



BANK OF THAILAND NEWS

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Relaxation of Exchange Control Regulations

Mr. Thirachai Phuvanatanarubala, Deputy Governor (Monetary Stability) of the Bank of Thailand announced that the Bank of Thailand will relax some exchange control regulations aiming to promote Thai residents' investment abroad and offer alternative investment opportunities, due to temporary excessive savings. The limit allowed to invest abroad will be reviewed from time to time to suit the prevailing economic and financial situations. The main areas of relaxation include:

1. Investment in securities abroad

1.1 Permit 6 institutional investors to invest in the following securities

- 1) Debt securities issued prior to January 1, 2003 by Thai government and corporates
- 2) Sovereign or Quasi-sovereign debt securities issued by non-residents ranked by international credit rating agencies as investment grade. The limit is USD 500 million.

The following institutional investors can submit application directly to the Bank of Thailand.

- 1) Life Insurance companies
- 2) Government Pension Fund
- 3) Social Security Fund
- 4) Mutual Funds (excluding private funds)
- 5) Provident Funds
- 6) Specialized Financial Institutions

1.2 Promote the establishment of mutual funds for individual investors to invest in Asian Bond issued by sovereign or quasi-sovereign guaranteed by government. The Bank of Thailand will coordinate with the SEC to assess demand and amount.

2. Ease the rule on holding foreign currency deposits that previously allowed for obligations becoming due in 3 months to 6 months and to include the obligation of their subsidiaries also.

3. Allow Thai state enterprises to freely hedge Thai foreign currency debts regardless of maturity. Previously they can hedge only up to one year.

4. Allow Thai residents to issue structured products which link returns to foreign variables such as exchange rates and foreign assets. The products will have to be sold only to institutional investors under specified conditions.

Bank of Thailand

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