



BANK OF THAILAND

BOT Press Release

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The New Paradigm of FX Transactions

Mr. Veerathai Santiprabhob, Governor of the Bank of Thailand (BOT), revealed that following the BOT's announcement in June 2017 of the foreign exchange regulation reform, a number of changes have subsequently been put in place. These included changes and relaxation of rules to provide alternatives to retail individuals in conducting foreign exchange transactions, increase investment opportunities to Thai investors, as well as promote ease of doing business of the corporate sector by streamlining the foreign exchange procedures in terms of reducing required documents, accepting supporting documents in electronic form and doing away with filling out foreign exchange transaction form each time a foreign exchange transaction is undertaken.

Another important change that signifies a new paradigm in foreign exchange regulation is the launch of the Qualified Company scheme. Under this scheme, any company or group of companies which meets BOT's requirements on having a clear foreign exchange risk management policy, as well as appropriate governance and internal control framework can apply for the Qualified Company status. The Qualified Company status will entitle the company to conduct foreign exchange transactions with commercial banks without having to submit any underlying supporting documents, such as, invoices, loan agreements or other liability evidences.

To date the BOT has granted the Qualified Company status to five companies and extended the Qualified Company benefits to one treasury center, entitling it to a broader scope of permissible transactions.

In order to allow more time and for a larger number of eligible companies to join this scheme, the BOT has decided to extend the application deadline for another 6 months i.e. until November 16, 2018. Moreover, the required qualification for a company to be eligible has been revised to be more flexible and in line with the characteristics of the Thai and foreign companies operating in Thailand. Going forward, the BOT will carefully assess the outcome of this scheme and will consider extending the relaxation to benefit the corporate sector at large as well.

In the second half of 2018, the BOT will be moving towards Phase 2 of the foreign exchange regulation reform. The second phase will focus on further promoting ease of doing business and flexibility in managing foreign exchange exposures for the private sector especially for SMEs as well as retail individuals. Changes would include further reducing required documents for cross border fund transfers, streamlining the rules regarding foreign currency deposit accounts and broadening outward portfolio investment channels for individual investors. Furthermore, regulations on non-bank foreign exchange businesses, i.e. money changers and money transfer agents, will be revised with

an emphasis given to allowing more flexibility in response to evolving technology and business innovations to serve the needs of retail customers. In this regard, the BOT will be working closely with the Ministry of Finance to finalize the plan.

In addition to the issues the Governor had addressed, Ms. Vachira Arromdee, Assistant Governor, Financial Markets Operations Group, revealed the names of five companies that have received the Qualified Company status, together with one treasury center who has been granted the Qualified Company benefits, as follows:

1. Thai Airways International PC.,
2. NMB-Minebea Thai Ltd.,
3. Covestro (Thailand) Co.,Ltd.,
4. LG Electronics (Thailand) Co.,Ltd.,
5. Star Petroleum Refining PCL., and
6. Mitr Phol Treasury Center Co.,Ltd.

She also added that the BOT will be monitoring and assessing foreign exchange activities of the Qualified Companies closely to ensure that they are in line with respective company business plan and foreign exchange risk management policy. If found otherwise, BOT reserves the right to seek clarification and review the granted status as deemed appropriate.

Ms. Vachira Arromdee reiterated that, for those interested in obtaining the Qualified Company status, the BOT has extended the application deadline for another 6 months until November 16, 2018. The required qualification of eligible applicant, in terms of minimum volume of cross border foreign exchange transactions over the past three years, has now been lowered to USD 1,500 million from USD 3,000 million or equivalent, and there is no longer requirement on the composition of foreign exchange transaction purposes.

More details on the Qualified Company scheme can be obtained from any commercial bank. Application must be submitted to the BOT through a commercial bank.

Bank of Thailand
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