

Notification of the Bank of Thailand

No. Sor.Ror.Khor. 8/2562

Re: Additional Criteria on Purchase of Debt Instruments Issued by State-Owned Enterprises or Financial Institutions Established under a Specific Law and the Use of Debt Instruments for which the BOT is Not a Registrar as Collateral

1. Rationale

The Bank of Thailand (BOT) stipulates additional criteria for the purchase of debt instruments, which issued by state-owned enterprises or financial institutions established under a specific law for which the Ministry of Finance does not guarantee for principal and interests and debt instruments for which the BOT is not a registrar, for intraday liquidity facilities transactions and as eligible collateral according to the measures for managing risks from multilateral net settlement through the BAHTNET in order to accommodate the needs to use such debt instruments as collateral in the BAHTNET.

2. Statutory Power

By virtue of Section 44 and Section 45 of the Bank of Thailand Act B.E. 2485 (1942) and amendments thereafter and for the implementation of Article 71 of the Bank of Thailand Regulation Re: BAHTNET Services B.E. 2549 (2006), Article 1 (4) of the Bank of Thailand Regulation Re: Purchase of Debt Instruments with Repurchase Agreement to Provide Intraday Liquidity Facilities, and Article 7 of the Bank of Thailand Regulation Re: Measures for Managing Risks from Multilateral Net Settlement through the BAHTNET.

3. Scope of Application

This Regulation shall be enforced with financial institutions as defined by this Notification.

4. Content

In this Notification,

“Collateral at the BOT” shall mean debt instruments which maintained for intraday liquidity facilities or maintained as collateral for measures for managing risks from multilateral net settlement through the BAHTNET.

“Debt Instruments for which the BOT is not a registrar” shall mean debt instruments issued by state-owned enterprises or financial institutions established under a specific law for which the BOT is not a registrar.

“Debt Instruments for which the MOF does not guarantee” shall mean debt instruments which issued by state-owned enterprises or financial institutions established under a specific law for which the Ministry of Finance does not guarantee for principal and interests.

“Financial institution” shall mean

(1) Financial institutions as defined by the Bank of Thailand Regulations on Purchase of Debt Instruments with Repurchase Agreement to Provide Intraday Liquidity Facilities;

(2) Sending institutions, funds transferring/receiving institutions, and collateral providers as defined by the Bank of Thailand Regulation on Measures for Managing Risks from Multilateral Net Settlement through the BAHTNET.

Article 1 Financial institutions shall not offer debt instruments of which they are the issuers as collateral at the BOT unless otherwise specified by the BOT.

Article 2 Acceptance of debt instruments for which the MOF does not guarantee and debt instruments for which the BOT is not a registrar as collateral pledged at the BOT for intraday liquidity facilities or as measures for managing risks from multilateral net settlement through the BAHTNET shall proceed as follows:

2.1 Financial institutions shall inform the BOT of their debt instruments account opened at the Thailand Securities Depository Co., Ltd. (TSD) using the SOE-1 form enclosed herewith.

2.2 In a case where the BOT system does not contain information of debt instruments that will be used as collateral at the BOT, the financial institution shall submit the request for debt instruments to be used as collaterals along with details of the debt instruments to the BOT for eligibility consideration by at least 2 business days prior to the

transaction date using the SOE-2 form enclosed herewith. The BOT shall subsequently notify the financial institution of eligibility of the said debt instruments.

2.3 Financial institutions may deposit or transfer eligible debt instruments as stated in Clause 2.2 of which the financial institutions have the ownership and such debt instruments are unencumbered to the BOT's debt instruments account for the financial institution's intraday liquidity or as collateral according to measures for managing risks from multilateral net settlement through the BAHTNET.

Article 3 The maintenance of financial institutions' debt instruments for which the MOF does not guarantee as collateral at the BOT in the financial institution's sub-account of debt instruments for intraday liquidity facilities or the financial institution's sub-account of debt instruments as collateral for net settlement shall proceed as follows:

3.1 The BOT shall set a ceiling for the maintenance of debt instruments for which the MOF does not guarantee as collateral pledged at the BOT as follows:

(1) Financial institutions shall maintain debt instruments for which the MOF does not guarantee in the financial institution's sub-account of debt instruments for intraday liquidity facilities at a maximum of no more than 10 percent of the value of debt instruments as specified by the intraday liquidity maintenance criteria.

(2) Financial institutions shall maintain debt instruments for which the MOF does not guarantee in the financial institution's sub-account of debt instruments pledged as collateral for net settlement at a maximum of no more than 10 percent of the value of debt instruments according to the highest potential debit positions.

The BOT shall notify the Ministry of Finance of the stipulated ceiling for the maintenance of debt instruments for which the MOF does not guarantee in the debt instrument maintenance report announced by the BOT.

3.2 Financial institutions shall be responsible for monitoring the value of debt instruments for which the MOF does not guarantee in the abovementioned sub-accounts of debt instruments not to exceed the ceiling specified in Clause 3.1 and shall transfer out the debt instruments in excess of the ceiling from the financial institution's sub-account of debt instruments for intraday liquidity facilities or the financial institution's sub-

account of debt instruments as collateral for net settlement before 5.00 p.m. If a financial institution fails to comply within the specified time, it shall be deemed that the financial institution allows the BOT to transfer the surplus debt instruments for which the MOF does not guarantee from the financial institution's sub-account of debt instruments for intraday liquidity facilities or the financial institution's sub-account of debt instruments pledged as collateral for net settlement. In this regard, the BOT shall apply processing fees per transaction.

Article 4 The arrangement for debt instruments for which the BOT is not a registrar in the financial institution's sub-account of debt instruments for intraday liquidity facilities or the financial institution's sub-account of debt instruments pledged as collateral for net settlement shall proceed as follows:

4.1 One business day prior to the register book closing date for principal or interest payment of debt instruments for which the BOT is not a registrar, financial institutions shall be responsible for transferring out debt instruments for which the BOT is not a registrar from the financial institution's sub-account of debt instruments for intraday liquidity facilities or the financial institution's sub-account of debt instruments as collateral for net settlement before 5:00 p.m.. In the event that a financial institution fails to comply within the specified time, it shall be deemed that the financial institution allows the BOT to transfer outstanding debt instruments for which the BOT is not a registrar from the financial institution's sub-account of debt instruments for intraday liquidity facilities or the financial institution's sub-account of debt instruments pledged as collateral for net settlement. The BOT shall apply transfer fees for such transactions as well as any fees as a result of actions taken to manage the benefit received from holding such debt instruments.

4.2 Financial institutions may deposit or transfer debt instruments for which the BOT is not a registrar to be used as collateral again after the register book closing date for interest payment of the debt instruments for which the BOT is not a registrar.

Article 5 The BOT reserves rights as follows:

5.1 Not to accept debt instruments for which the financial institution is the issuer as collateral pledged at the BOT as specified in Article 1 as well as those exceeding the ceiling of the maintenance of debt instruments for which the MOF does not guarantee as specified in Article 3.1.

5.2 Not to accept debt instruments for which the BOT is not a registrar as collateral pledged for using credit positions from cheque clearing.

5.3 Not to accept debt instruments for which the MOF does not guarantee or debt Instruments for which the BOT is not a registrar as specified in this Notification for collateral at the BOT temporarily or permanently in the event that the financial institution does not comply with any Regulations or Notifications of the Bank of Thailand or undertake any actions not in agreement with or negatively affect the implementation of monetary policy, exchange rate policy or financial stability measures.

5.4 Not to purchase debt instruments for which the MOF does not guarantee or debt instruments for which the BOT is not a registrar as specified in this Notification one business day before the register book closing date for principal or interest payment of the said debt instruments.

5.5 The BOT reserves rights to revise or amend the regulations, notifications, or related documents under this Notification, where the BOT shall notify financial institutions of any changes in advance.

Article 6 Others

6.1 The BOT shall collect fees for deposits, withdrawals, transfers and receipt of debt instruments for which the MOF does not guarantee as collateral at that the BOT based on the value of debt instruments in the financial institution sub-account of debt instruments for intraday liquidity facilities and sub-account of debt instruments pledged as collateral for net settlement, including other actual expenses, in addition to the abovementioned fees, that arose from the processing of debt instruments for which the MOF does not guarantee, according to the rates and formula specified in the Notification of Bank of Thailand on Fees and Charges Associated with Usage of Intraday Liquidity Facilities.

6.2 In addition to the fees detailed in Clause 6.1, if the financial institution fails to comply with Clause 3.2 and Clause 4.1 under this Notification, the BOT will charge a transfer out fee of 200 baht per transaction and an additional fee of 500 baht per transaction for any actions taken for managing the benefit received from holding such debt instruments.

6.3 The BOT shall have the final judgment to the interpretation of any regulation, notification, or guideline issued in relation to this Notification.

5. Effective Date

This Notification shall come into force from the 16th December B.E. 2562 (2019) onwards.

Announced on 4th December B.E. 2562 (2019)

(Mr. Veerathai Santiprabhob)

Governor

Bank of Thailand

Payment Management Division
Payment and Bond Department
Tel 0 2283 5045

Letter of Notification of TSD Account Number for Using Debt Instruments
for which the MOF does not guarantee and for which the BOT is not the registrar
as collateral at the BOT

Re: Notification of TSD Account Number

To: Senior Director, Payment and Bond Department

I..... (Name of Financial Institution)hereby accept any benefits and obligations according to the Notification of the Bank of Thailand on Additional Criteria on Purchase of Debt Instruments Issued by State-Owned Enterprises or Financial Institutions Established under a Specific Law and the Use of Debt Instruments for which the BOT is Not a Registrar as Collateral. I agree to allow the BOT to transfer the debt instruments in connection with the aforementioned Notification to the following debt instrument account at the Thailand Securities Depository Co., Ltd. (TSD).

1. Debt instruments account at the TSD

Institution's Code (BIC Code):.....

Account Number:

I hereby certify that I am the owner of the above debt instruments account and will not claim any compensations that may occur if the above debt instruments account number is incorrect. In this regard, this letter of notification shall come into effect from until notifying the BOT of any changes.

Signature (Authorized signatory)

(.....)

For..... (Name of Financial Institution)

Remark: Signed by authorized signatories as appeared in the Ministry of Commerce's Certificate.

Letter of Request to Deposit Debt Instruments for which the MOF does not guarantee and the Bank of Thailand is not a registrar

At:

Date:

Re: Request to deposit debt instruments

To: Senior Director, Payment and Bond Department

I (Name of financial institution) hereby request to deposit debt instruments for which the Ministry of Finance does not guarantee and debt instruments for which the Bank of Thailand is not a registrar as collateral at the Bank of Thailand according to the Notification of the Bank of Thailand on Additional Criteria on Purchase of Debt Instruments Issued by State-Owned Enterprises or Financial Institutions Established under a Specific Law and the Use of Debt Instruments for which the BOT is Not a Registrar as Collateral.

For Intraday Liquidity Facilities (ILF) Transaction

As collateral for measures for managing risks from multilateral net settlement through the BAHTNET (SRS)

For Lending Facilities (LF) Transaction

Details of the debt instruments are as follows.

ISIN	ThaiBMA Symbol	Register Book Closing Date for Principal Repayment	Date of Principal Repayment

I hereby certify that I am a rightful owner of the collateralized debt instruments, which are eligible as specified by the BOT and unencumbered.

Signature (Authorized signatory)

(.....)

For..... (Name of Financial Institution)

Remark: Signed by authorized signatories as appeared in the Ministry of Commerce’s Certificate.