

Vietnam IT/C regulations

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- A. Evolving regulatory framework
- B. Corporate governance
- C. Cyber security

Agenda

A. Evolving regulatory framework

Current main regulations:

- General: Law on E-transactions
- E-contracts: Law on E-transactions, Law on Protection of Consumers' Right, Decree 52/2013/ND-CP
- E-commerce websites: Decree 52/2013/ND-CP. E-commerce website must either notify or register with the MOIT on its establishment.
- E-signatures: Decree 170/2013/ND-CP
- Content, social networks and online games: Decree 72/2013/ND-CP
- Online advertising: Decree 181/2013/ND-CP
- Payment solutions: Decree 101/2012/ND-CP
- Registration procedures for e-commerce: Circular 12/2013/TT-BCT

A. Evolving regulatory framework

- **Decree 52/2013/ND-CP:**
 - E-commerce sales websites: Established by business entities/organizations/individuals to serve their own business.
 - E-commerce service websites: Established by business entities/organizations/individuals to serve other entities' business
 - E-commerce exchange websites
 - Online promotion websites
 - Online auctioning websites

A. Evolving regulatory framework

- Notification/registration requirements:
 - Subjects: E-commerce Vietnamese traders, organizations and individuals; foreign individuals residing in Vietnam; foreign traders and organizations having presence in Vietnam (including having a Vietnamese domain)
 - E-commerce sales websites: Online notification to MOIT is required after the establishment
 - E-commerce service websites: Registration with MOIT after the website is completely designed, is working at the registered domain name before officially providing services to users
 - **Unclear provision may suggest that offshore entities with a Vietnamese domain will have to register/notify**

A. Evolving regulatory framework

- **Decree 72/2013/ND-CP:**
 - Local server requirement: Online social networks, general information websites, online gaming services, mobile telecommunications services are required to have at least 1 server in Vietnam
 - Licensing requirement: Online social networks, general information websites, G1 online games services must obtain license from MIC.
 - Registration requirement: Information content services on mobile telecommunications and online games services must register with MIC.
 - However, conditions for licensing/registration require the applicants to be established in Vietnam => **unclear about the offshore service providers**

A. Evolving regulatory framework

- **Decree 181/2013/ND-CP:**
 - Cross-border advertisement: Cross-border advertising activities on the websites of foreign organizations or individuals that generate revenue from advertisements accessed by users in Vietnam
 - Requirements:
 - Engagement of a local advertising service provider in Vietnam
 - Tax payment on all profits generated from advertisements in Vietnam
 - Notification to MCST about the identity information of the local agent

A. Evolving regulatory framework

Upcoming regulations:

- Draft Law on Information Security (by MIC):
 - Obligations to monitor the security of information systems
 - A broad definition of “information conflict” and requirements for the monitoring and prevention of the same;
 - New controls on the production and distribution of civil cipher products: Civil cipher products - products using cryptography techniques for the purpose of ensuring the security and verifying information which is not a State secret
 - A separate chapter on the protection of personal information: restates and emphasizes the notification, consent and data correction requirements relating to personal information that are already provided for under Vietnamese privacy-related laws

A. Evolving regulatory framework

Upcoming regulations:

- Draft Law on Information Security:

Non-exhaustive list of information safety product classifications:

- Civil cipher products;
- Products for inspecting, assessment and evaluation of information safety;
- Products for monitoring information safety;
- Products for anti-offensive and anti-penetration;
- Other information safety products.

The trading or importation of information safety products requires an “information safety product supplying permit,” or “importation business permit,” respectively. The MIC is empowered to issue a list of “specialized information safety products” the circulation of which will require a circulation certificate issued by the MIC.

A. Evolving regulatory framework

Upcoming regulations:

- Draft Decree on IT Services (by MIC):
 - Categorization of IT Services: 13 groups, for example:
 - + Services of IT market investigation, survey and research
 - + Services of IT consultancy
 - + Services of system integration and application management
 - + Services of electronic page/portal design and maintenance
 - + More other services

A. Evolving regulatory framework

Upcoming regulations:

- Draft Decree on IT Services:
 - Registration requirements:
 - + Web search portal services;
 - + Database, application store services;
 - + Data centre services;
 - + Distribution, leasing services of software products, integrated products;
 - + Service of editing, function supplementing and localizing software;
 - + Cloud computing services

A. Evolving regulatory framework

Upcoming regulations:

- Draft Decree on IT Services:
 - Cross-border service provision: a service is provided from offshore to Vietnam's territory via the network, generates revenue in Vietnam. This means that there is **no movement of the provider and the customer to each other's territory.**
 - Offshore service providers can provide cross-border services **if having a large amount of users in Vietnam or access from Vietnam**, and must comply with the following requirements:
 - + Designate a **lawful agent in Vietnam** on behalf of the cross-border IT service provider to deal with relevant issues before Vietnam's state bodies
 - + Provide the MIC with identity information of the lawful agent

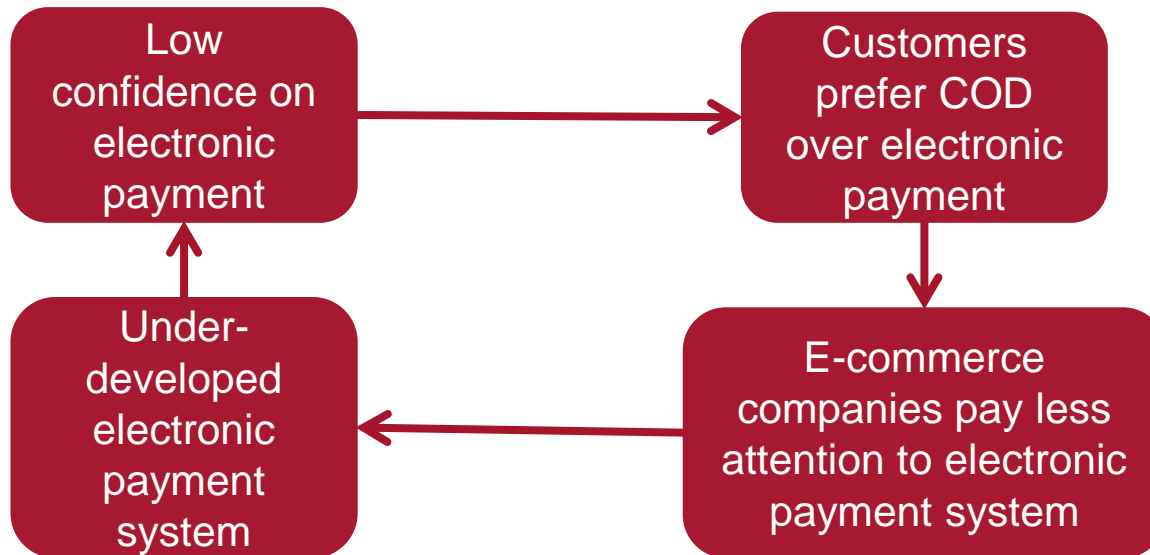
B. Corporate governance

- Level of compliance
- Foreign investment and involvement:
 - Import, export and distribution
 - IT services
 - Advertising: JV partner must be Vietnamese advertising company
- Reducing regulatory and business practice risks
- Attracting investors
- Making M&A activities less complicated

C. Cyber Security

Why cyber security matters:

- Confidence of customers: Security breach causes serious harm to customer confidence.
- Stable foundation for e-commerce development: The vicious cycle:





Thank you!

If you have any question, please contact:
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