

Unofficial Translation

This translation is for the convenience of those unfamiliar with the Thai language.

Please refer to the Thai text for the official version

25 September 2023 (B.E. 2566)

To Manager

All Commercial Banks

The Export and Import Bank of Thailand

The Islamic Bank of Thailand

The Government Savings Bank

The Small and Medium Enterprise Development Bank of Thailand

The Bank for Agriculture and Agricultural Cooperatives

No. BOT.FPD.(33) C. 643 /2566 Re: Relaxation of the Measures to Prevent Thai Baht Speculation for Non-resident Qualified Companies (NRQC)

This circular is in pursuant to the Bank of Thailand (BOT)'s circulars No. BOT.FPD.(21) C.834/2560 Re: Changes on Rules and Practices under the Measures to Prevent Thai Baht Speculation dated 31 May 2017 (Rules and Practices under the Measures to Prevent Thai Baht Speculation); No. BOT.FPD.(21) C.1035/2562 Re: Reduction in Outstanding Balance Limits of Non-resident Baht Accounts under the Measures to Prevent Thai Baht Speculation dated 12 July 2019 (Reduction in Outstanding Balance Limits of Non-resident Baht Accounts); No. BOT.FPD.(21) C.3/2564 Re: Reduction in Outstanding Balance Limits of Thai Baht Liquidity Provided by Onshore Financial Institutions under the Measures to Prevent Thai Baht Speculation dated 5 January 2021 (Reduction in Outstanding Balance Limits of Thai Baht Liquidity), to reduce the volatility of Thai baht due to speculation and limit Thai baht transactions between onshore financial institutions and Non-residents without underlying trade and investment in Thailand (Underlying); and No. BOT.FPD.(21) C.4/2564 Re: Relaxation of the Measures to Prevent Thai Baht Speculation for Non-resident Qualified Company (NRQC) dated 5 January 2021 (Rules and Practices under the Measures to Prevent Thai Baht Speculation for NRQC), to allow greater flexibility for non-resident corporates to conduct transactions related to Thai baht with onshore financial institutions under the NRQC Scheme Pilot Project.

To allow non-residents with trade and direct investment in Thailand greater flexibility in conducting Thai baht transactions onshore, the BOT has deemed it appropriate to further relax the rules and practices under the Measures to Prevent Thai Baht Speculation for NRQCs by revoking the circular No. BOT.FPD.(21) C.4/2564 Re: Relaxation of the Measures to Prevent Thai Baht Speculation for Non-resident Qualified Company (NRQC) dated 5 January 2021, and request for financial institutions' cooperation to comply with the following rules and practices as follows.

1. Scope of Enforcement

1.1 The rules and procedures of this circular shall be applicable to each type of financial institutions as per the rules and practices under the Measures to Prevent Thai Baht Speculation, as well as the non-residents who are juristic persons approved by the BOT as NRQCs.

1.2 The relaxation of the rules and practices under the Measures to Prevent Thai Baht Speculation is as follows.

1.2.1 Measures to Limit Thai Baht Liquidity: only derivatives transactions with reference to foreign exchange rates and foreign exchange rate indices in clause 3.2.5, and the purchase of foreign currencies against Thai baht for value Same Day or value Tomorrow in clause 3.2.8.

1.2.2 Measures to Curb Capital Inflows: only derivatives transactions with reference to foreign exchange rates and foreign exchange rate indices in clause 4.2.2, and the sale of foreign currencies against Thai baht for value Same Day or value Tomorrow in clause 4.2.4.

1.2.3 Measures on Non-resident Baht Account (NRBA): excluding the rules and practices for Special Purpose Non-resident Baht Account (SNA).

2. NRQC Eligibility and Application Process

2.1 Eligibility of NRQC

2.1.1 Must be a non-resident juristic person as specified in the rules and practices under the Measures to Prevent Thai Baht Speculation.

2.1.2 Must not conduct financial businesses , except for treasury center business, international payment business, international money transfer business, or credit card business. In the case of international money transfer business, the non-resident must conduct the business in partnership with those who are granted licenses under the Foreign Exchange Act to conduct an international money transfer business.

2.1.3 Must not conduct the businesses related to gold or digital assets.

2.1.4 Must have one of the following activities

(1) Had or will have an obligation to pay or receive Thai Baht with a resident arising from an underlying trade or investment in Thailand (Underlying) as per each measure of NRQC, including managing foreign exchange rate risks related to Thai baht from the aforementioned Underlying.

(2) Had or will have an obligation to pay or receive Thai Baht with a resident arising from conducting an international payment business, international money transfer business, or a credit card business, including managing foreign exchange rate risks related to Thai baht from the aforementioned obligations.

(3) Is responsible for managing foreign exchange rate risks related to Thai baht for another non-resident, wherein such non-resident satisfies the eligibility criteria under clause 2.1.1, 2.1.2, and 2.1.3. In addition, such non-resident have had or will have an obligation to pay or receive Thai baht with a resident arising from the Underlying as per each measure of such non-resident, or from conducting an international payment business, international money transfer business, or a credit card business.

Investment in Thailand excludes portfolio investment in securities and other financial instruments, except for investment in 10% or more in shares of a juristic person (Direct Investment).

2.2 Submission of Application to the BOT

To undertake a transaction with a new NRQC for the first time, financial institutions (Sponsoring FIs) are required to submit applications to the BOT for approval to conduct the transactions as specified in this circular. The financial institutions shall prepare the applications, fill in the NRQC's Information Forms (as attached) and submit the applications via the BOT's electronic system. The financial institutions shall also certify and verify the eligibility of NRQCs as specified in Clause 2.1. The BOT will consider the application as deemed appropriate.

Financial institutions that are not Sponsoring Fis can conduct transactions with NRQCs that have been approved by the BOT without requiring another approval from the BOT.

3. Conducting Transactions related to Thai Baht with Approved NRQCs

All financial institutions can undertake transactions with NRQCs that have been approved by the BOT in accordance with the Measures to Prevent Thai Baht Speculation, under the following rules.

3.1 Measures to Limit Thai Baht Liquidity and Measures to Curb Capital Inflows under clause 1.2.1 and 1.2.2, the following practices shall apply.

3.1.1 The transactions undertaken with NRQCs under the following conditions shall be considered as having the Underlying.

(1) The financial institutions have conducted due diligence on the NRQCs and can verify that they have obligations to pay or receive Thai baht with residents arising from the Underlying, or from conducting the international payment business, international money transfer business, or credit card business, and the transactions are undertaken to manage foreign exchange rate risk related to Thai baht; and

(2) The transactions are based on projected Thai baht revenues and expenses or financial statements, arising from the Underlying of the NRQCs, or from conducting the international payment business, international money transfer business, or credit card business. The transactions can be undertaken in amounts not exceeding the projected Thai baht revenues and expenses or the financial statements, as the case may be, without requiring proof of the projections from the NRQCs.

3.1.2 For transactions having the Underlying, financial institutions are not required to request proof of the Underlying from NRQCs. However, the financial institutions shall still have to ensure that the NRQCs conduct the transactions that are in consistence with the Underlying.

3.1.3 To conduct transactions with NRQCs under Clauses 3.1.1 and 3.1.2, the financial institutions shall establish an assessment process to determine transaction limits based on the NRQCs' future operations. The limit can be assessed from obligations to pay or receive Thai baht with residents arising from the Underlying, or from conducting an international payment business, international money transfer business, or

credit card business, as well as from projected revenues and expenses or financial statements. The financial institutions shall review the transaction limits annually to ensure that NRQCs' transactions are not for speculation of the Thai baht.

Where the Underlying is investment in Thailand, it shall exclude portfolio investment in securities and other financial instruments, except for investment in 10% or more in shares of a juristic person (Direct Investment).

The transactions under Clause 3.1 shall include transactions with NRQCs who manage foreign exchange rate risk related to Thai baht for other non-residents, *mutantis mutandis*.

3.2 Measures on Non-resident Baht Account (NRBA) under Clause 1.2.3

Financial institutions are exempted from complying with the rules and practices related to the end-of-day outstanding balance limits for all NRBA account types of NRQCs.

3.3 Undertaking transactions with offshore financial institutions

A financial institution can undertake a transaction with an offshore financial institution in order for the latter to square its position arising from transaction under clause 3.1 with an NRQC on the same day or the next business day. The details of the transaction that the financial institution undertakes, e.g. amount and maturity date, shall match those of the NRQC's transaction with the offshore financial institution, except for transaction type and the effective date which may be different from that of the NRQC's transaction with the offshore financial institution. The financial institution shall examine evidence of the transaction between the NRQC and the offshore financial institution under Clause 3.1 as well as ensure that the NRQC has been approved by the BOT under Clause 2.2.

In undertaking any transactions as per Clause 3.3, the financial institution must ensure that the transaction does not exceed the NRQC's transaction limit set under Clause 3.1.3.

3.4 Other rules

3.4.1 Rollover or unwinding of transaction under Clause 3.1 and 3.3 can be undertaken with the financial institution who is the original counterparty or a different counterparty.

3.4.2 Financial institutions can pay or receive Thai baht, undertake rollover, or unwind the transactions under Clauses 3.1 or 3.3 that have been undertaken with offshore financial institutions.

3.4.3 For transactions under Clause 3.1, 3.3, 3.4.1 and 3.4.2, financial institutions shall regularly monitor the transactions to ensure that they are aligned with obligations to pay or receive Thai baht with residents arising from the Underlying, or from conducting the international payment business, international money transfer business, or credit card business, as well as projected revenues and expenses or financial statements, as the case may be.

3.4.4 If necessary, for the purpose of maintaining exchange rate and financial market stability, the BOT reserves the right to modify the rules and practices on allowing financial institutions to undertake the transactions related to Thai baht with NRQCs as deemed appropriated.

3.4.5 Financial institutions shall consult with the BOT if they are uncertain whether certain transactions fall under this circular, before proceeding. For any proceeding inconsistent with this circular, they shall seek approval from the BOT on a case-by-case basis.

3.4.6 In undertaking the transactions related to Thai baht with NRQCs under Clause 3 where the rules and practices are not specified in this circular, financial institutions shall follow the rules and practices under the Measures to Prevent Thai Baht Speculation, the Reduction in Outstanding Balance Limits of Non-resident Baht Accounts, and the Reduction in Outstanding Balance Limits of Thai Baht Liquidity.

In addition, financial institutions shall regularly review the eligibility of NRQCs throughout the period of the transactions undertaken under Clause 3 to ensure it meets the criteria specified in Clause 2.1.

4. Transactions related to Thai baht other than those specified in Clause 3

In undertaking transactions with NRQCs other than those specified in Clause 3, financial institutions shall comply with the Rules and Practices under the Measures to Prevent Thai Baht Speculation, the Reduction in Outstanding Balance Limits of Non-Resident Baht Accounts, and the Reduction in Outstanding Balance Limits of Thai Baht Liquidity.

5. Document Administration

Financial institutions shall retain documents and evidence related to the NRQC approval applications. This includes the NRQC identity verification, eligibility checks, and assessment of the FX/THB transaction limit which must be consistent with the obligations to pay or receive Thai baht with residents arising from the Underlying, or from conducting the international payment business, international money transfer business, or credit card business of NRQCs. Examples of such documents may include business registration certificate, documents showing scope of business, value of the Underlying, projected obligations to pay or receive Thai baht and other documents supporting the transactions undertaken under this circular. The financial institutions shall keep these records for a minimum of 3 years after an NRQC approval expires or for a minimum of 3 years after undertaking the transaction, as the case may be, for the BOT to conduct examinations.

6. Measures in Case of Non-Compliance with this Circular

If financial institutions do not comply with the rules and practices pursuant to this circular or to be further specified by the BOT, or other rules and practices specified by the BOT, the BOT reserves the right to issue orders for the financial institutions to terminate or cancel related transactions, suspend their transactions with the BOT as well as other rights of the financial institutions in the future, as deemed appropriate.

The above rules and practices are effective from 26 September 2023.

Yours sincerely,

(Mr. Sethaput Suthiwartnarueput)

Governor

Attachment Non-resident Qualified Company (NRQC) Information Form

Foreign Exchange Administration and Policy Department

Tel. 0 2283 5326-7, 0 283 6714, 0 2356 7639

Non-resident Qualified Company (NRQC) Information Form

1. Sponsoring Financial Institution Details

Name of Financial Institution		
Contact Person Details	Full Name	
	Position	
	Email	
	Tel.	

Note If there are any changes regarding the contact person, please email FPD-FXCompliance@bot.or.th

2. NRQC Details

2.1 Name of non-resident juristic person:

2.2 NRQC Eligibility

- (1) Is a non-resident juristic person as specified in the Bank of Thailand (BOT)'s circular No. BOT.FPD.(21) C.834/2560 Re: Changes on Rules and Practices under the Measures to Prevent Thai Baht Speculation dated 31 May 2017.
- (2) Does not conduct financial businesses¹, except for treasury center business, international payment business, international money transfer business, or credit card business. In the case of international money transfer business, the non-resident must conduct the business in partnership with those who are granted licenses under the Foreign Exchange Act to conduct an international money transfer business.
- (3) Does not conduct the businesses related to gold or digital assets.
- (4) Has one of the following activities
- (4.1) Had or will have an obligation to pay or receive Thai Baht with a resident arising from an underlying trade or investment in Thailand (Underlying) as per each measure of NRQC, including managing foreign exchange rate risks related to Thai baht from the aforementioned Underlying.
- (4.2) Had or will have an obligation to pay or receive Thai Baht with a resident arising from conducting an international payment business, international

¹ Financial businesses include commercial banking, finance, credit foncier, hire purchase, leasing, factoring, credit provider, lending provider, asset management, holding company with investment in business related to financial business, life insurance, non-life insurance, securities, futures contracts, trustee, securities securitization, financial advisory, investment advisory, financial technology, and other business as specified by the BOT.

money transfer business, or a credit card business, including managing foreign exchange rate risks related to Thai baht from the aforementioned obligations.

- (4.3) Is responsible for managing foreign exchange rate risks related to Thai baht for another non-resident, wherein such non-resident satisfies the eligibility criteria under (1) – (3). In addition, such non-resident have had or will have an obligation to pay or receive Thai baht with a resident arising from the Underlying as per each measure of such non-resident, or from conducting an international payment business, international money transfer business, or a credit card business.

Investment in Thailand excludes portfolio investment in securities and other financial instruments, except for investment in 10% or more in shares of a juristic person (Direct Investment).

2.3 NRQC Details

General Information	Details	
1. Country of Incorporation		
2. Business type		
Revenues and Expenses Details	Revenues	Expenses
3. Sources of revenues and expenses in Thai Baht (e.g. goods, services, dividends, or obligations to receive or pay Thai baht arising from conducting international payment business, international money transfer business, or credit card business)	<input type="checkbox"/> Goods, Services <input type="checkbox"/> Dividends <input type="checkbox"/> Other (specify)	<input type="checkbox"/> Goods, Services <input type="checkbox"/> Dividends <input type="checkbox"/> Other (specify)
4. Total Thai Baht revenues and expenses in the most recent year, or average for the past 3 years (Unit: USD equivalent)		
FX/THB Transaction Details		
5. Items in financial statements with exposure to Thai Baht in the most recent year (Unit: USD equivalent, specify year)		

6. Projected average annual amount of buying and selling FX/THB transactions to be undertaken with financial institutions (Unit: USD equivalent)	Buy FX	Sell FX

2.4 If item 2.2 (4) (4.3) is selected, please provide details below regarding the non-resident for whom the NRQC manages foreign exchange rate risk related to Thai baht²

General Information	Details	
1. Name of non-resident juristic person		
2. Country of Incorporation		
3. Business type		
Revenues and Expenses Details	Revenues	Expenses
4. Sources of revenues and expenses in Thai Baht (e.g. goods, services, dividends, or obligations to receive or pay Thai baht arising from conducting international payment business, international money transfer business, or credit card business)	<input type="checkbox"/> Goods, Services <input type="checkbox"/> Dividends <input type="checkbox"/> Other (specify)	<input type="checkbox"/> Goods, Services <input type="checkbox"/> Dividends <input type="checkbox"/> Other (specify)
5. Total Thai Baht revenues and expenses in the most recent year, or average for the past 3 years (Unit: USD equivalent)		
FX/THB Transaction Details		
6. Items in financial statements with exposure to Thai Baht in the most recent year (Unit: USD equivalent, specify year)		
7. Projected average annual amount of buying and selling FX/THB transactions to be undertaken with financial institutions (Unit: USD equivalent)	Buy FX/THB	Sell FX/THB

² Please provide details for each non-resident for whom the NRQC manages foreign exchange rate risk related to Thai baht

I hereby certify that I have verified the eligibility of the NRQC and have conducted an assessment of the transaction limit which aligns with the NRQC's future operations. This assessment considers obligations to pay or receive Thai baht with residents arising from the underlying trade and investment, or from conducting an international payment business, international money transfer business, or credit card business, as well as projected revenues and expenses or financial statements. I have performed the above by adhering to the process of..... [Name of Financial Institution]..... for..... [Name of non-resident]....., who satisfies all the eligibility criteria to be an NRQC in accordance with the BOT's circulars no. BOT.FPD.(33) C.643/2566 dated 25 September 2566. I am pleased to provide related supporting documents as requested by the BOT for examination.

.....
(.....)

Authorized Signatory

Name of Financial Institution

Position

Date