



Limit on trading, providing interest rate derivative products

According to the Circular No. 01/2015/TT-NHNN dated January 06, 2015 of the Vietnam State Bank stipulating trading and provision of interest rate derivative products of commercial banks, foreign bank branches, credit institutions, foreign bank branches are permitted trading, providing and using interest rate derivative products when limit of net loss on trading, providing and using interest rate derivative products is not over 5% of working capital, allocated capital of credit institutions, foreign bank branches.



If net loss is over 5% of working capital, allocated capital, credit institutions, foreign bank branches shall cease the entry into a new interest rate derivative contract and report to the Banking Inspection and Supervision under the State Bank on causes, measures and time for remedies. Interest rate derivative products that are traded and provided including: Forward rate agreement, Interest rate swap, Accrual interest rate swap, Cross currency swap, Accrual interest rate swap, Interest rate option cap, Interest rate option floor and Interest rate option collar.

For interest rate applied in the interest rate derivative contract, the Circular allows parties to agree and commit interest rates in line with regulations of the State Bank on the principal transactions at the time of signing the contract.

This Circular takes effect on March 02, 2015 and replaces the Decision No. 62/2006/QD-NHNN dated December 29, 2006 on regulations on execution of interest rate swap transactions.

See more:

[Circular No. 01/2015/TT-NHNN](#)