



BANK OF THAILAND

BOT Press Release

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Capital Flows Relaxation

Mrs. Chantavarn Sucharitakul, Assistant Governor (Financial Markets Operations Group), Bank of Thailand (BOT), announced additional measures to relax foreign exchange regulations under the Capital Account Liberalization Master Plan. The measures received approval in principle from the Minister of Finance and relevant notifications and circulars will be subsequently announced during 2015-2017. The BOT also plans to relax other regulations including Thai baht transactions by non-residents (NRs) and corporate treasury centers. Such relaxation aims to deepen Thailand's financial markets by allowing greater flexibility and diversification for residents and NRs, and subsequently support the growth and development of the Thai economy.

I. Foreign exchange regulations on residents

The BOT plans to relax foreign exchange regulations to facilitate residents' holdings of foreign assets as well as to increase the participation of non-banks in foreign exchange business as follows;

(1) Foreign currency deposit (FCD) with domestic financial institutions :

to allow residents to freely purchase foreign currencies for deposit up to an outstanding limit of USD 5 million.

(2) Purchase of immovable properties abroad : to raise the limit for purchase of immovable properties including leasehold properties abroad to USD 50 million per year.

(3) Portfolio investment :

3.1 residents to invest in securities abroad through onshore banks.

3.2 qualified investors to directly deposit foreign currencies abroad and invest in securities abroad within a certain limit without the need to go through local intermediaries.

3.3 residents to invest in foreign exchange-linked products issued in Thailand such as structured products linked to exchange rates (FX/THB).

(4) Foreign exchange licensing for securities companies : to allow securities companies to buy and sell foreign currencies with their customers within the scope of their brokerage business.

(5) Corporate treasury centers : to relax regulations on corporate treasury centers to facilitate multi-national and Thai corporations in their foreign exchange management, such as foreign currency deposit, Thai baht borrowing from subsidiaries abroad and requirement on documents.

(6) **Authorized money changers and authorized money transfer agents** : such as telecommunication companies to provide cross-border remittance services and money changers to have a higher limit on the amount of transactions with customers.

II. Relaxation on Measures to Prevent Thai Baht Speculation by NRs

The BOT plans to relax measures to prevent Thai baht speculation in order to increase flexibility for NRs in borrowing Thai baht from domestic financial institutions, details as follows;

(1) increase the outstanding limit for NRs in borrowing Thai baht from domestic financial institutions for transactions undertaken without underlying trade and investment in Thailand to not exceeding 600 million baht per group of NRs per financial institution;

(2) to allow foreign corporations to borrow Thai baht (direct loan) from domestic financial institutions for investment in Thailand, except investment in properties and securities in Thailand;

(3) to allow foreign corporations located in neighboring countries to borrow Thai baht (direct loan) from domestic financial institutions for investment in these countries to facilitate trade and investment between these countries and Thailand;

The aforementioned foreign exchange regulations are expected to come into effect as scheduled below;

1. The circular on the increase in the outstanding limit for NRs in borrowing Thai baht from domestic financial institutions for transactions undertaken without underlying trade and investment in Thailand to 600 million baht, and the regulations on corporate treasury centers are expected to be effective in May 2015.

2. The BOT will soon be submitting a notification on the increase in the amount limits for purchase of immovable properties abroad and foreign currency deposit to the Minister of Finance for approval.

3. Notifications for the remaining measures will subsequently be submitted to the Minister of Finance following further deliberations with other regulators such as the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET).

Bank of Thailand

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