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Communications and Relations Office, Management Assistance Department
Tel. 0-2283-5016-7 FAX 0-2281-5648 www.bot.or.th

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Relaxation of Foreign Exchange Regulations on Foreign Currency Deposits and Transfers

The Ministry of Finance and the Bank of Thailand deem it appropriate to relax regulations on capital flows to promote more balanced capital movements, and to increase flexibility for Thai businesses in managing their foreign currencies in order to enhance their competitiveness in the world market. The key details are summarized as follows.

1. Allow companies registered in the Stock Exchange of Thailand, most of which are high-performance businesses and subject to supervision by government agencies, to purchase foreign currencies to invest abroad in an amount up to USD 100 million per year. Such registered companies must have positive shareholder equity as shown in their latest financial statement, and do not belong to the group of companies under business rehabilitation category.

2. Provide Thai residents, both juristic persons and individuals, with greater flexibility in depositing foreign currencies with financial institutions in Thailand as follows.

2.1. Residents with funds originated abroad regardless of sources, such as export earnings or foreign borrowing, may deposit foreign currencies with financial institutions in Thailand under the following conditions:

a) Foreign currency accounts with future foreign exchange obligations. The total outstanding balance for all foreign currency accounts can be up to the obligations within the next 12 months but not exceeding USD 1 million for an individual or USD 100 million for a juristic person.

b) Foreign currency accounts with no future foreign exchange obligations. The total outstanding balance for all foreign currency accounts can be up to USD 100,000 for an individual or USD 5 million for a juristic person.

2.2. Residents with foreign currency funds originated within the country, obtained either by converting baht into foreign currencies, or by borrowing foreign currencies from financial institutions in Thailand, can deposit such foreign currencies with financial institutions in Thailand under the following conditions:

a) Foreign currency accounts with future foreign exchange obligations. The total outstanding balance can be up to the obligations within the next 12 months but not exceeding USD 500,000 for a natural person or USD 50 million for a juristic person.

b) Foreign currency accounts with no future foreign exchange obligations. The total outstanding balance may be up to USD 50,000 for an individual, or USD 200,000 for a juristic person.

3. Adjust the limit of fund remittances by Thai residents for various purposes. From now, the limit of remittances for each purpose —for example, remittances to a family or a relative who is a permanent resident abroad, donation to public, and remittances for purchase of real estates abroad—will be raised to USD 1 million or equivalent per per year.

4. Relax the repatriation requirement for Thai residents with foreign currency receipts by extending the period in which such receipts must be brought into Thailand from within 120 days (if exceeding 120 days but not exceeding 360 days, a financial institution may provide approval on behalf of the Competent Officer), to within 360 days. Further extension is possible only with permissions by the Competent Officer. This relaxation will provide greater flexibility to the Thai businesses in their granting of trade credits to their foreign customers.

5. Abolish the surrender requirement for Thai residents with foreign exchange receipts from abroad to sell or deposit such receipts within the period of 15 days. This rule change not only will provide more flexibility to Thai businesses and individuals in managing their foreign exchange receipts, but will also allow financial institutions to set the procedural guidelines that best suit their operations. However, financial institutions must announce such procedural guidelines to the public so that customers can make an informed decision in choosing services from financial institutions appropriately.

6. Relax the regulation on foreign portfolio investment by the institutional investors by allowing institutional investors to invest in the form of deposits with financial institutions abroad without seeking approval from the Competent Officer. Nevertheless, the deposited amount shall be counted as part of the total amount allowable for investing abroad according to the foreign exchange regulations. The relaxation is aimed at providing greater flexibility for institutional investors in managing their investment funds.

The Notifications and related information can be viewed from the Bank of Thailand's website at www.bot.or.th under the "Highlight" topic. Further information can also be obtained from the BOT Hotline center at 0-2283-6000

The above-mentioned relaxation takes effect from 24 July 2007 except the relaxation on repatriation requirement in No.4 which will come into force on the following day after the publication of related Ministerial Regulations in the Government Gazette. The Bank of Thailand will notify financial institutions of the effective date of the regulations.

Bank of Thailand
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