**Press release on issuance of Circular No. 12/2022/TT-NHNN**

Hanoi, September 30, 2022 – The Governor of the State Bank of Vietnam (SBV) has issued Circular No. 12/2022/TT-NHNN providing guidance for the foreign exchange management relating to companies’ borrowing and payment of foreign loans (Circular No. 12/2022/TT-NHNN shall replace Circular No. 03/2016/TT-NHNN dated February 26, 2016 providing guidance for a number of the foreign exchange management relating to companies’ borrowing and payment of foreign loans).

Circular No. 12/2022/TT-NHNN comprises of 08 Chapters with 12 Articles, with specific provisions on:

(i) The sequence and procedures for a new registration, registering for a change in a company’s foreign loan(s) not guaranteed by the Government;

(ii) The opening and use of accounts by the borrowers and the lenders;

(iii) Capital withdrawal, money transfer related to the loan implementation;

(iv) Money transfers related to the implementation of guarantees for a foreign loan (the handling of a collateral on Vietnam’s territory, the transfer of the guarantee money, the refund of the loan receipt, etc.);

(v) Use of the electronic portal;

(vi) The reporting mechanism applicable to the borrowing and payment ofg a company’s foreign loan(s) not guaranteed by the Government.

On the principle of continuing the provisions that have been effectively applied in Circular No. 03/2016/TT-NHNN, this Circular has made some revisions in order to meet the companies’ practical needs of borrowing and paying foreign loans, as well as the SBV’s management objectives. Comparing to Circular 03, the revisions focus on the following groups of substances:

(i) Continuing the public administrative reform (PAR): expanding the cases that do not require companies to follow the procedures for a new registration, registering for a change in the company’s foreign loan(s); the decentralization of authority in handling with foreign loans in VND;

(ii) Supplementing some instructions on the foreign exchange management for assets used as guarantees for foreign loans;

(iii) Supplementing provisions providing guidance in case the original borrower experiences a division, separation, acquisition or merger;

(iv) Improving the reporting mechanism.

The Circular is expected to help improve the legal framework on companies’ borrowing and payment of foreign loans not guaranteed by the Government; reflecting the targets of the PAR (simplification, application of information technology in providing public services); supporting companies to mobilize financial resources from abroad for their production and business operations.

The new Circular will take effect on November 15, 2022.

Translated by LK.