

## LEGAL UPDATE (August 22<sup>nd</sup>, 2022)

In this issue, we would like to bring to your attention to the following:

- Eliminating regulations on calculating the rate of localization of car.
- New regulations on foreign exchange management for international bond issuance.

### 1. **Eliminating regulations on calculating the rate of localization of car**

The Ministry of Science and Technology just issues Circular 11/2022/TT-BKHCN removing legal documents promulgated by the Minister of Science and Technology on the method of determining the localization rate of cars.

Specifically, Circular 11/2022/TT-BKHCN has abolished all three legal documents as follows:

1. Decision No. 28/2004/QD-BKHCN dated October 1<sup>st</sup>, 2004 of the Minister of Science and Technology on the method of determining the localization rate of cars.
2. Decision No. 05/2005/QD-BKHCN dated May 11<sup>th</sup>, 2005 of the Minister of Science and Technology on amending and supplementing Decision No. 28/2004/QD-BKHCN dated October 1<sup>st</sup>, 2004 on the method of determining the localization rate of cars.
3. Circular No. 05/2012/TT-BKHCN dated March 12<sup>th</sup>, 2012 of the Minister of Science and Technology amending and supplementing Article 1 of Decision No. 05/2005/QD-BKHCN dated May 11<sup>th</sup>, 2005 on amending and supplementing Decision No. 28/2004/QD-BKHCN dated October 1<sup>st</sup>, 2004 on the method of determining the localization rate of cars.

The removal of these regulations is in line with the development and change of the technological process of automobile production and assembly of enterprises in Vietnam and in the world to ensure transparency and reasonableness; does not cause administrative burden, ensure the convenience for state management in the field of investment and science and technology; ensure the treaties and free trade agreements between Vietnam and other countries.

This Circular takes effect from October 1<sup>st</sup>, 2022.

### 2. **New regulations on foreign exchange management for international bond issuance**

The State Bank of Vietnam (SBV) has issued Circular 10/2022/TT-NHNN guiding the management of foreign exchange for the issuance of bonds to the international market that are not guaranteed by the Government.

This Circular stipulates the procedures for registration, changes in the issuance of bonds to the international market that are not guaranteed by the Government; Other contents on foreign exchange management related to foreign loans in the form of bond issuance to the international market shall comply with regulations on foreign exchange management for foreign borrowing and repayment of enterprises.

According to the Circular, before a bond offering is made, the issuer shall send 1 set of registration dossiers for international bond issuance to the State Bank (Foreign Exchange Management Department). Within 8 working days from the date of receipt of the complete and valid dossier, the State Bank shall issue a written confirmation or refusal to the issuance limit. In case of refusal to the issuance limit, the State Bank shall send a written explanation clearly stating the reason.

After the regulatory documents are officially signed between the related parties, the issuer completes the application for registration of the issuance with the official components in accordance with the laws.

Within 02 working days from the date of receiving the official dossier as prescribed, the State Bank shall send a written confirmation of registration of the international bond issuance to the issuer. In case of refusal, the State Bank shall send a written explanation clearly stating the reason.

This Circular takes effect from September 15<sup>th</sup>, 2022.

We hope this Newsletter would bring you useful information.

Best regards.

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**Contacts:**

**HO CHI MINH CITY (Head office)**

5<sup>th</sup> Floor, IMM Building  
99-101 Nguyen Dinh Chieu, District 3  
Ho Chi Minh City, Vietnam

**THE BRANCH IN HA NOI CITY**

Room A8, 29th Floor, East Tower, Lotte Center  
54 Lieu Giai, Cong Vi Ward, Ba Dinh District  
Hanoi City, Vietnam

Tel: +84-28-3899 8683

Email: [info@apolatlegal.com](mailto:info@apolatlegal.com)

Website: [www.apolatlegal.com](http://www.apolatlegal.com)

**SINGAPORE (Affiliated office)**

#26-10, SBF Center,  
160 Robinson Road  
Singapore 068914

Tel: +84-93-2014 986

Email: [info@apolatlegal.com](mailto:info@apolatlegal.com)

Website: [www.apolatlegal.com](http://www.apolatlegal.com)

Scan QR code:

