

Unofficial Translation

This translation is for convenience of those unfamiliar with Thai language

Please refer to the Thai official version

Notification of the Bank of Thailand

No. Sor. Ror. Khor. 6/2565

Re: Use of Credit Positions on the Same-day Settlement

1. Rationale

As the Bank of Thailand (BOT) ceases to provide the Imaged Cheque Clearing and Archive System (ICAS) systems services and encourages a private ICAS systems operator as a payment system service provider under the Payment Systems Act B.E. 2560 (2017), the BOT, therefore, issues this Notification regarding the use of credit positions on the same-day settlement to replace the previous Notification that refers to the Bank of Thailand Regulation on the Imaged Cheque Clearing and Archive System, which shall be repealed. This Notification allows BAHTNET users as stipulated in the Bank of Thailand Regulation on BAHTNET services, who are funds transferring/receiving institutions according to multilateral funds transfer orders through the Imaged Cheque Clearing System, to use credit positions on the same-day settlement for payment of intraday liquidity facility transactions according to the Bank of Thailand Regulation on the purchase of debt instrument with repurchase agreement to provide intraday liquidity facilities, or for funds transfer transactions via the BAHTNET system according to the Bank of Thailand Regulation on BAHTNET Services, by pledging debt securities according to the Bank of Thailand Regulation on measures for managing risks from multilateral net settlement through the BAHTNET and the Bank of Thailand Regulation on the purchase of debt instrument with repurchase agreement to provide intraday liquidity facilities as collateral for continued usage of such credit positions.

2. Statutory Power

By virtue of the Provision of Articles 44 of the Bank of Thailand Act B.E. 2485 and the amendments thereafter

3. Annulment

Notification of the Bank of Thailand No. Sor.Ror.Khor. 10/2557 Re: Use of Credit Positions on the Same-day Settlement, dated 27 October B.E. 2557

4. Scope of Application

This Notification shall be enforced with BAHTNET service users as stipulated in the Bank of Thailand Regulation on BAHTNET Services who are the funds transferring/receiving institutions according to the multilateral funds transfer orders through an imaged cheque clearing system service.

5. Content

Article 1 In this notification,

“BOT” means the Bank of Thailand.

“BAHTNET Services Users” mean BAHTNET service users who are the funds transferring/receiving institutions according to the multilateral funds transfer orders through an imaged cheque clearing system service.

“Imaged Cheque Clearing System (ICS)” means an imaged-based cheque clearing system.

“Settlement round” means settlement round of the Imaged Cheque Clearing system which is divided into Same-day Settlement and Next-day Settlement.

“Same-day Settlement” means interbank settlement taken place on the day that cheque sent for collection.

“Next-day Settlement” means interbank settlement taken place on the next working day after the day that cheque sent for collection.

“Net Clearing Position” means the clearing balance of the ICS normal cheque clearing subtracts by the clearing balance of the returned cheque, for each settlement cycle.

“Credit Position” means the positive net clearing position.

“Debt securities as collateral for settlement” mean debt securities that are the collateral for the multilateral settlement through the BAHTNET (Securities Requirements for the Settlement: SRS) maintained by a funds transferring/receiving institution according to the Bank of Thailand Re: Measures for Managing Risks from Multilateral Net Settlement through the BAHTNET.

“Debt securities for intraday liquidity facility (ILF)” mean debt securities of a *BAHTNET services users* deposited at the BOT according to the Bank of Thailand Regulation Re: Purchase of Debt Securities with Repurchase Pledge of the Sellers for Intraday Liquidity Facility.

“Considered fortnight” means a fortnight that the BOT uses to consider permitting a *BAHTNET services users* to use the credit positions on the settlement.

“Fortnight for using credit position” means the second fortnight next to the considered fortnight.

Article 2 *BAHTNET services users* wishing to take benefits from this Notification shall:

- (1) Prepare the letter of agreement to comply with this Notification, using the attached form
- (2) Prepare the power of attorney, using the attached form
- (3) Use the account in which debt securities are purchased/sold for intraday liquidity facility (ILF) as the account for interbank settlement.

Article 3 The BOT shall allow *BAHTNET services users* to use credit positions on the same-day settlement for repurchasing debt securities as collateral for settlement or repurchasing debt securities for intraday liquidity facility (ILF) or for making payments for funds transfer transactions, according to the Bank of Thailand Regulation Re: BAHTNET Services. Where, such *BAHTNET services users* shall pledge both type of debt securities as the collateral for using such credit position.

Article 4 Requirements on use of debt securities as collateral for using credit positions:

(1) Debt securities as collateral for settlement shall be used as the collateral when asking to use credit positions. If they are insufficient, debt securities for intraday liquidity facility shall be used respectively. However, if there is any necessity and as deemed appropriate, the BOT shall consider the use of such debt securities.

(2) Debt securities as collateral for settlement and debt securities for intraday liquidity facility shall be used as collateral at their purchase values according to the Bank of Thailand Regulation Re: Purchase of Debt Securities with Repurchase Pledge of the Sellers for Intraday Liquidity Facility.

(3) Debt securities as collateral for settlement and debt securities for intraday liquidity facility, only a portion for which the BOT is registrar, shall be used as collateral until 3 business days prior to the closing date for registration. As such, closing date for registration means a period during which the transfer, pledge, or any change made to the conditions cannot be carried out, according to the notice of a registrar or notice for sales of each version of debt securities.

Article 5 The BOT shall allow *BAHTNET services users* to use credit positions for the fortnight for using credit positions by considering the maintenance of intraday liquidity facility of the *BAHTNET services users* in the considered fortnight, according to the following conditions:

(1) If *BAHTNET services users* have intraday liquidity facility (ILF) on average, in the considered fortnight of a least 10 percent of values of funds transfer transactions through the BAHTNET, on average, in the same fortnight; or

(2) If *BAHTNET services users* have intraday liquidity facility (ILF) on each day in the considered fortnight of at least 10 percent of (A) Values of funds transfer transactions through the BAHTNET on such day; or (B) Values of funds transfer

transactions through the BAHTNET, on average, during the second fortnight ahead of considered fortnight, whichever is less.

(3) For the calculation of intraday liquidity facility (ILF), according to the above conditions:

(A) Intraday liquidity facility (ILF) shall be total values of debt securities purchased by the BOT deducted by values of debt securities repurchased and redeemed by the financial institutions before the end of the day.

(B) Average value of funds transfer transactions through the BAHTNET shall be total values of funds transferred through the BAHTNET divided by the number of business days in such fortnight.

As such, values of funds transfer transactions through the BAHTNET shall exclude multilateral funds transfer transactions, funds transfer transactions between the accounts of the same institution (Book Transfer), and withdrawal of banknotes through the Banknote Ordering System (BOS)

(C) A fortnight shall start on the first Wednesday of the fortnight and end on the Tuesday of the next two weeks.

Article 6 *BAHTNET services users* shall use credit positions of at least 100,000 Bath for each time. Where, *BAHTNET services users* shall pledge debt securities as collateral for settlement or debt securities for intraday liquidity facility with the BOT as collateral. Until the next-day settlement has finished, the BOT shall redeem the debt securities pledged for *BAHTNET services users*.

Article 7 *BAHTNET services users* can ask to use certain portion of credit positions or ask to cancel the use of credit positions temporarily. Where, the request shall be submitted to the BOT on a daily basis from 0830 hours until the time at which the same-day settlement starts.

As such, if any *BAHTNET services users* fails to undertake those as specified in the first paragraph, the BOT shall consider that such *BAHTNET services users* wishes to use its credit positions in full.

Article 8 In the case where BAHTNET services users requesting to use the credit positions have insufficient funds in their deposit accounts opened at the BOT to be debited for the next-day settlement and have proceeded as specified in the Bank of Thailand Regulation on measures for managing risks from multilateral net settlement through the BAHTNET, but still unable to settle the said positions, the BOT shall:

(1) Redeem the debt securities pledged as collateral for settlement or debt securities for intraday liquidity facility, so that *BAHTNET services users* can sell such debt securities, according to the Bank of Thailand Regulation Re: Measures for Managing Risks from Multilateral Net Settlement through the BAHTNET and Bank of Thailand Regulation on Re: Purchase of Debt Securities with Repurchase Pledge of the Sellers for Intraday Liquidity Facility, and as a result, such *BAHTNET services users* will have sufficient account balances to be debited by the BOT for the next-day settlement. As Such, the BOT shall collect fines for use of credit positions from such *BAHTNET services users* at the same rate as the return in case of reselling debt securities for intraday liquidity facility of the day on which the credit positions are used, where a bank holiday is included in the calculation.

(2) In case where the BOT considers that redemption of debt securities pledged as collateral for settlement or debt securities for intraday liquidity facility so that *BAHTNET services users* to sell such debt securities for intraday liquidity facility (ILF), as specified in Article 8 (1), and where *BAHTNET services users* have undertaken those as specified in the Bank of Thailand Regulation Re: Measure for Managing Risks from Multilateral Net Settlement throught the BAHTNET, but such *BAHTNET services users* still have insufficient account balances to be debited for the next-day settlement, the next-day settlement round and the previous same-day settlement shall be considered unsuccessful. The BOT shall immediately require *BAHTNET services users* to pledge debt securities as collateral in order to have sufficient funds for the above operations. The calculation of values of debt securities pledged shall be according to the Bank of Thailand Regulation Re: Purchase of Debt Securities with Repurchase Pledge of the Sellers for Intraday Liquidity Facility. As such, if the value of the debt securities required to pledge, from the calculation, is less than the value of the pledge, the BOT shall require the *BAHTNET services users* to pledge debt securities at the valued of the pledge.

Article 9 The BOT reserves rights to

(1) Not accepting the pledge of certain types of debt securities

(2) Not permitting any *BAHTNET service user* to use credit positions according to this Notification, if such *BAHTNET service user* violates or does not comply with any of the provisions in this Notification or has undertaking that is not in line with the intentions of this Notification or upon an improper manner.

6. Effective Date

This Notification shall come into force from the date at which the Bank of Thailand ceases to provide the ICAS services, and there exists an interbank retail funds transfer system operator providing the ICS services for the ICS users as stipulated in the Payment Systems Act onwards.

Announced on 19th May 2022 (B.E. 2565)

Signature

(Mr. Sethaput Suthiwartnarueput)

Governor

Bank of Thailand

Payment Management Division
Payment and Bond Department
Tel 0 2283 5035

(Unofficial Translation)

Letter of Agreement
for the use of credit positions on the Same-day Settlement

Written at

Date

I,(name of the institution), the current account at the Bank of Thailand (BOT) for the intraday liquidity facility management number....., have been informed and understood the provisions as specified in the Notification of the Bank of Thailand Re: Use of Credit Positions on the Same-day Settlement thoroughly and wish to take benefits from and to be bound to such Notification. In this regard,

1. I allow the BOT to undertake the following:

1.1 Manage debt securities that I deposit at the BOT

1.2 Pledge, withdraw pledge, deposit, withdraw, transfer, or receive the transfer of ownership of debt securities on my behalf

1.3 Debit my account to pay for fines related to the use of credit positions

1.4 Credit my account for payments received from the enforcement of a pledge over my debt securities by the BOT.

2. I have submitted the power of attorney pursuant to the Notification of Bank of Thailand Re: Use of Credit Positions on the Same-day Settlement hereunder.

3. I agree to be bound to and comply with the Notification of Bank of Thailand Re: Use of Credit Positions on the Same-day Settlement, which is currently in effect, and the amendments thereof or to be further specified, in all respects.

I shall not revoke the agreement given herein, unless a consent in writing is given by the BOT.

(Signed)..... (Authorized signatory)
(.....)

(Signed)..... (Authorized signatory)
(.....)

For (Name of the Institution)

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

Remark: Signed by authorized signatories as appeared in the company certificate of affidavit issued by the Ministry of Commerce, stamped with a corporate seal (if any), and enclose a copy of the company certificate of affidavit issued by the Ministry of Commerce, a copy of National ID card of the authorized signatories, or a copy of the passport of the authorized signatories in case of foreign bank branches and other relevant documents.

(Unofficial Translation)

Power of Attorney for the use of credit positions on the Same-day Settlement

Written at.....

Date.....

Pursuant to the Letter of Agreement of (name of the institution) dated, where I have agreed to be bound to and comply with the Notification of the Bank of Thailand Re: Use of Credit Positions on the Same-day Settlement,

I hereby authorize the persons listed below to undertake the following on my behalf:

- 1. Undertake any action to enforce debt securities pledged with the Bank of Thailand according to the use of the credit position as specified in the aforementioned notification.
2. Contact the Bank of Thailand in any business related to the use of credit positions.

Table with 4 columns: Name of authorized person, Specimen signatories, Conditions, Telephone number. Rows 1-4.

Any action taken by the authorized persons shall be bound to me in all respect, and I shall not revoke or modify this Power of Attorney unless a consent in writing is given by the Bank of Thailand.

As such, this Power of Attorney shall come into effect from onwards.

(Signed)..... (Authorized signatory)
(.....)

(Signed)..... (Authorized signatory)
(.....)

For (Name of the Institution)

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

Remark: Signed by authorized signatories as appeared in the company certificate of affidavit issued by the Ministry of Commerce, stamped with a corporate seal (if any), affixed with duty stamps (30 baht per person), and enclose a copy of the company certificate of affidavit issued by the Ministry of Commerce, a copy of National ID card of the authorized signatories, or a copy of the passport of the authorized signatories in case of foreign bank branches and other relevant documents.