

Unofficial Translation*

5 April B.E. 2542

The Manager,

All finance companies and finance and securities companies

No. BOT.X.(C) 1231/2542 Re: The Notification of the Bank of Thailand

Re: Prescription on maintenance of liquid assets by finance companies

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

The essence of the Notifications is to adjust definition of short term foreign borrowings in whatever currency to be on the same basis by defining them as those that a maturity of less than or equal to 365 days from the borrowing date or receiving date, and those that are repayable on demand or at the end of a fixed period and that may be recalled or prepaid within 365 days from the borrowing or receiving date.

The money borrowed or received from aboard before 23rd 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 finance companies dated 27th 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 finance companies

Financial Institution Policy Department
Tel. 283-5839

Translation*

Notification of the Bank of Thailand

Re: Prescription on maintenance of liquid assets by finance companies

By virtue of the provisions of Section 28 of the Act on the Undertaking of Finance Business, Securities Business and Credit Foncier Business, 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of Thailand Re: Prescription on maintenance of liquid assets by finance companies dated 27th July B.E. 2541 shall be repealed.

Article 2. All finance companies shall maintain liquid assets in an average amount not less than 6 per cent of:

(1) the money borrowed or received from abroad which is due within 365 days from the borrowing date or receiving date, and the money borrowed or received from abroad which is repayable on demand or at the end of a fixed period and may be recalled or prepaid within 365 days from the borrowing or receiving date, except the borrowed or received money in accordance with the rules and conditions as prescribed by the Bank of Thailand;

(2) all the money borrowed or received from the public apart from the money mentioned in (1)

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

(1) deposits at the Bank of Thailand in an amount not less than 0.5 per cent;

(2) unencumbered securities in an amount not less than 4.5 per cent as follows:

(a) Thai Government securities;

(b) debentures, bonds, or debt instruments guaranteed by the Ministry of Finance in respect of repayment of principals and payment of interests;

(c) bonds or debt instruments issued by the Financial Institutions

Development Fund;

(d) debentures, bonds, or debt instruments guaranteed by the Financial Institutions Development Fund in respect of repayment of principals and payment of interests;

(e) debentures or bonds issued by the Industrial Finance Corporation of Thailand or bonds issued by state organization or state enterprises established by specific laws;

(f) promissory notes issued by the Krung Thai Thanakit 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.

(3) unencumbered deposits at commercial banks located in Thailand;

(4) unencumbered lending, which is repayable on demand, to commercial banks located in Thailand and the Financial Institutions Development Fund

(5) unencumbered certificate of deposits issued by commercial banks

Article 4. Liquid assets required to be maintain in accordance with Article 3 above shall be computed on the basis of the weekly average of the

daily liquid assets and the weekly average of the daily money borrowed or received from the public, taking Friday as the first day of the week and Thursday as the last day of the week.

Article 5. This Notification shall come in force on and from 23rd April B.E.2542.

Given on 1 April B.E.2542

(M.R. Chatu Mongol Sonakul)
Governor
Bank of Thailand

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