



# Bond Investor Registration

## Information Note and Frequently Asked Questions

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April, 2021



## Introduction

The Bank of Thailand (BOT), in collaboration with the Securities and Exchange Commission (SEC), has initiated the **Bond Investor Registration (BIR)** scheme to enhance the data quality in terms of accuracy, coverage and timeliness at the Ultimate Beneficiary Owner (UBO) level. This change in market infrastructure will enhance transparency and bond market surveillance that could support timely and targeted policy measures to help safeguard market stability.

The BIR scheme comprises 2 phases: phase 1 is applicable to non-resident (NR) investors starting from April 2021, while phase 2 will apply to resident investors later this year. **This information note and FAQs is for phase 1 – NR investors.**

## BIR Phase 1 – NR investors

Under the BIR scheme, NR investors who are ultimate beneficiary owners (NR UBOs) are required to have a segregated securities account (SSA) and register with the BOT.

**NR UBOs** is a non-resident who **ultimately owns debt securities** issued in Thailand or ultimately receives benefits from such debt securities holdings; or a non-resident who has either direct or indirect **power in making decisions to own or invest in debt securities** issued in Thailand, including a foreign mutual fund, private fund, trust, or any foreign funds which has the right to set investment policies on their ownership of debt securities. **NR UBO who is individual or natural person is exempted from this scheme.**

There are 2 requirements for NR UBOs, which are

**1. to have a segregated securities account (SSA) at local custodians.** The local custodian is responsible to open mirrored account to reflect NR UBO's SSA in Thailand Securities Depository (TSD)'s system. The SSA could also be a sub account under global custodians/international brokers' accounts with local custodian.

**2. to register for authentication with the BOT :** NR UBO is required to submit information needed for registration with the BOT via local custodians. The local custodian will then be responsible to complete the registration through the BOT's electronic registration system. The required information includes

- (1) Name and number of the securities account opened with TSD from step 1,
- (2) UBO's Legal Entity Identifier<sup>1</sup> (LEI) code and name corresponding to the LEI code,
- (3) Investor type of UBOs (details in appendix 1 and 2)
- (4) Contact information of UBO.

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<sup>1</sup> Legal Entity Identifier (LEI) is a unique identification code of legal entities participating in financial transactions. (Further details: <https://www.gleif.org/en>)

Figure 1 : Change in Account Structure

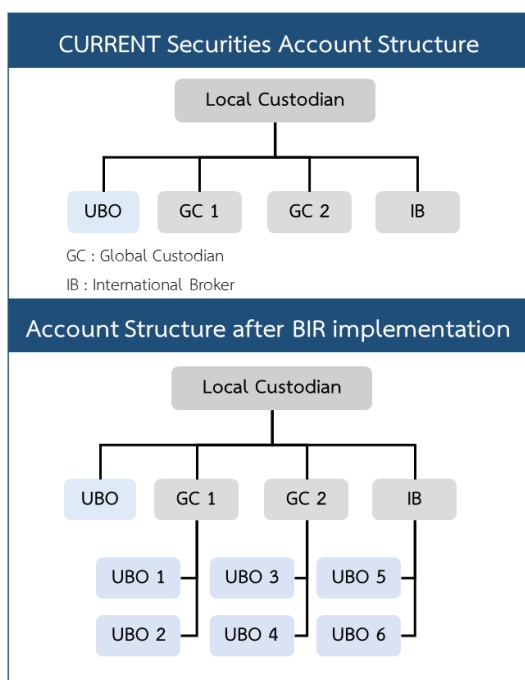


Table 1 : Summary of BIR requirements

UBOs	Required to have SSA	Whose LEI to register
Collective Investment Funds	Yes	Collective Investment Funds
Central Bank/ Government	Yes	Central Bank/ Government
Sovereign Wealth Fund	Yes	Sovereign Wealth Fund
Endowment Fund	Yes	Endowment Fund
Pension Funds	Yes	Pension Funds
Nonfinancial corporations	Yes	Corporations
Insurance Companies	Yes	Insurance Companies
Banking Institutions / Financial Intermediaries (own position only)	Yes	Banking Institutions / Financial Intermediaries
Private Fund	Yes	Entity who invests via Private Fund
Individual	No	No

## Timeline for BIR Phase 1

### 1. Transition period :

**April – December 2021**

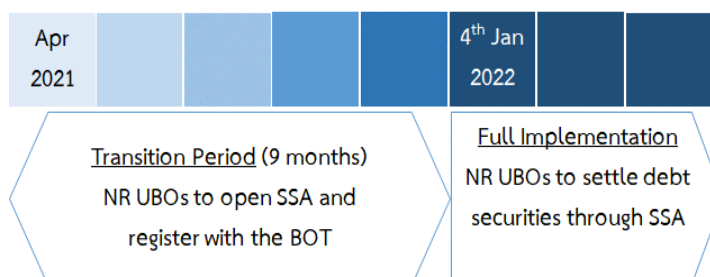
NR UBOs are required to open SSA and register with the BOT before end-2021.

### 2. Full implementation :

**4<sup>th</sup> January 2022 onwards**

Starting from 4<sup>th</sup> January 2022, all NR UBOs are required to settle Thai debt securities through registered SSA only.

Figure 2 : Timeline for BIR Phase 1



Once the BIR phase 1 is fully implemented and the BOT has the UBO data through TSD, the BOT will no longer require the monthly NR UBO reports for the data which are duplicated with those from the BIR scheme. However, for NR UBO's holding that are outside of the BIR scope are still required. These include Thai debt securities holdings by NR individual, holdings in scrip form, and holdings that are not deposited with TSD.

# Frequently Asked Questions

**1 What is the coverage of “Thai debt securities” in the BIR scheme?**

“Thai debt securities” mean all debt instruments issued in Thailand under the laws and regulations of the SEC in all currencies, for which Thailand Securities Depository (TSD) provides deposit services, for example, government bonds, treasury bills, Bank of Thailand bills and bonds, corporate bonds.

**2 Who is responsible for the creation of UBO’s segregated account in TSD system and registering with the BOT registration system?**

Local custodians are responsible for both. This is a one-time registration per UBO’s SSA.

**3 What information is needed for the registration?  
Why does the BOT need UBO’s contact information?**

The required information includes

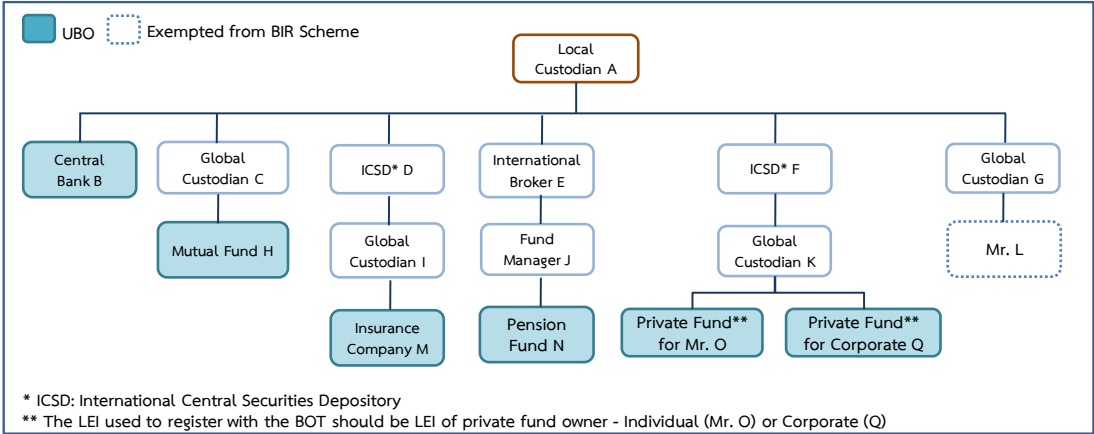
- (1) Name and number of the securities account opened with TSD
- (2) UBO’s Legal Entity Identifier (LEI) code and name corresponding to the LEI code
- (3) Investor type of UBOs (details in appendix 1)
- (4) Contact information of UBO : name, phone number and email

This contact information can be of UBO itself or UBO’s global custodian/international broker. This contact information will be used carefully and only if necessary for market surveillance purpose.

**4 What level of UBO segregated securities account is required?**

NR investors are required to have segregated securities account (SSA) at the UBO which is fund/firm level. Please see Figure 3 for illustration.

Figure 3: Example of UBO



**5 For a fund manager or asset management company who manages many funds, is it required to have SSA for each fund?**

Yes. A fund manager or asset management company is required to open segregated securities account and register for authentication for each fund under management.

**6 For pension funds, mutual funds, or sovereign wealth funds, is it required to have SSA for each individual contributor? Whose LEI and what investor types should be registered with the BOT?**

- For pension funds, mutual funds, or sovereign wealth funds, the SSA should be at fund level, not underlying contributor. (Please see Figure 3)
- For registration, LEI of fund (for pension funds , mutual funds, or sovereign wealth funds) should be used and the investor type should be as follows
  - “Pension Funds” for pension fund
  - “Collective Investment Funds” for mutual fund
  - “Government” for sovereign wealth funds

(Please see Appendix 1 for details of Investor Types and Appendix 2 for more example)

**7 For a corporate entity or an insurance company who manages its own fund without going through a fund manager or mutual fund, is it required to have SSA and register with the BOT?**

- Yes. The corporate entity or insurance company is required to have SSA and to register with the BOT.
- For registration, LEI of the corporate entity or insurance company should be used and the investor type should be “Nonfinancial corporations” for corporate entity and “Insurance companies” for insurance company. (Please see Appendix 1 for details of Investor Types and Appendix 2 for more example)

**8 For an entity who invest via a private fund, is it required to have SSA and register with the BOT?**

- Yes, private fund is required to have SSA and to register with the BOT.
- For registration, required LEI and investor type should be of private fund owner, for example

UBO	Required LEI	Investor Types
A corporate entity invests via Private fund	LEI of a corporate entity	“Nonfinancial corporations”
An insurance company invests via Private fund	LEI of an insurance company	“insurance companies”
A central bank invests via Private fund	LEI of a central bank	“central bank”

**9 For an individual who manages its own fund without going through private fund, is it required to have SSA and register with the BOT?**

- No. Individual who manages its own fund without going through a private fund is not required to have SSA and register with the BOT.
- Individual investors' holdings would be collectively placed under omnibus account with local custodians and is reported in the monthly non-resident UBO reporting as currently practiced.

**10 For an individual who invests via private fund, is it required to have SSA and register with the BOT?**

- Yes. An individual who invests via private fund is required to have SSA and register with the BOT.
- For registration, LEI of individual should be used and the investor type should be "Individual".  
(Please see Appendix 1 for details of Investor Types and Appendix 2 for more example)

**11 Is there any naming convention for SSA?**

No. There is no naming convention for SSA.

**12 Is NR UBO required to open segregated CASH account?**

No, the cash account is not required to be segregated.

**13 Under the BIR scheme, is the International Central Securities Depository (ICSD) still able to provide services for Thai debt securities?**

Yes, the BOT has been working closely with the ICSDs and are confident that we will find a workable solution that meets the BIR's objectives while the ICSDs remain able to provide services for Thai debt securities.

**14 How long does the registration process with the BOT take?**

The turnaround time is currently 1 business day. After a local custodian submits required information for registration with the BOT, the system will check accuracy of LEI and SSA account number and will return registration result to a local custodian within 1 business day. From July 2021, the turnaround time will be much shorter once the BOT completes integrating the API to the registration system.



**15 Does NR UBO have to renew authentication at any point in time?**

No. The registration is a one-time requirement. However, in case of NR UBO has a new SSA, or change their personal information that were used to register with the BOT (e.g. legal name corresponding to the LEI code), local custodian should register such new SSA, or revise such information of UBO in the BOT registration system. (The Bond Investor Registration System Handbook published on the BOT website provides details of adding new SSA, or revising information of UBO)

**16 Upon implementation of the BIR scheme, are local custodians still required to submit the monthly non-resident UBO reporting?**

The monthly non-resident UBO reporting for duplicated part is targeted to be phased out upon full implementation of the BIR scheme in the beginning of 2022. The monthly non-resident UBO reporting that will remain is for non-resident Individual UBO, those non-resident UBO who deposit Thai debt securities in scrip form with local custodians, or deposit Thai debt securities outside TSD.

**17 Upon implementation of the BIR scheme, what additional information/activity is required for securities trade settlement?**

For settling trades on behalf of clients, local custodian is required to ensure that clients' securities account is already segregated and registered with the BOT. All settlement of NR UBO's trades should be done via registered SSA instead of omnibus account.

**18 Upon implementation of the BIR scheme, what additional information/activity is required for debt securities trading?**

Brokers/dealers licensed by the Securities & Exchange Commission (SEC) will be subject to the additional KYC requirement in ensuring that its client has SSA and registered with the BOT. This additional KYC resolution is under drafting process by the SEC.

**19 When do all settlement of NR UBO's trades have to be done via registered SSA instead of omnibus account?**

During the transition to BIR full implementation (now till the end of 2021), settlement of NR UBO's trades could still be done via omnibus account. The full implementation will start from January 4<sup>th</sup>, 2022 onwards, when all settlement of NR UBO's trades must be done via registered SSA instead of omnibus account.

**20 After the full implementation, what if NR UBO uses unregistered securities account?**

- A local custodian will report such transaction to the BOT and will inform the NR UBO through global custodian or international broker to have SSA and/or to register with the BOT within 10 Bangkok business days. In the meantime, the local custodian is allowed to settle debt securities using the unregistered account temporarily. Once the local custodian completes all BIR requirement for such NR UBO, the local custodian shall report the result to the BOT.
- In case the local custodian find that such NR UBO also holds Thai debt securities prior to the implementation of BIR and deposits those securities in intermediaries account (global custodian or international broker), the local custodian needs to submit request for waiver of non-compliance to the BOT.
- The designated form to report to the BOT and to request for waiver of non-compliance is available on the BIR website

<https://www.bot.or.th/English/FinancialMarkets/Pages/BIR-Eng.aspx>

**21 What if NR UBOs do not register for BIR or fail to register before end-2021?**

- Please see answers in 20 for NR UBOs that fail to register within the specified period.
- In case of NR UBOs has no intention to register, a local custodian will discontinue custody services for such NR UBOs.

**22 When will the BIR second phase for Thai investors start? Will it be different from the first phase?**

For the second phase of BIR, a process design and stakeholder engagement will start in the second half of this year. In principle, BIR for Thai investors is similar to that of the non-resident phase. However, there may be some minor differences in the registration process and required documents, mostly technical in nature, as UBO-level information of Thai investors are currently more readily available compared to that of foreign investors, who normally deposit their securities through intermediaries' omnibus accounts.

**23 For any other enquiries or clarification, please contact BIR@bot.or.th**



## Appendix 1 : Classification of Investor Type

Code	Investor Type	Description
468001	Collective Investment Funds	Unit trust funds, mutual funds, exchange traded funds
468003	Central Bank	Central bank, reserve bank or monetary authority
468004	Government	Sovereign fund, federal fund, state fund, municipal fund, government-related organization/council, international organization
468006	Nonfinancial corporations	Associations, non-banking private sectors, foundations, endowment funds, limited partnerships, limited companies, public limited companies, holding companies
468007	Insurance Companies	Life/general insurance companies, insurance funds, social insurance organizations
468009	Pension Funds	Retirement funds, employee provident funds, social security funds, pension schemes, government pension funds
468010	Individual	A person
468011	Banking Institutions / Financial Intermediaries	Banking institutions or financial intermediaries own position only. Banking institutions are commercial banks, investment banks, development banks, multilateral development banks, private banks and overseas branches of Thai banks. Financial intermediaries are brokers, dealers, securities services, finance companies, credit unions, financial cooperatives, credit corporations, property financier, mortgage corporations, leasing and factoring companies, securities depositories, securities services, custodian banks and trustee.

## Appendix 2 : Example of SSA requirement and information required for registration

	Required to have SSA?	For registration with the BOT	
		Whose LEI is required?	Which investor type?
Pension Fund	Yes	Pension Fund	Pension Funds
Mutual Fund	Yes	Mutual Fund	Collective Investment Funds
Sovereign Wealth Fund	Yes	Sovereign Wealth Fund	Government
Endowment Fund	Yes	Endowment Fund	Nonfinancial corporations
Corporation	Yes	Corporation	Nonfinancial corporations
Insurance Company	Yes	Insurance Company	Insurance companies
Central Bank	Yes	Central Bank	Central Bank
Individual	No	No	No
<b>Investment via private fund</b>			
Corporation invest via private fund	Yes	Corporation	Nonfinancial corporations
Individual invests via Private funds	Yes	Individual	Individual