

(Unofficial Translation) *
Notification of the Bank of Thailand
No. Sor.Ror.Khor. 5/2565

Depositing in the event of system emergency, compensation rate for the use of liquidity facilities, relaxation of various rules, and waiver of BNO transaction fees

1. Rationale

As Bank of Thailand (BOT) has announced ‘the Regulation of the Bank of Thailand on BAHTNET Offline (BNO)’, it is necessary to establish rules related to depositing for BAHTNET users who are not in the government agency group in the event of system emergency, calculation of compensation rate for the use of liquidity facilities, relaxation of various rules, and waiver of BNO transaction fees. This shall enable BAHTNET users to proceed according to the BNO procedures, and to ensure smooth and continuous operation of inter-institution funds transfer.

2. Statutory Power

By virtue of the provision of Article 4.3.5, 4.3.15, 4.4 and 4.5.3 of the Regulation of the Bank of Thailand No. Sor.Ror.Khor. 1/2565 on BAHTNET Offline.

3. Scope of Application

This Notification shall be enforced to all institutions according to the Regulation of the Bank of Thailand on BAHTNET Services.

4. Contents

4.1 Definitions

In this Notification,

“**Overnight ILF securities**” means debt securities as collateral for Intraday Liquidity Facilities (ILF) according to ‘the Regulation of the Bank of Thailand on Purchase of Debt Instrument with Repurchase Agreement to Provide Intraday Liquidity Facilities’ that BAHTNET users are unable to repurchase within the day that they sell. This covers the case in which the BAHTNET users are unable to repurchase for more than 1 business day.

* This translation is only provided for general understanding. Please refer to the official version which specified in Thai language.

“Overnight SRS securities” means debt securities as collateral for Securities Requirement for Settlement (SRS) according to ‘the Regulation of the Bank of Thailand on Measures for Managing Risks from Multilateral Net Settlement through the BAHTNET (Securities Requirements for Settlement)’ that BAHTNET users are unable to repurchase within the day that they sell. This covers the case in which BAHTNET users are unable to repurchase for more than 1 business day.

“Compensation rate for the use of liquidity facilities in BNO” means compensation rate in selling back the debt securities used in BNO. The BOT shall charge a compensation at the policy interest rate according to ‘the Notification of the Bank of Thailand on Criteria for the Purchase of Debt Securities as Liquidity Facilities in the event of an activation of BAHTNET Offline (BNO)’.

“Compensation during the period before the activation of BNO” means compensation for the use of Overnight ILF securities and/or Overnight SRS securities that BAHTNET users are unable to repurchase before the activation of BNO. The BOT shall charge a compensation on BAHTNET users in repurchasing those debt securities according to ‘the Regulation of the Bank of Thailand on Purchase of Debt Instrument with Repurchase Agreement to Provide Intraday Liquidity Facilities’ and ‘the Regulation of the Bank of Thailand on Measures for Managing Risks from Multilateral Net Settlement through the BAHTNET (Securities Requirements for Settlement)’.

“Compensation during the period of the activation of BNO” means compensation for the use of Overnight ILF securities and/or Overnight SRS securities that BAHTNET users are unable to repurchase during the activation of BNO. The BOT shall charge a compensation on BAHTNET users in repurchasing those debt securities according to ‘the Notification of the Bank of Thailand on Criteria for the Purchase of Debt Securities as Liquidity Facilities in the event of an activation of BAHTNET Offline (BNO)’.

“Confirmation letters of funds transfer order via BAHTNET”
means

(1) The confirmation letter for funds transfer order via BAHTNET according to ‘the Regulation of the Bank of Thailand on BAHTNET Services’.

(2) The confirmation letter for transactions of intraday liquidity facilities according to ‘the Regulation of the Bank of Thailand on Purchase of Debt Instrument with Repurchase Agreement to Provide Intraday Liquidity Facilities’.

(3) The confirmation letter for the transactions of debt securities as collateral for settlement according to ‘the Regulation of the Bank of Thailand on Measures for Managing Risks from Multilateral Net Settlement through the BAHTNET (Securities Requirements for Settlement)’.

(4) The confirmation letter for the completion of settlement via the Central Settlement System according to ‘the Notification of the Bank of Thailand on Multilateral Funds Transfer Service’.

(5) The confirmation letter for securities payment settlement through the Central Securities Depository linkage according to ‘the Notification of the Bank of Thailand on Linkage on Securities Payment Settlement’.

“**No. of days the BNO is activated**” means the number of days starting from the day that the BOT announce the activation of BNO, until the day that BAHTNET system resumes its normal operation.

“**Deposit interest rate**” means the deposit interest rate on the remaining balance at the BOT deposit accounts before the activation of BNO, which is calculated by the simple average of the policy interest rate, as prescribed by the Monetary Policy Committee (MPC) during the activation of BNO.

4.2 Depositing the money remained in deposit accounts at the BOT before the BAHTNET system is completely incapable of providing its services, for BAHTNET users who are not in the government agency group.

(1) In the event that the BOT announces the activation of BNO, it shall be deemed that BAHTNET users, who are not in the government agency group, have deposited the money remained in the amount not exceeding the combine balance of all deposit accounts before BAHTNET system is completely incapable of providing its services. The deposit terms shall be equivalent to number of days the BNO is activated and the deposit interest rate shall be calculated from the balance of the deposit accounts at the BOT on deposit interest rate. The interest rate shall be calculated as follows:

Value of deposited money at BOT	X	<u>No. of days the BNO is activated</u>	X	<u>Deposit interest rate</u>
		365		100

(2) Once the BOT announces the deactivation of BNO and reopen the normal service of BAHTNET, the BAHTNET users who are not in the government agency group shall notify the confirmation or cancellation to the deposit according to Article 4.2 (1), regardless of the whole or in part, to the BOT within the time specified by the BOT. This shall be executed by e-mail or phone. In this regard, the confirmation or cancellation of the deposit shall become effective from the BOT announces the activation of BNO.

(3) The BOT shall notify the results of the deposit to BAHTNET users. The BOT shall accept the deposit of BAHTNET users in any amount with the BOT as it deems appropriate.

(4) The BOT shall transfer the interest to the deposit accounts of BAHTNET users within the date that the BAHTNET system resumes its normal operation. For this, the BOT will deduct withholding tax, unless the BAHTNET users are granted income tax exemption under the Revenue Code.

4.3 Relaxation in the repurchase of ILF securities and SRS securities due to the activation of BNO

(1) In the event that the BOT is unable to deduct the money from BAHTNET users' deposit account, whether it be the whole amount or in part, to repurchase ILF securities and /or SRS securities in BAHTNET system within the prescribed time, according to 'the Regulation of the Bank of Thailand on Purchase of Debt Instrument with Repurchase Agreement to Provide Intraday Liquidity Facilities' and 'the Regulation of the Bank of Thailand on Measures for Managing Risks from Multilateral Net Settlement through the BAHTNET (Securities Requirements for Settlement)' due to the activation of BNO, which may cause the securities to become Overnight ILF securities and/or Overnight SRS securities from the date that BNO is activated.

The BOT shall relax the repurchase of ILF securities and/or SRS securities according to the first paragraph, by extending the deadline of the repurchase of those securities to 5:30 p.m. on the date that BAHTNET system resumes its normal operation. The BOT shall calculate the compensation for the use of securities that were unable to repurchase within the repurchase date according to the compensation rate and the number of days the BNO is activated. The calculation of compensation shall be follows:

$\text{Value of securities that BOT purchased} = \left[\frac{\text{No. of days the BNO is activated}}{365} \times \frac{\text{Policy interest rate}}{100} \right]$

(2) In the event that the BOT deducts the money from BAHTNET users' deposit account, whether it be the whole amount or in part, to repurchase ILF securities and/or SRS securities in BAHTNET system, but fails to transfer the ownership or the right to receive interest payments for the aforementioned securities to BAHTNET users, due to the fact that such securities are in the book closing period or other circumstances, resulting the BOT to receive the principle and/or interest payments on behalf of the BAHTNET users. The BOT shall transfer the principle and/or interest payments back to that BAHTNET users on the first opportunity that is feasible. For this, the BOT will deduct withholding tax, unless the BAHTNET users are granted income tax exemption under the Revenue Code. In that case, the BOT will transfer the whole interest amount to them.

Nonetheless, for the securities that the BOT serves as a registrar and those that are not, the BOT reserves the right to refrain from transferring any other benefits other than the right to receive the interest payments, according to the first paragraph, to BAHTNET users.

(3) In the event that BAHTNET users have insufficient funds on their deposit account for the BOT to deduct in repurchasing the Overnight ILF securities and/or Overnight SRS securities within 5.30 p.m. on the date that BAHTNET resumes its normal operation, the right to repurchase the remaining securities by the BAHTNET user shall be expired. The BOT shall then proceed with the normal procedures according to Article 3 (6) and 4 of 'the Regulation of the Bank of Thailand on Purchase of Debt Instrument with Repurchase Agreement to Provide Intraday Liquidity Facilities' and Article 21 and 22 of 'the Regulation of the Bank of Thailand on Measures for Managing Risks from Multilateral Net Settlement through the BAHTNET (Securities Requirements for Settlement)'.

4.4 Relaxation in the repurchase of Overnight ILF securities and Overnight SRS securities during the activation of BNO

(1) In the event that the BOT is unable to deduct the money from the BAHTNET users' deposit account, whether it be the whole amount or in part, to repurchase Overnight ILF securities and/or Overnight SRS securities in BAHTNET system within the prescribed time, according to 'the Regulation of the Bank of Thailand on

Purchase of Debt Instrument with Repurchase Agreement to Provide Intraday Liquidity Facilities' and 'the Regulation of the Bank of Thailand on Measures for Managing Risks from Multilateral Net Settlement through the BAHTNET (Securities Requirements for Settlement)' due to the activation of BNO.

The BOT shall relax the repurchase of Overnight ILF securities and/or Overnight SRS securities according to the first paragraph, by extending the deadline of the repurchase of those securities to 5:30 p.m. on the date that BAHTNET system resumes its normal operation. The BOT shall calculate the compensation for the use of securities that were unable to repurchase within the repurchase date according to the compensation rate and the number of days the BNO is activated. The calculation of compensation shall be as follows:

The method in calculating compensation:

Compensation	=	Compensation in the period <u>before the activation of BNO</u>	+	Compensation in the period <u>during the activation of BNO</u>
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The method in calculating compensation in the period before the activation of BNO:

Value of securities that is unable to be repurchased on the date that sold	= [No. of days for the use of liquidity facilities <u>before the activation of BNO</u>	X	Compensation rate according to BOT Regulation on ILF & SRS] 100
		365		

The method of calculating compensation in the period during the period of the activation of BNO:

Value of securities that is unable to be repurchased on the date that sold	= [No. of days the BNO <u>is activated</u>	X	Compensation rate for the use of <u>liquidity facilities in BNO</u>] 100
		365		

(2) In the event that the BOT deducts the money from the BAHTNET users' deposit account, whether it be the whole amount or in part, to repurchase Overnight ILF securities and/or Overnight SRS securities in BAHTNET system, but fails to transfer the ownership or the right to receive interest payments for the aforementioned securities to BAHTNET users, due to the fact that such securities are in the book closing period or other circumstances, resulting the BOT to receive the principle and/or interest

payments on behalf of the BAHTNET users. The BOT shall transfer the principle and/or interest payments back to that BAHTNET users on the first opportunity that is feasible. For this, the BOT will deduct withholding tax, unless the BAHTNET users are granted income tax exemption under the Revenue Code. In that case, the BOT will transfer the whole interest amount to them.

Nonetheless, for the securities that the BOT serves as a registrar and those that are not, the BOT reserves the right to refrain from transferring any other benefits other than the right to receive the interest payments, according to the first paragraph, to BAHTNET users.

(3) In the event that BAHTNET users have insufficient funds on their deposit account for the BOT to deduct in repurchasing the Overnight ILF securities and/or Overnight SRS securities within 5.30 p.m. on the date that BAHTNET resumes its normal operation, the right to repurchase the remaining securities by the BAHTNET user shall be expired. The BOT shall then proceed with the normal procedures according to Article 3 (6) and 4 of ‘the Regulation of the Bank of Thailand on Purchase of Debt Instrument with Repurchase Agreement to Provide Intraday Liquidity Facilities’ and Article 21 and 22 of ‘the Regulation of the Bank of Thailand on Measures for Managing Risks from Multilateral Net Settlement through the BAHTNET (Securities Requirements for Settlement)’.

In this regard, the timeframe specified in Article 4.2, 4.3 and 4.4 of this notification can be changed as necessary and appropriate. The BOT will inform BAHTNET users of any change in advance.

4.5 Relaxation on the inspection to the maintenance of ILF and SRS during the activation of BNO activation

The BOT will relax the inspection to the maintenance of ILF according to ‘the Notification of the Bank of Thailand on Criteria on Intraday Liquidity Facilities (ILF) and Proportion of Funds Transfer via BAHTNET’ and ‘the Notification of the Bank of Thailand on Maintenance of Debt Securities According to the Measures for Managing Risks from Multilateral Net Settlement through the BAHTNET’ from the date the BOT announces the activation of BNO to the date that the BOT announces the deactivation of BNO.

4.6 Relaxation on the inspection to the proportion of funds transfer via BAHTNET system (30:70) during the activation of BNO

The BOT will relax the inspection to the proportion of funds transfer via BAHTNET system (30:70) according to 'the Notification of the Bank of Thailand on Criteria on Intraday Liquidity Facilities (ILF) and Proportion of Funds Transfer via BAHTNET' for BAHTNET users who are unable to comply with the criteria. In this regard, the BAHTNET users will still receive the fees discount on the month that BNO is activated.

4.7 Relaxation on submitting confirmation letters of funds transfer order via BAHTNET during the activation of BNO

The BOT will relax on submitting confirmation letters of funds transfer order via BAHTNET for BAHTNET users who are unable to submit the confirmation letters within the prescribed time. The BAHTNET users shall be required to submit the confirmation letters within 5.30 p.m. on the date that BAHTNET system resumes its normal operation.

4.8 Waiving of transaction fees via BAHTNET system and other transaction fees through the Central Securities Depository linkage

The BOT will waive transaction fees via BAHTNET system and other transaction fees through the Central Securities Depository linkage that could not be successfully processed due to the activation of BNO.

4.9 Waiving the transfer fees during the activation of BNO

In the event that BNO is activated, BAHTNET users shall be exempted from all types of transfer fees.

5. Effective Date

This Notification shall come into force on the day of its announcement onwards.

Announced on 31th March B.E. 2565 (2022)

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Governor

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