

**Notification of the Bank of Thailand**  
**No. SorRoKho. 7/2551**  
**Re: Multilateral Funds Transfer Service**

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**1. Rationale for the Notification**

By virtue of the provision of Article 1(8) of the Bank of Thailand Regulation on BAHTNET Services, the Bank of Thailand (BOT) has designated the transmission of Multilateral Funds Transfer (MFT) instructions as another type of services in BAHTNET system.

Therefore, the BOT has developed the Central Settlement System. By given, the settlement agent using the Central Settlement System service can submit MFT instructions for settlement of different types of payment transactions among institutions, with the objectives to increase effectiveness of Thailand's payment systems to reach international standard and to reduce settlement risk among institutions. Later, the BOT has improved the Central Settlement System by extending scope of services for settlement to support data transmission demand and the use of information in form of net clearing position of individual institution with its counterparties and proof sheet as well as providing services to inquire detailed information about settlement transactions in order to increase the operational effectiveness and funds management of BAHTNET service users.

**2. Annulment**

This Notification is to repeal Notification of the Bank of Thailand Re: Service for Multilateral Funds Transfer among BAHTNET Service Users dated 12<sup>th</sup> April B.E.2549 and as amended.

**3. Scope of Enforcement**

This Notification shall be enforced with BAHTNET service users who are the settlement agents and the funds transferring/funds receiving institutions as stipulated in this Notification.

#### **4. Content**

1. In this Notification;

“BOT” refers to the Bank of Thailand.

“Central Settlement System (CSS)” refers to a system provided by the BOT to facilitate the settlement agent in order to settle different types of payment transactions, including inquiring detailed information about such settlement.

“Settlement Agent” refers to BAHTNET service users authorized by the BOT to use MFT service and entrusted by the funds transferring/funds receiving institutions as an agent to submit MFT instructions for settlement through the funds transferring/funds receiving institutions’ deposit accounts at the BOT.

“Funds Transferring/Funds Receiving Institution” refers to BAHTNET service users, which transfer funds or receive funds transfer under MFT instructions, either transferring funds or receiving funds transfer by themselves, or as an agent of other institutions.

“Multilateral Funds Transfer (MFT) Instruction” refers to instructions that the settlement agent submits through the Central Settlement System for settlement of different types of payment transactions between the funds transferring/funds receiving institutions in BAHTNET system, which shall result in the instructions to debit funds from and to credit funds to deposit accounts according to net balances of the funds transferring/funds receiving institutions, according to the rules set by the BOT.

“Submit Time” refers to the designated time for the Central Settlement System to submit MFT instructions into BAHTNET system for settlement.

“Settlement Time” refers to the designated time for different types of MFT settlement.

#### **Rights and Obligations of the BOT**

2. The BOT shall reserve its right to designate or change submit time and settlement time of MFT instructions for each type of payment transaction as it is deemed appropriate, in order to avoid the settlement problem.

3. The BOT shall reserve its right to temporarily suspend MFT instructions or cancel the said instructions, in case that the BOT considers such MFT instructions would block other funds transfers in BAHTNET system or there are any other reasons that the BOT deems appropriate.

## **Rights and Obligations of Settlement Agent**

4. Any institutions intent to be the settlement agent must submit a letter of agreement for a usage of MFT services to the BOT together with the following supporting documents;

(1) A power of attorney for a usage of MFT services of the settlement agent

(2) A letter notifying of delegated power for transactions settlement on deposit accounts at the BOT, attached with a copy of power of attorney for transactions settlement on their deposit accounts at the BOT from the funds transferring/funds receiving institutions

(3) A letter notifying details of payment transactions that the settlement agent intends for a usage of services.

A letter of agreement for a usage of MFT services and other supporting evidences stating above shall be in accordance with the forms attached to this Notification.

5. In case where the settlement agent wants to change the funds transferring/funds receiving institutions or details of payment transactions, the settlement agent must notify in writing and submit the supporting evidences as indicated in 4(2) or (3) as the case may be to the BOT at least 7days in advance. Except in the case that such change is an increase in payment transaction type, the settlement agent must notify the BOT at least 15 days in advance.

6. The settlement agent must provide risk management measures to protect and correct problems in case that funds transferring/funds receiving institutions under MFT instructions has funds in deposit accounts at the BOT insufficient for settlement, so it cannot make the settlement within the designated date and time, in order to reduce liquidity and credit risk of the funds transferring/funds receiving institutions.

The settlement agent must notify such measures in writing to the BOT and submit those supporting documents as specified in 4. In case where there are any changes to such measures, the settlement agent must notify the BOT at least 15 days in advance before starting new measures.

7. The settlement agent shall be responsible for the completeness and correctness of MFT instructions and Net Clearing Position of individual institution with its counterparties (NCP) and Proof Sheet (PST) in which such settlement agent submits through the Central Settlement System.

8. The settlement agent is obliged to print out a confirmation letter for complete settlement via the Central Settlement System from EFS services in order to inspect and confirm complete settlement by signing such document to certify and submitting to the BOT within 10.00 am on the next business day after the date that MFT instructions have been sent.

### **Service Usage Procedure**

9. Before the date that the settlement agents and the funds transferring/ funds receiving institutions shall start using MFT services under this Notification, the settlement agents and the funds transferring/ funds receiving institutions must operate as follows;

(1) The authorized person on behalf of the settlement agent and the funds transferring/ funds receiving institution shall prepare a letter of appointment delegating power to authorized signature persons to designate rights manager for MFT services as format specified by the BOT, except in case that such authorized person shall be the authorized signature persons for MFT services' rights manager appointment.

(2) The authorized signature persons for rights manager appointment shall prepare a letter of appointment for rights manager as format specified by the BOT. In this regard, rights manager must be the Certifier for EFS services.

(3) Rights manager shall prepare a letter of rights assignment for each user as formats specified by the BOT, in order to grant the access for CSS services to Certifier and Officer in EFS services. However, rights manager cannot grant access rights to himself/herself.

10. The settlement agent must submit MFT instructions as formats and designated time notified in a letter notifying details of payment transactions specified in 4 (3).

11. When the Central Settlement System receives MFT instructions, the system shall record the said instructions in the system before further submitting to settlement process in BAHTNET system at submit time.

The settlement agent may adjust, delete or cancel MFT instructions via the Central Settlement System before the said time according to the rules specified by the BOT.

12. After the submit time and the BOT has not debited funds from, or credited funds to deposit accounts of the funds transferring/ funds receiving institutions, the settlement agent may notify the BOT to cancel the MFT instruction in accordance with the rules specified by the BOT.

13. MFT instructions via the Central Settlement system shall be complete when the BOT has already debited or credited funds to deposit accounts of the funds transferring/ funds receiving institutions according to the amount specified in MFT instructions.

When MFT instructions are complete, the settlement agent shall not be able to cancel the instructions and shall receive MFT confirmation letter. Also, the funds transferring/ funds receiving institutions shall receive debit or credit confirmation documents as the case may be, according to the procedures as stipulated in Article 37 of the BOT Regulation on BAHTNET Services.

14. In case where MFT instructions are incomplete because the funds transferring/ funds receiving institution has debit balance status in MFT instruction and insufficient funds in deposit account, such MFT instructions shall be held in BAHTNET system until the funds transferring/ funds receiving institution has maintained sufficient funds in deposit accounts.

15. In case where MFT instructions are incomplete, for instance, MFT instructions are incorrect from formats specified by the BOT or any other reasons than the reason mentioned in 14., which lead to incomplete fund transfers, it shall be deemed that such instructions become terminated and the settlement agent will receive error message about incomplete fund transfers.

16. When any funds transferring/ funds receiving institution has debit balance status in MFT instruction and insufficient funds in deposit account, such funds transferring/ funds receiving institution must promptly take action in order to have sufficient funds in the account to settle instructions within the designated settlement time. Also, in case where the BOT intends to acknowledge about sources of fund, total amount of fund and time to receive funds for settling debit balance status, such funds transferring/ funds receiving institution must notify the BOT immediately.

17. When the designated settlement time has arrived, but the funds transferring/ funds receiving institution has debit balance status in MFT instruction and insufficient funds in deposit account for settlement, the settlement agent and the funds transferring/ funds receiving institution must comply with risk management measures specified in 6 and must notify the details of actions taken according to the said measures as well as other necessary information to the BOT for the benefits of settlement coordination.

In case where the actions taken according to the measures as specified in above paragraph have not resulted in the complete settlement, the settlement agent and the funds transferring/ funds receiving institution must comply with risk management measures specified by the BOT.

18. When the settlement agent and the funds transferring/ funds receiving institution have already operated as specified in 17. but it still cannot settle the instructions or many incomplete MFT instructions is still being kept in BAHTNET system, the settlement agent must notify the BOT in order to cancel MFT instructions before the closing time of BAHTNET system in each day in accordance with the rules specified by the BOT.

### **The Monitoring and Inquiring**

19. The settlement agent and the funds transferring/ funds receiving institution can monitor, inquire or print out transaction status, details of settlement information or other documents relating to MFT instructions via EFS services or by other methods specified by the BOT.

### **Fees and Fines**

20. The settlement agent and the funds transferring/ funds receiving institution must pay MFT service fees and fines in accordance with the rules as stipulated by the BOT.

### **Termination of Services**

21. Reasons of MFT services' termination:

(1) The BOT may considers terminating the services for any settlement agent, either temporarily or permanently, when such settlement agent is unable to comply with this Notification or acts in the ways that bear some impacts to overall payment system.

(2) In case where the settlement agent intends to terminate MFT services, such settlement agent must submit a request to the BOT at least 30 days in advance and must bear responsibility of any damages that might incur.

(3) The BOT has terminated MFT services.

## **5. Provisional Clauses**

22. The settlement agent that has already agreed to use MFT services in accordance with Notification of the Bank of Thailand Re: Service for Multilateral Funds Transfer among BAHTNET Service Users, as at the effective date of this Notification, shall submit a letter of agreement for a usage of MFT services under this Notification to the BOT together with the supporting documents specified in 4(1)(2) and (3) of this Notification at least 10 working days before the effective date of this Notification.

## **6. Effective Date**

This notification shall be effective from 10<sup>th</sup> November B.E. 2551 onwards.

**Given on 12<sup>th</sup> September B.E. 2551**

(Mrs. Tarisa Watanagase)

Governor

Bank of Thailand