



BANK OF THAILAND

BOT Press Release

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**Signing of a Memorandum of Understanding with Monetary Authority of Singapore
on Cross-border Collateral Arrangement**

Mr. Prasarn Trairatvorakul, Governor of the Bank of Thailand (BOT), and Mr. Ravi Menon, Managing Director of the Monetary Authority of Singapore (MAS), signed a Memorandum of Understanding (MoU) on 23 June 2012 to establish a reciprocal cross-border collateral arrangement. The arrangement will help maintain financial stability in both countries.

Under this arrangement, eligible financial institutions operating in Singapore may obtain Singapore Dollar (SGD) liquidity from MAS by pledging Thai Baht (THB) or Thai government and central bank securities with MAS. Similarly, eligible financial institutions operating in Thailand may obtain THB liquidity from BOT by pledging SGD or Singapore government and central bank securities.

This collaboration reinforces the growing trade, investment and financial relationships between Singapore and Thailand. The arrangement allows the Monetary Authority of Singapore and Bank of Thailand to accept a wider range of collateral in their liquidity provisioning facilities. Financial institutions in both countries can thus have greater flexibility in their liquidity management.

Mr. Prasarn Trairatvorakul, Governor, BOT, said “The reciprocal cross-border collateral arrangement highlights the facilitating role of both the MAS and BOT in cross-border banking activities and liquidity management of financial institutions in both countries. At the same time, it strengthens the co-operation between both central banks.”

Mr. Ravi Menon, Managing Director, MAS, said “In times of market stress, cross-border collateral arrangements between central banks can help sustain liquidity and thereby promote financial stability. This new arrangement with BOT recognises the deep inter-linkages between our two economies.”

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