



LEGAL UPDATE

CIRCULAR NO. 03/2025/TT-NHNN ON REGULATIONS ON VIETNAMESE DONG ACCOUNTS FOR INDIRECT FOREIGN INVESTMENT ACTIVITIES

On 29 April 2025, the State Bank of Vietnam (“**SBV**”) issued Circular No. 03/2025/TT-NHNN (“**Circular 03**”), which takes effect from 16 June 2025. This Circular replaces Circular No. 05/2014/TT-NHNN and introduces significant changes to the regulations on Vietnamese dong accounts used for foreign indirect investment activities in Vietnam. In this legal update, we highlight the key changes introduced under Circular 03.

1. New Regulations on Indirect Investment Account

Circular 03 changes the name from “indirect investment capital account” (as regulated under Circular 05/2014/TT-NHNN) to “indirect investment account” (“**IIA**”). An IIA is a Vietnamese dong payment account that foreign investors open at licensed banks. These accounts are strictly for transactions related to foreign indirect investment in Vietnam, such as capital transfers, dividend payments, investment-related expenses, foreign currency sales, and fee payments.

Circular 03 applies to foreign investors, licensed banks, and organisations or individuals involved in foreign indirect investment activities.¹ It clarifies that:

- i. **Non-resident foreign investors** must use IIAs for all indirect investment transactions.
- ii. **Resident foreign investors** must conduct relevant transactions through payment accounts in Vietnamese dong, in accordance with applicable laws.²
- iii. **Enterprises** with foreign investors holding more than 50% but less than 51% of their charter capital must open a direct investment capital account within 12 (twelve) months from the effective date of the Circular.³

2. Simplify Account Opening Procedures

Circular 03 reduces administrative burdens by allowing foreign-language documents to be notarised or certified within 12 (twelve) months without requiring consular legalization, significantly cutting time and costs.⁴ While banks may still request Vietnamese translations, but only upon official request.⁵

Additionally, foreign investors can open multiple IIAs linked to securities trading codes, aiding portfolio management, especially for investment funds and foreign government.⁶ This flexibility offers significant benefits to institutional investors by streamlining procedural requirements.

3. Standardised and Transparent Transaction Regulations

All transactions related to indirect investment activities must be carried out through an IIA opened at a licensed bank. Funds in these accounts are not permitted to be converted into term deposits or savings⁷ accounts. This regulation aims to ensure transparency and effective control of foreign capital flows.

Furthermore, all fund transfer instructions must specify the transaction purpose to facilitate verification and regulatory compliance.⁸

4. Enhanced Accountability and Oversight

- Licensed banks must establish internal regulations, ensure dossier legality and processes for opening and using IIA, and comply with anti-money laundering rules and terrorist financing regulations.⁹

¹ Art 2 and 6 of Circular 03

² Art 1 of Circular 03

³ Art 11 of Circular 03

⁴ Art 5.4 (a) of Circular 03

⁵ Art 5.4 (b) of Circular 03

⁶ Art 5.2 of Circular 03

⁷ Art 3.2, 3.5 of Circular 03

⁸ Art 3.7 of Circular 03

⁹ Art 7 of Circular 03



- Foreign investors are responsible for the authenticity of their submitted documents and compliance with all relevant Vietnamese laws.¹⁰
- SBV's provincial branches oversee compliance, inspections, handling violations related to IIA and coordinate with other authorities on foreign exchange management, within their jurisdiction.¹¹

5. Conclusion

Circular 03 marks a significant reform in Vietnam's capital market framework by simplifying procedures, allowing multiple accounts, and strengthening oversight. These changes foster a more transparent and competitive market environment and support Vietnam's goal to upgrade its market status and attract greater foreign capital inflows.

For more information, please contact:

Thang Nguyen / Managing Partner
thang.nguyen@acslegal.com

Nguyet Le / Senior Associate
nguyet.le@acslegal.com

¹⁰ Art 8 of Circular 03

¹¹ Art 9 of Circular 03