

Unofficial Translation  
by Courtesy of the Foreign Banks' Association  
**This translation is for the convenience of those unfamiliar with the Thai language**  
**Please refer to the Thai Text for the official version**

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**BANK OF THAILAND**

12 January 2007

To Manager

All financial institutions\*

No.ForTorNgor.(1Kor)Wor.1/2550 Re: Issuance of the Bank of Thailand's Regulation on Financial Markets Operations Services Related to Purchase of Debt Instruments to Adjust End-of-Day Liquidity with Resale Pledge from the Buyer via Electronic Channel B.E. 2550 and Amendment of Compensation Fee on Trading of Debt Instruments in accordance with the Bank of Thailand Regulation Related to Selling of Debt Instruments to Adjust End-of-Day Liquidity with Repurchase Pledge from the Seller B.E. 2549

To enhance efficiency of monetary policy implementation in accordance with the Reform of the Monetary Operations Policy Framework, the Bank of Thailand (BOT) hereby issues the regulations and relevant notifications as follows:

1. The Bank of Thailand's Regulation on Financial Markets Operations Services Related to Purchase of Debt Instruments to Adjust End-of-Day Liquidity with Resale Pledge from the Buyer via Electronic Channel B.E. 2550 and relevant notifications, the essence of which is summarized as follows:

1. Members express the intention to purchase BOT Debt Instruments and BOT informs the result	16.30 –17.45 hours
2. Minimum amount	At least 10 million Baht with no integral multiple
3. Rate of Return	Policy interest rate less 0.5 % per annum

In this regard, the Regulation of BOT on Financial Markets Operations Services Related to Purchase of Debt Instruments to Adjust End-of-Day Liquidity with Resale Pledge from the Buyer via Electronic Channel B.E. 2550 shall come into force from 17 January 2007. The financial institutions, which intend to undertake transactions under this Regulation, shall comply as follows:

- (a) During the electronic system used in undertaking of transactions is being developed;
  - 1.1 Financial institutions shall submit the documents in accordance with Form (1), (5) and (6) to BOT
  - 1.2 Whereby members offer to buy, inform the result, confirm or contact the BOT via phone, the members and BOT shall submit confirmation of transactions in the next business day.
  
- (b) BOT shall inform the members upon completion of said electronic system and request for the following implementation:
  - 1.1 Financial institutions shall submit the documents in accordance with Form (2), (3) and (4) to BOT.
  - 1.2 Financial institutions shall participate in the system test by undertaking transactions via electronic system.

2. Notification of the Bank of Thailand Re: Compensation Fee on Debt Instruments Trading with Members to Adjust End-of-Day Liquidity with Repurchase Pledge from the Seller (No.2) to amend the compensation fee charged on Debt Instruments trading from policy interest rate plus 1.5% per annum to policy interest rate plus 0.5% per annum, which shall come into force from 17 January 2007 onwards.

Please be informed accordingly.

Sincerely yours,

(Mrs.Pongpen Ruengvirayudh)

Senior Director

Financial Markets and Reserve Management Department

For Governor

- Encls: 1. Regulation of the Bank of Thailand on Financial Markets Operations Services Related to Purchase of Debt Instruments to Adjust End-of-Day Liquidity with Resale Pledge from the Buyer via Electronic Channel B.E. 2550
2. Notification of the Bank of Thailand Re: Compensation Fee on Purchase of Debt Instruments to Adjust End-of-Day Liquidity with Resale Pledge from the Buyer via Electronic Channel B.E. 2550

3. Notification of the Bank of Thailand Re: Operating Time of Purchasing of Debt Instruments to Adjust End-of-Day Liquidity with Resale Pledge from the Buyer via Electronic Channel B.E. 2550
4. Notification of the Bank of Thailand Re: Penalty Fee for Insufficient Funds in the Current Account of Members for Settlement of the purchase of BOT Debt Instruments in accordance with the Regulation of the Bank of Thailand on Financial Markets Operations Services Related to Purchase of Debt Instruments to Adjust End-of-Day Liquidity with Resale Pledge from the Buyer via Electronic Channel B.E. 2550
5. Notification of the Bank of Thailand Re: Compensation Fee on Debt Instruments Trading with Members to Adjust End-of-Day Liquidity with Repurchase Pledge from the Seller (No.2)

Financial Markets Operations Division  
Financial Markets and Reserve Management Department  
Tel. 0-2283-5408, 0-2283-5412

Remark: Clarification meeting is not arranged

\* Excluding securities companies and IBF

**Regulation of the Bank of Thailand on  
Financial Markets Operations Services Related to Debt Instruments Trading to Adjust End-of-  
Day Liquidity With Resale Pledge from the Buyer via Electronic Channel B.E. 2550**

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**1. Statutory Power**

By virtue of the provisions of Section 5, Section 28 and Section 40 of the Bank of Thailand Act B.E.2485 and amendment thereof and Article 12(13) and (10 ter) of the Royal Decree Regulation the Affairs of the Bank of Thailand B.E. 2485 and the amendments thereof.

**2. Rationale**

To reduce interest rate volatility in the financial market, BOT employs additional tools in implementing the monetary policy, i.e. BOT Debt Instruments, for adjusting end-of-day liquidity. In addition, to accelerate and enhance the efficiency of the operations between BOT and financial institutions, above mentioned Operations should be conducted via electronic channel.

**3. Definition**

Under this Regulation,

“BOT” means the Bank of Thailand.

“Members” means

- (1) Commercial banks in accordance with the laws governing commercial banking
- (2) Finance companies and credit foncier companies in accordance with the laws governing the undertaking of finance business, securities business and credit foncier business.
- (3) Financial institutions established under specific laws as prescribed by the BOT and
- (4) Other juristic persons as prescribed by the BOT

“BOT Debt Instruments” means overnight debt instruments issued by the BOT sold to Members, by which the BOT shall accept to buy back in the next business, provided that this Debt Instruments is not negotiable or pledged as collateral.

“Deposit account” means current account of Members with the BOT

**4. Contents**

4.1 According to this Regulation, prior to undertaking the transactions with the BOT, the Members are required to:

- 4.1.1 Be the service users and appoint the Certifier, who further appoints the Officer in accordance with the BOT’s Regulation on Electronic Financial Services B.E. 2544 and the amendments thereof.

- 4.1.2 Prepare the Letter of Agreement in the Form (1) as prescribed by the BOT.
- 4.1.3 Prepare the Power of Attorney to authorize a person to appoint the Certifier for purchasing of Debt Instruments to adjust end-of-day liquidity with resale pledge from buyer via electronic system in the Form (2) as prescribed by the BOT
- 4.1.4 The Authorized person specified in No.4.1.3 prepares the letter to appoint the Certifier for purchasing of Debt Instruments to adjust end-of-day liquidity with resale pledge from buyer via electronic system in the Form (3) as prescribed by the BOT.
- 4.1.5 The Certifier specified in No. 4.1.4 prepares the letter to assign right in undertaking the transaction of purchasing Debt Instruments to adjusting end-of-day liquidity with resale pledge from buyer via electronic system in the Form (4) prescribed by the BOT. Self-assigned is not permitted.
- 4.1.6 Prepare the Power of Attorney to authorize a person to act on behalf of the Members in contacting with the BOT for offering to buy the BOT Debt Instruments in the Form (5) as prescribed by the BOT.
- 4.1.7 Prepare the Letter of Permission for the BOT to debit or credit the current account of the Members in the Form (6) as prescribed by the BOT.
- 4.2 Expressing of intention or any way of communication between the BOT and Members are to be in line with the BOT's Regulations on Electronic Financial Services B.E.2544 unless otherwise prescribed by the BOT.
- 4.3 BOT shall sell BOT Debt Instruments to Members under the following conditions:
  - 4.3.1 To sell BOT Debt Instruments during the period and methods as prescribed by the BOT.
  - 4.3.2 To sell BOT Debt Instruments in the amount at least of 10 million Baht with no integral multiples.
  - 4.3.3 To pay rate of return for the BOT' Debt Instruments in accordance with the rate as announced by the BOT.
- 4.4 In undertaking the transactions each time, the Members shall implement as follows:
  - 4.4.1 Members submit the BOT a bid order by indicating the purchasing amount of BOT Debt Instruments in accordance with the methods and time period prescribed by the BOT. Whereby the Members would like to make any change, amendment or make additional bid, Members are required to take actions within BOT's time frame, otherwise the latest bid order before elapsing time becomes the binding agreement.

Further bid order can be made after being notified of the result of the previous bid order made by the BOT.

- 4.4.2 BOT shall notify the result of transactions to the Members by agreeing to sell BOT Debt Instruments at any amount the BOT considers appropriate and this shall be deemed that such notification is accepted by the Members and contract to sell BOT Debt Instruments becomes binding immediately regardless of the Members' confirmation made to the BOT by any means or with-in time frame as prescribed by the BOT.
- 4.4.3 BOT shall debit the agreed amount from the accounts of the Members. Upon debiting the accounts of the Members, BOT shall issue the BOT Debt Instruments to the Members by electronic means via EFS.
- 4.4.4 Upon maturity of the BOT Debt Instruments, the BOT shall credit the agreed amount to the Members' account together with return for holding BOT Debt Instruments at the rate of return announced by the BOT stated in Section 4.3.3, by which this is subject to withholding tax and the legal title in BOT Debt Instruments are terminated simultaneously.
- 4.5 In case whereby the amount in the deposit account is insufficient for settlement of the purchase of the BOT Debt Instruments within the prescribed period, it is assumed that there is no buying transaction and the BOT shall require the charge from the Members for the amount not exceeding that of announced by the BOT.
- 4.6 The BOT may not sell BOT Debt Instruments under this Regulation to the Members temporarily or permanently if the Members do not comply with this Regulation or other regulations of BOT and/or take any actions that is not in line with or that may have negative impact on BOT's implementation of monetary policy, foreign exchange policy and/or stability of the financial system.
- 4.7 BOT reserves rights to amend, add or modify regulations, notifications or relevant documents under this Regulation with advance notices to the Members.
- 4.8 Interpretation of the Regulations or Notifications or Prescriptions issued under this Regulation, the BOT reserves the right to have final decision.

## **5. Transitory Provisions**

During the development stage of EFS to accommodate the undertaking of transactions under this Regulation or/and when there is any technical problem of this system, the Members shall follow the below steps:

- 5.1 Bidding orders, notifying of the results, confirmation or communication between the Members and the BOT shall be conducted through telephone and the Members and BOT shall, in the next business day, submit the relevant documents to each other.
- 5.2 BOT shall issue the BOT Debt Instruments in a script format to the Members on the date of trading and the Members shall return the script to the BOT on the date of Debt Instruments' maturity.

**Effective:** From 17 January 2007 onwards

**Given on:** 9 January 2007

**Signed by:**

(Mrs. Tarisa Watanagase)

Governor

The Bank of Thailand

**Letter of Agreement**

Date.....

We,.....(name of institution).....have duly acknowledged and fully understand the statement under the Regulation of the Bank of Thailand on Financial Markets Operations Services Related to Purchase of Debt Instruments to Adjust End-of-Day Liquidity with Resale Pledge from the Buyer via Electronic Channel B.E. 2550.

We have the intention to take benefit of the above mentioned Regulations. We therefore accept the binding of and shall comply with the above mentioned Regulations, including any rules that may be amended from time to time in the future.

We pledge to the Bank of Thailand that we shall not revoke our acceptance in accordance with this letter, except under consent in writing by the Bank of Thailand.

Signed.....

(.....)

Authorized Signatory

For.....



**Power of Attorney**

**In accordance with assignment of the Authorized Person to appoint the Certifier**

Date.....

Pursuant to the Letter of Agreement to use the Electronic Financial Services of.....dated....., we, have agreed to be bound and comply with the Regulation of the Bank of Thailand in regard to the Electronic Financial Services B.E. 2544, and the Letter of Agreement, which is bound by the Regulation of the Bank of Thailand on Financial Markets Operations Services Related to Purchase of Debt Instruments to Adjust End-of-Day Liquidity with Resale Pledge from the Buyer via Electronic Channel B.E. 2550.

In order to comply with Clause 4.1.3 of the Regulation of the Bank of Thailand on Financial Markets Operations Services Related to Purchase of Debt Instruments to Adjust End-of-Day Liquidity with Resale Pledge from the Buyer via Electronic Channel B.E. 2550, we hereby grant to the persons, whose names are listed hereinafter, the authority to assign the authorized person (the “Authorized Person”) to be able to appoint the Certifier use the services under the above mentioned regulation.

<b>Name-Surname</b>	<b>Position</b>	<b>Specimen Signature 1</b>	<b>Specimen Signature 2</b>	<b>Telephone No.</b>

All actions engaged by the Authorized Person will be bound on us in all respects, and we shall not the power conferred under this letter, except under inclusion or changes in the persons, entrusted by myself, which will be notified in writing to the Bank of Thailand in advance.

This Power of Attorney shall be effective on and from.....onwards.

Signed.....

(.....)

Authorized Signatory

For.....

**Remark:** Please use the letterhead of the bank, affix the corporate seal and attach a copy of ID Card of every Authorized Persons and certify true copy with duty stamp attached (Baht 30 / person)

Bank.....

**Letter of Appointment of the Certifier for Utilizing the Financial Markets Operations Services  
Related to Purchase of Debt Instruments to Adjust End-of-Day Liquidity with Resale Pledge  
from the Buyer via Electronic Channel B.E. 2550**

Date.....

With reference to.....(name of institution).....expressing its agreement to utilize the services under the Regulation of the Bank of Thailand on Financial Markets Operations Services Related to Purchase of Debt Instruments to Adjust End-of-Day Liquidity with Resale Pledge from the Buyer via Electronic Channel B.E. 2550

I hereby appoint the Certifiers, whose names are listed hereinafter, to be the manager in charge of utilization of the said services:

Name-Surname (English)	Name-Surname (Thai)	ID Card Number

This shall be effective from.....onwards, which shall supersede the former Letter of Appointment of Certifier for Utilizing the Financial Markets Operations Services Related to Purchase of Debt Instruments to Adjust End-of-Day Liquidity with Resale Pledge from the Buyer via Electronic Channel B.E. 2550 for the persons who had affixed the signature.

Signed.....  
(.....)

(in accordance with the Regulation No. 4.1.4)

Bank.....

Reference #

**Letter of Assignment of Utilization of the Financial Markets Operations Services Related to Purchase of Debt Instruments to Adjust End-of-Day Liquidity with Resale Pledge from the Buyer via Electronic Channel B.E. 2550**

Date.....

Pursuant to.....’s delegation to myself as the Certifier for utilizing the services under the Regulation of the Bank of Thailand on Financial Markets Operations Services Related to Purchase of Debt Instruments to Adjust End-of-Day Liquidity with Resale Pledge from the Buyer via Electronic Channel B.E. 2550.

I hereby assign the right to....., who are the Certifier / Officer as details are attached below:

1	BIDDING	TRADER (ADD, UPDATE, DELETE)
2	RESULT	CONFIRM OR CHANGE BIDDING RESULT

This shall be effective from.....onwards and shall supersede the former Letter of Assignment of Utilization of the Financial Markets Operations Services Related to Purchase of Debt Instruments to Adjust End-of-Day Liquidity with Resale Pledge from the Buyer via Electronic Channel B.E. 2550 for the for this person who had previously affixed his signature.

Signed.....

(The Certifier)

(in accordance with the Regulation No. 4.1.5)

**Power of Attorney**

Date.....

Pursuant to Letter of Agreement,...(name of institution)...dated....., we accepted to be bound and comply with the Regulation of the Bank of Thailand on Financial Markets Operations Services Related to Purchase of Debt Instruments to Adjust End-of-Day Liquidity with Resale Pledge from the Buyer via Electronic Channel B.E. 2550, which is currently in effect and the amendments thereof.

In offering to purchase the Bank of Thailand’s Debt Instruments under above mentioned Regulation, we hereby entrust the persons, whose names and specimen signatures are listed hereinafter, to act on my behalf to contact the Bank of Thailand in coordinating or performing any actions related to trading of the BOT Debt Instruments as stipulated under the Regulations.

Any actions undertaken by the attorneys shall be binding on us in all respects and we pledge to the Bank of Thailand we shall not revoke the power conferred under this letter, except under inclusion or changes in the persons, entrusted by myself, which we shall notify the Bank of Thailand in writing in advance.

Signed.....

(.....)

Authorized Signatory

For.....

	<u>Name-Surname</u>	<u>Signature Specimens</u>	<u>Position</u>	<u>Telephone No.</u>
1.....	.....	.....	.....	.....
2.....	.....	.....	.....	.....
3.....	.....	.....	.....	.....

**Remark:** Signed by the Authorized Signatories as certified by the Ministry of Commerce, attached with duty stamps (Baht 30 / person)

**Letter of Permission for Debiting and Crediting the Current Account**

Date.....

Re: Permission for the Bank of Thailand to Debit and Credit the Current Account

To: Director of Financial Risk Management and Operations Department  
Bank of Thailand

For benefits of purchasing the BOT Debt Instruments under the Regulation of the Bank of Thailand on Financial Markets Operations Services Related to Purchase of Debt Instruments to Adjust End-of-Day Liquidity with Resale Pledge from the Buyer via Electronic Channel B.E. 2550 and the amendments thereof, we, ....., hereby grant the permission for the Bank of Thailand to perform the following actions:

1. Debit our current account held at the Bank of Thailand, Account Number....., for the settlement of the purchase of the BOT Debt Instruments and any fine (if any).
2. Credit our current account held at the Bank of Thailand, Account Number....., for the receipt of principal and the returns after deducting withholding tax upon the maturity of the Debt Instruments.

We agree to bind ourselves to the Bank of Thailand that we shall not revoke the agreement stated herein this letter, except under consent in writing by the Bank of Thailand.

Sincerely yours,

Signed.....

(.....)

Authorized Signatory

For.....

(in accordance with the Regulation No. 4.1.7)

**Letter of Confirmation on Purchasing of Debt Instruments to Adjust End-of-Day Liquidity  
with Resale Pledge from the Buyer**

Date.....

To     Director of the Financial Risk Management and Operations Department  
          Bank of Thailand

No.       /       Re: Purchase of Debt Instruments to Adjust End-of-Day Liquidity  
with Resale Pledge from the Buyer

We,.....,by.....have contacted the Bank of Thailand on.....offering to purchase the BOT Debt Instruments under the Regulation of the Bank of Thailand on Financial Markets Operations Services Related to Purchase of Debt Instruments to Adjust End-of-Day Liquidity with Resale Pledge from the Buyer via Electronic Channel B.E. 2550 and the amendments thereof, and the Bank of Thailand has sold the BOT Debt Instruments to us for the amount of.....Baht (.....) at the rate of return of.....(%) per annum. Aforesaid Debt Instruments are issued on.....and to be matured on.....

We hereby confirm the purchase of BOT Debt Instruments as stated above and we pledge to the Bank of Thailand that we shall comply with the regulations in all respects.

Sincerely yours,

Signed.....

(.....)

Authorized Signatory

For.....

***The Bank of Thailand Debt Instruments: Overnight***

No. E-onxxxxx/25xx

Date of Issuance.....

This Debt Instruments is issued to represent the right of....., who is engaged in the investment in accordance with the Regulation of the Bank of Thailand on Financial Markets Operations Services Related to Purchase of Debt Instruments to Adjust End-of-Day Liquidity with Resale Pledge from the Buyer via Electronic Channel B.E. 2550 dated.....for the amount of.....Baht (.....) at the rate of return of .....(%) per annum.

Upon the maturity date of BOT Debt Instruments, the Bank of Thailand shall debit the current account of .....held at the Bank of Thailand, Account Number ..... for the settlement of repurchase of this Debt Instruments together with the rate of return as specified above. The right in this Debt Instruments deems to be terminated upon the Bank of Thailand has completed debiting the fund into the current account.

For the Bank of Thailand

Signed.....

For Governor  
Bank of Thailand

Non-negotiable and not eligible for collateral

**Notification of The Bank of Thailand**

**Re: Rate of Return on Purchasing of Debt Instruments to Adjust End-of-Day Liquidity with Resale Pledge from the Buyer via Electronic Channel B.E. 2550**

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In compliance with Section 4.3.3 of the Regulation of the Bank of Thailand on Financial Markets Operations Services Related to Purchase of Debt Instruments to Adjust End-of-Day Liquidity with Resale Pledge from the Buyer via Electronic Channel B.E. 2550, the Bank of Thailand shall charge the rate of return on purchasing of Debt Instruments to adjust end-of-day liquidity with resale pledge from the buyer in accordance with the said regulations at the policy interest rate less 0.5% per annum.

This shall be effective from 17 January 2007 onwards.

Given on 9 January 2007

(Mrs. Tarisa Watanagase)

Governor

Bank of Thailand



## Notification of the Bank of Thailand

### Re: Operating Time for Purchasing of Debt Instruments to Adjust End-of-Day Liquidity with Resale Pledge from the Buyer via Electronic Channel B.E. 2550

In compliance with Section 4.3.1 of the Regulation of the Bank of Thailand on Financial Markets Operations Services Related to Purchase of Debt Instruments to Adjust End-of-Day Liquidity with Resale Pledge from the Buyer via Electronic Channel B.E. 2550, the Bank of Thailand has prescribed the operating time and operational procedures in purchasing of debt instruments to adjust end-of-day liquidity with resale pledge from the buyer under the Regulations as follows:

#### 1. Operating Time:

Implementation	Time
1. Members place the offer to buy BOT debt instruments.	16.30-17.30 hours of the date of offer, except the BOT deems appropriate the postponement.
2. BOT notifies Members the result of selling BOT debt instruments and Members confirms the acknowledgment of results to BOT.	16.30-17.45 hours
3. Members are required to have sufficient funds in the current account held with BOT so that BOT is able to credit the account.	16.30-17.45 hours

#### 2. Communication channel for placement of offer to purchase BOT Debt Instruments

2.1 Members express their intention via electronic system for trading BOT debt instruments via EFS

2.2 Whereby the EFS is not working, members shall offer the quantity they wish to buy to BOT via telephone and members shall, on the next business day, submit the letter of transaction confirmation in accordance with the format prescribed the BOT, signed by the Members' authorized person(s).

This shall be effective from 17 January 2007 onwards.

Given on 9 January 2007

(Mrs. Tarisa Watanagase)

Governor

Bank of Thailand

**Notification of the Bank of Thailand**

**Re: Penalty Fee for insufficient fund in the current account of the Members for settlement of the purchase of BOT debt instruments under the Regulation of the Bank of Thailand on Financial Markets Operations Services Related to Purchase of Debt Instruments to Adjust End-of-Day Liquidity with Resale Pledge from the Buyer  
Via Electronic Channel B.E. 2550**

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In compliance with Section 4.5 of the Regulation of the Bank of Thailand on Financial Markets Operations Services Related to Purchase of Debt Instruments to Adjust End-of-Day Liquidity with Resale Pledge from the Buyer via Electronic Channel B.E. 2550, the Bank of Thailand shall demand penalty fee from Members that have insufficient funds in the deposit account with BOT for settlement of BOT debt instruments, at the rate of 0.01% of the transaction amount that members agree to buy.

This shall be effective from 17 January 2007 onwards.

Given on 9 January 2007

(Mrs. Tarisa Watanagase)  
Governor  
Bank of Thailand

## **Notification of the Bank of Thailand**

### **Re: Compensation Fee for Trading of Debt Instruments with Members to Adjust End-of-Day Liquidity with Repurchase Pledge from the Seller (No.2)**

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To enhance effectiveness in implementation of Monetary Policy in accordance with the Reform of the Bank of Thailand Monetary Operations Reform and to be in compliance with Section 5.1(2) of the Regulation of the Bank of Thailand on Financial Markets Operations Services Related to Selling of Debt Instruments to Adjust End-of-Day Liquidity with Repurchase Pledge from the Seller B.E. 2549, the Bank of Thailand issues the Notification prescribing as follows:

1. Notification of the Bank of Thailand Re: Compensation Fee for Trading of Debt Instruments to Adjust End-of-Day Liquidity with Repurchase Pledge by the Seller dated 27 April 2006 shall be repealed.

2. The Bank of Thailand shall charge the compensation fee in buying debt instruments under this Regulation at the policy interest rate plus 0.5% per annum.

This shall be effective from 17 January 2007 onwards.

Given on 9 January 2007

(Mrs. Tarisa Watanagase)

Governor

Bank of Thailand

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