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**Unofficial Translation—**

16 November B.E. 2542

The Manager,  
All Commercial Banks

No. BOT.FPG.(12).C. 3862 /2542 Re: Changing the definition of short term foreign borrowings subject to liquidity reserve requirement

Enclosed herewith is the Notification of the Bank of Thailand Re: Prescription on maintenance of liquid assets by commercial banks dated 3<sup>rd</sup> November B.E. 2542. The Notification was published in the Government Gazette, General Issue, Volume 116, Special Part 91 Ngor., dated 10<sup>th</sup> November B.E. 2542 and shall be in effect from 23<sup>rd</sup> November B.E. 2542

The essence of the Notifications is to change the definition of short term foreign borrowings and short term deposits of non-resident accounts ( in case of the Bangkok International Banking Facilities and the Provincial International Banking Facilities ) subject to liquidity reserve requirement as follows:

1. Short term foreign borrowings means total foreign borrowings which are due within 1 year from the borrowing date, and those which are repayable or may be recalled within 1 year from the borrowing date.
2. Short term deposits of non-resident accounts ( in case of the Bangkok International Banking Facilities and the Provincial International Banking Facilities ) means total deposits of non-resident accounts which may be withdrawn within 1 year from the depositing date

The aforementioned definition shall also include foreign borrowings and deposits of non-resident accounts which are due within 366 days in the leap year and foreign borrowings which are due within 1 year but the settlement date is on the bank holiday thus the settlement date is deferred to the next business day.

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Please be informed accordingly.

Yours sincerely,

Mrs. Tarisa Watanagase  
Assistant Governor  
for Governor

Enclosed : The Notification of the Bank of Thailand Re: Prescription on maintenance of liquid assets by commercial banks dated 3<sup>rd</sup> November B.E. 2542

Financial Institutions Policy Department  
Tel. 283-5868 , 283-5843

Note: the Bank of Thailand will not elucidate the detail of this letter.

**Translation\***  
**Notification of the Bank of Thailand**  
**Re: Prescription on maintenance of liquid assets by commercial banks**

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By virtue of the provisions of Section 11 ter, Section 11 quarter and Section 11 quinque 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 1<sup>st</sup> April B.E. 2542 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 *1 year* from the borrowing date, and those which are repayable or may be recalled within *1 year* 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 *1 year* 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 *1 year* from the borrowing date, and those which are repayable or may be recalled within *1 year* 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> November B.E.2542.

Given on 3 November B.E.2542.

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

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