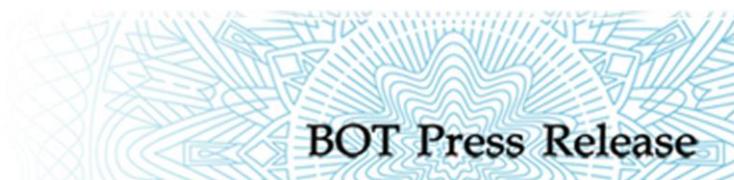




BANK OF THAILAND



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**Re. : The BOT relaxes rules to facilitate capital outflows
and lessen pressure on the Thai baht**

The Thai baht has been under pressure due to imbalanced capital flows in the current environment of highly uncertain and volatile external conditions, the Ministry of Finance (MOF) and the Bank of Thailand (BOT) decided to relax regulations to facilitate capital outflows to help promote capital flow balance and lessen pressure on the baht. Such relaxations include allowing exporters to keep foreign currency proceeds overseas, allowing retail investors to invest in foreign securities without going through a Thai intermediary institution and allowing businesses and individuals to transfer funds abroad more freely. These relaxations will be effective 8 November 2019, with details as follows:

1. Repatriation of export proceeds

- Exporters with proceeds below USD 200,000 per bill of lading will be allowed to keep the proceeds abroad, without a time limit (a relaxation from the current USD 50,000 threshold.) In 2018, bills of lading with value less than USD 200,000 amounted to export value of over USD 100 billion, accounting for almost half of all Thai exports.
- Exporters with foreign currency proceeds exceeding the above new threshold will be allowed to use the revenues to offset foreign currency expenses, without having to repatriate the funds. Exporters can simply register with the BOT and provide necessary documentation to commercial banks, without prior approval from the BOT.
- Rules on foreign currency deposit (FCD) account held with onshore banks will be streamlined to provide flexibility in managing foreign currencies.

The above relaxations will help businesses reduce fund transfer costs and manage foreign exchange risks more efficiently. In addition, the BOT has been in discussion with the Minister of Finance to increase the threshold for export proceeds that do not need to be repatriated to USD 1 million per bill of lading within the next three months. Such proceeds account for approximately 80 percent of all exports.

2. Investment in foreign securities

- Retail investors will be allowed to invest up to USD 200,000 per year in foreign securities, without having to invest via a Thai intermediary institution. Previously, they would need to meet a specified criteria in terms of asset ownership in order to invest directly.

- The aggregate investment limit allocated to investors regulated by the Thai Securities and Exchange Commission (SEC) will be increased to USD 150 billion. This relaxation helps facilitate the increasing demand for foreign portfolio investment. In addition, investors will be able to retain the allocated limit for investment over a longer period, thus enhancing efficiency in investment planning and management.

3. Outward transfers

- Outward transfers, which are currently allowed based on a positive list of specific purposes, will now be allowed freely except for a few specific purposes (negative list), such as for settlement of FX/THB transactions with financial institutions abroad.

- Individuals who wish to relocate abroad or transfer funds to relatives abroad will be able to do so freely. While those who wish to purchase real estate abroad will be allowed to do so up to USD 50 million per year as previously, but the property can now be in the name of a family member. This relaxation will help facilitate migration as well as sending children to study abroad.

- Documentation will no longer need to be provided to commercial banks when conducting outward transfers of less than USD 200,000. This is an increase from the USD 50,000 threshold currently in place, to reduce the burden of providing documents and facilitate the ease of conducting foreign exchange transactions.

4. Settlement of gold trading in foreign currency

Thai investors will be allowed to trade gold in foreign currencies (through FCD accounts opened with onshore commercial banks) with designated gold trading companies that have received approval from the BOT. Previously, such transactions could only be done in baht. This is to reduce the pressure on the Thai baht from gold-related transactions. Investors are able to keep foreign currency proceeds from gold investment in their FCD accounts, without having to exchange into baht for subsequent purchases. This relaxation will increase investment options for investors and will be aligned with the more relaxed foreign investment regulations. In addition, the BOT is also prepared to approve gold futures trading in foreign currencies in the next phase.

Bank of Thailand
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