

EMERGENCY DECREE  
AUTHORISING THE MINISTRY OF FINANCE TO RAISE AND MANAGE LOAN  
TO ASSIST THE FINANCIAL INSTITUTIONS DEVELOPMENT FUND, PHASE TWO,  
B.E. 2545 (2002)

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BHUMIBOL ADULYADEJ, REX.

Given on the 23<sup>rd</sup> Day of June B.E. 2545;

Being the 57<sup>th</sup> Year of the Present Reign.

His Majesty King Bhumibol Adulyadej is graciously pleased to proclaim that:

Whereas it is expedient to have a law on authorising the Ministry of Finance to raise and manage loan to assist the Financial Institutions Development Fund, phase two;

By virtue of the provisions in section 218 of the Constitution of the Kingdom of Thailand, the King hereby issues the Emergency Decree as follows:

**Section 1.** This Emergency Decree is called the “Emergency Decree Authorising the Ministry of Finance to Raise and Manage Loan to Assist the Financial Institutions Development Fund, Phase Two, B.E. 2545 (2002)”.

**Section 2.** This Emergency Decree shall come into force as from the day following the date of its publication in the Government Gazette.\*

**Section 3.** The Ministry of Finance, with approval from the Council of Ministers, shall have the power to raise a loan in Thai Baht in the name of the Government of the Kingdom of Thailand to compensate for the losses of the Financial Institutions Development Fund.

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\* Published in the Government Gazette, Vol. 119, part 60a, page 1, dated 25<sup>th</sup> June B.E. 2545 (2002).

The aggregate amount of the loan under paragraph one shall not exceed seven-hundred and eighty billion baht in total.

**Section 4.** In the raising of loan under this Emergency Decree, the Ministry of Finance, apart from entering into a loan agreement, shall have the power to raise a loan through the issuance of bonds or other instruments from time to time.

The money obtained through the raising of loan under paragraph one shall be used for the purpose of which the money is loaned, without having to be remitted to the treasury pursuant to the law on budgetary procedure and the law on treasury reserves.

**Section 5.** The amount, management and procedure in relation to the raising of loan in each fiscal year shall be as approved by the Council of Ministers.

**Section 6.** Each raising of loan shall be reported to the Council of Ministers for information and published in the Government Gazette within sixty days from the date of entering into a loan agreement or of the issuance of bonds or other instruments. The report and publication shall contain the amount of the loan, interest rate, condition, fee, all expenditure, and the term of principal repayment.

**Section 7.** In the case where The Ministry of Finance deems it appropriate to restructure its debt under section 3 or extend the term of repayment or reduce the burden of the original debt, the Ministry of Finance, with approval from the Council of Ministers, shall have the power to raise a loan for such purposes. The provisions of section 4, section 5 and section 6 shall apply *mutatis mutandis*.

The amount of loan under paragraph one shall not be included in the aggregate amount under section 3.

**Section 8.** An account shall be set up within the Banking Department of the Bank of Thailand, called the “Savings Account for the Repayment of Principal of Loan to Compensate for the Losses of the Financial Institutions Development Fund”, for the purpose of repaying the principal of loan under this Emergency Decree and the principal of loan made through the bonds of the Financial Institutions Development Fund which are

guaranteed by the Ministry of Finance in accordance with the resolution of the Council of Ministers on the 31<sup>st</sup> day of October, B.E. 2543.

During the repayment of principal under paragraph one, the remaining asset in the annual benefit account under the law on currency, subsequent to year-end expenditure, shall be transferred to the account under paragraph one without having to be transferred to the special reserve account until the total amount is equivalent to the principal of loan under paragraph one.

**Section 9.** The revenue of the Bank of Thailand which is asset in the account under section 8 paragraph one shall not be allocated as monetary reserves or remitted to the State pursuant to the law on the Bank of Thailand or any other law. The Bank of Thailand shall have the duty to safeguard and manage such asset, and to exchange foreign currency into Thai Baht to accord with the principal of loan under this Emergency Decree, including the power to spend the money from the account for any of the purposes, as follows:

(1) to repay the principal of loan under this Emergency Decree;

(2) to repay the principal of loan made through bonds of the Financial Institutions Development Fund which are guaranteed by the Ministry of Finance in accordance with the resolution of the Council of Ministers on the 31<sup>st</sup> day of October, B.E. 2543.

Where the Ministry of Finance deems it appropriate to repay the principal of loan under paragraph one, the Bank of Thailand shall order such payment and remit the money to the Ministry of Finance.

**Section 10.** Expenditure money for the repayment of interest of loan under this Emergency Decree shall be set up in the annual expenditure budget, except for the interest of loan to be paid in the fiscal year of B.E. 2546, which shall be paid by the Financial Institutions Development Fund.

**Section 11.** The Minister of Finance or a person entrusted by the Minister of Finance shall have the power to raise a loan in accordance with this Emergency Decree.

**Section 12.** The Minister of Finance shall have charge and control of the execution of this Emergency Decree.

Countersigned by

Police Lieutenant Colonel Thaksin Shinawatra

Prime Minister

**Remarks:** The reasons for the promulgation of this Emergency Decree are as follows. Due to the economic crisis in Thailand in the past period of time which has an impact on the confidence in financial institutions and financial system of the country, the Government at that time and later has taken several measures to solve the crisis and to maintain stability of the financial institution system, for instances, by promoting liquidity of financial institutions, providing insurance and assistance to depositors and creditors of financial institutions, repaying the debt on behalf of financial institutions, raising the capital of financial institutions, and taking measures in relation to non-performing assets or non-profitable assets of financial institutions. In doing so, the Financial Institutions Development Fund is the agency being responsible and taking the financial burden in the undertaking of such measures that consequently results in damage on the financial status of the Financial Institutions Development Fund. Despite the enactment of the Emergency Decree Authorising the Ministry of Finance to Raise and Manage Loan to Assist the Financial Institutions Development Fund, B.E. 2541 (1998) to compensate for the losses and restructure financial sources of the Financial Institutions Development Fund within the financial amount of five-hundred billion baht, and Government guarantee of the bonds of the Financial Institutions Development Fund in accordance with the resolution of the Council of Ministers on the 31<sup>st</sup> day of October, B.E. 2543, such damage still remains. As it is expedient for the Ministry of Finance to raise a loan and manage loan to assist the Financial Institutions Development Fund for the second phase, which the Ministry of Finance takes the burden of interest thereof and the Bank of Thailand has the duty to repay the principal of loan, and as it is the case of urgent necessity which cannot be avoided for the benefit of preserving economic stability of the country, it is therefore necessary to enact this Emergency Decree.