

Unofficial Translation

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Notification of the Bank of Thailand

No. FPG. 15/2561

Re: Permission for Commercial Banks to Operate Securities Business

1. Rationale

As the Bank of Thailand has permitted commercial banks to operate some types of securities business to encourage development of the capital and debt instrument markets and to increase commercial banks' channels to operate business including liquidity management; business scope and supervisory guideline were consistent stipulated with supervision on securities business under the law on securities and exchange. The Bank of Thailand gradually amended the guideline to expand the securities business scope permitted for commercial banks, such as mutual fund management, venture capital fund management and brokering debt instrument securities and Sukuk. Nonetheless, in case the Bank of Thailand deem any business may cause a significantly increasing in risk exposure to the commercial banks' standings and operations, the Bank of Thailand may prescribe additional prudential measures for commercial banks to comply. In addition, the Bank of Thailand has prescribed qualifications for commercial banks operating mutual fund management and venture capital fund management with the reference to the risk assessment results from Bank of Thailand's examination.

As the Ministerial Regulations regarding application and permission to operate securities business has already stipulated qualifications regarding ability and readiness of persons to be licensed to operate mutual fund management and venture capital fund management; hence, to reduce the duplication of regulations on the qualifications for commercial banks operating the said types of securities business, the Bank of Thailand revises the regulations by revoking the stipulation of qualifications for commercial banks

operating securities business and permitting commercial banks to operate each type of securities business upon receiving a license, approval, or being registered under the law on securities and exchange. Whereby, commercial banks shall comply with related laws and regulations including the Bank of Thailand's additional regulations. In this regard, if any commercial bank fails to comply with the regulations stipulated by the Bank of Thailand or has any issue from the governance or market conduct examination related to operating the business, the Bank of Thailand may prescribe additional conditions, delay or suspend the business. The intention is for commercial banks to operate the business properly by observing good governance and market conduct.

2. Statutory power

By virtue of Section 4 and Section 36 of the Financial Institutions Businesses Act B.E. 2551 (2008), the Bank of Thailand thereby permits commercial banks to operate securities business and comply with the regulations in this Notification.

3. Scope of Application

This Notification shall apply to all commercial banks according to the law on financial institutions businesses.

4. Repealed Notification

The Bank of Thailand Notification No. FPG. 2/2556 Re: Permission for Commercial Banks to Conduct Securities Business dated 26 February 2013

5. Content

5.1 Definition

“Securities business” means securities business under the law on securities and exchange.

“Board of directors of commercial bank” means board of directors of a commercial bank incorporated in Thailand or management committee with related power and duties of a foreign commercial bank branch.

5.2 Regulations of securities business

5.2.1 Scope of business

The Bank of Thailand gives a permission for commercial banks to operate certain prescribed types of securities businesses as indicated in Table of Permitted Businesses below. Commercial banks must be licensed, registered, or approved in accordance with the law on securities and exchange, on a case-by-case basis. Commercial banks shall comply with the law on securities and exchange and the Bank of Thailand's additional regulations as follows:

No.	Type of Approved Business	Regulations for Business Operations	
		SEC Regulations	BOT Regulations (Additional)
1	Brokering, Dealing, and Underwriting Businesses.		
1.1	Brokering, Dealing and Underwriting of Securities which are Debt Instruments and Sukuk	✓	✓ (Attachment 1)
1.2	Brokering, Dealing and Underwriting of Securities which are Investment units and Trust Certificates	✓	✓ (Attachment 2)
2	Investment Advisory Business		
2.1	Financial Advisor	✓	-
2.2	Investment Advisor (Securities)	✓	-
3	Fund Management Business		
3.1	Private Fund Management	✓	-
3.2	Provident Fund Management	✓	-
3.3	Mutual Fund Management	✓	✓ (Attachment 3)
3.4	Venture Capital Fund Management	✓	✓ (Attachment 4)
4	Other Types of Securities Businesses		
4.1	Securities Borrowing, Lending, and Short Selling Business	✓	✓ (Attachment 5)
4.2	Local Securities Underwriters	✓	-
4.3	Securities Registrar	✓	-
4.4	Mutual Fund Supervisor	✓	-
4.5	Debenture Holder Representative	✓	-
4.6	Custodian Service	✓	-

Retail banks are able to operate securities businesses in accordance with the notifications of the Bank of Thailand regarding the scope of operating businesses and the scope of operating transactions for retail banks.

5.2.2 Supervision

Commercial bank intending to operate the approved types of businesses under 5.2.1 shall comply with the following regulations:

(1) Commercial banks shall have written policies for operating securities business, which are approved by the board of directors of the commercial banks. Furthermore, the board of directors of commercial banks must oversee that the approved policies are applied in the operational plans.

In this regard, the aforementioned policy shall, at the minimum, include the following details:

(1.1) Organization structure of the unit responsible for the business, scope, duties and responsibilities of related units

(1.2) Systems to support the business including system stipulated under the law on securities and exchange e.g. risk management system, internal control system, management system and accounting system, as well as details of the systems stipulated in the attachments of the regulations of the securities business for each type of business

(1.3) Human resource readiness

(2) Commercial banks shall oversee, monitor and examine to ensure that they comply with relevant laws and regulations **e.g. law on exchange control and law on anti-money laundering**, and stipulated policies and operational plans, as well as supervisory regulations stipulated in the attachments of the regulations of the securities business for each type of business.

(3) Commercial bank must not operate securities businesses with the intention to avoid compliance with any laws or regulations e.g. the Bank of Thailand

Notification Re: Regulations and Methods on Investment of Financial Institutions, Re: Supervisory Guidelines on Large Exposure (Single Lending Limit).

5.3 Reporting to the Bank of Thailand

(1) Commercial banks shall notify the operating of business in written letter and provide a proof of license, approval or registration according to the law on securities and exchange, on a case-by-case basis, to the Financial Institution Business Supervision Department, Financial Institutions Policy Group, the Bank of Thailand within 30 days from the date the license, approval or registration is received.

(2) In case that a commercial bank's business is restricted, temporary suspended, its license, approval, registration is revoked or any other similar case, under the law on securities and exchange, or the commercial bank applies to terminate the business in accordance with the law on securities and exchange, it shall submit a letter specifying the cause to the Financial Institution Applications Department, Financial Institutions Policy Group, the Bank of Thailand within 15 days from the date of restriction, temporary suspended, revocation of license, approval or registration or the date it is permitted to cease the business, on a case-by-case basis.

5.4 Additional conditions, delay or suspension of business

The Bank of Thailand has the power to **stipulate additional conditions**, delay or suspend the securities business in the case that a commercial bank breaches or fails to comply with **the law on securities and exchange**, or regulations stipulated in **this Notification**, or a commercial bank **has an issue from the examination on governance or market conduct which is related to the business from the latest Bank of Thailand examination**, or any other case that the Bank of Thailand deems affecting the security and well-being of the public.

6. Transitional provision

Commercial banks having been licensed, approved or registered to operate securities business under the law on securities and exchange on the effective date of

this Notification, may continue the business without reporting to the Bank of Thailand as stipulated under Clause 5.3 (1).

7. Effective date

This Notification shall come into force from the day following the date of its publication in the Government Gazette.

Announced on 24 May 2018

(Mr. Veerathai Santiprabhob)

Governor

Bank of Thailand

Regulatory Policy Department

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Brokering, Dealing and Underwriting of Securities which are Debt Instruments and Sukuk

1. Definition

“Securities brokerage” means securities brokerage under the law on securities and exchange.

“Securities dealing” means securities dealing under the law on securities and exchange.

“Securities underwriting” means securities underwriting under the law on securities and exchange.

“Debt instrument” means debt instrument under the law on securities and exchange.

“Sukuk” means Sukuk under the law on securities and exchange.

2. Regulations of Business Operations

2.1 Commercial banks must stipulate business policies by specifying details of the operating systems to support the business as follows:

(1) Systems for analysing and managing risk of the securities to reflect the risk of that the securities value will vary with the various factors such as the moving of interest rates, determination of investment limits for various types of securities and of ceiling for trading book.

(2) Systems for setting risk tolerance ceilings to safeguard against loss (such as stop loss limit), monitoring and reviewing of risk ceilings, monitoring and reporting differences from the stipulated limits and ceilings including temporary over limit approval.

(3) Systems for monitoring of mark-to-market value changes of the securities at the end of each business day, recording accounting in accordance with the accounting standards and **financial reporting standards** and preparing reports of profit & loss incurred from the securities trading.

(4) Systems for monitoring the back office operations such as receiving of securities buying & selling orders, transaction confirmation and reconciliation of transactions, settlement of securities trading, operational control, protection against conflict of interest, and legal management system.

(5) Systems related to providing services to customers such as customer acceptance, receiving and sending of information, documents or various reports, receiving complaints, advising, maintaining customer confidentiality, disclosure and information management.

(6) Systems for data collection and for preparation of reports on monitoring, analysing and evaluating of business performance for reporting to board and the Bank of Thailand.

(7) Any other systems stipulated by the Securities and Exchange Commission to support the businesses of brokering, dealing and underwriting of securities which are debt instruments and Sukuk.

2.2 Commercial banks operating the businesses of brokering, dealing and underwriting of securities which are debt instruments and Sukuk shall comply with the following supervisory guidelines:

(1) Capital adequacy

Commercial banks shall comply with the Bank of Thailand Notifications Re: Regulations on Components of Capital for Locally Incorporated Banks or Foreign Bank Branches, on a case-by-case basis, and the Bank of Thailand Notification regarding capital adequacy for credit risk, market risk and operational risk.

(2) Categorizing the investment in securities which are debt instruments and Sukuk

Commercial banks shall comply with the accounting standards and **financial reporting standards** as well as classify and set provisions in accordance with the Bank of Thailand Notification Re: Guidelines on Asset Classification and Provisioning.

(3) Supervision on Single Lending

Commercial banks shall comply with the Bank of Thailand Notification Re: Supervisory Guidelines on Large Exposure (Single Lending Limit).

(4) Supervision on transactions with major shareholders or related lending

Commercial banks shall comply with the Bank of Thailand Notification Re: Guidelines on Conducting Transactions with Major Shareholders or Businesses with Beneficial Interest (Related Lending).

(5) Liquid assets adequacy

Commercial banks shall comply with the Bank of Thailand Notification Re: The Liquidity Coverage Ratio (LCR) Requirements.

(6) Supervision on Sales of Securities Products via Commercial Banks

Commercial banks shall comply with **the notification of the Bank of Thailand on market conduct.**

Brokering, Dealing and Underwriting of Securities which are Investment Units and Trust Certificates

1. Definition

“Securities brokerage” means securities brokerage under the law on securities and exchange.

“Securities dealing” means securities dealing under the law on securities and exchange.

“Securities underwriting” means securities underwriting under the law on securities and exchange.

“Investment unit” means investment unit under the law on securities and exchange.

“Trust certificate” means trust certificate under the law on securities and exchange.

“Trust fund” means trust fund under the laws governing trust for transactions in capital market.

2. Regulations on Business Operations

2.1 Commercial banks must stipulate business policies by specifying details of the operating systems to support the business as follows:

(1) Systems for analysing and managing risk of the securities that reflect the moving of securities value which caused from various factors such as the moving of interest rates, determination of investment limits for various types of securities and for ceiling for trading book.

(2) Systems for setting risk tolerance ceilings to safeguard against loss (such as stop loss limit), monitoring and reviewing of risk ceilings, monitoring and reporting differences from the stipulated limits and ceilings including temporary over limit approval.

(3) Systems for monitoring of mark-to-market value changes of the securities at the end of each business day, recording accounting in accordance with the accounting standards and **financial reporting standards** and preparing reports of profit & loss incurred from the securities trading.

(4) Systems for monitoring the back office operations such as receiving of securities buying & selling orders, transaction confirmation and reconciliation of transactions, settlement of securities trading, operational control, protection against conflict of interest, and legal management system.

(5) Systems related to providing services to customers such as customer acceptance, receiving and sending of information, documents or various reports, receiving complaints, advising, maintaining customer confidentiality, disclosure and information management.

(6) Systems for data collection and for preparation of reports on monitoring, analysing and evaluating of business performance for reporting to board and the Bank of Thailand.

(7) Any other systems stipulated by the Securities and Exchange Commission to support the businesses of brokering, dealing and underwriting of securities which are investment units and trust certificates.

2.2 Commercial banks operating the businesses of brokering, dealing and underwriting of securities which are investment units and trust certificates shall comply with the following supervisory guidelines:

(1) Capital adequacy

Commercial banks shall comply with the Bank of Thailand Notifications Re: Regulations on Components of Capital for Locally Incorporated Banks or Foreign Bank Branches, on a case-by-case basis, and the Bank of Thailand Notification regarding capital adequacy for credit risk, market risk and operational risk.

(2) Categorizing the investment in securities which are investment units and trust certificates

Commercial bank shall comply with the accounting standards and **financial reporting standards**, as well as classify and set provisions in accordance with the Bank of Thailand Notification Re: Guidelines on Asset Classification and Provisioning.

(3) Supervision on Single Lending

Commercial banks shall comply with the Bank of Thailand Notification Re: Supervisory Guidelines on Large Exposure (Single Lending Limit).

(4) Supervision on transactions with major shareholders or related lending

Commercial banks shall comply with the Bank of Thailand Notification Re: Guidelines on Conducting Transactions with Major Shareholders or Businesses with Beneficial Interest (Related Lending).

(5) Holding or possessing investment units and trust certificates

Commercial banks shall comply with the Bank of Thailand Notification on investment regulations and methods for financial institutions.

(6) Liquid assets adequacy

Commercial banks shall comply with the Bank of Thailand Notification Re: The Liquidity Coverage Ratio (LCR) Requirements.

(7) Supervision on Sales of Securities Products via Commercial Banks

Commercial banks shall comply with the **notification of the Bank of Thailand on market conduct**.

Mutual Fund Management

1. Definition

“Mutual fund management” means mutual fund management under the law on securities and exchange.

“Mutual fund” means mutual fund under the law on securities and exchange.

2. Regulations of Business Operations

2.1 Commercial banks shall establish measures to prevent conflict of interest between commercial bank and mutual fund. Transactions operated by commercial bank with mutual fund must be subject to the same conditions or stipulations as normally imposed on transactions with other entities of similar risk level.

2.2 Commercial banks investing in the mutual fund under bank’s own management, or lending or operating private sector Repo with the mutual fund under bank’s own management, shall comply with the following supervisory guidelines:

(1) Capital adequacy

Commercial banks shall comply with the Bank of Thailand Notification Re: Regulations on Components of Capital for Locally Incorporated Banks or Foreign Bank Branches, on a case-by-case basis, and the Bank of Thailand Notification regarding capital adequacy for credit risk, market risk and operational risk.

(2) Categorizing the investment in mutual fund

Commercial bank shall comply with the accounting standards and **financial reporting standards**, as well as classify and set provisions in accordance with the Bank of Thailand Notification Re: Guidelines on Asset Classification and Provisioning.

(3) Supervision on Single Lending

Commercial banks shall comply with the Bank of Thailand Notification Re: Supervisory Guidelines on Large Exposure (Single Lending Limit).

(4) Holding or possessing investment units in mutual fund

Commercial banks shall comply with the Bank of Thailand Notification Re: Regulations and Methods on Investment of Financial Institutions.

Venture Capital Fund Management

1. Definition

“Venture capital fund management” means operating of venture capital fund management business under the law on securities and exchange.

“Venture capital company” refers to juristic venture capital company under the law on securities and exchange.

2. Regulations on Business Operations

Commercial banks investing in juristic venture capital company, or lending or operating transaction with venture capital company or related party of venture capital company, shall comply with the following Bank of Thailand’s supervisory guidelines:

(1) Capital adequacy

Commercial banks shall comply with the Bank of Thailand Notifications Re: Regulations on Components of Capital for Locally Incorporated Banks or Foreign Bank Branches, on a case-by-case basis, and the Bank of Thailand Notification regarding capital adequacy for credit risk, market risk and operational risk.

(2) Categorizing investment in venture capital company

Commercial bank shall comply with the accounting standards and **financial reporting standards**, as well as classify and set provisions in accordance with the Bank of Thailand Notification Re: Guidelines on Asset Classification and Provisioning.

(3) Supervision on single lending

Commercial banks shall comply with the Bank of Thailand Notification Re: Supervisory Guidelines on Large Exposure (Single Lending Limit).

(4) Supervision on transactions with major shareholders or related lending

Commercial banks shall comply with the Bank of Thailand Notification Re: Guidelines on Conducting Transactions with Major Shareholders or Businesses with Beneficial Interest (Related Lending).

(5) Holding or possessing investment units in venture capital company

Commercial banks shall comply with the Bank of Thailand Notification Re: Regulations and Methods on Investment of Financial Institutions and **the Bank of Thailand Notification Re: Regulations on Structure and Scope of Business of Financial Business Groups.**

Securities Borrowing and Lending and Short Selling Businesses

1. The Bank of Thailand declares securities borrowing and lending transaction to be credit-like transaction under Section 4 of the Financial Institutions Businesses Act B.E. 2551 (2008).

2. Definition

“Securities borrowing and lending business” means securities borrowing and lending business under the law on securities and exchange.

“Short selling” means short selling under the law on securities and exchange.

“Securities borrowing and lending contract” means securities borrowing and lending contract of securities borrowing and lending under the law on securities and exchange.

“Borrowed or lent securities” means to debt instruments and Sukuk, equity instruments, and investment units and trust certificates which are securities under the securities depository system of the securities depository center under the laws on securities and exchange, or securities for which the Bank of Thailand acts as securities registrar.

“Sukuk” means Sukuk under the law on securities and exchange.

“Trust certificate” means trust certificate in under the law on securities and exchange.

“Institutional investor” means institutional client under the law on securities and exchange.

3. Scope of Business

The Bank of Thailand permits commercial banks to operate securities borrowing and lending and short selling businesses as follows:

3.1 Types of Businesses

- (1) Securities borrowing and lending business in the position of agent or broker.

(2) Securities borrowing and lending business in the position of counterparty with borrower or lender.

(3) Securities borrowing and lending businesses in the position of counterparty with parties who have licenses to operate securities borrowing and lending businesses under the laws on securities and exchange, securities depository center or clearing house.

(4) Short selling.

3.2 Business Counterparty

(1) In the case where commercial bank is an agent or broker for securities borrowing, the commercial bank may carry out transactions with natural persons, juristic persons as well as institutional investors.

(2) In the case where commercial bank is an agent or broker for securities lending, the commercial bank may carry out transactions with natural persons, juristic persons and institutional investors, except with non-residents and with any party resulting in the lending of Baht-denominated liquidity to non-residents.

(3) In the case of securities borrowing from counterparties, commercial bank may carry out transactions with institutional investors only.

(4) In the case of securities lending to counterparties, commercial bank may carry out transactions with institutional investors only, except with non-residents and, any transactions with a party resulting in the lending of Baht-denominated liquidity to non-residents.

Borrowing and lending offshore securities in foreign currency **or borrowing or lending securities with non-resident counterparty**, commercial banks shall comply with the Notice of the Competent Officer Re: Rules and Practices Regarding Investment in Offshore Securities and Derivatives.

4. Regulations on Business Operations

4.1 Commercial banks must consider calling for collaterals as appropriate for the reason that the securities borrowing and lending, and short selling businesses involve with counterparties' credit risks, market risks from taking positions in securities, and operational risks

from business operations, calls for collateral, collateral return, and enforcement of collateral when counterparties default.

4.2 Commercial banks must have policy for analysing counterparty's credit worthiness prior to borrowing and lending securities by a unit with expertise in credit analysis, including the determination of the counterparty's credit line which must be approved by responsible executives.

4.3 Commercial banks must have policy and procedures regarding calls for initial collateral, calls for additional collateral, and enforcement of collateral, for example, setting the initial margin and call margin, and etc.

4.4 Commercial banks must stipulate operating policy with details covering the following supporting systems.

(1) Systems for analysing and managing risk of the securities and collateral that reflect the moving of securities value which caused from various factors such as moving of interest rates, determining investment limits for various types of securities and determining ceiling for trading book.

(2) Systems for setting risk tolerance ceilings to safeguard against loss (such as stop loss limit), monitoring and reviewing of risk ceilings, monitoring and reporting differences from the stipulated limits and ceilings including temporary over limit approval.

(3) Systems for monitoring of mark-to-market value changes of the securities and collateral at the end of each business day, recording accounting in accordance with the accounting standards, **financial reporting standards** and preparing reports of profit & loss incurred from the transactions.

(4) Systems for monitoring the back office operations such as receiving of securities borrowing or lending or short selling orders, transaction confirmation and reconciliation of transactions, settlement of borrowing or lending or short selling, operational control, protection against conflict of interest, and legal management system.

(5) Systems for data collection and for preparing monitoring, analysing and evaluating of the business performance reports for the board and the Bank of Thailand.

(6) Any other systems stipulated by the Securities and Exchange Commission to support the businesses of securities borrowing and lending and short selling.

4.5. Commercial banks operating the borrowing and lending and short selling shall comply with the following supervisory guidelines:

(1) Capital adequacy

Commercial banks shall comply with the Bank of Thailand Notifications Re: Regulations on Components of Capital for Locally Incorporated Banks or Foreign Bank Branches, on a case-by-case basis, and the Bank of Thailand Notification regarding capital adequacy for credit risk, market risk and operational risk.

(2) Categorizing investments in borrowing or lending securities and collateral

Commercial bank shall comply with the accounting standards and **financial reporting standards**, as well as classify and set provisions in accordance with the Bank of Thailand Notification Re: Guidelines on Asset Classification and Provisioning.

(3) Counting of single lending

(3.1) In case of a commercial bank is the **securities** borrower.

(3.1.1) It shall be deemed that the commercial bank, borrower **of securities**, remains the owner of the securities placed as collateral since ultimately, it will receive the securities **placed as collateral** back. The commercial bank shall comply with the Bank of Thailand Notification Re: Supervisory Guidelines on Large Exposure (Single Lending Limit).

(3.1.2) In calculating of the maximum value of securities which the commercial bank may place as collateral with any single party, the commercial bank shall aggregate it the credits, investments, contingent liabilities or credit-like transactions with any individual or a group of people under any single project or for the same objective. At the end of each day, the total shall not exceed the amount that the commercial bank is permitted under the Bank of Thailand Notification Re: Supervisory Guidelines on Large Exposure (Single Lending Limit).

In the case where the commercial bank borrows securities which are exempted from being subject to Section 50 of the Financial Institutions Businesses Act B.E. 2551

(2008) as it has placed cash or securities as collateral, the commercial bank is exempted from including the value of the cash or securities placed as collateral in the aforementioned ratio calculation for the portion that does not exceed such borrowed securities value. In this regard, value of the borrowed securities shall be the market price or the par value, whichever is lower.

(3.2) In case a commercial bank is the **securities** lender.

(3.2.1) It shall be deemed that the commercial bank, lender **of securities** remains the owners of the securities it is lending since ultimately, it will receive the securities back. The commercial banks shall comply with the Bank of Thailand Notification Re: Supervisory Guidelines on Large Exposure (Single Lending Limit).

(3.2.2) In calculating of the maximum value of securities the commercial bank can lend to any single party, the commercial bank shall aggregate it with credits, investments, contingent liabilities or credit-like transactions with any individual or a group of people under any single project or for the same objective. At the end of each day, the total shall not exceed the amount that the commercial bank is permitted under the Bank of Thailand Notification Re: Supervisory Guidelines on Large Exposure (Single Lending Limit).

In cases that the commercial bank lending securities receives collateral in the form of cash, deposits at commercial banks, or exempted securities not subject to Section 50 of the Financial Institutions Businesses Act B.E. 2551 (2008), the commercial bank shall be exempted from including the value of the lent securities in the aforementioned ratio calculation for the portion covered by collateral in the form of cash, deposits at commercial banks, or the said securities. In this regard, value of the borrowed securities shall be the market price or the par value, whichever is lower.

(3.3) In case the lending commercial bank and the borrowing commercial bank have correctly complied with clauses (3.1) and (3.2), but subsequently, the value of cash or securities placed as collateral; exceeds the value of borrowed securities (in case where the commercial bank is a borrower), or the value of lent securities exceeds the value of received collateral (in case where it is a lender), changes causing the said ratio in clause (3.1) or (3.2) to exceed the stipulated ratio, the commercial bank cannot operate additional securities borrowing

and lending transactions with such counterparty. As for the existed securities borrowing and lending transactions, these shall continue to have binding effects according to the contractual agreements.

(3.4) Ratio calculations under clauses (3.1) and (3.2) over the transaction period requires marking-to-market the value of lent securities and the securities placed as collateral. Therefore, commercial banks are required to comply with the followings:

(3.4.1) In case there are changes in the value of borrowed securities or securities placed as collateral, and a borrowing commercial bank must deposit additional margin or receive the returned collateral. For ratio calculation, the commercial bank shall add the additional margin to or subtract the collateral received back from the collateral with the changed value, on a case-by-case basis.

(3.4.2) In case there are changes in the value of lent securities or securities received as collateral, and the lending commercial bank calls for additional margin or return of such collateral, for ratio calculations, the commercial bank shall add the additional margin or subtract the collateral returned from the collateral with the changed value, on a case-by-case basis.

(4) Supervision on transactions with major shareholders or related lending

Commercial banks shall comply with the Bank of Thailand Notification Re: Guidelines on Conducting Transactions with Major Shareholders or Businesses with Beneficial Interest (Related Lending).

(5) Holding or Possessing Securities, investment units and trust certificates

Commercial bank borrowing the securities by placing as collateral, shares securities, investment units or trust certificates, or commercial bank lending shares securities, investment units or trust certificates, shall be deemed as the owner of such shares, investment units or trust certificates, as ultimately, they will receive shares, investment units or trust certificates back. During the period of securities borrowing where shares, investment units or trust certificates are placed as collateral, or the period of lending securities which are shares, investment units or trust certificates, have not reduced the shares, investment units or trust certificates in the commercial bank's accounts in any way. Therefore, commercial bank shall

comply with the Bank of Thailand Notification Re: Regulations and Methods on Investment of Financial Institutions.

(6) Liquid assets adequacy

Commercial banks shall comply with **the Bank of Thailand Notification Re: The Liquidity Coverage Ratio (LCR) Requirements.**

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