

**Removal of the Unremunerated Reserve Requirement (URR) and Request for Refund of the Reserves**

Previous Rules	New Rules
<p>Financial institutions shall withhold 30% of foreign currencies purchased or exchanged against Baht from their customers as reserves except in certain cases such as:</p> <ul style="list-style-type: none"> <li>- goods, services, direct investment, investment in stocks, investment in immovable properties</li> <li>- loans, investment in debt instruments, and investment in unit trusts which have been fully hedged</li> <li>- Loans in an amount not exceeding USD 1 million and with a maturity of at least 1 year</li> <li>- Investment in newly issued units of existing property funds</li> </ul> <p><u>Request for refund of the reserves</u></p> <ul style="list-style-type: none"> <li>- Should the fund remains in Thailand for at least 1 year, the full amount of the reserve withheld shall be refunded.</li> <li>- Should the fund remains in Thailand less than 1 year, two thirds of the reserve withheld shall be refunded.</li> </ul>	<p>Financial institutions shall purchase or exchange foreign currencies against Baht from their customers in full amount without withholding 30 percent of foreign currencies as reserves in all cases.</p> <p><u>Request for refund of the reserves</u></p> <ol style="list-style-type: none"> <li>1. Customers whose foreign currencies were withheld as reserves shall make a request for full refund to the Bank of Thailand through financial institutions without having to prove whether the funds have remained in Thailand for at least 1 year. The reserves will be unremunerated.</li> <li>2. The Bank of Thailand shall remit the funds to such financial institutions on the seventh working day from the date the requests from the financial institutions have been received.</li> <li>3. If the customers do not request for refund within 2 years from the date the reserves were withheld, the amount shall be considered forfeited. The forfeited funds would be earmarked for public benefits.</li> </ol> <p><u>Request for unwinding of hedging transactions</u></p> <ul style="list-style-type: none"> <li>- Customers who hedge their foreign exchange risks for exemption from URR and wish to unwind their hedging contracts shall submit a request to the Bank of Thailand through financial institutions on a case-by-case basis. Once received, the Bank of Thailand shall consider the request for approval within 15 working days.</li> </ul>

Remarks: A meeting for clarification of the changes will be organized on 3 March 2008 at 2.00 p.m., at the Bank of Thailand, Bangkhunprom Office

Summary of Rules regarding Non-resident Baht Accounts

Previous Rules	New Rules
<p>Divided into 4 types:</p> <ol style="list-style-type: none"> <li>1. <u>Special Non-resident Baht Account for Securities (SNS)</u>: For investment in equity instruments and derivatives transactions exempted from the reserve requirement which are stocks listed on the stock exchange, other equities, derivatives instruments traded on TFXE and AFET, and Exchange Traded Funds.</li> <li>2. <u>Special Non-resident Baht Account for Debt Securities and Unit Trusts (SND)</u>: For fully hedged investment in debt securities and unit trusts which are exempted from the URR</li> <li>3. <u>Special Non-resident Baht Account for Trade and Services (SNT)</u>: For trade and services.</li> <li>4. <u>Non-resident Baht Account (NRBA)</u>: For all purposes such as trade, services, direct investment, investment in immovable properties, and loans</li> </ol> <p><u>Rules and Conditions</u></p> <ul style="list-style-type: none"> <li>- Deposit into and withdrawal from SNS, SND, and SNT requires submission of related documents</li> <li>- Deposit into NRBA requires submission of related documents.</li> </ul> <p>Withdrawal from NRBA does not require submission of related documents.</p> <ul style="list-style-type: none"> <li>- Baht in SNS, SND, and SNT can be transferred only within the same type of accounts.</li> <li>- Baht in NRBA can be transferred to another NRBA, SNS, and SND</li> <li>- The outstanding balance of SNS, SND, and NRBA belonging to each non-resident shall not exceed Baht 300 million for each type of account and the outstanding balance of SNT shall not exceed Baht 100 million.</li> </ul>	<p>Divided into 2 types:</p> <ol style="list-style-type: none"> <li>1. <u>Non-resident Baht Account for Securities (NRBS)</u>: For investment in securities and other financial instruments such as equity instruments, debt instruments, unit trusts, financial derivatives transactions traded on TFXE, AFET including sale proceeds, returns, and related payments from such investments.</li> <li>2. <u>Non-resident Baht Account (NRBA)</u>- for general purposes: For general purposes except investment in securities and financial instruments such as trade, services, direct investments, investment in immovable properties, loans, and other transactions.</li> </ol> <p><u>Rules and Conditions</u></p> <ul style="list-style-type: none"> <li>- Deposit into and withdrawal from NRBS and NRBA requires submission of related documents</li> <li>- Baht in NRBS, NRBA can be transferred only within the same type of accounts. Transfers between NRBS and NRBA are not allowed.</li> <li>- The outstanding balance of NRBS and NRBA shall not exceed Baht 300 million per person for each type of account.</li> </ul> <p><u>Relaxation during 3-14 March 2551</u></p> <ol style="list-style-type: none"> <li>1. Existing SNS and SND can be used as NRBS. The total outstanding balance of such accounts combined shall not exceed Baht 600 million.</li> <li>2. Existing SNT can be used as NRBA. The total outstanding balance of such accounts combined shall not exceed Baht 400 million.</li> <li>3. Financial institutions shall contact their customers to transform SNS, SND, or SNT or close such accounts. Should the holders of such accounts not request the financial institutions for such transformation after 14 March 2008, financial institutions shall transform SNS and SND into NRBS and transform SNT into NRBA.</li> </ol>

Remarks: A meeting for clarification of the changes will be organized on 3 March 2008 at 2.00 p.m., at the Bank of Thailand, Bangkhunprom Office

**Summary of Revisions to the Measures to Prevent Thai Baht speculation**

	<b>Previous Rules</b>	<b>New Rules</b>
<b>1. Measures to Limit Thai Baht Liquidity</b>		
(1) Providing Thai Baht to non-residents (NRs) without underlying trade or investment in Thailand	The aggregate outstanding balance of all transactions undertaken by all financial institutions must not exceed THB 50 million per group of NRs.	Total outstanding balance of all transactions undertaken by each financial institution must not exceed THB 300 million per group of NRs
(2) Purchasing foreign currencies against Thai Baht from non-residents for value same day or value tomorrow	Required prior permission from the BOT and only transactions with underlying trade or investment in Thailand were allowed.	<ul style="list-style-type: none"> <li>▪ Allows financial institutions to purchase foreign currencies against Thai Baht for value same day or value tomorrow without prior permission from the BOT.</li> <li>▪ For transactions without underlying trade or investment in Thailand, the outstanding balance (inclusive of all transactions which result in providing Thai Baht liquidity to NRs without underlying ) of each financial institution shall not exceed 300 million Baht per group of NRs.</li> </ul>
<b>2. Measures to Curb Capital Inflows</b>		
Borrowing Thai Baht or undertaking transactions comparable to Thai Baht borrowing from NRs without underlying trade or investment in Thailand.	For transactions with maturities not exceeding six months, the aggregate outstanding balance of all transactions undertaken by all financial institutions must not exceed THB 50 million per group of NRs.	Regardless of maturities, total outstanding balance undertaken by each financial institution must not exceed THB 10 million per group of NRs.

Note: A meeting for clarification of the changes will be organized for commercial banks on 3 March 2008, at 2.00 p.m., at the Bank of Thailand, Bangkhunprom Office.