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The Bank of Thailand Regulation
No. SorRorKhor. 1/2557
Re: Measures for Managing Risks from Multilateral Net Settlement
through the BAHTNET (Securities Requirements for Settlement)

1. Objectives

Settlement risk in the multilateral net settlement system is a key risk of the payment system since if there is any problem occurred to one particular member as it has insufficient account balance for the settlement and the settlement positions must be recalculated by disregarding such member's data in the calculation, or unwinding.

In addition, other members will not receive full amounts of repayment and their debit positions on the settlement may increase from the recalculation, and, as a result, such members may not have sufficient liquidity for these new positions. This would accordingly make the member banks, from one member bank to another, ask for unwinding, where the systemic risk would emerge and the impact would spread wider to the financial institution system and users of payment systems, which are both corporate and retail customers.

Therefore, the Bank of Thailand (BOT) deems appropriate to have measures for managing risks according to the Bank of Thailand Notification Re: Multilateral Funds Transfer Services by prescribing measures for managing risks from multilateral net settlement (Securities Requirements for Settlement) through the BAHTNET. Where, the funds transferring / receiving institutions that are users of the BAHTNET shall comply with the measures in order to reduce settlement risk and ensure that, at least, the net settlement through the BAHTNET shall be conducted within a specified time, even though one particular member with the highest debit position on the settlement cannot carry out the settlement.

2. Statutory Power

By virtue of Section 44 and 45 of the Bank of Thailand Act B.E. 2485 and the amendments thereof

3. Scope of Application

This Regulation shall be applied to sending institutions, funds transferring/receiving institutions under this Regulation

4. Contents

Section 1 General provision

Article 1 Definition

“BOT” means the Bank of Thailand

“BAHTNET” means the BAHTNET system according to the Bank of Thailand Re: BAHTNET Services

“Sending institution” means a BAHTNET service user allowed by the BOT to use Multilateral Fund Transfer (MFA) services and is appointed by funds transferring/receiving institutions to submit MFT orders on their behalf in order to manage the deposit accounts of the funds transferring/receiving institutions at the BOT, according to the Bank of Thailand Regulation Re: Multilateral Funds Transfer Services.

“Funds transferring/receiving institution” means a BAHTNET service user that transfers or receives funds according to MFT orders, irrespective of whether the transfer or receipt of funds is for itself or for other members (as a representative) according to the Bank of Thailand Regulation Re: Multilateral Funds Transfer Services.

“Collateral provider” means a funds transferring /receiving institution with an agreement to manage debt securities as collateral for settlement that have been maintained according to this Regulation instead of other funds transferring/receiving institutions. As such, any funds transferring/receiving institution providing the services as a collateral provider should have good business performance, be well-capitalized, and have sound risk management.

“Debt securities as collateral for settlement” mean debt securities as collateral for the multilateral net settlement (Securities requirement for settlement: SRS) through the BAHTNET that a funds transferring/receiving institution maintains according to this Regulation. Where, such debt securities must be:

(1) The following debt securities:

(1.1) Treasury bills, promissory notes for debt restructuring, government bonds

(1.2) Bonds or debt securities issued by state enterprises or banks established under special laws as specified by the BOT for which the Ministry of Finance provides a guarantee for principal and interests

(1.3) Bonds or debt securities issued by state enterprises or banks established under special laws as specified by the BOT for which the Ministry of Finance does not provide a guarantee for principal and interests, but such debt securities or issuers must be rated AAA or above by TRIS or equivalent credit ratings from credit rating agencies as specified by the BOT, or rated the same rating as the Thai Government by S&P and Moody’s

(1.4) Bonds or debt securities issued by the Financial Institutions Development Fund (FIDF)

(1.5) BOT bonds or BOT saving bonds

(1.6) Other bonds or debt securities as approved by the BOT

(2) Debt securities that the funds transferring/receiving institutions or collateral providers have the ownership and without any obligation

(3) Debt securities that the market values can be calculated

(4) With remaining maturity of 2 days or more before the closing date for registration. As such, the closing date for registration is a period during which the transfer, pledge, changes made to the conditions cannot be carried out according to the notification of a registrar or notification for sale of each volume of debt securities.

(5) Bonds or debt securities for which the BOT is not a registrar, it shall be regarded that, on one business day before the closing date for interest payments, such bonds and debt securities are ineligible to use as collateral for settlement.

“Potential debit position” means the highest potential debit position on the settlement of each funds transferring/receiving institution as calculated by the methods specified by the BOT.

“Multilateral funds transfer (MFT)” means an order submitted by a sending institution through a central settlement system for proceeding the settlement of payment transactions between funds transferring/receiving institutions through the BAHTNET. Where, the funds are transferred or received according to net settlement positions of the funds transferring/receiving institutions according to the Bank of Thailand Re: Multilateral Funds Transfer Services.

“Debt securities for intraday liquidity facility” mean debt securities of funds transferring/receiving institutions deposited with the BOT according to the Bank of Thailand Regulation Re: Purchase of Debt Securities with Repurchase Pledge of the Sellers for Intraday Liquidity Facility.

“Central depository” means the Thailand Securities Depository Company Limited or any other organization established by the Stock Exchange of Thailand or approved by the Securities and Exchange Commission to be a center at which securities are deposited and withdrawn.

“Debt securities account of the BOT for managing collateral” means a debt securities account of the BOT opened at a central depository as the BOT holds debt securities instead of funds transferring/receiving institutions or collateral providers to facilitate the management of collateral and undertaking of transactions with the BOT.

“Sub-account of debt securities as collateral for settlement” means a sub-account of debt securities of each funds transferring/receiving institution or collateral provider under the operating system and oversight of the BOT opened to facilitate the arrangements according to this Regulation.

“Deposit account” means a current or settlement account that a funds transferring/receiving institution or collateral provider opens with the BOT.

“Shared collateral” means debt securities as collateral for settlement for a portion that uses as shared collateral between a collateral and a funds transferring/receiving institution under an agreement with collateral provide, according to regulations and procedures as specified by the BOT.

“EFS Services” mean financial services according to the Bank of Thailand Regulation Re: Electronic Financial Services.

“Server” means the BAHTNET computer system of the BOT.

“Host” means a computer system of a funds transferring/receiving institution connected to the BAHTNET of the BOT, namely computer system for sending messages through SWIFT or EFS services or other operating systems connected for sending data directly to the Server (host to host).

“Protocols for secured messaging” mean the security protocols of the SWIFT or EFS services or other operating systems connected for sending data directly to the Server (host to host) used by the BOT in implementing measures for managing risks from multilateral net settlement through the BAHTNET for:

(1) Confirming that messages that the BOT or funds transferring/receiving submit through the BAHTNET are actually of the BOT or funds transferring/receiving institutions, where the sender cannot decline the liability

(2) Confirming that messages that the BOT or funds transferring/receiving receive through the BAHTNET are the same as those submitted by the BOT or funds transferring/receiving institutions

(3) Authentication and confirming that those operate through the BAHTNET are the authorized persons

(4) Verifying the completeness of the number of messages sent/received through the BAHTNET

(5) Preventing unauthorized persons from knowing of the real messages received/submitted between the Server and hosts.

(6) Recording the evidences with regards to sent/received messages

“Security measures” means the measures for preventing unauthorized persons from accessing the hosts.

Section 2

Sending institution and funds transferring/receiving institution

Article 2 Sending institutions and funds transferring/receiving institution shall comply with measures for managing risks as specified by the BOT in this Regulation.

Article 3 Before the starting time for the operations according to measures for managing risks as specified in this Regulation, funds transferring/receiving institutions shall:

(1) Prepare the letter of agreement to comply with the measures for managing risks from multilateral net settlement through the BAHTNET, using the form as specified by the BOT.

(2) Prepare the letter to authorize the BOT to manage debt securities as collateral for settlement

(3) Prepare the power of attorney, using the form as specified by the BOT

(4) Prepare the letters according to the Bank of Thailand Regulation Re: Electronic Financial Services, namely the letter of agreement to use electronic financial services, letter for appointing the certifier, letter for appointing authorized persons to appoint the certifier, letter for appointing the officer.

In case where, funds transferring/receiving institutions are already the users of electronic financial services, as mentioned above, they shall prepare only the letter for appointing the certifier and the letter for appointing the officer.

(5) Prepare other documents as further specified by the BOT

Article 4 Funds transferring and receiving institutions must have in place security measures and internal control systems that are generally accepted.

Article 5 Funds transferring and receiving institutions shall accept the effectiveness, capability and limitation of the protocols for secured messaging, and accept that measures for managing risks arising from multilateral settlement through the BAHTNET are implemented prudently to hedge against errors and frauds.

Article 6 Funds transferring and receiving institutions must keep confidential the protocols for secured messaging, those in which information related to such protocols have been recorded, operating manuals, except the disclosure, to a certain extent and as deemed necessary, is required to facilitate the operations.

Funds transferring and receiving institutions must keep information related to the protocols for secured messaging and operating manuals from being lost.

In case where those specified above have been disclosed or lost, funds transferring and receiving institutions shall notify this to the BOT immediately.

Section 3

Maintenance of debt securities as collateral for settlement

Article 7 In each business day, funds transferring/receiving institutions must maintain debt securities as collateral for settlement in the amounts not less than the highest potential debit positions, according to regulations and procedures on maintenance of debt securities as specified by the BOT. Where, funds transferring/receiving institutions can use such debt securities for other purposes, but only those as specified in this Regulation.

As such, after the potential debit position, according to the first paragraph, has been determined, any funds transferring/receiving institution with high risk for the multilateral net settlement through the BAHTNET or with daily debit position greater than the potential debit position of such institution, the BOT reserves right to increase the potential debit position of such institution as deemed appropriate.

Article 8 To have in place debt securities as collateral for settlement maintained, as specified in Article 7, funds transferring/receiving institutions shall:

(1) Maintain debt securities as collateral for settlement by themselves in full; or

(2) Maintain debt securities as collateral for settlement by themselves in the amounts not less than that specified in the minimum requirements as specified by the BOT, and for a remaining portion, they shall use the services of collateral providers.

Article 9 To maintain debt securities as collateral for settlement, as specified in Article 7, funds transferring/receiving institutions that are the collateral providers shall maintain debt securities as collateral for settlement according to their potential debit positions by themselves in full, and they cannot use the services of other collateral providers.

Collateral providers can use debt securities as collateral for settlement for a portion that exceeds the minimum requirements as specified by the BOT as shared collateral.

In case where collateral providers provide collateral to any funds transferring/receiving institution in the amount greater than the value of shared collateral, as specified in the second paragraph, the collateral providers must maintain more debt securities as collateral for settlement so that the maintenance of debt securities is not less than the requirements on maintenance of debt securities for itself as specified by the BOT plus the highest value serviced to each funds transferring/receiving institution.

As such, collateral providers cannot use shared collateral for other purposes as specified in this Regulation.

Article 10 In maintaining debt securities as collateral for settlement, as specified in Article 7, funds transferring/receiving institutions or collateral providers shall deposit or transfer such debt securities in/to the debt securities account of the BOT for managing debt securities opened at the central depository, according to the procedures as specified by the central depository.

Article 11 Funds transferring/receiving institutions or collateral providers shall not transfer debt securities as collateral for settlement from the sub-accounts of debt securities as collateral for settlement, except:

(1) A portion that exceeds the value of debt securities as collateral for settlement to be maintained as specified in Article 8 or 9, as the case may be

(2) They are used for other purposes according to regulations and procedures as specified by the BOT.

Article 12 Funds transferring/receiving institutions that use the services of collateral providers shall notify the use of the services to the BOT and submit the documents related to the services to the BOT before they start using the services and upon any change, according to regulations as specified by the BOT.

Section 4
Reserve of debt securities as collateral for settlement
for the settlement of bulk payment credit next day transactions

Article 13 In order to facilitate the operations according to measures for managing risks from the settlement of bulk payment credit next day transactions through the BAHTNET, funds transferring/receiving institutions involving the settlement of bulk payment credit next day transactions shall give consent for the BOT to reserve debt securities for the settlement of bulk payment credit next day transactions in the amounts sufficient for their debit positions. This is for having collateral for the settlement according to the debit positions of the institutions themselves.

Article 14 In reserving debt securities for the settlement of bulk payment credit next day transactions, the following shall be carried out:

(1) Funds transferring/receiving institutions involving the settlement of bulk payment credit next day transactions shall ask the National ITMX Co.,Ltd. to notify their positions on the settlement of bulk payment credit next day transactions on a daily basis to the BOT, according to forms and procedures as specified by the BOT, within 1600 hours on one business day before the settlement date (Day-1) so that the BOT reserves debt securities for the settlement of bulk payment credit next day transactions.

(2) Funds transferring/receiving institutions with debit positions on the settlement of bulk payment credit next day transactions, as notified by National NITMX Co.,Ltd. are required to maintain debt securities as collateral for settlement, where such securities must not be the shared collateral and without the obligation, in the amounts sufficient for their debit positions as notified by the National ITMX Co.,Ltd. within 1730 hours on one business day before the settlement date (Day-1) so that the BOT reserves debt securities in the amounts equal to the debit positions.

(3) If any funds transferring/receiving institution cannot maintain debt securities sufficient for the reserve as specified in Article 14 (2), such funds transferring/receiving institution shall agree to comply with the BOT Guidelines on Reserve of Funds in the Accounts Opened with the BOT, and Debt Securities for Intraday Liquidity Facility for the Settlement of Bulk Payment Credit Next Day Transactions so that the BOT reserves the funds in the accounts opened with the BOT and reserves debt securities for intraday liquidity facility in the amounts equal to net debit positions.

(4) If any funds transferring/receiving institution has undertaken those as specified in 14(3) but the BOT still cannot reserve funds in the accounts opened with the BOT or reserve debt securities for intraday liquidity facility in full according to the net debit positions, the BOT shall reserve debt securities that are the shared collateral, as follows:

(4.1) In case where the funds transferring/receiving institution uses the service of collateral providers, the BOT shall reserve debt securities that are the shared collateral of the collateral providers for the remaining portion according to debit positions.

But, this amount must not be greater than the value of the shared collateral given to such institution.

In case where the funds transferring/receiving institution uses more than 1 collateral provider, the BOT shall allocate the debit positions, for a portion that still remains after the reserve as specified in 14(3) has been made, in order to reserve debt securities that are shared collateral of each collateral provider by the ratio of value of collateral provided by each provider to total value of collateral provided by all providers. However, this must not be greater than the value of the shared collateral given by the collateral provider to such institution.

(4.2) In case where the funds transferring/receiving institution is also a collateral provider, the BOT shall reserve debt securities that are the shared collateral for the remaining portion according to debit positions

As such, in case where the funds transferring/receiving institution and/or collateral providers use the collateral with each other, if such collateral is insufficient to be reserved for the settlement of bulk payment credit next day transactions of all involving parties, the settlement is considered void.

Article 15 If the BOT cannot undertake those specified in Article 14 completely according to debit positions on the settlement of such transactions, the settlement is considered void. The BOT shall notify this to the National ITMX Co.,Ltd. so that it recalculates the settlement positions, according to an agreement between the National ITMX Co.Ltd. and funds transferring/receiving institutions. The new settlement positions shall be notified to the BOT for reserving funds and debt securities of the funds transferring/receiving institutions accordingly.

Section 5

Use of debt securities as collateral for the settlement through the BAHTNET

Article 16 If any funds transferring/receiving institution is with debit position according to multilateral funds transfers and has the account balance insufficient for the settlement within the specified time, such institution shall manage to have the account balance sufficient for the settlement, and comply with measures for managing risks of the sending institutions as specified in Article 17 of the Bank of Thailand Notification Re: Multilateral Funds Transfer Services in order to have the account balance sufficient for the settlement.

Article 17 If those as specified in 16 have been undertaken, but the institution still has the account balance insufficient for the settlement within the specified time, it is considered that such institution and the collateral provider agree to sell debt securities as collateral for settlement that have been maintained according to Article 7, as the as may be, to the BOT with repurchase pledge according to regulations and procedures as specified in this Regulation. This is for the settlement that the funds transferring/receiving institutions are unable to do so to be carried out. The BOT shall accept to purchase debt securities in the following case:

(1) Where funds transferring/receiving institutions maintain debt securities as collateral for settlement by themselves in full, the BOT shall purchase the debt

securities that the funds transferring/receiving institutions maintain by themselves in full, but as deemed necessary.

(2) Where funds transferring/receiving institutions maintain debt securities as collateral for settlement together with using services of collateral providers so that they can maintain the debt securities in full, the BOT shall purchase the debt securities that the funds transferring/receiving institutions maintain by themselves first, if insufficient, the BOT shall, then, purchase debt securities of the collateral providers provided to such funds transferring/receiving institutions.

In case where funds transferring/receiving institutions that cannot carry out the settlement use the services of several collateral providers, the BOT shall allocate the portion on which the settlement cannot be carried out to each provider by the ratio of value of collateral provided by each provider to total value of collateral provided by all providers. However, this must not be greater than value of shared collateral given by the collateral provider to such institution.

(3) Where funds transferring/receiving institutions that are collateral providers maintain debt securities as collateral for settlement together with providing services to funds transferring/receiving institutions, the BOT shall purchase the debt securities that the funds transferring/receiving institutions maintain for themselves first, if insufficient, the BOT shall, then, purchase the debt securities that are the shared collateral.

Article 18 The BOT shall consider purchasing debt securities as collateral for settlement according to following conditions:

(1) The BOT shall consider purchasing debt securities as collateral for settlement with the purchase value as specified in the Bank of Thailand Re: Value of Debt Securities to be Purchased by the Bank of Thailand in Purchasing/Selling Debt Securities with Financial Institutions for Intraday Liquidity Facility, which has been issued according to the Bank of Thailand Re: Purchase of Debt Securities with Repurchase Pledge of the Sellers for Intraday Liquidity Facility.

(2) The BOT shall consider purchasing debt securities as collateral for settlement maintained in the sub-accounts of debt securities as collateral for settlement of funds transferring/receiving institutions and/or collateral providers, as the case may be, as specified in Article 17, and shall transfer the ownership of the purchased debt securities to be of the BOT and shall credit the account of the funds transferring/receiving institutions and/or collateral providers, as the case may be.

In case where the BOT purchases debt securities as collateral for settlement for a portion that is shared collateral, the BOT shall credit the accounts of collateral providers. And, such collateral providers are liable for transferring funds that have been credited to the accounts of the funds transferring/receiving institutions.

Article 19 Once the BOT credits the accounts, the sale of debt securities with repurchase pledge shall be bound to funds transferring/receiving institutions or collateral providers immediately.

Article 20 In repurchasing debt securities as collateral for settlement, the following shall be carried out.

(1) Funds transferring/receiving institutions or collateral providers, as the case may be, can repurchase debt securities as collateral for settlement for certain or all portions before the end of the day by themselves by using the EFS services. Where, the BOT shall debit the accounts of funds transferring/receiving institutions or collateral providers, and shall transfer the ownership of purchased debt securities back to funds transferring/receiving institutions or collateral providers by debiting the sub-accounts of debt securities as collateral for settlement of funds transferring/receiving institutions or collateral providers.

(2) If funds transferring/receiving institutions or collateral providers do not undertake those as specified in (1) by the end of the day, it is considered that such funds transferring/receiving institutions or collateral providers allow the BOT to repurchase debt securities on their behalf by debiting the accounts of funds transferring/receiving institutions or collateral providers for the repurchase within 1730 hours with the values purchased by the BOT.

In case where the account balances of funds transferring/receiving institutions or collateral providers are insufficient to be debited by the BOT for the repurchase of debt securities as collateral for settlement at the end of the day, as specified by the BOT, the BOT shall consider allowing the funds transferring/receiving institutions or collateral providers to repurchase debt securities as collateral for settlement in proportion with the account balances of the funds transferring/receiving institutions or collateral providers, as the case may be.

For debt securities as collateral for settlement that have not been repurchased in any particular day, the BOT shall resell such debt securities within 1200 hours of the next business day. Where, the BOT shall resell with the value that is the sum of value purchased by the BOT and returns, and the number of days is counted from the day on which the BOT purchases such debt securities to the day on which the funds transferring/receiving institutions or collateral providers repurchase. As such, returns and calculation methods shall be according to the Bank of Thailand Regulation on Returns in Selling/Purchasing Debt Securities and Calculation Methods, which has been issued according to the Bank of Thailand Regulation Re: Purchase of Debt Securities with Repurchase Pledge of the Sellers for Intraday Liquidity Facility.

In the next business day, according to the third paragraph, if the account balances of any funds transferring/receiving institution or collateral provider are still insufficient to be debited for the repurchase within 1200 hours, it is considered the rights to repurchase of such funds transferring/receiving institution or collateral provider are canceled.

Article 21 When the rights to repurchase debt securities of funds transferring/receiving institutions or collateral providers are canceled, the BOT shall:

(1) Collect returns on repurchase prices of debt securities as collateral for settlement according to the Bank of Thailand Notification Re: Returns in Selling/Purchasing Debt Securities and Calculation Methods, which has been issued according to the Bank of Thailand Regulation Re: Purchase of Debt Securities with Repurchase Pledge of the Sellers for Intraday Liquidity Facility. As such, the number of days for the repurchase is counted from the day on which the BOT purchases such debt securities to the day on which the rights to repurchase of funds transferring/receiving institutions or collateral providers are canceled.

(2) Calculate value of debt securities as collateral for settlement according to the Bank of Thailand Notification Re: Calculation of Values of Debt Securities in Case Where the Rights to Repurchase Debt Securities of Financial Institutions Are Canceled, which has been issued according to the Bank of Thailand Regulation Re: Purchase of Debt Securities with Repurchase Pledge of the Sellers for Intraday Liquidity Facility.

(3) Credit/debit the accounts of funds transferring/receiving institutions or collateral providers in case where there is the difference between value of debt securities purchased by the BOT plus returns as specified in (1) and value of debt securities as calculated in (2)

(4) If debt securities as collateral for settlement for which the rights to repurchase of funds transferring/receiving institution or collateral providers are canceled pay interests by installment, if the day on which the right to repurchase is canceled is on the closing date for interest payments, the BOT shall have rights to receive interests from such debt securities.

As such, if the closing date as specified above is on the holiday of funds transferring/receiving institutions or collateral providers, the BOT shall also have rights to receive interests from such debt securities.

Article 22 In case where funds transferring/receiving institutions or collateral providers cannot maintain the account balances sufficient for the amount to be debited by the BOT from the accounts of funds transferring/receiving institutions or collateral providers, as calculated according to Article 21 (3), as the case may be, the funds transferring/receiving institutions or collateral providers are considered allowing the BOT to sell deposited debt securities or any asset of the funds transferring/receiving institutions or collateral providers at the BOT until the sufficient amount is met.

Section 6

Arrangements in case where debt securities as collateral for settlement are sufficient for the settlement through the BAHTNET

Article 23 In case where funds transferring/receiving institutions cannot carry out the settlement and have debt securities as collateral for settlement insufficient for any round of settlement, such round of settlement is considered void. And, the arrangements according to related regulations for such round of settlement shall be put into effect.

Article 24 In case where funds transferring/receiving institutions and/or collateral providers using the shared collateral cannot carry out the settlement, for more than 1 institution/provider, if the shared collateral is insufficient for the settlement of all parties, such round of settlement is considered void. And, the arrangements according to related regulations for such round of settlement shall be put into effect.

Section 7

Examination for the maintenance of debt securities as collateral for the settlement and collection of fines

Article 25 The BOT shall oversee and examine the maintenance of debt securities as collateral for settlement on a daily basis, according to times, regulations, and procedures as specified by the BOT.

Article 26 In case where funds transferring/receiving institutions or collateral providers cannot maintain debt securities as collateral for settlement according to Article 7, 8 and 9, the BOT shall collect fines according to rates, regulations, and procedures as specified by the BOT, until the funds transferring/receiving institutions or collateral providers can maintain debt securities as collateral for the settlement according to the specified regulations.

Section 8

Use of debt securities as collateral for settlement for other purposes

Article 27 Debt securities as collateral for settlement can be used for other purposes, as follows:

- (1) Use as collateral for intraday liquidity facility through the BAHTNET
- (2) Pledge as collateral for use of credit positions on cheque clearing
- (3) Use for other purposes as the BOT deems appropriate

Section 9

Other requirements

Article 28 The BOT shall collect fees for the depositing, withdrawing, transferring, receiving, and maintaining debt securities as collateral for settlement according to value of debt securities involving the sub-accounts of debt securities as collateral for settlement of funds transferring/receiving institutions as well as expenses from any arrangement involving such debt securities and fines (if any) according to rates and procedures as specified in the Bank of Thailand Notification Re: Fees and Fines with Regards to Use of Intraday Liquidity Facility, which has been issued according to the Bank of Thailand Regulation Re: Purchase of Debt Securities with Repurchase Pledge of the Sellers for Intraday Liquidity Facility.

Article 29 In case where funds transferring/receiving institutions sell debt securities for which the BOT is not a registrar and cannot repurchase them within the same day, if such debt securities are with the closing date for registration on the banking holiday or on the next business day, the BOT reserves right not to transfer the following rights to the funds transferring/receiving institutions or collateral providers, as the case may be:

- (1) Right to participate in the meeting of holders of debt securities
- (2) Warrant for purchasing debt securities for capital raising
- (3) Other benefits excluding the right to receive installment of interests, right to receive the principal of debt securities

Article 30 If there is any disruption causing funds transferring/receiving institutions unable to manage debt securities as collateral for settlement by themselves, they can ask the BOT to manage the debt securities on their half by contacting the BAHTNET Helpdesk and submit the forms as specified by the BOT.

Article 31 Funds transferring/receiving institutions or collateral providers are liable for verifying and confirming transactions of debt securities as collateral for settlement and submit the letter to confirm the transactions of debt securities as collateral for settlement through the EFS services to the BOT within 1000 hours of the following business day when

there is any transaction of debt securities as collateral for settlement, unless the BOT specifies otherwise.

Article 32 The BOT shall be liable for ordinary losses that may cause by the BOT, except the following cases:

- (1) Losses arising from extraordinary event
- (2) Losses arising from any technical difficulty of the server
- (3) Losses arising from object or system that is not under control of the

BOT

- (4) Force majeure

Article 33 The BOT reserve rights to turn down or cancel the use of debt securities for other purposes as specified in Article 27 or ask sending institutions to disregard the transactions of any funds transferring/receiving institution in the calculation of multilateral funds transfer temporarily or permanently, if such funds transferring/receiving institution violates or does not comply with this Regulation or have any action that may have an impact on payment systems as a whole without reasonable grounds.

In addition, the BOT reserve rights to take further actions as deemed appropriate in order to maintain the stability of payment systems.

Article 34 The BOT reserves rights to make amendments or changes to the regulations, notifications or related documents under this Regulation, where the BOT shall notify sending institutions and funds transferring/receiving institutions in advance before the amendments or changes have been made.

Article 35 For clarification with regards to this Regulation or notifications or requirements issued according to this Regulation, the BOT shall make the final decision.

Article 36 It shall be considered that sending institutions and funds transferring/receiving institutions agree to be bound to and comply with this Regulation and any requirement issued under this Regulation or further amendments thereof in all respect.

Article 37 Funds transferring/receiving institutions shall start maintaining debt securities as collateral for settlement according to this Regulation.

5. Effective Date

This Regulation shall come into effect from notification date.

Notified on 27 October 2014 (B.E.2557)

(Mr. Prasarn Trairatvorakul)
Governor
Bank of Thailand

Analysis and Development Team 2
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**Letter of Agreement
for Complying with the Measures for Managing Risks from Multilateral Net Settlement
through the BAHTNET**

Made at

Date

I(name of the institution)
have been informed and understood the provisions as specified in the Bank of Thailand
Regulation Re: Measures for Managing Risks from Multilateral Net Settlement through the
BAHTNET (SRS measures), and wish to be bound to such Regulation, according to
following details:

1. Current or settlement account at the Bank of Thailand (BOT) for the
implementation of the measures for managing risks from multilateral net settlement through
the BAHTNET:

Name of account in Thai

Name of account in English

Account number

2. I allow the BOT to sell debt securities that I deposit as collateral for the net
settlement for the settlement of cheque clearing according to the measures for managing risks
from multilateral net settlement through the BAHTNET.

3. I allow the BOT to reserve my debt securities that I deposit as collateral for the net
settlement in an amount equal to the my debit position on the settlement of bulk payment
credit next day transactions as notified by the National ITMX Co.,Ltd. to me and the BOT on
a daily basis on one business day before the settlement date (Day-1)

4. I allow the BOT to manage debt securities that I deposit as collateral for settlement
as specified in “Letter for authorizing the BOT to manage debt securities as collateral for
settlement” as attached herewith.

5. I allow the BOT to credit the account according to 1. for receiving payments of
debt securities that have been sold or receiving price difference in case where the value of
debt securities for which the right to repurchase is canceled is greater than the value
purchased by the BOT plus returns.

6. I allow the BOT to debit the account according to 1. for making payments for debt
securities repurchased or price difference in case where the value of debt securities for which
the right to repurchase is canceled is less than the value purchased by the BOT plus returns or
fees or fines (if nay).

7. I agree to be bound to and comply with the Bank of Thailand Regulation Re:
Measures for Managing Risks from Multilateral Net Settlement through the BAHTNET
currently in effect or the amendments thereof or other requirements as specified by the BOT

with regards to measures for managing risk from multilateral net settlement through the BAHTNET to be further specified.

I shall not revoke the agreement given herein, unless the consent in writing is given by the BOT.

(Signed).....

(.....)

Authorized signatory

For

Remark: Signed by authorized signatories as appeared in the company affidavit issued by the Ministry of Commerce, enclosed with a copy of the company affidavit issued by the Ministry of Commerce and a copy of ID card of authorized signatories, or a copy of passport of authorized signatories in case of foreign bank branches.

**Letter of Authorization
for the BOT to Manage Debt Securities as Collateral for Settlement**

Made at

Date.....

I(name of the institution) hereby authorize the BOT to manage debt securities as collateral for the net settlement that I deposit on behalf of the BOT with the Thailand Securities Depository Company Limited or any other organization that provides securities depository services (“Central depository”) in the following scope of operations:

1. Take care of, transfer, or receive the transfer of debt securities, purchase or sell debt securities to facilitate the arrangements according to measures for managing risks from multilateral funds transfer through the BAHTNET.

2. Pledge debt securities as collateral for use of net credit balances on interbank cheques clearing positions according to the Bank of Thailand Re: Use of Net Credit Positions on the Same-day Settlement.

3. Any action taken by the BOT under the scope of this letter shall be bound to be me in all respect. And, I shall not revoke or make changes to this letter, unless the consent is given by the BOT in writing.

As such, this authorization shall come into effect as fromonwards.

(Signed).....

(.....)

Authorized signatory

For

Remark: Signed by authorized signatories as appeared in the company affidavit issued by the Ministry of Commerce

Power of Attorney

Made at

Date.....

Pursuant to the Letter of Agreement of(name of the institution) dated, where I have agreed to be bound to and comply with the Bank of Thailand Regulation Re: Measures for Managing Risks from Multilateral Net Settlements through the BAHTNET,

I hereby authorize the persons listed below to undertake the following on my behalf:

1. Sign the letter for notifying the BOT to manage debt securities as collateral for the net settlement on my behalf, in case where I cannot manage such debt securities by myself.

2. Verify and confirm transactions with regards to the measures for managing risks from multilateral net settlements through the BAHTNET, and submit a "Letter for confirming the transactions of debt securities as collateral for settlement" through EFS services to the BOT for such transactions to be certified.

3. Ask for no longer being bound to the Bank of Thailand Regulation Re: Measures for Managing Risks from Multilateral Net Settlements through the BAHTNET.

4. Sign any other document with regards to the Bank of Thailand Regulation Re: Measures for Managing Risks from Multilateral Net Settlements through the BAHTNET.

<u>Name of authorized person</u>	<u>Specimen signature</u>	<u>Condition</u>	<u>Telephone number</u>
1.....
2.....
3.....
4.....

Any action taken by the BOT under the scope of this letter shall be bound to be me in all respect. And, I shall not revoke or make changes to this authorization, except the amendments to the list of authorized persons on which I shall notify the BOT in writing in advance.

As such, this authorization shall come into effect from onwards.

(Signed).....

(.....)

Authorized signatory

For

Remark: Signed by authorized signatories as appeared in the company affidavit issued by the Ministry of Commerce, affixed with revenue stamp 30 Baht per one authorized person.

**Letter for Notifying the BOT to Manage Debt Securities as Collateral for Settlement
on Member's Behalf**

Made at

Date.....

Re: Notifying the BOT to manage debt securities as collateral for the net settlement

To: Senior Director, Payment and Bond Department

Pursuant that I(name of the institution)
..... have made a letter of agreement to take benefits from and
be bound to the Bank of Thailand Regulation Re: Measures for Managing Risks from
Multilateral Net Settlements through the BAHTNET,

I hereby request the BOT to manage debt securities as collateral for settlement on my
behalf, as follows:

- Sell debt securities
ISIN Notional value
ISIN Notional value
- Purchase debt securities
ISIN Notional value
ISIN Notional value
- Request to use credit position on the same-day settlement, in an amount of
..... Baht
- Transfer debt securities to the debt securities account at the central depository
ISIN Notional value
Receiving BIC.....
Number of the debt securities account of receiving institution at the central
depository.....
- Transfer debt securities to my debt securities account
ISIN Notional value
Number of my debt securities account at the BOT
.....

From SRS

to SRS

From ILF

to ILF

From RP (End of day) to

to RP (End of day)

Please proceed accordingly,

With respect,

(Signed).....

(.....)

Authorized signatory

For

Request for Deposit of Debt Securities

Date

Re: Request for deposit of debt securities

To: Governor, Bank of Thailand

Pursuant to the Letter of Agreement of(name of the institution) dated, where I have agreed to be bound to and comply with the Bank of Thailand Regulation Re: Measures for Managing Risks from Multilateral Net Settlements through the BAHTNET,

I hereby wish to deposit debt securities for the net settlement, as detailed below:

<u>Type of debt securities</u>	<u>Number of debt securities</u>	<u>Notional value (Baht)</u>
.....
.....
.....
	Total
		(.....)

With respect,

(Signed).....

(.....)

Authorized signatory

For

Request for the Return of Debt Securities

Date

Re: Request for deposit of debt securities

To: Governor, Bank of Thailand

Pursuant to the Letter of Agreement of(name of the institution) dated, where I have agreed to be bound to and comply with the Bank of Thailand Regulation Re: Measures for Managing Risks from Multilateral Net Settlements through the BAHTNET,

I hereby wish for the return of debt securities for the net settlement, as detailed below:

<u>Type of debt securities</u>	<u>Notional value (Baht)</u>
.....
.....
.....
Total	

(.....)

As such, I authorize ID card number
..... District Province Expiry date
..... to take the above debt securities on by behalf.

With respect,

(Signed).....

(.....)

Authorized signatory

For

Debt securities have been received on (...../...../.....)