

Unofficial Translation prepared by Baker & McKenzie
and with the 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.**

BANK OF THAILAND

7 November 2003

To Managers

All commercial banks^{*}

No. ThorPorTor. SorNorSor. (31) Wor. 2435/2546 Re: Submission of Notification of the Bank of Thailand Re: Appointment of Commercial Bank's Depository and Withdrawal Representative

1. Objective

To send the Bank of Thailand's Notification Re: Appointment of Commercial Bank's Depository and Withdrawal Representative, dated 5 November 2003.

2. Publication in the Government Gazette

General Issue, Vol. 120 Special Part 128 Ngor, dated 7 November 2003

3. Scope of Application

All commercial banks excluding international banking facilities.

4. Essence of the Notification

4.1 To facilitate the public to get access to fundamental financial services; namely, channel of deposit, withdrawal and transfer of money, to cover all areas by efficiently exploiting the existing financial institution and postal office networks. The Bank of Thailand then has imposed the rules, procedures and conditions in order to appoint the Thailand Post Co., Ltd. or the joint venture company between the Thailand Post Co., Ltd. and a commercial bank to be a depository and withdrawal representative where the scope of services will be limited to (1) accepting deposit and withdrawing money from accounts which have already opened; (2) transferring money to a third party's account ; and (3) receiving and sending documents between customers and a hiring commercial bank but no opening of new deposit account or granting of credit will be allowed.

* Excluding BIBF

- 4.2 Commercial banks wishing to appoint such representative must proceed according to the rules, procedures and conditions as set without having to obtain approval from the Bank of Thailand but they must establish clear policies and guidelines of practice to ensure that the operation is appropriate and achieve good operating standards. Besides, there must be enough internal control system and risk management system to take care of both depositor's and those of the banks' interests.
- 4.3 An agreement to appoint a representative must not directly or indirectly prevent the Thailand Post Co., Ltd. from representing other commercial banks.
- 4.4 In doing so, if a commercial bank wishes to jointly invest or hold shares in the Thailand Post Co., Ltd. or any joint venture company, they must do so in accordance with the terms of investment under the law governing commercial banks.

5. Effective Date

Since 8 November 2003.

Yours faithfully,

(Mr. Krirk Vanikkul)
Assistant Governor, Financial Institutions Policy Group
For Governor

Enclosure: Notification of the Bank of Thailand, Re: Appointment of Commercial Bank's Depository and Withdrawal Representative, dated 5 November 2003

Capital Policy Department
Tel. 0-2283-6835-6 and 0-2283-6828

- Note [] The Bank of Thailand will arrange a clarification meeting to clarify on _____, at _____.
- [x] There will be no clarification meeting

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Notification of the Bank of Thailand

Re: Appointment of Commercial Bank's Depository and Withdrawal Representative

1. Objective

This is to facilitate the public to get access to fundamental financial services; namely, channel of deposit, withdrawal and transfer of money, to cover all areas by efficiently exploiting the existing financial institution and postal office networks.

2. Provision of Law

By virtue of Section 13 quarter of the Commercial Banking Act B.E. 2505, as amended by the Commercial Banking Act (No. 3) B.E. 2535, the Bank of Thailand hereby issues the rules and procedures to appoint commercial bank's depository and withdrawal representative as determined herein.

3. Scope of Application

All commercial banks under the Commercial Banking Act except the international banking facilities.

4. Appointment rules of depository and withdrawal representative

4.1 Commercial banks may appoint other commercial banks to be depository representatives for opened accounts based on the rules the Bank of Thailand has set in its circular Ref. No. BOT.FPG. (31) C 1959/2545 dated 21 August 2002 Re: Appointment of representatives for accepting deposit, credit payment and payment under credit card.

4.2 The Bank of Thailand has imposed the rules, procedures and conditions that commercial banks may appoint the Thailand Post Co., Ltd. or a joint venture company between the Thailand Post Co., Ltd. and a commercial bank as a depository and withdrawal representative as follows:

4.2.1 The service for being depository and withdrawal representative of the Thailand Post Co., Ltd. or a joint venture company must fall within the following scopes:

- 1) Accepting deposit and withdrawing money from accounts which have already opened.

- 2) Transferring money to a third party's account.
- 3) Receiving and sending documents between commercial banks and customers.

The representative, however, will not be allowed to open a new deposit account and to grant credit.

4.2.2 Commercial banks shall have clear policies and guidelines of practice regarding the appointment of the Thailand Post Co., Ltd. or a joint venture company between the Thailand Post Co., Ltd. and a commercial bank as a depository and withdrawal representative, which at least shall include the following details:

- 1) Completed transaction date and starting date of interest calculation, which should be based on the same standard as those of the transaction conducted at commercial bank branches. Should there be any difference, commercial banks or the representative must inform the service conditions and restrictions to their customers.
- 2) Transaction confirmation, which a representative must issue to its customers.
- 3) An internal control system and coordination between commercial banks and the representative to prevent any risk that may occur, which should cover settlement risk and operation risk such as an implementation of real time online deposit information system and a signature verification system of account holder.
- 4) Emergency plans if the representative cannot offer services as appointed by commercial banks.
- 5) Important conditions between commercial banks and the representative.

4.2.3 An appointment agreement of a representative must at least have the following guidelines which shall have either directly or indirectly effect:

- 1) A deposit of a customer will be considered complete and commercial banks will be deemed to accept the deposit when the representative issues transaction confirmation to its customer in case of cash or debit card deposit, or when cheque can be fully cashed in case of cheque deposit.
- 2) The Thailand Post Co., Ltd. will not be prohibited to act as a representative for other commercial banks.

- 3) The representative must not execute any sub-contract agreement with others to act on his behalf.
- 4) The service of accepting deposit and money withdrawal must be offered at an office or a branch of the Thailand Post Co., Ltd. only.
- 5) Conditions in the agreement must clearly stipulate that the representative must cooperate in preparing information or allow the Bank of Thailand to inspect its related documents and operation upon request.

4.2.4 Any commercial banks wishing to appoint a representative to accept deposit and withdraw money in accordance with this Clause 4.2 shall proceed to do so without obtaining prior approval. However, commercial banks must give the Bank of Thailand at least 30 days prior notice before the representative starts to proceed according to Clause 4.2.1.

4.2.5 The shareholding in the Thailand Post Co., Ltd. or a joint venture company must be in line with the Section 12 (5) of the Commercial Banking Act, B.E. 2505 as amended by the Commercial Banking Act (No. 3), B.E 2535.

4.3 An appointment of anyone as a depository or withdrawal representative in other cases aside from those stipulated under Clause 4.1 and 4.2 shall be subject to the Bank of Thailand's consideration on a case-by-case basis, where the Bank of Thailand will determine the rules, procedures, and conditions for commercial banks to comply with regard to deposit accepting or other matters as deemed appropriate based on each application.

5. Effective Date

This Notification is effective from the day after its publication in the Government Gazette.

Given on 5 November 2003.

(M.R. Pridiyathorn Devakula)
Governor
Bank of Thailand