**LEGAL UPDATES**

**VOL 53, NOVEMBER 2022**

**Dear Valued Clients and Partners,**

ADK Vietnam Lawyers would like to introduce to you the Legal Updates, Vol 53 of November 2022 with new legal provisions with notable contents as follows:

1. **New Circular on foreign borrowing and debt repayment of the enterprise**

The State Bank of Vietnam promulgated Circular 12/2022/TTNHNN (replacing Circular 03/2016/TT-NHNN) hereinafter referred to as “**Circular**”) in order to improve the legal framework on foreign borrowing and debt repayment of the enterprise. In the Circular, some notable provisions include:

1. Loans subject to registration:
* Mid-term and long-term foreign loans.
* Short-term loans whose principal repayment period is renewed which have more than 01 (one) year of maturity term.
* Short-term loans which are not covered by any loan renewal contract but remain the outstanding principal owed (including outstanding interest included in principal) on the anniversary of the date of first withdrawal of loan proceeds in a full 01 (one) calendar year, except to the extent that borrowers have already paid their principal debt within a permitted duration of 30 (ten) days after the anniversary of the date of first withdrawal of loan proceeds in a full 01 (one) year.
1. Entities subject to application for registration or registration for changes of loans:
* Borrowers who are parties to foreign borrowing agreements with non-resident creditors.
* Entities liable for making repayment to the trustor in case the credit institutions, foreign bank branches sign an agreement for on-lending with non-resident trustors.
* Parties who are obliged to repay debts according to debt instruments issued outside the Vietnamese territory to non-residents.
* Lessees who are parties to finance lease contracts with non-resident lessors.
* The successor of foreign loan repayment obligation shall make registration or registration for change in accordance with this Circular in case the borrower is fully or partly divided, consolidated or acquired while arranging the foreign loan.

**The Circular takes effect from November 15, 2022.**

We hope you found this brief legal update informative.

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