

Summary of Regulations on the Measures to Prevent Thai Baht Speculation

Symbol :			
R	Resident	✓	Transaction permitted without requirement of a prior approval from BOT
NR	Non-Resident	✗	Transaction not permitted
FIs	Domestic Financial Institutions		Requires BOT approval
Underlying	NR's Trade or investment in Thailand	[U]	Transaction permitted but must not exceed underlying value
		[Lend200]	Transaction permitted but total outstanding balance undertaken by each FI [in aggregation of all kinds of lending activities] must not exceed THB 200 million per group of NRs
		[Borrow10]	Transaction permitted but total outstanding balance undertaken by each FI [in aggregate of all kinds of borrowing activities] must not exceed THB 10 million per group of NRs

I. Non-derivatives Transactions

Transactions	Underlying	No Underlying	Exception/Condition
1. Lending THB to NR			
1.1 FIs lend THB direct loan	✗	✗	<u>Except:</u> - Personal consumption loan for NR individual having a work permit for at least one year. The amount must not exceed THB 5 million. - Loan to NR non-financial juristic person, for the purpose of investing in Thailand, not inclusive of investments in immovable properties or debt instruments and securities listed in SET or MAI. - Loan to NR non-financial juristic person located in Greater Mekong Subregion ¹ (GMS) countries for infrastructure or project finance purposes, provided that the project is beneficial to Thailand. - Issuance of credit cards to NR.
1.2 FIs provide THB O/D	[Lend200]		
1.3 FIs lend THB through repurchase agreement, sell and buy back transactions, or any similar transactions (including securities borrowing and lending)	✗	✗	
1.4 FIs buy THB debt instruments issued by NR	✗	✗	<u>Except:</u> Purchase of THB bond issued by NR who is granted an approval from the Ministry of Finance (MOF) to issue such THB bonds.
1.5 FIs issue THB Guarantee for NR	✗	✗	<u>Except:</u> - Issuance of bid bonds, performance bonds or letters of guarantee for NR who has contracts with Thai government, Thai state enterprise, or Thai juristic person. - Guarantee of THB bonds issued by NR residing in one of the GMS countries who have obtained the approval from MOF to issue such THB bonds.
2. Borrowing THB from NR			
2.1 FIs borrow THB	[U]*	[Borrow10]	- Except for offshore banks who have obtained approval from the MOF to issue THB bonds. - *Underlying in this case shall include banks' lending to residents.
2.2 FIs borrow THB through repurchase agreement, sell and buy back transactions, or any similar transactions (including securities borrowing and lending)	✗	✗	
2.3 FIs issue and sell THB debt instruments to NR (excluding bill of exchange)	[Borrow10]		Including THB Negotiable Certificate of Deposit issued to NR
2.4 FIs issue bill of exchange (B/E) to borrow THB from NR	✗	✗	Issuance of THB B/E to NRs is not allowed.
3. Buying and Selling FX/THB with NR			
3.1 FIs buy/sell FX against THB for value spot (T+2)	✓	✓	
3.2 FIs buy FX against THB for value same day/value tomorrow	[U]	[Lend200]	
3.3 FIs sell FX against THB for value same day/value tomorrow	[U]	[Borrow10]	

¹ Republic of the Union of Myanmar, Kingdom of Cambodia, Lao People's Democratic Republic, Socialist Republic of Viet Nam, and Yunnan Province of the People's Republic of China

Transactions	Underlying	No Underlying	Exception/Condition
4. THB Accounts			
4.1 Non-resident Baht Account: NRBA		Outstanding amount at the end of the day cannot exceed THB 200 million	Except in the case that NR, who is the owner of the NRBA, has to deliver THB due to an obligation related to trade or investment in Thailand on the next business day. In this case, FI shall verify documents related to such obligation and monitor the portion of outstanding balances which exceed the end-of-day account balance limit to ensure that it does not exceed the underlying value.
4.2 Non-resident Baht Account for Securities: NRBS		Outstanding amount at the end of the day cannot exceed THB 200 million	Except in the case that NR, who is the owner of the NRBS, has to deliver THB due to an obligation related to investment in securities or financial instruments in Thailand on the next business day. In this case, FI shall verify documents related to such obligation and monitor the portion of outstanding balances which exceed the end-of-day account balance limit to ensure that it does not exceed the underlying value.

II. Derivatives Transactions

Transactions	Underlying	No Underlying	Exception/Condition
1. Derivatives linked to FX rate and index			
1.1 Plain Vanilla Derivatives and derivatives according to BOT's Notifications**			
(1) Any FI'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 also includes: 1. Transactions involving FI's sale of FX outright forward to residents 2. FX option which may result in selling FX to residents in the future.
(2) Any FI's transaction that is equivalent to selling FX in the future, such as sell FX/THB outright forward, buy-sell swap, FX option	[U]	[Lend200]	
1.2 Structured derivatives beyond the scope of BOT's Notifications**			
2. Derivatives linked to interest rates and index			
2.1 Plain Vanilla Derivatives and derivatives according to BOT's Notifications**	✓	✓	
2.2 Structured derivatives beyond the scope of BOT's Notifications**			
3. Debt instrument derivatives			
(1) FIs buy or sell bond forward with NR	x	x	
(2) FIs buy or sell bond option with NR	x	x	
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 foreign currency.
5. Credit Derivatives according to BOT's Notification			
(1) Unfunded credit derivatives (such as credit default swap)	✓	✓	<u>Condition:</u> Payment to NR must be done in foreign currency.
(2) FIs lend THB to/ deposit THB with NR through funded credit derivatives (ie. credit-linked note)	x	x	
(3) FIs borrow/ receive deposit in THB from NR through funded credit derivatives (ie. credit-linked note)		[Borrow10]	
6. Derivatives linked to other types of asset and variable			
7. FX/THB non-deliverable forward : NDF	x	x	Except: Transaction executed to rollover or unwind earlier transactions due to the failure of clients/counterparty to deliver/settle the full amount of the contract.

**BOT's notifications related to regulations and scope of permission for commercial banks to undertake derivative transactions

Note For any other kinds of transactions beyond this summary, please consult BOT FX Compliance Team at Tel. 02 283 5326-7, 02 283 6714, 02 356 7639 prior to undertaking such transactions.

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