

Conditions for securities trading institutions to make offshore indirect investment specified

The Government on July 1 issued Decree No. 86/2016/ND-CP providing specific conditions on offshore indirect investment of securities trading institutions.



Accordingly, a securities trading institution which conducts offshore indirect investment through purchase and sale of securities or other valuable papers or investment via overseas securities investment funds or other intermediary financial institutions must comply with the law on offshore indirect investment and other relevant laws.

If making offshore indirect investment operations in other forms, the institution will be required to establish branches or representative offices in host countries. The offshore investment plan must be approved by the Shareholders' General Meeting, Members' Council or owner in writing. After setting aside a money amount for making offshore investment, allocating capital to its overseas branches and paying all expenses for establishment of its overseas representative offices, the institution must still meet financial safety regulations. In addition, the scope of operations of the institution's overseas branches or representative offices must be in line with the institution's licensed operations in Vietnam.

Furthermore, the institution will have to seek approval from the State Securities Commission before carrying out procedures for establishing overseas branches and representative offices and making offshore investment under the laws on investment and foreign exchange management.

This new regulation takes effect on July 1, and replaces Clause 18, Article 2 of Decree No. 58/2012/ND-CP of July 20, 2012.

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