



BANK OF THAILAND NEWS

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Re: The Bank of Thailand appointed primary dealers for outright transactions

The Bank of Thailand announces the appointment of the following 10 financial institutions as primary dealers for outright transactions, effective from May 2, 2002:

1. Bangkok Bank PCL.
2. Thai Farmers Bank PCL.
3. Citibank, N.A., Bangkok branch
4. Deutsche Bank AG., Bangkok branch
5. Siam Commercial Bank PCL.
6. The Standard Chartered Bank, Bangkok branch
7. Bank of Asia PCL.
8. ABN-Amro Bank N.V., Bangkok branch
9. The Hong Kong and Shanghai banking Corp., Ltd., Bangkok branch
10. Merrill Lynch Phatra Securities Co.Ltd.

Objectives of appointing primary dealers for outright transactions are as follows:

1. To ensure the successful outcome of government securities' auctions in the primary market.
2. To be counterparties of the central bank in open market operations (outright sale and purchase of government securities).
3. To help develop the secondary bond market by actively trading in government securities and continuously making market by quoting two-way firm prices under normal market conditions.

Obligations

Primary market

1. Maintain significant participation in government securities' auctions at reasonable yields.

Secondary market

1. Quote two-way firm prices for all benchmark bonds under normal market conditions, particularly after the private repurchase market has been in place.

2. Maintain the minimum trading volume in each instrument as follows:

Security Type	Trading Requirement
Treasury Bill	3 percent of all Treasury Bill trading volume in the secondary market
Government Bond	3 percent of all Government Bond trading volume in the secondary market
FIDF Bond (government-guaranteed)	2 percent of all FIDF Bond (government-guaranteed) trading volume in the secondary market

The regular assessment of above trading requirements will be done at every six-month interval.

As a counterparty of the Bank of Thailand

1. Submit bids and/or offers on the security in open market operations with the Bank of Thailand, accordingly to all relating BOT regulations and notifications, at reasonable yields.

Others

1. Submit, within a specified time, all required reference yields to the Thai Bond Dealing Centre at the end of each day.
2. Cooperate with the authorities upon request.

Privileges

Primary market

1. Consultation opportunity with the Ministry of Finance in formulating the government security issuance plan.

Secondary market

1. Participate as counterparties of the Bank of Thailand for the outright purchase and/or sale of government securities in the secondary market
2. Eligible to adjust their end of day positions with the Bank of Thailand through the purchase of securities with an agreement to resale (reverse repo transaction) on the benchmark bonds and/or bonds, which are required by the Bank of Thailand to quote on the two-way firm basis.
3. Coordinate with the Bank of Thailand in developing and monitoring the bond market.

The Ministry of Finance, in collaboration with the Bank of Thailand, is considering primary dealers' obligations and privileges in the primary market and will announce the detail in due course.

Criteria for the selection of primary dealers

The selection is based on the following criteria:

1. Activities in the primary market

- Amount of government securities allotted for each type and maturity
- Regularity of allotment receipt

2. Activities in the secondary market

- Trading volume of government securities for each type and maturity
- Proper price quotations in accordance with market conditions
- Broad customer base

3. Sound financial position

4. Efficiency and punctuality of the clearing and settlement process, especially in the primary market

5. Roles in the bond market development

- Cooperation with the authorities
- Quality of research available to the public

6. Government security transaction with the Bank of Thailand (applicable only to current primary dealers)

- Volume and regularity of successful transactions with the Bank of Thailand
- Quality of yields submitted

The list of primary dealers for the outright transaction will be reviewed periodically to encourage competition among financial institutions.

Bank of Thailand

29 April 2002