**SBV Press release on issuance of Circular No.07/2016/TT-NHNN**

**Press release on issuance of Circular No.07/2016/TT-NHNN dated May 27th, 2016 on revising several contents of Circular No.24/2015/TT-NHNN dated December 8, 2015 on regulating lending in foreign currencies by credit institutions, and foreign bank branches to resident borrowers.**

In the context of recent socio-economic situation still facing certain difficulties, economic growth is lower in comparison to the same period of the last year together with complicated movements of droughts in the South Central Coast and droughts and saltwater intrusion in Mekong river Delta; the unpredicted incidents in the Central Coast are seriously affecting marine cultivating, marine fishing and tourism. In order to contribute to effectively executing Government’s targets defined in Resolution No.01/NQ-CP dated January 7, 2016, Resolution No.33/NQ-CP dated May 9, 2016, Resolution No.35/NQ-CP dated May 16, 2016 on supporting and boosting enterprises to 2020, and to execute the decisive solutions to ease difficulties for production and business of enterprises, the State Bank of Vietnam (SBV) issued Circular No.07/2016/TT-NHNN dated May 27, 2016 to revise several contents of Circular No.24/2015/TT-NHNN dated December 8, 2015 of the SBV on regulating lending in foreign currencies by credit institutions, and foreign bank branches to resident borrowers.

Accordingly, the licensed credit institutions, branches of foreign banks consider to provide short-term loans in foreign currencies to resident borrowers who implement the plan of production and business of export commodities via border of Vietnam and able to have sufficient foreign currencies from export revenues to refund the loans.

When credit institutions and branches of foreign banks disburse loans, the borrowers shall have to sell the borrowed foreign currencies to those credit institutions and branches of foreign banks under the form of foreign exchange spot transaction with the exception of certain clients who borrow to make transactions that are compulsory to be paid in foreign currencies as stipulated by applicable laws.

This Circular will take effect from June 1, 2016 and cease to be validated after December 31, 2016.

The State Bank of Vietnam

Translated by Le Thoa