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REVISED GUIDELINES FOR MANAGEMENT OF MULTI-LEVEL MARKETING BUSINESS

On 28 April 2023, the Government had issued Decree No. 18/2023/ND-CP (“**Decree 18**”) amending several articles of Decree No. 40/2018/ND-CP (“**Decree 40**”) dated 12 March 2018 on the management of multi-level marketing (“**MLM**”) business. Decree 18 took effect from 20 June 2023.

MLM enterprise

The new regulation amends the definition of a MLM enterprise. Accordingly, an enterprise must be granted a certificate of MLM registration by a competent authority (“**MLM Certificate**”) to be considered a MLM enterprise.

Conditions for foreign invested enterprises to engage in MLM business

Decree 18 has added conditions for MLM registration for foreign-invested enterprises. In particular, if an enterprise has owner(s), member(s), or shareholder(s) being foreign investor(s) or foreign-invested enterprise(s), all such foreign investor(s) or foreign-invested

enterprise(s) need to have at least 3 years of continuous operation of MLM business in a certain country or territory in order for the enterprise to register MLM business. In addition, such enterprise must have a business license with the scope of retail distribution, including retail through MLM, to be granted the MLM Certificate.

New responsibilities in the MLM activities

MLM enterprises and participants in the MLM network are prohibited from providing information about food using images, equipment, costumes, names, correspondences of health facilities, health units, physicians, pharmacists, and health workers, testimonials of patients, articles written by physicians, pharmacists, and health workers, and information about food that represents or quotes patients' opinions that the food has medicinal use.

Moreover, it is essential for MLM enterprises to make sure that at least 20% of the revenue from MLM in a fiscal year is from customers who are not the enterprise's MLM participants.

Legal Updates

MLM conferences, seminars, and training

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