

(Unofficial Translation*)

Regulation of the Bank of Thailand

No. Sor.Ror.Khor. 1/2558

Re: Purchase of Debt Instrument with Repurchase Agreement to Provide Intraday Liquidity Facilities (Second Amendment)

1. Rationale

The Bank of Thailand (BOT) deemed it appropriate to revise Regulation of the Bank of Thailand Re: Purchase of Debt Instrument with Repurchase Agreement to Provide Intraday Liquidity Facilities to cater for debt instrument account consolidation of Thailand Securities Depository Co., Ltd. (TSD), thereby supporting management of collaterals by financial institutions and debt instrument purchases of which BOT is not the registrar.

2. Statutory Power

By virtue of the provision of Articles 44 and 45 of the Bank of Thailand Act B.E. 2485 and amendments thereafter.

3. Amendment

Regulation of the Bank of Thailand No. Sor.Ror.Khor. 2/2552 Re: Purchase of Debt Instrument with Repurchase Agreement to Provide Intraday Liquidity Facilities, dated 16th November B.E. 2552 (2009).

4. Scope of Application

This Regulation shall be enforced with financial institutions that signed an agreement to leverage and be bound to Regulation of the Bank of Thailand Re: Purchase of Debt Instrument with Repurchase Agreement to Provide Intraday Liquidity Facilities, dated 16th November B.E. 2552 (2009).

5. Essence

Article 1 Cancel the definition of “debt instrument” in Regulation of the Bank of Thailand No. Sor.Ror.Khor. 2/2552 Re: Purchase of Debt Instrument with Repurchase

* This translation is for the convenience of those unfamiliar with the Thai language. Please refer to the Thai text for the official version.

Agreement to Provide Intraday Liquidity Facilities, dated 16th November B.E. 2552 (2009), and replace with the followings.

“Debt instrument” shall mean debt instrument available for sale with a repurchase agreement by the seller for the purpose of maintaining intraday liquidity in the BAHTNET, including:

- (1) Treasury bill, R-bill and government bond;
- (2) Debenture, bond or debt instrument issued by state-owned enterprises or financial institutions established under a specific law as specified by the BOT and guaranteed by the Ministry of Finance for the principal and interest;
- (3) Debenture, bond or debt instrument issued by state-owned enterprises or financial institutions established under a specific law as specified by the BOT and not guaranteed by the Ministry of Finance for the principal and interest. However, the said debt instrument or its issuer has a credit rating of at least AAA from TRIS or an equivalent rating from a credit rating agency as specified by the BOT or an equivalent rating of the Thai government from S&P or Moody’s;
- (4) Bond or debt instrument issued by Financial Institutions Development Fund;
- (5) BOT bond or saving bond; and
- (6) Any other bond or debt instrument as deemed appropriate by the BOT.”

Article 2 Cancel the definition of “BOT debt instrument account for Intraday Liquidity Facilities” in Regulation of the Bank of Thailand No. Sor.Ror.Khor. 2/2552 Re: Purchase of Debt Instrument with Repurchase Agreement to Provide Intraday Liquidity Facilities, dated 16th November B.E. 2552 (2009), and replace with the followings.

“BOT debt instrument account for collateral management” shall mean a debt instrument account that the BOT opens at the TSD in the capacity of the holder of debt instruments on behalf of financial institutions for the purpose of collateral management and financial transactions with the BOT.”

Article 3 Cancel the provision of Article 2(4) in Regulation of the Bank of Thailand No. Sor.Ror.Khor. 2/2552 Re: Purchase of Debt Instrument with Repurchase Agreement to Provide Intraday Liquidity Facilities, dated 16th November B.E. 2552 (2009), and replace with the followings.

“(4) Deposit debt instruments legally owned by financial institutions with no further obligatory requirements to support sales and purchases according to this Regulation into the BOT debt instrument account for collateral management pursuant to the rules stipulated by the TSD.”

Article 4 Insert the following provision as Article 2(5) in Regulation of the Bank of Thailand No. Sor.Ror.Khor. 2/2552 Re: Purchase of Debt Instrument with Repurchase Agreement to Provide Intraday Liquidity Facilities, dated 16th November B.E. 2552 (2009).

“(5) Prepare any additional document required by the BOT.”

Article 5 Cancel the provision of Article 3(1) in Regulation of the Bank of Thailand No. Sor.Ror.Khor. 2/2552 Re: Purchase of Debt Instrument with Repurchase Agreement to Provide Intraday Liquidity Facilities, dated 16th November B.E. 2552 (2009), and replace with the followings.

“(1) The BOT considers purchasing a financial institution’ debt instruments deposited into the BOT debt instrument account for collateral management whereby the BOT shall transfer the fund into the concerned financial institution’s account by 8.30 hrs.”

Article 6 Insert the following provision as Article 5(5) in Regulation of the Bank of Thailand No. Sor.Ror.Khor. 2/2552 Re: Purchase of Debt Instrument with Repurchase Agreement to Provide Intraday Liquidity Facilities, dated 16th November B.E. 2552 (2009).

“(5) Withhold the transfer of other benefits stated below to a financial institution in case that the said financial institution sells a debt instrument that the BOT is not the registrar and cannot complete the repurchase agreement on the same day given that the concerned debt instrument has either (1) a registration book closing date (for benefit claims) coinciding with the day the financial institution completes the repurchase; or (2) a registration book closing date (for benefit claims) falls on a period during a financial institution holiday and the day the financial institution completes the repurchase.

(5.1) Right to attend the meeting of debt instrument holders;

(5.2) Right to reserve debt instruments for the purpose of capitalization; and

(5.3) Other benefits, excluding interest payment and principal repayment.”

Article 7 Cancel the provision in the third paragraph of Article 6 in Regulation of the Bank of Thailand Sor.Ror.Khor. 2/2552 Re: Purchase of Debt Instrument with Repurchase Agreement to Provide Intraday Liquidity Facilities, dated 16th November B.E. 2552 (2009), and replace with the followings.

“A financial institution wishing to deposit debt instruments into the BOT debt instrument account for collateral management shall comply with the rules and conditions stipulated by the TSD.”

6. Effective Date

This Regulation shall be in force on 2nd June B.E. 2558 (2015) onwards.

Given on 6th May B.E. 2558 (2015).

(Mr. Prasarn Trairatvorakul)

Governor

Bank of Thailand

Analysis and Development Team 1

Payment and Bond Department

Tel. 0 2283 5056