



Central Bank to tighten management of foreign currency transactions

In order to limit enterprises' speculation and hoarding of foreign currencies, especially US dollar, the State Bank of Vietnam (SBV) on October 2 issued Circular No. 15/2015/TT-NHNN, guiding foreign-currency transactions of credit institutions.



Accordingly, banks will only sell spot foreign currencies to enterprises that need to settle their payments within two days. For payments of a longer term, banks may only sell forward exchange. The maximum term of a forward exchange transaction is 365 days.

The forward exchange rate between Vietnam dong and US dollar during the transaction period will be agreed by the parties but must not exceed the rate determined on the basis of the spot rate on the date of the transaction.

For demand for foreign currencies for future transactions, enterprises will have to wait until the actual payment time to conduct spot transactions instead of purchasing foreign currencies in advance for hoarding.

Under the Circular, credit institutions may conduct spot transactions, forward transactions, swap transactions and option transactions with one another without proving the purpose of such transactions.

However, when having foreign-currency transactions with individual clients, credit institutions are required to examine and preserve documents proving the purpose of these transactions.

The Circular disallows credit institutions to collect charges for conducting foreign-currency transactions.

This Circular will take effect on October 5, 2015.

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