



BANK OF THAILAND NEWS

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The adjustment of regulations concerning the permission for commercial banks to engage in the Securities Borrowing and Lending businesses and Short selling

The Bank of Thailand has allowed commercial banks to engage in the following businesses since the year 2000:

- 1) Securities Borrowing and Lending businesses as a agent.
- 2) Securities Borrowing and Lending businesses as a principle of debt instruments.
- 3) Securities lending only for debt instrument to the parties who are granted license of Securities Borrowing and Lending businesses.
- 4) Short selling of debt instrument.

The Bank of Thailand has modified the regulation in order to help develop the equity market and promote Securities Borrowing and Lending businesses. Commercial banks are able to operate Securities Borrowing and Lending businesses and Short selling for equity securities but are not allowed to lend securities to non-resident counterpart to be in line with Thai Baht speculative prevention measure. The regulation also addresses issues pertaining to supervision of large exposure, investment limit and treatment of capital requirements.

This notification takes effect on 26 August 2003.

Bank of Thailand

2 September 2003