

BAHT – DENOMINATED BOND IN THAILAND

BY PUBLIC DEBT MANAGEMENT OFFICE - MINISTRY OF FINANCE, KINGDOM OF THAILAND

Baht-denominated Bond in Thailand (Baht Bond)

OBJECTIVES

- To develop domestic bond market by increasing the proportion of foreign issuers and variety of products.
- To provide the opportunity for domestic investors to invest in a good quality bond

BENEFITS

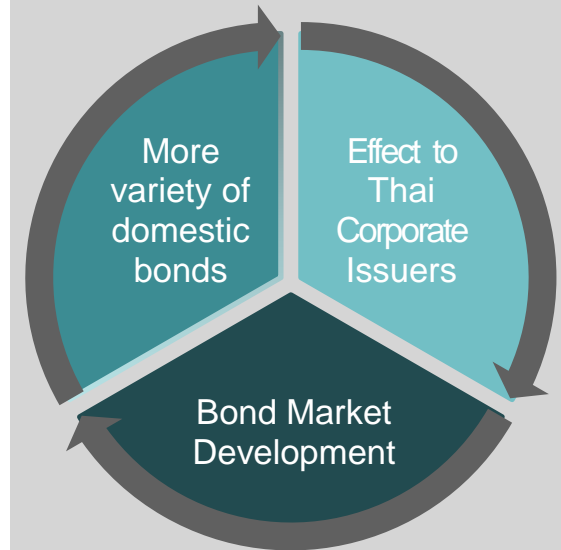
INVESTORS

- To diversify source of investment
- To reduce FX risk from the investment in foreign bonds

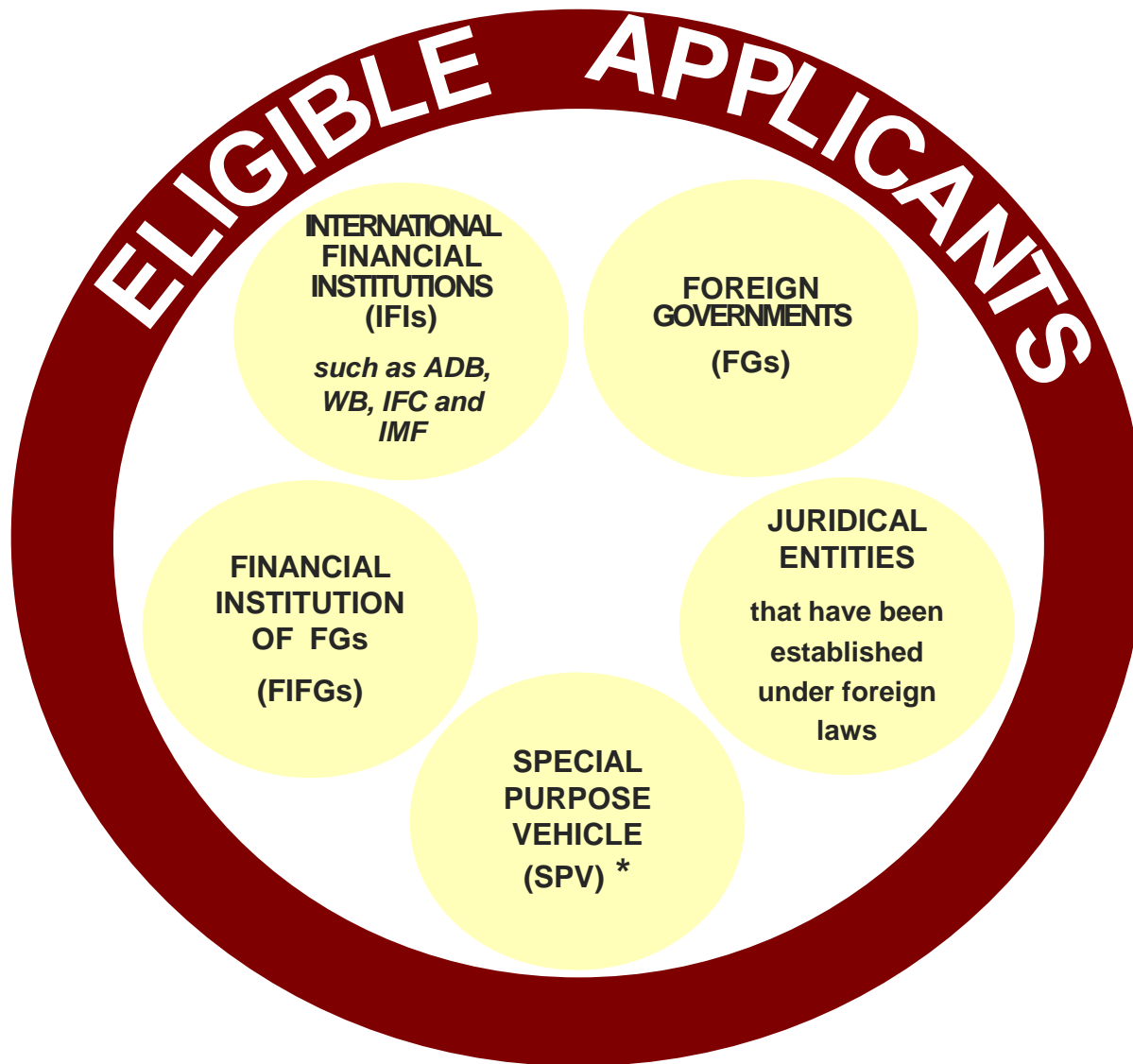
ISSUERS

- To diversify the portfolio
- To reduce the FX risk in THB currency (for foreign investors who would like to raise fund for investment in Thailand)

TRADE - OFF



Eligible Applicants For Baht Bond



* Remark: Special Purpose Vehicle (SPV) is established for the purpose of the securitization in which the originator is foreign government agency or organization and/or foreign juridical person.

Rules & Regulations of Baht Bond

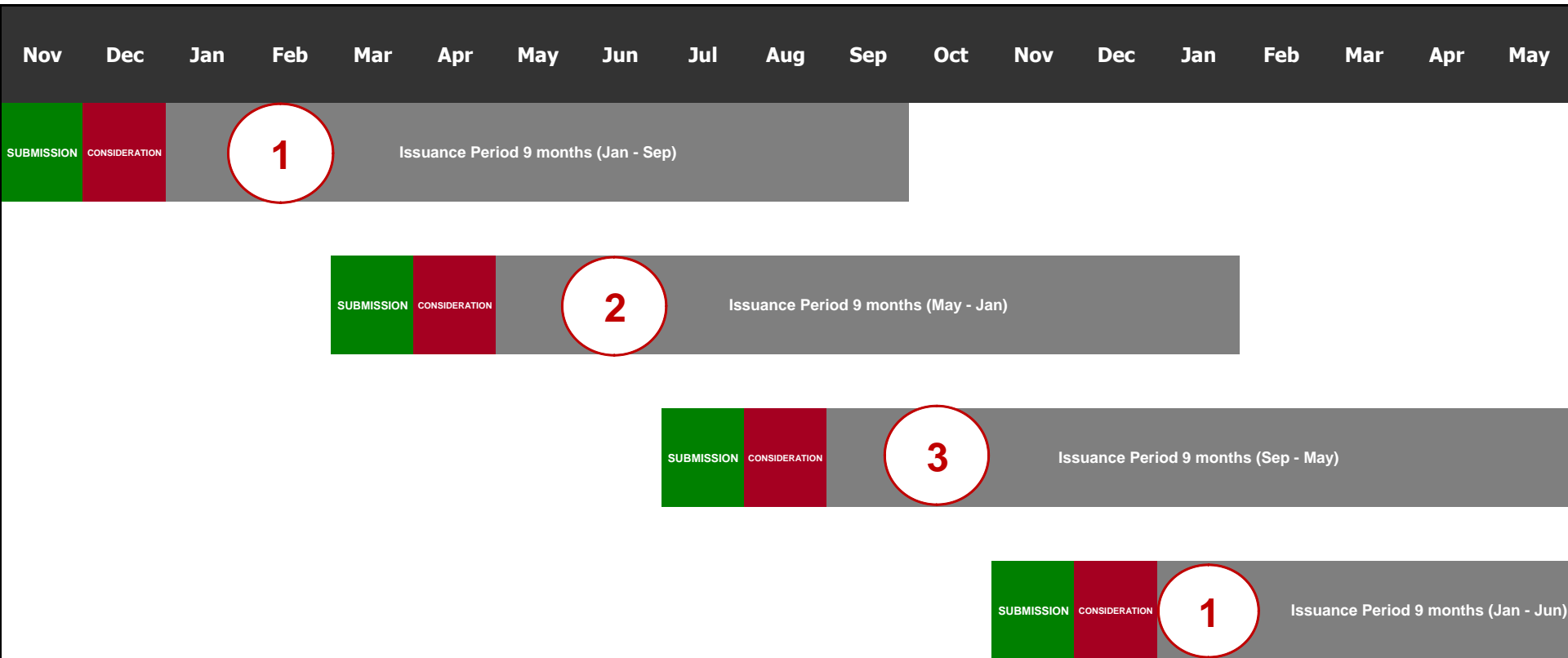
- There are 3 rounds of Baht Bond application process. The applicants can submit the letter of application, including all the relevant documents, to the Minister of Finance as followed:

Round	Submission Period	Consideration Period	Issuance Period
1	November	December	1 January – 30 September
2	March	April	1 May – 31 January
3	July	August	1 September – 31 May

OTHER TERMS AND CONDITIONS

- The permitted institutions must issue Baht Bond within the allowed issuance period.
- Any permitted institutions that issued Baht Bond with *full* authorized amount before the next submission period are allowed to submit the new letter of application in the next period.
- Any permitted institutions that has issued Baht Bond with *partially* authorized amount are allowed to submit the new letter of application in the last available submission period prior to the end of the original issuance period.
- Any permitted institutions that were *unable* to issue Baht Bond within the specific period will not be eligible to re-submit their application until the granted period is expired.
- The institutions that their Baht Bond applications are rejected due to quota limitation are allowed to re-submit their new letters of application in the next round without having to provide additional information for MoF consideration.
- The institutions that their Baht Bond applications are rejected due to insufficient qualifications are allowed to re-submit their letters of application in the next round, provided that they submit additional useful information for MoF consideration.

Timeline For Baht Bond Application Process



APPLICATION PROCESS : 3 rounds per year (9-mth issuance period for each round)

* The approval period is based on the fiscal period under Thai government law (October – September)

“THE LETTER OF APPLICATION” must include ...



The Requirements Under The Notification of Ministry of Finance

ENFORCING LAWS AND COURT JURISDICTION

- Thailand's laws and Thai court jurisdiction
- Other laws and court jurisdiction approved by Finance Minister

WAIVER OF IMMUNITY

Any immunities from the legal proceedings or enforcements must be surrendered except for immunity in respect to the following properties that grantee may decide not to waive;

- (1) Property used by a diplomatic or consular mission in Thailand
- (2) Property of a military character
- (3) Property located in its territory and dedicated to public or government use as distinguished from the property dedicated to commercial use.

DISCLOSURE OF INFORMATION

Must comply with SEC regulations and notifications

BOND OR DEBENTURE HOLDER REPRESENTATIVE *

Shall appoint the bond or debenture holder representative in Thailand during the tenure of bond or debenture for the benefits to the holders

CONTACT PERSON IN THAILAND *

Shall appoint a representative in Thailand to act as a person during the tenure of the bond or debenture in order to receive letters, orders, notices, and documents, or to contact the relevant authorities

REGISTRAR

Shall appoint Thailand Securities Depository Company Limited (TSD) or other registrar designed by Finance Minister

REGISTRATION

Grantee shall have their bonds or debentures registered with Thai Bond Market Association (ThaiBMA)

UPDATES OF DISCLOSURE INFORMATION*

- Within 180 days from the end of each fiscal year or financial year
- Immediately when the financial status or structure of the permitted entities, or where the economy undergo significant changes

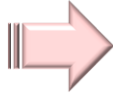
DUTIES UNDER OTHER RELATED LAWS*

- Seeking an approval for the use of the proceeds from the issuance of Baht-denominated bonds or debentures from Bank of Thailand (BoT)
- Obligation to tax liability and tax withholding

* Must be specified in the rights and obligations of bond/debenture issuers and holders

Steps to be done at Securities and Exchange Commission (SEC)

**APPROVAL
FROM
MoF**



STARTING OF EFFECTIVE DATE

- PO- after 14 days cooling and when SEC receives completed information on bond's features
- II&HNW – next business day

STEP 1

DOCUMENT SUBMISSION TO SEC BEFORE EACH ISSUANCE

- 1) Draft of terms and conditions stating the rights and duties of the bond/debenture holders
- 2) Filing *
- 3) Prospectus *

* These processes are not required if;

- i. The offer is made to fewer than 10 investors
- ii. IBRD, IFC, ADB and IMF

* These processes must include;

- i. Rating : PO – issue/guarantor rating , II&HNW – issue/issuer/guarantor rating
- ii. Financial statement complying with IFRS, FAS, and US GAAP accounting standards or approved by SEC (case by case basis)
- ii. Recent national macroeconomic data both fiscal and monetary terms (foreign government issuer) dated back 5 years
- iii. Necessary and sufficient information for investors to make an informed decision
- iv. Name and address of contact person in Thailand
- v. Authorized Board of Directors who can certify documentation

Remark: The issuers can shelf – filling for up to 2 years

STEP 2

BOND ISSUANCE

(issue within 6 mths period from MOF's approval date)

STEP 3

REPORT OF ISSUANCE RESULT TO THE SEC

STEP 4

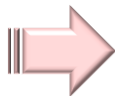
FINANCIAL POSITION REPORT AND ANNUAL REPORT TO SEC

- Audited Financial Statement – same period of time as home regulators, but not exceed 180 days from year ended
- Updated information disclosed in prospectus annually (only in case of offering to retail investors)

Note:
II&HNW = specified institutional
and high net worth investors

Steps to be done at Bank of Thailand (BoT)

**APPROVAL
FROM
MoF**



STEP 1

OPENING SPECIAL NON-RESIDENT BAHT ACCOUNT (SNA) WITH BoT

STEP 2

**OPENING A SNA WITH A FINANCIAL INSTITUTION
WHO ACTS AS A CUSTODIAN OF THE ACCOUNT**

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**THE CONFIRMATION OF NOT HAVING SNA
WITH OTHER FINANCIAL INSTITUTIONS**

DEPOSIT OF THB CURRENCY TO SNA

Must be the THB currency proceeding from the issuance of Baht-denominated bond or debentures

***WITHDRAWAL OF THB CURRENCY
FROM SNA***

- 1) For commercial business or investment purpose in Thailand or neighbor countries
- 2) Currency swap transaction with domestic financial institutions
- 3) Short-term lending domestic financial institutions in swap, short-term securities investment private repo, negotiable certificated of deposit or fixed deposit less than 6 months

STEP 3

REPORTING TO BoT