

NEW HIGHLIGHTS ON OPENING AND USING VIETNAMESE DONG ACCOUNTS FOR FOREIGN INDIRECT INVESTMENT ACTIVITIES IN VIET NAM

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To upgrade and develop the Vietnamese stock market, simplify procedures and dossier, and facilitate foreign investors when participating in the stock market, on April 29, 2025, the State Bank of Viet Nam promulgated Circular 03/2025/TT-NHNN regulating the opening and use of Vietnamese Dong accounts for foreign indirect investment activities in Viet Nam (**Circular 03**), replacing Circular 05/2014/TT-NHNN (**Circular 05**). Circular 03 takes effect from June 16, 2025 and will directly affect foreign investors, including organizations established under foreign law and individuals of foreign nationality who are non-residents engaging in foreign indirect investment activities in Viet Nam. This Circular has some notable new points which investors should be aware of as follows:

Firstly, one of the key new points of Circular 03 is the *simplification of procedures for opening indirect investment accounts*, which contributes to removing barriers and facilitates foreign investors' foreign indirect investment activities in Viet Nam. Specifically, before the promulgation of Circular 03, all activities related to the opening and use of Vietnamese Dong accounts for the purpose of foreign indirect investment activities in Viet Nam must comply with the regulations on opening and using payment accounts and other relevant legal provisions. Accordingly, Circular 17/2024/TT-NHNN is the document directly governing the opening and use of payment accounts of organizations and individuals at payment service providers, which **requires consular legalization** of documents issued by competent foreign authorities in the payment account opening dossier.

However, **Circular 03 no longer requires consular legalization** for foreign-language documents, information, and data, or documents issued by competent foreign authorities in the dossier for opening indirect investment accounts to carry out investment in the Vietnamese securities market for foreign investors. Specifically, such documents must be notarized or



certified in accordance with the provisions of Vietnamese or foreign laws within 12 months from the date the licensed bank receives applications from foreign investors. The licensed bank may make an agreement with the client on whether or not to translate the documents into Vietnamese, but it must ensure that foreign-language documents, information, and data shall be translated upon request by competent authorities; the translation thereof shall be certified by an authorized person of the licensed bank or be notarized or certified.

Secondly, Circular 03 amends and supplements some principles when opening and using Vietnamese Dong accounts for foreign indirect investment activities in Viet Nam on the basis of inheriting the provisions of Circular 05 with some adjustments for consistency with other contents in Circular 03. Accordingly, Circular 03 retains certain principles from Circular 05 such as: (i) Receipt and payment transactions related to indirect investment activities by foreign investors must be carried out through indirect investment accounts, which are Vietnamese Dong accounts of foreign investors opened at licensed banks, or (ii) The balance in indirect investment accounts of foreign investors cannot be transferred to term deposits and savings deposits. Additionally, Circular 03 has supplemented a provision prohibiting foreign investors from **opening joint indirect investment accounts** (accounts jointly held by two or more parties) for conducting foreign indirect investment activities in Viet Nam. Furthermore, remittance orders related to foreign indirect investment in Viet Nam by foreign investors must **clearly state the purpose of the money transfer** so that the licensed banks have a basis for checking, verifying, retaining records, and executing the transactions.

In addition to the aforementioned new points, Circular 03 also supplements provisions on several **exceptional cases** in which foreign investors are allowed to **open an additional indirect investment account corresponding to each securities trading code issued at one licensed bank** for foreign indirect investment activities in Viet Nam. For example, a foreign investor being a foreign securities company may open 2 indirect investment accounts corresponding to 2 securities trading codes: 1 indirect investment account for its proprietary trading activities and 1 indirect investment account for its securities brokerage activities. This is also a prominent new point of this Circular compared to the previous Circular 05.

Circular 03 is issued to facilitate foreign investors' engagement in the Vietnamese securities market in the context that some provisions in Circular 05 are no longer suitable for the current situation and the legal basis for issuing Circular 05 has been replaced by new regulations. While implementing the provisions in Circular 03, foreign investors conducting foreign indirect investment activities in Viet Nam should pay attention to its implementation provisions for appropriate compliance, ensuring their legitimate rights and interests. In the event that the esteemed Clients and readers wish to gain a more comprehensive understanding of opening and using Vietnamese Dong accounts to carry out foreign indirect investment activities in Viet Nam, NHQuang&Associates stands ready to provide further clarification, support, and relevant legal counsel.