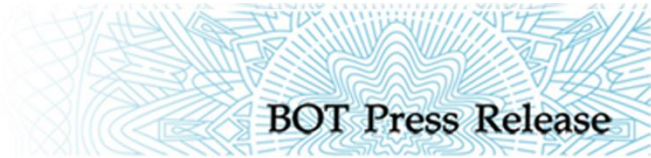




BANK OF THAILAND



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Relaxation of Foreign Exchange Regulations
under the New Foreign Exchange Ecosystem Development Plan

Ms. Alisara Mahasandana, Assistant Governor, Financial Markets Operations Group, revealed that the Bank of Thailand (BOT) has committed to pushing the development of Thailand's new foreign exchange ecosystem since 2020 to address the structural problems of Thailand's foreign exchange market by relaxing foreign exchange regulations, aimed at bringing about more balanced rules in support of capital movement and flexibility in conducting foreign exchange transactions and risk management, as well as cost reduction for the private sector.

In order to achieve the above objectives, the BOT has continued to relax regulations. The latest relaxations in April this year will allow:

1. Thai residents to conduct foreign exchange transactions with greater flexibility for both cross-border and domestic transfers by:

1) removing the amount limits for lending to unaffiliated companies and purchasing of immovable properties abroad (previously USD 50 million per year) and allowing additional purposes of outward transfer which will not require prior approval from the BOT, such as depositing funds into own accounts abroad for payment of obligations.

2) allowing Thai companies to purchase foreign currencies for transfer domestically as necessary, such as for payment for goods whose price is linked to the global market (previously transfers were allowed only through foreign currency deposit accounts).

2. Resident companies to manage their foreign exchange risk exposures in a broader scope, such as hedging foreign exchange exposures arising from domestic payment for goods whose price is linked to the global market, hedging on behalf of other resident affiliated companies, hedging of anticipated foreign exchange revenues or expenses with a tenor longer than 1 year, and hedging balance sheet exposures. This would enable exporters, importers and those in the supply chain to better manage their foreign exchange risks more efficiently without having to request for prior approval from the BOT.

3. Less burden for Thai residents in providing supporting documents when conducting foreign exchange transactions. Customers of commercial banks who have undergone the banks' Know-Your-Business process will not be required to submit underlying documents when undertaking regular foreign exchange transactions (previously supporting documents were to be submitted for each transaction). This would help reduce the cost and burden in preparing documents and facilitate foreign exchange activities conducted through online channel.

The relaxation outlined above will become effective on the day after its publication in the Government Gazette.

Bank of Thailand

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