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**Revision of Measures to Prevent Thai Baht Speculation and Options on Unremunerated Reserve Requirement**

The Bank of Thailand has issued a circular to notify financial institutions of a revision of the Measures to Prevent Thai Baht Speculation. It has also issued a Notice of the Competent Officer to provide additional options on the Unremunerated Reserve Requirement (URR) for investment inflows in debt securities and unit trusts as follows:

1. The requirement for non-residents to hold government bonds, treasury bills and the Bank of Thailand (BOT) bonds longer than 3 months in the circular under the Measures to Prevent Thai Baht Speculation dated 4 December 2006 is revoked.
2. Non-residents selling foreign currencies against Thai Baht for investment in bonds, treasury bills, debentures, bills of exchange, promissory notes and unit trusts, both listed and unlisted in the Stock Exchange of Thailand, can either comply with the URR or fully hedge their investments with financial institutions in Thailand.
3. The above foreign exchange hedging must be in the forms of FX Swaps or Cross Currency Swaps with custodian banks for a maturity of 3 months and above. Non-residents are required to roll over the swap contracts throughout their investment periods.
4. The investment that has been fully-hedged must be deposited into a Special Non-residents Baht Account for Debt Securities and Unit Trusts (SND). The daily outstanding balance in such an account is limited to 300 million Baht per non-resident. SND are allowed only for settlements related to investment in debt securities and unit trusts.
5. Investors are required to deliver Thai Baht to settle the swap contract at maturity. They are not allowed to unwind the swap contracts.

Investment funds previously brought in can be reinvested and must be reallocated from NRBAAs to SNDs prior to March 30, 2007.

Apart from providing an option to non-residents investing in debt securities and unit trusts, the aforementioned revision also provides investors with more flexibility in holding government bonds, treasury bills and BOT bonds shorter than 3 months to reinvest in other types of debt securities. However, the investment funds must remain in Thailand no less than 3 months.

The revision takes effect from 15 March 2007.