

**Unofficial Translation\***

5 April B.E. 2542

The Manager,

All commercial banks  
All international banking facilities

No. BOT.X.( C ) 1230/2542 Re: The Notification of the Bank of Thailand Re: Prescription on maintenance of liquid assets by commercial banks

Enclosed herewith is the Notification of the Bank of Thailand Re: Prescription on maintenance of liquid assets by commercial banks dated 1<sup>st</sup> April B.E. 2542. The Notification shall be in effect from 23<sup>rd</sup> April B.E. 2542 and was published in the Government Gazette, General Issue, Volume 116, Special Part 22 Ngor., dated 2<sup>nd</sup> April B.E. 2542

The essence of the Notifications is as follows:

1. Changing the composite of liquid assets in the form of deposits at the Bank of Thailand from the average amount not less than 2 per cent to 1 per cent.

2. Changing the definition of short term foreign borrowings subject to liquidity reserve requirement to be on the same basis for all currencies by defining them as those that a maturity is less than or equal to 365 days from the borrowing date, and those that are repayable or may be recalled within 365 days from the borrowings date.

3. Changing definition of short term deposits of non-resident accounts subject to liquidity reserve requirement ( in case of the Bangkok International Banking Facilities and the Provincial International Banking Facilities) to be deposits of non-resident accounts which may be withdrawn within 365 days from the depositing date.

4. Adding the procedures in maintaining liquid assets by

4.1 allowing commercial banks and international banking facilities that maintain liquid assets in the form of deposits at the Bank of Thailand exceeding the minimum requirement in a fortnight to carry forward the excess amount for the purpose of computing reserve requirement in the next fortnight for 1 fortnight, under the condition that the excess amount to be carried forward shall not exceed 5 per cent of the minimum requirement in the fortnight of surplus;

4.2 allowing commercial banks and international banking facilities that maintain liquid assets in the form of deposits at the Bank of Thailand below the minimum requirement in a fortnight to make up for the shortfall during the next fortnight, under the condition that the amount to be carried backward shall not exceed 5 per cent of the minimum requirement in the fortnight of shortfall and shall be deducted from the deposits at the Bank of Thailand for the calculation of liquid assets to be maintained in the next fortnight.

Foreign borrowings taken before and deposits in non-resident accounts( in the case of the Bangkok International Banking Facilities and the Provincial International Banking Facilities) deposited before 23<sup>rd</sup> April B.E. 2542 which were excluded from maintenance of liquid assets by the Notification of the Bank of Thailand Re: Prescription on maintenance of liquid assets by commercial banks dated 27<sup>th</sup> July B.E. 2541 shall be further exempted from doing so until the maturity date for repayment.

Please be informed accordingly.

Yours sincerely,

Mrs. Tarisa Watanagase  
Assistant Governor  
for Governor

Enclosed document: The Notification of the Bank of Thailand Re: Prescription on maintenance of liquid assets by commercial banks

Financial Institution Policy Department  
Tel. 283-5839

**Translation \***

**Notification of the Bank of Thailand**

**Re: Prescription on maintenance of liquid assets by commercial banks**

By virtue of the provisions of Section 11 ter, Section 11 quarter and Section 11 quinqué of the Commercial Banking Act B.E. 2505 as amended by the Commercial Banking Act (No. 2) B.E.2522, the Bank of Thailand, with the approval of the Minister of Finance, hereby issues the following regulations:

**Article 1.** The Notification of the Bank of Thailand Re: Prescription on maintenance of liquid assets by commercial banks dated 27<sup>th</sup> July B.E. 2541 shall be repealed.

**Article 2.** All commercial banks except the Bangkok International Banking Facilities and the Provincial International Banking Facilities shall maintain liquid assets in an average amount not less than 6 per cent of:

- (1) total deposits of all types;
- (2) total foreign borrowings which are due within 365 days from the borrowing date, and those which are repayable or may be recalled within 365 days from the borrowing date, except the borrowing in accordance with the rules and conditions as prescribed by the Bank of Thailand.

The total deposits and total borrowings mentioned above shall also include the money transferred into Thailand from branches or headquarters outside Thailand in the form of inter-office accounts.

**Article 3.** The liquid assets to be maintained in accordance with Article 2 shall consist of:

- (1) deposit at the Bank of Thailand in the average amount not less than 1 per cent;
- (2) cash in hand at commercial banks, not exceeding 2.5 per cent;
- (3) unencumbered securities as follows:
  - (a) Thai Government securities;
  - (b) bonds issues by the Bank of Thailand;
  - (c) debentures, bonds, or promissory notes guaranteed by the Ministry of Finance in respect of repayment of principals and payment of interests;
  - (d) bonds or debt instruments issued by the Financial Institutions Development Fund;
  - (e) debentures, bonds, or debt instruments guaranteed by the Financial Institutions Development Fund in respect of repayment of principals and payment of interests;
  - (f) debentures or bonds issued by the state organization or state enterprises as approved by the Bank of Thailand or those issued by the Industrial Finance Corporation of Thailand;
  - (g) promissory notes issued by the Krung Thai Thanakit Finance and Securities Plc. and the negotiable certificates of deposit issued by the Krung Thai Bank Plc. under the Notes-exchange

Program for the 56 finance companies which their business operations were suspended.

**Article 4.** The Bangkok International Banking Facilities and the Provincial International Banking Facilities shall maintain liquid assets in an average amount not less than 6 per cent of:

(1) total deposits of non-resident accounts which may be withdrawn within 365 days from the depositing date, except non-resident accounts in accordance with the rules and conditions as prescribed by the Bank of Thailand;

(2) total foreign borrowings which are due within 365 days from the borrowing date, and those which are repayable or may be recalled within 365 days from the borrowing date, except the borrowing in accordance with the rules and conditions as prescribed by the Bank of Thailand.

The total deposits and total borrowings mentioned above shall include only total deposits or total borrowings of international banking facilities for domestic lending. (OUT -IN) and international banking facilities for provincial baht lending. The money transferred into Thailand from branches or headquarters located abroad in the form of inter-office account shall be included as well.

The liquid assets to be maintained in (1) and (2) shall be in accordance with Article 3;

(3) total deposits of all types except total deposits of international banking facilities for off-shore lending (OUT-OUT) and total deposits of non-resident accounts as mentioned in (1) of this article. The Bangkok International Banking Facilities of foreign banks and the Provincial International Banking Facilities may include assets in any form as part of liquid assets to be maintained, whereas the Bangkok International Banking Facilities of Thai commercial banks shall maintain the liquid assets in accordance with Article 3.

**Article 5.** Liquid assets required to be maintained under this notification shall be computed on the basis of the fortnightly average of the daily liquid assets and the fortnightly average of the daily total deposits and total borrowings (as the case maybe) in the previous fortnight, taking the 8<sup>th</sup> day to the 22<sup>nd</sup> day of the month as one fortnight and the 23<sup>rd</sup> day to the 7<sup>th</sup> day of the next month as another fortnight. Holidays shall be included in the computation.

In case commercial banks and the international banking facilities maintain liquid assets in the form of deposits at the Bank of Thailand exceeding the minimum requirement in a fortnight, they can carry forward the excess amount for the purpose of computing reserve requirements in the next fortnight for 1 fortnight, under the condition that the excess amount to be carried forward shall not exceed 5 per cent of the minimum requirement in the fortnight of surplus.

In case commercial banks and the international banking facilities maintain liquid assets in the form of deposits at the Bank of Thailand below the minimum requirement in a fortnight, they can make up for the shortfall during the next fortnight, under the condition that the amount to be carried backward shall not exceed 5 per cent of the minimum requirement in the fortnight of shortfall and shall be deducted from the deposits at the Bank of Thailand for the calculation of liquid assets to be maintained in the next fortnight.

**Article 6.** This Notification shall come in force on and from 23<sup>rd</sup> April B.E.2542.

Given on 1 April B.E.2542.

(M.R. Chatu Mongol Sonakul)

Governor

Bank of Thailand

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\* This translation is for convenience of those who are not familiar with Thai language. For official purpose, only Thai texts are relevant.

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