






Summary of Regulations on the Measures to Prevent Thai Baht Speculation

Symbol : R Residents NR Non-Residents Underlying NR's Trade or investment in Thailand	   [U] [Lend300] [Borrow10]	Transaction permitted without requiring prior approval from BOT Transaction not permitted Requires BOT approval Transaction permitted but must not exceed underlying value Transaction permitted but total outstanding balance undertaken by each domestic bank [in aggregation of all kinds of lending activities] must not exceed THB 300 million per group of NRs Transaction permitted but total outstanding balance undertaken by each domestic bank [in aggregate of all kinds of borrowing activities] must not exceed THB 10 million per group of NRs
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I. Non-derivatives Transactions

Transactions	Underlying	No Underlying	Exception/Condition
1. Lending THB to NR			
1.1 Bank lends THB directly	x	x	<u>Except</u> - Personal consumption loan for NR having valid work permit longer than one year. The amount must not exceed THB 5 million. The loan must be fully collateralized. - Loan to NR residing in neighboring countries, for which prior approval from BOT must be sought on a case by case basis. - Issuance of credit cards to NR.
1.2 Bank provides THB O/D	[Lend300]		
1.3 Bank lends THB through repurchase agreement , sell and buy back transactions (including securities borrowing and lending)	x	x	
1.4 Bank buys THB debt instruments issued by NR	x	x	<u>Except</u> Purchase of THB bond issued by NR who have received approval from the Ministry of Finance (MOF) to issue such THB bonds.
1.5 Bank issues THB Guarantee for NR	x	x	<u>Except</u> - Issuance of bid bonds, performance bonds or letter of guarantee for NR who has contracted with Thai residents, provided that NR's offshore bank must also provide back-to-back guarantee having conditions according to BOT's requirements. - Guarantee of THB bonds issued by NRs residing in neighboring countries who have obtained the approval from MOF to issue such THB bonds.
2. Borrowing THB from NR			
2.1 Bank borrows THB	[U]*	[Borrow10]	- Except offshore bank who has obtained approval from the MOF to issue THB bonds. - *Underlying in this case shall include banks' lending to residents.
2.2 Bank borrows THB through repurchase agreement, sell and buy back transactions (including securities borrowing and lending)	x	x	
2.3 Bank issues THB Debt Instruments and sell to NR (excluding B/E)	[Borrow10]		- Including THB Negotiable Certificate of Deposit issued to NR
2.4 Bank issues THB B/E [Bill of Exchange] to borrow from NR	x	x	Issuance of THB B/E to NRs is not allowed.
3. Buying and Selling FX/THB with NR			
3.1 Bank buys/sells FX against THB for value spot (T+2)	✓	✓	
3.2 Bank buys FX against THB for value same day/Value tomorrow	[U]	[Lend300]	
3.3 Bank sells FX against THB for value same day/Value tomorrow	[U]	[Borrow10]	
4. THB Accounts			
4.1 Non-resident Baht Account: NRBA		Outstanding amount at end of day can not exceed Baht 300 million	
4.2 Non-resident Baht Account for Securities: NRBS		Outstanding amount at end of day can not exceed Baht 300 million	

II. Derivatives Transactions

Transactions	Underlying	No Underlying	Exception/Condition
1. Derivatives linked to FX rate and index			
1.1 Plain Vanilla and Structured Derivatives according to BOT's Notifications**			If bank wishes to undertake derivatives transactions outside the scope of this Notification (e.g. Digital Option) with NR, prior approval from BOT must be sought.
(1) Any Bank's transaction that is equivalent to buying FX in the future, such as buy FX/THB Outright Forward, Sell-Buy Swap, FX option	[U]*	[Borrow10]	- *Underlying in this case shall also include 1. Transactions involving bank selling FX outright forward to residents 2. FX option which may result in selling FX to residents in the future. - Sell-Buy Swap with forward start is not allowed.
(2) Any Bank's transaction that is equivalent to selling FX in the future, such as sell FX/THB Outright Forward, Buy-Sell Swap,FX Option	[U]	[Lend300]	Buy-Sell Swap with forward start with underlying trade or investment in Thailand must seek BOT's approval. Transaction without underlying is not allowed.
1.2 Structured Derivatives beyond the scope of BOT's Notifications**			
2. Derivatives linked to Interest Rates and Index			
2.1 Plain Vanilla and Structured Derivatives according to BOT's Notifications**	✓	✓	<u>Conditions</u> 1. Must not result in bank receiving negative interest from NR. 2. Payment to NR must be done in FCY.
2.2 Structured Derivatives beyond the scope of BOT's Notifications**			
3. Debt Instrument Derivatives			
(1) Bank buys or sells Bond Forward with NR	✗	✗	
(2) Bank buys or sells Bond Option with NR	✗	✗	
4. Equity Derivatives according to BOT's Notification			
(1) Physical Settlement	✓	✓	
(2) No Physical Settlement	✓	✓	<u>Condition</u> Payment to NR must be done in FCY.
5. Credit Derivatives according to BOT's Notification			
(1) Swap transactions, such as Credit Default Swap	✓	✓	<u>Condition</u> Payment to NR must be done in FCY.
(2) Bank lends THB to/deposits THB with NR in the form of notes or deposits (such as Credit-Linked Note, Credit-Linked Deposit)	✗	✗	
(3) Bank borrows/receives deposit in THB from NR in the form of note, deposit (excluding B/E)		[Borrow10]	
6. Derivatives linked to other kinds of asset and variable			
7. FX/THB Non-Deliverable Forward : NDF	✗	✗	<u>Except</u> to rollover or unwind earlier transactions due to the failure of clients/counterparty to deliver/settle the full amount of contract.

Note For any other kinds of transactions beyond this summary, please consult BOT FX Compliance Team at Tel. 02-283-5326-7, 02-356-7639 prior to undertaking such transaction.

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**BOT.PhorNorSor's Notifications which permitting commercial banks to undertake structured derivative transactions