clause 8 and Clause 9 Article 9 herein if there are any changes in the contents of the MLM registration certificate which has been also modified or supplemented.

5. Procedures for renewal of a MLM registration certificate are performed under regulations in Article 10 herein.

Article 15. Fees for processing of applications of the MLM registration certificate

1. Fees for processing of applications for the MLM registration certificate include fees for issuance, modification and renewal of the MLM registration certificate.

2. Fees for processing of applications for the MLM registration certificate, collection, transfer, management and use thereof shall follow application laws.

Article 16. Revocation of a MLM registration certificate

1. The Ministry of Industry and Trade shall revoke the MLM registration certificate in the following cases:

- a) The certificate of company registration or other document of the same validity is revoked or the company is dissolved or declared bankrupt in accordance with applicable law regulations;
- b) There are falsified documents included in the application for MLM registration certificate;
- c) The MLM company faces penalties for committing one of the prohibited acts specified in Clause 1 Article 5 or Clause 3 Article 47 herein in the course of selling products through the MLM as regulated by law;
- d) The MLM company fails to implement remedial measures as requested by the competent authority in charge of managing the MLM so as to satisfy the requirements in Article 7 herein during its operations.

2. The MLM registration certificate shall be no longer effective from the date of entry into force of the decision on revocation of the MLM registration certificate.

3. Procedures for revocation of the MLM registration certificate:

- a) The Ministry of Industry and Trade promulgates a decision on revocation of the MLM registration certificate upon the occurrence of one of the events specified in Clause 1 of this Article;
- b) Within 10 working days from the date on which the decision on revocation of the MLM registration certificate becomes effective, the Ministry of Industry and Trade shall inform Provincial Departments of Industry and Trade nationwide of such revocation by one of the modes specified in Clause 5 Article 10 herein, and publish information thereof on its website.

Article 17. Termination of multi-level marketing activities

1. Cases where MLM activities are terminated:

- a) The MLM registration certificate expires without renewal as regulated in Article 14 herein;
- b) The MLM company terminates MLM activities at its own will;
- c) The MLM registration certificate is revoked by the competent authority.

2. When terminating MLM activities, the MLM company shall:

- a) Send a written notification of termination of MLM activities to the Ministry of Industry and Trade, post up the notice thereof at its head office, branches, representative offices and business locations, and on its website;
- b) Terminate or finalize MLM contracts and solve benefits for MLM participants in accordance with law regulations on MLM management;
- c) Fulfill obligations specified in the decision given by a competent authority on penalties for violations against regulations on MLM activities.

Article 18. Procedures for termination of multi-level marketing activities

1. In case a MLM company terminates MLM activities at its own will:

- a) The documentation of notification of termination of MLM activities must comprise:
 - The notice of termination of MLM activities, made according to the Form No. 06 stated in the Appendix enclosed herewith;
 - The report made according to the Form No. 15 stated in the Appendix enclosed herewith;
 - A copy of the certificate of company registration of the latest modification or other document of the same validity;
 - The original MLM registration certificate;
 - A copy of the decision on the termination of MLM activities issued by the proprietor if the MLM company is a private enterprise, or the company owner if the MLM company is a single-member limited liability company; the decision on and the minutes of the meeting discussing the termination of MLM activities issued by the Members' Council if the MLM company is a limited liability company with two or more members, or the General Shareholders' Meeting if the MLM company is a joint-stock company, or partners if the MLM company is a partnership;

b) Procedures for termination of MLM activities:

- The MLM company shall submit the documentation of notification of termination of MLM activities to the Ministry of Industry and Trade (either directly or by post);
- Within 10 working days from the receipt of a valid notification documentation, the Ministry of Industry and Trade shall issue a written certification of receipt of the documentation of notification of termination of MLM activities, inform Provincial Departments of Industry and Trade nationwide of the company's termination of MLM activities by one of the modes prescribed in Clause 5 Article 10 herein, and post such information on its website.

2. In case a MLM company terminates MLM activities because its MLM registration certificate expires or is revoked:

a) The documentation of notification of termination of MLM activities must comprise:

- The notice of termination of MLM activities, made according to the Form No. 06 stated in the Appendix enclosed herewith;
- The report made according to the Form No. 15 stated in the Appendix enclosed herewith;
- A copy of the certificate of company registration of the latest modification or other document of the same validity;
- The original MLM registration certificate.

b) Procedures for termination of MLM activities:

- Within 30 working days after the MLM registration certificate expires or is revoked, the MLM company shall submit the documentation of notification of the termination of MLM activities to the Ministry of Industry and Trade (either directly or by post);
- Within 10 working days from the receipt of a valid notification documentation, the Ministry of Industry and Trade shall issue a written certification of receipt of the documentation of notification of termination of MLM activities, inform Provincial Departments of Industry and Trade nationwide of the company's termination of MLM activities by one of the modes prescribed in Clause 5 Article 10 herein, and post such information on its website.

Chapter III

MANAGEMENT OF MULTI-LEVEL MARKETING ACTIVITIES IN A PROVINCE

Article 19. Multi-level marketing activities in a province

A MLM company is considered to have MLM activities in a province if:

1. Its head office, branch or representative office carries out MLM activities in such province.
2. It organizes conferences, meetings or training programs in MLM contents in such province.
3. A participant in its MLM network resides (either permanently or temporarily) or carries out marketing activities or sells products through the MLM in such province.

Article 20. Registration of multi-level marketing activities in a province

1. The MLM company shall carry out procedures for registration of MLM activities with the Provincial Department of Industry and Trade, and may perform MLM activities in such province only after it has obtained a written certification of registration of MLM activities from such Provincial Department of Industry and Trade.

2. In case its head office, branch or representative office is not located in a province, the MLM company shall authorize an individual who resides in such province to act as its representative to contact and complete necessary procedures with competent authorities in such province.

3. The MLM company is obliged to keep documents concerning its MLM activities carried out in the province and present them at the request of a competent authority.

Article 21. Application and procedures for registration of multi-level marketing activities in a province

1. An application for registration of MLM activities in a province includes:

a) The application form for registration of MLM activities in a province made according to the Form No. 07 in the Appendix enclosed herewith;

b) A copy of the certificate of company registration or other document of the same validity;

c) A copy of the MLM registration certificate;

d) A copy of the certificate of operation registration for branch or representative office, or the certificate of registration of business location (if any), or the written authorization to the company's representative in such province, enclosed with a certified copy of his/her ID card/ citizen's identity card/ passport.

2. The MLM company shall submit an application for registration of MLM activities in the province, enclosed with the list of participants who reside in such province and is participating in its MLM network at the time of application submission if the company's MLM activities have been performed in such province before the date of entry into force of this Decree (such list must specify: full name, date of birth, residence (either permanent or temporary), number of ID card/ citizen's identity card/ passport, number of the MLM contract, participant's identity number, and telephone number), to the Department of Industry and Trade of the province where MLM activities are expected to be carried out (either directly or by post).

3. Within 05 working days from the receipt of the application, the Provincial Department of Industry and Trade shall request the MLM company in writing to modify or supplement the application if it is not yet sufficient and valid. The MLM company must modify or supplement the application within 15 working days from the receipt of written request from the Provincial Department of Industry and Trade. The Provincial Department of Industry and Trade shall return the received application if the MLM company fails to modify or supplement it within the required time limit.

Within 07 working days from the receipt of a sufficient and valid application, the Provincial Department of Industry and Trade shall issue a certificate of registration of MLM activities in the province, made according to the Form No. 08 stated in the Appendix enclosed herewith, to the MLM company. If an application is refused, the Provincial Department of Industry and Trade shall give a written notification indicating reasons for refusal to the MLM company.

4. Within 05 working days from the issue of the certificate of registration of MLM activities, the Provincial Department of Industry and Trade is liable to publish such information on its website and send a copy thereof to the Ministry of Industry and Trade by one of the modes specified in Clause 5 Article 10 herein.

Article 22. Registration of modification or supplements to multi-level marketing activities in a province

1. The MLM company is responsible for carrying out procedures for registration of modification or supplements to its MLM activities carried out in a province to the Provincial Department of Industry and Trade when there are any changes in:

- a) Its head office, branch, representative office or business location in such province;
- b) Its representative in charge of MLM activities in such province.

2. Within 15 working days from the occurrence of any changes specified in Clause 1 of this Article, the MLM company must submit an application for registration of modification or supplements to MLM activities, made according to the Form No. 09 stated in the Appendix enclosed herewith, and the documents specified in Point b, Point d Clause 1 Article 21 herein to the Provincial Department of Industry and Trade (either directly or by post).

3. Within 05 working days from the receipt of the application, the Provincial Department of Industry and Trade shall request the MLM company in writing to modify or supplement the application if it is not yet sufficient and valid. The MLM company may only modify or supplement the application once within 15 days from the receipt of the written request from the Provincial Department of Industry and Trade. The Provincial Department of Industry and Trade shall return the received application if the MLM company fails to modify or supplement it within the required time limit.

4. Within 07 working days from the receipt of a sufficient and valid application, the Provincial Department of Industry and Trade shall issue a certificate of registration of modification or supplements to MLM activities in the province, made according to the Form No. 10 stated in the Appendix enclosed herewith, to the MLM company. If an application is refused, the Provincial Department of Industry and Trade shall give a written notification indicating reasons for refusal to the MLM company.

5. The Provincial Department of Industry and Trade shall publish information concerning the MLM company's registration of modification or amendments to MLM activities in the province on its website and inform it to the Ministry of Industry and Trade by one of the modes specified in Clause 5 Article 10 herein.

Article 23. Revocation of certificate of registration of multi-level marketing activities in a province

1. The Provincial Department of Industry and Trade shall revoke the certificate of registration of MLM activities in a province in the following cases:

- a) There are falsified documents included in the application for registration of MLM activities in a province;
- b) The MLM company fails to carry out MLM activities in the registered province for a consecutive period of 12 months;
- c) The MLM company fails to fulfill its responsibility specified in Clause 11 Article 40 herein;
- d) Its MLM registration certificate is revoked by a competent authority.

2. Within 10 working days from the date on which the decision on revocation of the certificate of registration of MLM activities in a province becomes effective, the Provincial Department of Industry and Trade shall publish information concerning such revocation on its website and inform the Ministry of Industry and Trade of such revocation by one of the modes specified in Clause 5 Article 10 herein.

3. The certificate of registration of MLM activities in a province shall be no longer effective from the date on which the decision on revocation becomes effective.

4. Within 30 days from the effective date of the decision on revocation, the MLM company shall carry out procedures for termination of MLM activities in such province under regulations in Article 24 herein.

5. The Provincial Department of Industry and Trade shall not re-issue the certificate of registration of MLM activities in a province within 06 months from the effective date of the decision on revocation if the MLM company has its certificate of registration of MLM activities revoked because of the reason specified in Point b Clause 1 of this Article, or 12 months if the MLM company has its certificate of registration of MLM activities revoked because of the reason specified in Point a or Point c Clause 1 of this Article.

Article 24. Termination of multi-level marketing activities in a province

1. Cases where MLM activities in a province are terminated:

- a) The MLM company has its certificate of registration of multi-level marketing activities in a province revoked;
- b) The MLM company terminates MLM activities in such province at its own will.

2. When terminating MLM activities in a province, the MLM company shall:

- a) Send a written notification of termination of MLM activities to the Provincial Department of Industry and Trade, post up the notice thereof at its head office, branch, representative office or business location in such province (if any), and on its website;
- b) Terminate or finalize MLM contracts and solve benefits for participants in the MLM network in such province in accordance with law regulations on MLM management;
- c) Fulfill obligations specified in the decision given by a competent authority on penalties for violations against regulations on MLM activities in such province.

Article 25. Procedures for termination of multi-level marketing activities in a province

1. If a MLM company voluntarily terminates its MLM activities in a province, it shall submit a notice of termination of MLM activities in a province, made according to the Form No. 11 stated in the Appendix enclosed herewith, and the report made according to the Form No. 16 stated in the Appendix enclosed herewith to the Provincial Department of Industry and Trade (either directly or by post).
2. If a MLM company terminates its MLM activities in a province because its certificate of registration of MLM activities in such province is revoked, it shall submit the documents specified in Clause 1 of this Article to the Provincial Department of Industry and Trade (either directly or by post) within 30 working days from the revocation of its certificate of registration of MLM activities.
3. In case a MLM company voluntarily terminates its MLM activities in a province, within 10 working days from the receipt of the valid documentation of notification thereof, the Provincial Department of Industry and Trade shall issue a written certification of receipt of the documentation of notification of termination of MLM activities to the MLM company, publish information thereof on its website and report it to the Ministry of Industry and Trade by one of the modes prescribed in Clause 5 Article 10 herein.

Article 26. Notification of MLM conferences, meetings and training programs

1. A MLM company is only allowed to organize MLM conferences, meetings and/or training programs in the province in which it has obtained a certificate of registration of MLM activities.
2. If a conference, meetings or training program is intended to be organized with the attendance of 30 persons, or 10 participants in the MLM network, or more, the MLM company is required to inform the Provincial Department of Industry and Trade before organization.
3. The MLM company shall cooperate with relevant competent authorities in monitoring and supervising its MLM conferences, meetings and/or training programs in accordance with applicable law regulations.

Article 27. Documentation and procedures for notification of MLM conferences, meetings and training programs

1. A documentation of notification of a MLM conference, meetings or training program includes:
 - a) The notice of MLM conference, meetings or training program, made according to the Form No. 12 stated in the Appendix enclosed herewith;
 - b) Contents and documents to be presented at such conference, meetings or training program, and estimated number of participants;
 - c) The list of speakers, enclosed with piecework agreements signed with the MLM company, which specifies rights and responsibilities of a speaker;
 - d) The original power of attorney in case the MLM company authorizes an individual to organize the MLM training program, conference or meetings.
2. The MLM company is allowed to notify the organization of several MLM conferences, meetings and/or training programs in the one notice.
3. The MLM company shall submit the documentation of notification of a MLM conference, meetings or training program to the Provincial Department of Industry and Trade (either directly or by post) at least 15 days before the estimated date of organization.
4. Within 05 working days from the receipt of the notification documentation, the Provincial Department of Industry and Trade shall request the MLM company in writing to modify or supplement the notification documentation if it is not yet sufficient and valid. The MLM company must modify or supplement the notification documentation within 10 working days from the receipt of written request from the Provincial Department of Industry and Trade.
5. The MLM company is allowed to organize the MLM conference, meetings or training program if it does not receive any request for modification from the Provincial Department of Industry and Trade within 05 working days from the date of notification.
6. The MLM company is required to send a written notification to the Provincial Department of Industry and Trade of any changes in the documentation of notification of its MLM conference, meetings or training program at least 03 days before the estimated date of organization.
7. In case a MLM company has notified the Provincial Department of Industry and Trade of its MLM conference, meetings or training program but cancels such MLM conference, meetings or training program, it must send a written notice to the Provincial Department of Industry and Trade of such cancellation before the estimated date of organization specified in the submitted documentation.

Chapter IV

MANAGEMENT OF PARTICIPANTS IN THE MLM NETWORK

Article 28. Eligibility requirements to be satisfied by a participant

1. A person wishing to participate in the MLM network must have full legal capacity as prescribed by law.

2. The following persons are not allowed to participate in the MLM network:

a) A person who is serving a prison sentence or has previous convictions for manufacturing and trading of counterfeit or banned products, false advertising, deceiving consumers, obtaining property by fraud, abuse of trust to appropriate property, illegal impoundment of property or any violations against regulations on MLM;

b) A foreigner who fails to possess a valid work permit granted by a competent authority of Vietnam, except for cases of work permit exemption as regulated by the labour law;

c) A person who has participated in the MLM and is faced with administrative penalties for committing violations against regulations in Clause 2, Clause 3 and Clause 4 Article 5 herein but the sanctioning duration has not ended;

d) The persons prescribed in Point c Clause 1 Article 7 herein;

dd) Officials and public employees as regulated in the law on officials and public employees;

Article 29. MLM contract

1. The MLM company must enter into MLM contract with every participant.

2. A MLM contract must include the following contents:

a) Name, legal representative and contract information of the MLM company;

b) Full name, date of birth, permanent residence (or registered residence of a foreigner), current residence (either permanent or temporary), telephone number, bank account number, number of ID card/ citizen's identity card/ passport of the participant; number of work permit if the participant is a foreigner;

c) Full name and identity number of the introducer (or sponsor);

d) Information concerning the products sold through the MLM;

dd) Information concerning the compensation plan and business rule;

e) Rights and obligations of the parties, which must conform to regulations herein and relevant laws;

g) The provision on payment of commissions and bonuses by bank transfer;

h) The provision on repurchase of products;

i) Cases where a MLM contract is terminated and obligations arising from such termination;

k) The policy for settlement of contract disputes.

3. A MLM contract must meet the following format requirements:

a) The MLM contract must be made in Vietnamese with a font of at least 12-point size;

b) The text of the MLM contract must have sufficient color contrast against the background.

Article 30. Terminating a MLM contract

1. A participant is entitled to terminate the MLM contract by sending a written notification to the MLM company at least 10 working days before the estimated date of termination.

2. The MLM company is entitled to terminate the MLM contract signed with a participant who commits any violations against regulations in Article 41 herein.

3. The MLM company must terminate the MLM contract signed with a participant who commits violation against regulation in Clause 2 Article 5 herein.

4. Within 30 days from the date on which the MLM contract is terminated, the MLM company shall make full payments of commissions, bonuses and other economic benefits which the participant is entitled to receive during his/her participation in the company's MLM network.

Article 31. Basic training program

1. The basic training program is compulsory for participants in the MLM network.

2. A basic training program includes the following contents:

a) The law on multi-level marketing;

b) Ethic standards of a participant in the MLM;

c) Basic contents of a MLM contract, business rule and compensation plan;

d) The policy for assessment of a participant's completion of the basic training program in conformity with training contents and method.

3. The minimum duration of a basic training program is 08 hours.

Article 32. Provision of basic training program for participants

1. The MLM company is responsible for providing participants in its MLM network with training courses according to the basic training program registered with a competent authority without requiring any training fees.
2. Each participant is obliged to attend and acquire all contents of the basic training program.
3. Only persons who are appointed by the MLM company as trainers may provide basic training programs for participants in the MLM network of such company.
4. A basic training program may be provided in one of the following methods:
 - a) Direct training;
 - b) Distance training.
5. The MLM company shall evaluate the completion of the basic training program of a participant and give a written certification of basic training contents and volume completed by such participant.
6. The MLM company shall keep all documents concerning basic training programs provided for participants in its MLM network, including documents proving training duration, method, location (if any) and results.
7. In case there are any changes in the contents prescribed in Clause 2 Article 31 herein, the MLM company shall provide additional training in such contents for participants or publish such changes in its website or at its head office, branches, representative offices and business locations within 30 days from the occurrence of such changes.

Article 33. Membership card

1. The MLM company shall only issue membership cards to participants who have successfully completed the basic training program and entered into a written commitment made according to the Form No. 13 stated in the Appendix enclosed herewith.
2. The MLM company shall issue membership cards free of charge to participants.
3. A membership card contains the following contents:
 - a) Name of the MLM company;
 - b) Contact address of the MLM company;
 - c) Photograph of the participant;
 - d) Details of the participant, including: Name, number of ID card/ citizen's identity card or passport, participant's identity number or number, date and place of issue of membership card.

4. A membership card shall be no longer valid when the MLM contract is terminated.
5. The MLM company must publish the validity of membership cards of participants on its website.

Article 34. Trainers

1. The MLM company shall appoint qualified trainers to provide basic training programs for participants in its MLM network.
2. Eligibility requirements to be satisfied by trainers:
 - a) Have a certificate of completion of training course in laws on MLM as prescribed in Article 38 herein;
 - b) Maintain a valid labour contract or training contract signed with the MLM company.
3. The following persons are ineligible to act as trainers:
 - a) A person who is serving a prison sentence or has previous convictions for manufacturing and trading of counterfeit or banned products, false advertising, deceiving consumers, obtaining property by fraud, abuse of trust to appropriate property, illegal impoundment of property or any violations against regulations on MLM;
 - b) A foreigner who fails to possess a valid work permit granted by a competent authority of Vietnam, except for cases of work permit exemption as regulated by the labour law;
 - c) A person who has participated in the MLM and is faced with administrative penalties for committing violations against regulations in Clause 2, Clause 3 and Clause 4 Article 5 herein but the sanctioning duration has not ended;
 - d) The persons prescribed in Point c Clause 1 Article 7 herein;
 - dd) Officials and public employees as regulated in the law on officials and public employees.
4. The MLM company shall make and publish the list of trainers on its website, submit the one to the Ministry of Industry and Trade and keep relevant documents.
5. The MLM company shall update the list of trainers on its website and send the updated list of trainers to the Ministry of Industry and Trade within 10 working days from the occurrence of any changes in the list of trainers.
6. The MLM company shall assume full responsibility for the performance of trainers in course of providing basic training programs.

Article 35. Training in laws on MLM

1. The training program in laws on MLM includes:

- a) Regulations on modification of MLM activities, law on advertising and law on consumer protection;
- b) Ethic standards of a participant in the MLM.

2. Training programs in laws on MLM must be accredited by the Ministry of Industry and Trade.

Article 36. Application and procedures for accreditation of a training program in laws on MLM

1. An application for accreditation includes:

- a) The application form for accreditation of training program;
- b) The copy of the decision on establishment of training institution issued by a competent authority or other document of the same validity;
- c) The training program in laws on MLM;
- d) The list of at least 02 lecturers who obtain bachelor's degree or higher.

2. Procedures for accreditation of a training program in laws on MLM:

- a) Within 07 working days from the receipt of the application for accreditation of a training program, the Ministry of Industry and Trade shall consider the validity of application. If the application is invalid, the Ministry of Industry and Trade shall request the applicant in writing to modify and supplement the application;
- b) Within 30 working days from the receipt of the valid application for accreditation of a training program, the Ministry of Industry and Trade shall process the application and issue an accreditation decision.

3. A decision on accreditation of a training program in laws on MLM shall be valid for 03 years from the date on which it is signed.

4. The Ministry of Industry and Trade shall stipulate the framework training program in laws on MLM.

Article 37. Operation of training institutions providing training programs in laws on MLM

1. a) Organization of training programs:

- a) The training institution must provide training programs in laws on MLM according to the accredited training programs and contents, and grant certificates of completion of training

programs to qualified participants, using the Form No. 14 stated in the Appendix enclosed herewith;

b) The training institution must submit reports to the Ministry of Industry and Trade on training results within 10 working days from the completion of each training program in laws on MLM.

2. Document retention:

The training institution providing training programs in laws on MLM shall keep documents concerning its training programs in accordance with regulations of the law on archives. Retained documents:

- a) Learners' documents, the list of learners granted the certificate of completion of each training program;
- b) The list of lecturers in charge of each training program;
- c) Documentation of issuance of certificates of completion of training program in laws on MLM.

3. Inspection of training institutions providing training programs in laws on MLM:

- a) Each training program is required to submit the report on its provision of training programs in laws on MLM in the previous year (including training results, examination and awarding of certificates of completion) to the Ministry of Industry and Trade by January 31 every year;
- b) The Ministry of Industry and Trade shall carry out annual inspection of provision of training programs in laws on MLM and issuance of certificates of completion thereof by training institutions.

The Ministry of Industry and Trade shall, based on inspection results and the severity of violation, request the violating training institution to implement remedial measures or suspend the decision on accreditation of training programs in laws on MLM granted to such institution.

- c) The Ministry of Industry and Trade shall revoke or suspend a decision on accreditation of training programs in laws on MLM in the following cases: A training institution is dissolved, or fails to implement remedial measures for violations within the prescribed period, or commits a violation which cannot be remedied.

Article 38. Certificate of knowledge of law on MLM

- 1. The MLM company shall carry out procedures for a participant who has successfully completed the training program in laws on MLM to sit a certification examination of knowledge of law on MLM organized by the Ministry of Industry and Trade.
- 2. The Ministry of Industry and Trade shall issue the certificate of knowledge of law on MLM to persons who passed the certification examination.

3. The Ministry of Industry and Trade stipulates the examination, issuance and revocation of certificates of knowledge of law on MLM.

Article 39. Procedures for issuance of certificates of knowledge of law on MLM

1. The MLM company registers for the examination for knowledge of law on MLM to the Ministry of Industry and Trade (either directly or by post). The application includes:

- a) The application for an examination for knowledge of law on MLM;
- b) The list of participants eligible for attending the examination, including: full name, sex, date of birth, number, date of issue and issuing authority of ID card/ citizen's identity card;
- c) 02 photos of 3 x 4 cm size of each person whose name appears in the list specified in Point b Clause 1 of this Article;
- d) A copy of the certificate of completion of training program in laws on MLM.

2. Within 15 working days from the completion of the examination for knowledge of law on MLM, the Ministry of Industry and Trade shall issue the certificate of knowledge of law on MLM to persons who passed the certification examination.

Chapter V

MULTI-LEVEL MARKETING ACTIVITIES

Article 40. Responsibility of a MLM company

1. Publish the documents specified in Clause 4 and Clause 5 Article 9 herein at its head office, branches, representative offices and business locations.

2. Comply with the announced business rule and compensation plan.

3. Set and publish the prices of products sold through the MLM as well as sell products at the announced prices.

4. Issue invoices for the supply of products to participants in its MLM network and clients who buy products directly from the MLM company.

5. Supervise participants in its MLM network so as to ensure that they strictly comply with the signed MLM contracts, the company's business rule and compensation plan.

6. Assume responsibility for the sale of products by participants if it is carried out at the MLM company's head office, branches, representative offices, business locations or conferences, meetings or training programs.

7. Deduct personal income tax from a participant's commissions, bonuses or other economic benefits and pay it to state budget on his/her behalf, unless otherwise prescribed by law.
8. Operate the information technology system for managing participants, which must meet the requirements in Article 44 herein, in conformity with the technical explanation included in the application for registration of MLM and in a manner so as to ensure that participants may access and find out basic information about their MLM activities.
9. Operate and regularly update the MLM company's website in Vietnamese version, which must meet the requirements in Article 45 herein, in order to publish information concerning its profiles and MLM status.
10. Operate a communications system to receive and take actions against complaints and queries of MLM participants, including telephone, email and contact address.
11. Provide the rights to access to the MLM company's information technology system for managing participants at the written request of a competent authority in charge of managing the MLM.
12. Comply with law regulations on business conditions and sale of products through the MLM.

Article 41. Responsibility of a participant in the MLM network

1. Carry out marketing, sale and recruitment of downline distributors only after having granted a membership card.
2. Present the membership card before introducing or selling products.
3. Comply with terms and conditions of the signed MLM contract and the MLM company's business rule.
4. Provide sufficient and accurate information concerning the MLM company, products sold through the MLM, the compensation plan and business rule of the MLM company.

Article 42. Business rule

The MLM company's business rule must specify procedures for concluding a MLM contract, basic training program provided for participants, issuance of membership card, placing orders, payment, goods delivery, goods return (if any), warranty policy (if any), exchange, return and repurchase of products, and return of money to participants, resolution of complaints filed by participants, termination and completion of MLM contracts.

Article 43. Compensation plan

A compensation plan must stipulate eligibility requirements, commissions, bonuses and other economic benefits paid to each level and title of a participant.

Article 44. Information technology system for managing participants

1. The server used for operating the information technology system for managing participants must be located in Vietnam.
2. The information technology system for managing participants must provide participants with the following basic information:
 - a) Basic information concerning participants as prescribed in Point b Clause 2 Article 29 herein;
 - b) Information concerning the number of the MLM contract, identity number, position, level and title of each participant, his/her upline and downline;
 - c) Information concerning the order history of a participant and his/her clients;
 - d) Information concerning the record of commissions, bonuses and other economic benefits of a participant.
3. Any failure in the information technology system must be promptly reported to the authority issuing the MLM registration certificate.

Article 45. Website of a MLM company

1. The website of a MLM company must contain the following information:
 - a) Documents concerning the company's MLM activities, including the MLM registration certificate, the MLM contract form, business rule, compensation plan, basic training program and other necessary documents;
 - b) Information concerning products sold through the MLM, including name, selling price, ingredients, uses, usage, origin, and quality certificate (if any);
 - c) Information concerning the company registration, its head office, branches, representative offices and business locations;
 - d) Procedures for concluding a MLM contract, basic training program provided for participants, issuance of membership card, placing orders, payment, goods delivery, goods return (if any), repurchase of products, and return of money to participants, resolution of complaints filed by participants, termination and completion of MLM contracts;
 - dd) Procedures and location for warranty, exchange or return of products, and after-sale services (if any);
 - e) Contact information for receiving and taking actions against complaints and queries of MLM participants, including: telephone number, email and mailing address;

g) Information concerning the company's MLM activities, including: Current business regions; highest, average and lowest income of participants in the previous fiscal year;

h) Actions against violations committed by a participant, completion of MLM contract and revocation of membership card;

i) The MLM company's promotion program.

2. The information specified in Clause 1 of this Article must be published on the homepage or links from the homepage of the MLM company's website.

3. The MLM company must strictly comply with other law regulations on operation of its website.

Article 46. Delivery of products

1. Within 30 days from the date on which a participant makes payment for products, the MLM company must deliver the full amount of purchased products to that participant who takes charge of receiving such products.

2. If the MLM company fails to delivery products or a participant fails to receive products within the time limit specified in Clause 1 of this Article, the MLM company shall cancel the transaction and fully return the received amount of money to that participant.

3. If a participant deposits products in the MLM company's warehouse but fails to receive products within the time limit specified in Clause 1 of this Article, the MLM company shall cancel the transaction and fully return the received amount of money to that participant.

Article 47. Return and repurchase of products

1. A participant is entitled to return the products purchased from the MLM company, including products purchased through promotion programs, within 30 days from the receipt of such products.

2. Products to be returned must meet the following requirements:

a) Products returned must be in original package, stamp and label;

b) The invoice for purchase of products returned must be available.

3. Within 30 days from the date on which a participant submits a valid request for return of products, the MLM company must repurchase the products, which meet the requirements specified in Clause 2 of this Article, and make payment for repurchased products according to the price agreed upon with the participant provided that it must be equal to at least 90% of the amounts paid by that participant for purchase of such products.

4. The MLM company is entitled to deduct the amounts of commissions, bonuses and other economic benefits that the participant received when purchasing the quantity of products to be returned under regulations of this Article.

5. The MLM company is entitled to request other participants to return the amounts of commissions, bonuses and other economic benefits that they received in relation to the quantity of products to be returned under regulations of this Article.

6. In case the MLM contract signed with a participant is terminated and completed, the MLM company shall repurchase the quantity of products sold to that participant under regulations in Clause 1, Clause 2, Clause 3, Clause 4 and Clause 5 of this Article.

Article 48. Commissions, bonuses and other economic benefits

1. A MLM company shall pay commissions, bonuses and other economic benefits to participants according to the compensation plan registered with a competent authority.

2. The sum of commissions, bonuses and other economic benefits, including benefits received through promotion programs, paid to participants during a year must not exceed 40% of sales from the MLM activities of the MLM company.

3. The sales prescribed in Clause 2 of this Article are generated from the company's MLM activities, and exclude VAT.

4. The sum of commissions, bonuses and other economic benefits specified in Clause 2 of this Article excludes the difference between the announced retail price and the selling price at which the MLM company sells products to participants.

5. The MLM company shall make cash payment of commissions, bonuses and other economic benefits to participants by bank transfer.

Article 49. Reporting by MLM company

1. A MLM company shall, on a basis of every six months, submit reports to the Ministry of Industry and Trade and the Department of Industry and Trade of province where its MLM activities are carried out on its MLM results.

2. Reports for the first six months must be submitted by July 31 every year. To be specific:

a) The report for the first six months sent to the Ministry of Industry and Trade must be made according to the Form No. 15 stated in the Appendix enclosed herewith, and enclosed with the financial statements of the previous year, which must be duly certified by a competent authority as regulated.

b) The report for the first six months sent to the Provincial Department of Industry and Trade must be made according to the Form No. 16 stated in the Appendix enclosed herewith.

3. The annual reports must be made according to the Form No. 15 and the Form No. 16 and submitted by January 20 of the following year to the Ministry of Industry and Trade and the Provincial Department of Industry and Trade respectively.

4. Before the 10th of every month, the MLM company shall update and send the updated list of participants operating in the province during the previous month to the Department of Industry and Trade of the province where its MLM activities are duly registered (either directly, electronically or by post). The list must specify full name, date of birth, residence (either permanent or temporary), number of ID card/ citizen's identity card/ passport, number of the MLN contract, identity number and telephone number of each participant. 5. The MLM company is also responsible for submitting reports at the request of a competent authority in charge of managing MLM.

Chapter VI

COMPULSORY DEPOSIT

Article 50. Compulsory deposit

1. Compulsory deposit is an amount of money paid to ensure the MLM company's fulfillment of obligations towards its participants and the Government in cases prescribed in Clause 1 Article 53 herein.

2. A MLM company is required to open a deposit account at a commercial bank or a branch of foreign bank in Vietnam, and deposit an amounts equal to 5% of its charter capital provided it shall not lower than VND 10 billion.

3. The bank where the MLM company deposits money must give a written confirmation of compulsory deposit made according to the Form No. 17 stated in the Appendix enclosed herewith, and cooperate in verification of the validity of such confirmation at the request of the Ministry of Industry and Trade.

4. If the MLM company wishes to change any contents in the bank's confirmation of compulsory deposit, it must carry out procedures for modification of the confirmation of compulsory deposit with the bank.

5. The deposited amounts shall be blockaded during the MLM company's operation and withdrawn or spent according to the written approval from the Ministry of Industry and Trade, except the case specified in Point a Clause 1 Article 51 herein.

6. The bank where the MLM company deposits money shall manage the deposited amounts in accordance with law regulations.

7. The MLM company shall receive interests on the deposited amount under agreements made with the bank and be allowed to withdraw such interests.

Article 51. Withdrawal of compulsory deposit

1. A MLM company is allowed to withdraw its compulsory deposit in the following cases:

- a) The Ministry of Industry and Trade refuses to issue the MLM registration certificate;
- b) The MLM company terminates its MLM activities under regulations in Clause 1 Article 17 herein and has fulfilled its obligations specified in Clause 2 Article 17 herein;
- c) The MLM company makes compulsory deposit as regulated in Article 50 herein at another commercial bank or foreign bank's branch.

2. When withdrawing the deposited amounts under regulations in Point a Clause 1 of this Article, the MLM company must provide the bank with the original notice of application return given by the Ministry of Industry and Trade as prescribed in Clause 3 Article 10 herein.

3. When withdrawing the deposited amounts under regulations in Point b or Point c Clause 1 of this Article, the MLM company must provide the bank with the original written approval given by the Ministry of Industry and Trade as prescribed in Clause 3 or Clause 4 Article 52 herein.

4. The bank where the MLM company deposits money shall verify in writing with the Ministry of Industry and Trade before approving any withdrawal of compulsory deposit.

Article 52. Application and procedures for withdrawal of compulsory deposit

1. The MLM company may submit an application for withdrawal of compulsory deposit to the Ministry of Industry and Trade (either directly or by post) after a period of 90 days from the date on which the Ministry of Industry and Trade issues a written certification of receipt of the documentation of notification of termination of MLM activities or from the effective date of the decision on revocation of the MLM registration certificate and the MLM company has fulfilled its obligations specified in Clause 2 Article 17 herein.

2. An application for withdrawal of compulsory deposit includes:

- a) The application form for withdrawal of compulsory deposit made according to the Form No. 18 stated in the Appendix enclosed herewith;
- b) The list of participants in its MLM network up to the time of termination of MLM activities (including name, number of ID card/ citizen's identity card/ passport, address, telephone number, number and date of concluding the MLM contract, number of membership card).

3. Receipt of an application for withdrawal of compulsory deposit:

- a) Within 05 working days from the receipt of the application for withdrawal of compulsory deposit submitted by the MLM company, the Ministry of Industry and Trade shall check its adequacy and validity.

If the application is insufficient or invalid, the Ministry of Industry and Trade shall request the MLM company in writing to modify or supplement the application. The MLM company must modify or supplement the application within 10 working days from the receipt of written request from the Ministry of Industry and Trade.

if the application is sufficient and valid, the Ministry of Industry and Trade shall notify on its website of the MLM company's termination of MLM activities and request for withdrawal of compulsory deposit.

b) Within a period of 30 days from the date on which the Ministry of Industry and Trade publishes a notice on its website as specified above, participants and authorities competent to take actions against violations in MLM sector shall notify the Ministry of Industry and Trade of any obligations which are not yet fulfilled by the MLM company as regulated in Clause 2 Article 17 herein.

If the Ministry of Industry and Trade receives no notification of this content within the said period, it shall issue a written approval for the MLM company's withdrawal of compulsory deposit.

4. Procedures for withdrawal of compulsory deposit in the case specified in Point c Clause 1 Article 51 herein:

a) The MLM company submits a written request for changes in the compulsory deposit, enclosed with the original confirmation given by another commercial bank or foreign bank's branch where it deposits money to the Ministry of Industry and Trade (either directly or by post);

b) Within 10 working days from the receipt of the request for changes in the compulsory deposit as specified in Point a of this Clause, the Ministry of Industry and Trade shall request the commercial bank or foreign bank's branch where the MLM company deposits money in writing to verify the authentication of its confirmation of compulsory deposit;

c) Within 10 working days from the receipt of a written verification from the commercial bank or foreign bank's branch where the MLM company deposits money, the Ministry of Industry and Trade shall give a written approval for the MLM company's withdrawal of the previously deposited amounts.

Article 53. Handling compulsory deposit

1. The compulsory deposit may be spent in the following cases:

a) A MLM company terminates its MLM activities under regulations in Clause 1 Article 17 herein but fails to fulfill its obligations towards participants and there is an effective decision or sentence granted by a competent authority on settlement of disputes between the MLM company and its participants over such obligations;

b) A MLM company terminates its MLM activities but fails to comply with an effective decision given by a competent authority on penalties for violations committed by that MLM company during its operation.

2. Procedures for utilization of compulsory deposit in the case specified in Point a Clause 1 of this Article:

a) Concerned participants submit an application for utilization of compulsory deposit, enclosed with the certified copy of the decision or sentence specified in Point a Clause 1 of this Article, to the Ministry of Industry and Trade (either directly or by post);

b) Within a period of 10 working days from the receipt of the documents specified in Point a of this Clause, the Ministry of Industry and Trade shall consider the validity of such documents.

If the documents specified in Point a of this Clause are invalid, the Ministry of Industry and Trade shall request the applicant to modify or supplement the application. The application must be modified and supplemented within 15 working days from the receipt of written request from the Ministry of Industry and Trade;

c) If all documents specified in Point a of this Clause are valid, the Ministry of Industry and Trade shall request the bank where the MLM company deposits money in writing to provide the deposited amounts to fulfill obligations towards participants.

3. Procedures for utilization of compulsory deposit in the case specified in Point b Clause 1 of this Article:

If a MLM company terminates its MLM activities but fails to comply with an effective decision given by a competent authority on penalties for violations committed by that MLM company during its operation, the decision-issuing authority shall request the Ministry of Industry and Trade in writing to request the bank where the MLM company deposits money in writing to provide the deposited amounts to fulfill obligations specified in such decision.

4. The Ministry of Industry and Trade shall grant approval for utilization of compulsory deposit according to the order of receipt of valid applications for utilization of compulsory deposit.

Chapter VII

STATE MANAGEMENT OF MULTI-LEVEL MARKETING

Article 54. Responsibility of Ministry of Industry and Trade

1. The Ministry of Industry and Trade shall assume responsibility before the Government for the exercise of governmental authority to manage MLM activities nationwide, including:

a) Issue, modify, renew, re-issue and revoke MLM registration certificates and give certifications of receipt of the documentation of notification of termination of MLM activities;

- b) Collect, manage and use fees for processing of applications for the MLM registration certificate in accordance with applicable law regulations;
- c) Give notification of issuance, modification, renewal and revocation of the MLM registration certificate, and certification of receipt of the documentation of notification of termination of MLM activities to Department of Industry and Trade of the province where the concerned MLM company is located;
- d) Inspect MLM activities and take actions against violations within its competence;
- dd) Instruct and cooperate with Provincial Departments of Industry and Trade to inspect and take actions against violations in MLM sector;
- e) Report or request competent authorities to take actions against violations against regulations on management of the MLM;
- g) Organize training programs for officials and public employees in charge of exercising state management of the MLM; disseminate laws on the MLM to enterprises and participants;
- h) Formulate and request competent authorities to promulgate or amend legislative documents on the MLM management;
- i) Fulfill other responsibilities as regulated in this Decree.

2. The Vietnam Competition Authority affiliated to the Ministry of Industry and Trade shall assist the Minister of Industry and Trade in exercising state management duties specified in Clause 1 of this Article.

3. The Market Surveillance Agency affiliated to the Ministry of Industry and Trade shall assist the Minister of Industry and Trade in exercising state management duties specified in Point d, Point e and Point g Clause 1 of this Article.

Article 55. Responsibility of ministries and ministerial-level agencies

1. Ministries and ministerial-level agencies shall, within the ambit of their assigned functions and powers, cooperate with the Ministry of Industry and Trade to perform the state management of the MLM.

2. The Ministry of Public Security shall:

- a) Cooperate with the Ministry of Industry and Trade, the People's Committees of provinces and central-affiliated cities, and relevant ministries and ministerial-level agencies to increase the efficiency of the state management of the MLM.
- b) Prevent and combat crimes and violations against regulations on the MLM;

c) Receive and take actions against denunciation of crimes against regulations on the MLM; investigate crimes and perform other judicial duties as regulated.

3. The Ministry of Health shall:

a) Inspect and take actions against violations against regulations on business conditions for products sold through the MLM under its management as regulated;

b) Inspect and take actions against violations committed by MLM companies during the manufacturing, preparation, processing, storage, transport, import, export, and trading of foods, cosmetics and other products within its competence;

c) Inspect and take actions against violations against regulations on advertising, conferences, meetings, dissemination, and provision of information concerning cosmetics, functional foods and other products sold by MLM companies within its competence.

4. The Ministry of Finance shall:

a) Inspect MLM activities in accordance with regulations of the law on taxation;

b) Publish accurate information concerning results of inspection of MLM activities in a timely and objective manner.

5. The Ministry of Science and Technology shall inspect and take actions against violations committed by MLM companies against standards and regulations on measurement and quality of products as well as intellectual property within its competence.

6. The Ministry of Agriculture and Rural Development shall:

a) Inspect and take actions against violations committed by MLM companies during their manufacturing, trading and advertising of products within its competence;

b) Inspect and take actions against violations against regulations on business conditions for products sold through the MLM under its management as regulated.

7. The Ministry of Information and Communications shall:

a) Formulate and develop programs for dissemination of MLM activities and laws on the MLM on means of media for regulatory authorities, press agencies and enterprises;

b) Cooperate with press agencies in:

- Developing regular programs or specialized columns for disseminating laws on the MLM and warning people of disguised and illegal activities in the MLM;

- Reporting or providing accurate information concerning the status of MLM companies in a timely and objective manner.

8. The State Bank of Vietnam shall instruct credit institutions to comply with procedures for confirmation and management of compulsory deposits paid by MLM companies in accordance with regulations herein.

Article 56. Responsibility of people's committees of provinces and central-affiliated cities

1. Each Provincial People's Committee shall, within the ambit of its assigned functions and powers, perform state management of the MLM in such province, including:

a) Promulgate the mechanism for cooperation between local regulatory authorities in conducting inspections of the MLM in such province;

b) Issue and revoke the certificates of registration of MLM activities in a province, and certify any receipt of the documentation of notification of termination of MLM activities in a province;

c) Inspect the MLM activities;

d) Take actions, within its competence, or request competent authorities to take actions against violations against regulations on the MLM;

dd) Report or request competent authorities to take actions against violations against regulations on management of the MLM;

e) Organize training programs for officials and public employees in charge of exercising state management of the MLM; disseminate laws on the MLM to enterprises and participants;

g) Submit annual reports or unscheduled reports to the Ministry of Industry and Trade on the MLM activities performed in such province;

h) Fulfill other responsibilities as regulated in this Decree.

2. The Provincial Department of Industry and Trade shall assist the People's Committee of such province to perform duties specified in Clause 1 of this Article.

3. Local market surveillance forces shall assist the People's Committee of such province and the Market Surveillance Agency in fulfilling duties specified in Point c, Point d, Point dd and Point e Clause 1 of this Article.

Article 57. Actions against violations committed by MLM companies and participants

1. Any MLM companies or participants that commit violations against regulations herein shall, subject to the nature and severity of each violation, face penalties in accordance with the law on

competition and the law on penalties for administrative violations, or face a criminal prosecution as regulated by law.

2. Any MLM companies or participants that commit violations against regulations herein and cause damage to other organizations and/or individuals must make compensation for such damage as regulated by law.

3. Imposition of penalties for violations against regulations on the MLM must be publicly announced.

Article 58. Power and procedures for imposing penalties for violations

Procedures and power to impose penalties for violations against regulations herein shall be performed in accordance with regulations of the law on penalties for violations.

Chapter VIII

IMPLEMENTATION PROVISIONS

Article 59. Entry into force

1. This Decree comes into force from May 02, 2018.

2. This Decree supersedes the Government's Decree No. 42/2014/ND-CP dated May 14, 2014 on management of multi-level marketing.

Article 60. Transition

1. Within a period of 09 months from the date of entry into force of this Decree, MLM companies operating under regulations of the Decree No. 42/2014/ND-CP must prove themselves to meet eligibility requirements for the MLM as regulated herein.

2. Within a period of 12 months from the date of entry into force of this Decree, MLM companies granted certifications of receipt of notification of MLM activities in provinces under regulations of the Decree No. 42/2014/ND-CP shall carry out procedures for registration of their MLM activities in provinces as regulated herein.

3. Certificates of trainers granted under regulations of the Decree No. 42/2014/ND-CP may be used as substitutes for certificates of knowledge of law on the MLM for a period of 09 months from the date of entry into force of this Decree.

4. Conditions, application and procedures for withdrawal and utilization of compulsory deposits paid by MLM companies granted MLM registration certificates under regulations of the Decree No. 42/2014/ND-CP shall be governed by regulations herein.

5. Withdrawal and utilization of compulsory deposits paid by MLM companies granted MLM registration certificates under regulations of the Government's Decree No. 110/2005/ND-CP dated August 24, 2005 by Provincial Departments of Industry and Trade shall be performed according to provisions on application and procedures thereof specified in Clause 2, Clause 3 Article 52 and Article 53 herein.

Article 61. Responsibility for implementation

1. The Minister of Industry and Trade shall organize the implementation of this Decree.
2. Ministers, heads of ministerial-level agencies, heads of the Government's affiliates, and Chairpersons of People's Committees of provinces and central-affiliated cities shall implement this Decree.

**ON BEHALF OF THE GOVERNMENT
PRIME MINISTER**

Nguyen Xuan Phuc

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