

Questions and Answers (Q&A)

With reference to the Circular Letter of the Bank of Thailand

No. BOT.FPD (21) C. 1035/2019 dated 12th July 2019

Re: Change in Outstanding Balance Limits of Non-Resident Baht Accounts

Under the Measures to Prevent Thai Baht Speculation

No.	Question	Answer
1.	What are the rationales for the BOT's revision of the Measures to Prevent Thai Baht Speculation by lowering the end-of-day outstanding balance limits of Non-resident Baht Account (NRBA) and Non-resident Baht Account for Securities (NRBS)?	The BOT has observed that during the period of Thai baht appreciation, the volumes of Thai baht transactions undertaken by NRs increase significantly, especially in the offshore market. The Thai baht funds are placed in the NRBA/NRBS for future gains on exchange rates. The aim of this measure is to limit channels to place the Thai baht and help lessen short-term capital flows which add unnecessary pressure on the currency.
2.	Would this measure affect trade and direct investment in Thailand?	Having assessed the impact of the measure, the BOT views that the measure would not affect the overall trade and investment in Thailand. NRs with underlying trade and investment in Thailand are still able to make payment for their obligations in Thailand as usual. In addition, a non-financial corporate with underlying trade or investment in Thailand and has an NRBA with financial institutions in Thailand may seek approval from the BOT for a waiver of the 200 million baht end-of-day balance limit.
3.	What are the procedures for a financial institutions in the case where the end-of-day outstanding balances in their NRBA/NRBS exceed the limit of 200 million baht prior to the effective date of the measure?	Financial institutions are required to notify the NR account holders to reduce the balances to 200 million baht within 22 nd July 2019. To reduce the balances by engaging in FX/THB transactions with financial institutions in Thailand, only FX/THB value spot (T+2) is allowed. However, to undertake buy FX/THB value tomorrow (T+1) or value same day (T), they may seek approval from the BOT on a case-by-case basis within 22 nd July 2019.
4.	What are the procedures for a financial institutions in the case where the end-of-day outstanding balances in their NRBA/NRBS exceed the limit of	Financial institutions are required to follow the rules and practices under the Measures to Prevent Thai Baht Speculation attached with

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	200 million baht after the effective date of the measure?	the circular no. BOT.FPD (21) C. 834/2017 dated 31 st May 2017 Clause 5.2.
5.	In the case where NRs wish to have the end-of-day outstanding balances over the limit of 200 million baht, can they seek approval from the BOT?	If an NR is a non-financial corporate with underlying trade or investment in Thailand and has an NRBA with financial institutions in Thailand, such NR may seek approval from the BOT on a case-by-case basis for a waiver of the 200 million baht end-of-day balance limit. The BOT will consider the application as deemed necessary and appropriate.
6.	In the case where NRs have previously been granted approval from the BOT to have the outstanding balances over 300 million baht, are they required to lower their balances to 200 million baht?	The NRs who have previously been granted approval from the BOT on a case-by-case basis are allowed to have the outstanding balances up to the approved limits, as long as the approval letter is still valid. However, the BOT may consider revision of the approvals and will notify the NRs accordingly.
7.	<p>If the outstanding balances in NRBA/NRBS exceed the limit of 200 million baht due to one of the following reasons, what are the procedures that financial institutions need to follow?</p> <p>(1) NRs prepare Thai baht for payment of trade and investment in Thailand that is scheduled on the next business day.</p> <p>(2) NRs prepare Thai baht for payment of trade and investment in Thailand or receive Thai baht from trade and investment in Thailand on a non business day of the currency into which Thai baht will be exchanged.</p> <p>(3) NRs receive a cheque payment in Thai baht from trade and investment in Thailand which require clearing for 1 business day.</p>	NRs are allowed to have the outstanding balances over the limit of 200 million baht in the aforementioned cases and the financial institutions shall comply with the BOT's circular No. BOT.FPD (21) C. 834/2017 dated 31 st May 2017 which requires the financial institutions to submit the report "Outstanding Balances at the End of Day Exceeding the Limit (R02)" to BOT, identifying the name of NRBA/NRBS holders and outstanding balances within the day that the balances exceed the limit. The financial institutions are required to keep those documents for the BOT's examination.