



BANK OF THAILAND NEWS

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Amendments to conditions for permitting commercial banks to engage in arranging, underwriting and dealing in debt securities

With the objectives of promoting development of market for debt securities, and enhancing the scope of businesses and liquidity management of commercial banks, the Bank of Thailand (BOT) has amended the conditions for permitting commercial banks to engage in arranging, underwriting, and dealing in debt securities. The criteria for permission have been changed from those based on the size of such financial institutions to being based on risk-management ability and financial soundness and stability.

Under this notification, commercial banks may act as an arranger for debt securities provided that they demonstrate competence and readiness in terms of human resource and operating system, which must be stated in the business plan ratified by the board of directors. Should commercial banks wish to engage in debt securities underwriting and dealing, they must meet the BOT's capital adequacy and provisioning requirements, and then notify their intentions and submit their ratified business plans for underwriting and dealing business to the BOT for acknowledgement. Such business plan must state, among other things, the bank's risk management system and appropriate internal control. The commercial banks must comply with their business plans as well as related law and regulations.

This notification takes effect on September 11, 2002.

Bank of Thailand

17 September 2002