

Translation

MINISTERIAL REGULATION  
PRESCRIBING RULES, PROCEDURES AND CONDITIONS ON ISSUANCE, PURCHASE, SALE AND  
TRANSFER OF DEBT INSTRUMENTS AND USE OF DEBT INSTRUMENTS AS SECURITY,  
B.E. 2550 (2007)\*

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By virtue of section 5 and section 11 of the Public Debt Management Act, B.E. 2548 (2005), the Minister of Finance hereby issues the Ministerial Regulation as follows:

CHAPTER I  
ISSUANCE OF DEBT INSTRUMENTS

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**Clause 1.** The Ministry of Finance may issue the following debt instruments:

- (1) treasury bills;
- (2) bonds;
- (3) promissory notes.

Debt instruments issued under paragraph one may be with scrip or scripless.

**Clause 2.** The scrip debt instruments shall be in the form annexed to this Ministerial Regulation.

**Clause 3.** The Ministry of Finance may entrust the Bank of Thailand or other juristic persons as a registrar.

**Clause 4.** The registrar shall have the duty to prepare a register of debt instruments which is accurate and up-to-date, and to maintain the register of debt instruments.

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\* Published in the Government Gazette, Vol. 124, Part 35a, dated 18<sup>th</sup> July B.E. 2550 (2007).

The register of debt instruments under paragraph one shall at least contain the name of debt instrument holders and necessary details of the debt instruments.

**Clause 5.** The Bank of Thailand or other juristic persons determined by the notification of the Ministry of Finance shall be the depository of scripless debt instruments.

**Clause 6.** A holder of scrip debt instruments who wishes to convert them to scripless debt instruments, shall notify and deliver the scrips to the debt instrument depository.

The debt instrument depository shall notify the conversion of the debt instrument type and deliver such scrip to the registrar.

**Clause 7.** A holder of scripless debt instruments who wishes to convert them to the scrip debt instruments shall notify the debt instrument depository.

The debt instrument depository shall notify the conversion of the debt instrument type to the registrar for issuance of scrips to the holder of such debt instrument.

**Clause 8.** The Bank of Thailand shall be an agent of the Ministry of Finance in making payment with respect to treasury bills and bonds.

## CHAPTER II

### PURCHASE AND SALE OF DEBT INSTRUMENTS

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**Clause 9.** The Ministry of Finance may also entrust a juristic person other than the Bank of Thailand as a selling agent of the debt instruments.

In the case where the Ministry of Finance entrusts other juristic person as a selling agent of the debt instruments, the Ministry of Finance shall take into consideration such juristic person's ability to distribute the debt instruments and appropriateness of all expenses related to distribution of the debt instruments.

**Clause 10.** A juristic person who is a selling agent of debt instruments under clause 9 shall possess the qualifications as follows:

(1) being a financial institution which is licensed as a selling agent under law on securities and exchange, or being a financial institution established by law; and,

(2) having information technology system which is suitable and useful for distribution of debt instruments.

**Part 1**  
**Treasury Bills**

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**Clause 11.** Distribution of treasury bills shall be done through yield based auction<sup>1</sup> or purchase offering<sup>2</sup>, provided that the mean of purchase offering may be adopted only when distribution of the treasury bills through yield based auction is adopted at the same occasion.

**Clause 12.** In distribution of treasury bills under clause 11, the Ministry of Finance shall issue a notification, which shall at least contain the details as follows:

- (1) total amount and maturity of the treasury bills;
- (2) ratio of treasury bills underwritten through yield based auction or purchase offering;
- (3) procedures and conditions of the yield based auction or purchase offering, and allocation of the treasury bills;
- (4) amount of fine or rescission of contract, in cases of delay or failure of payment of treasury bills (if any).

**Clause 13.** The rules for distribution of treasury bills through yield based auction shall be as follows:

- (1) Eligible bidders are banks, financial institutions appointed by the Bank of Thailand as primary dealer and juristic persons determined by notification of the Ministry of Finance.
- (2) An eligible bidder under (1) who wishes to make a bid shall submit an offer to the Bank of Thailand in the form prescribed by notification of the Ministry of Finance.
- (3) Subject to clause 16, the Ministry of Finance shall first allocate the treasury bills to the bidder who offers the lowest yield rate, and then allocate them to the bidder who

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<sup>1</sup> Translator's Note: In this context, yield based auction means a competitive bidding.

<sup>2</sup> Translator's Note: In this context, purchase offering means a non-competitive bidding.

offers higher yield rate in respective order, provided that total allocated amount shall not exceed the amount specified for the auction date, and the bidders shall be informed of the result on such auction date.

In the case where there are multiple bidders who offer the lowest yield rate and the sum of such bidding amounts exceeds the specified total amount, the treasury bills shall be allocated *pro rata* to the corresponding bidders. If there is remaining amount of treasury bills, the treasury bills shall be allocated to the first bidder.

(4) A bidder to whom the treasury bills are allocated shall make payment of the treasury bills allocated to him or her by allowing the Bank of Thailand to deduct money from the deposit account existing at the Bank of Thailand or transferring the money to the “Debt Instrument Management Current Account” at the Bank of Thailand, in accordance with the Bank of Thailand regulation on BAHTNET services.

**Clause 14.** The rules for distribution of treasury bills through purchase offering shall be as follows:

(1) Eligible offerors are natural persons and juristic persons determined by notification of the Ministry of Finance.

(2) An eligible offeror under (1) who wishes to make an offer shall submit an offer to a financial institution appointed by Bank of Thailand as a primary dealer or other agency determined by notification of the Ministry of Finance. The offer shall contain the amount offered to purchase and a pledge to accept the average yield rate of the successful bidders ascertained on the date of the yield based auction taken place on the same occasion. The offer shall be in the form prescribed by notification of the Ministry of Finance.

(3) After receiving the offers, the financial institution or other agency under (2) shall send such offers to the Bank of Thailand.

(4) The Ministry of Finance shall allocate the treasury bills to the offerors in accordance with the conditions prescribed by notification of the Ministry of Finance.

(5) an offeror to whom the treasury bills are allocated shall make payment of the treasury bills allocated to him or her to the financial institution or other agency under (2) to which he or she submits the offer. Such financial institution or other agency shall be responsible

for paying the money to the Bank of Thailand by allowing the Bank of Thailand to deduct money from the deposit account existing at the Bank of Thailand or transferring the money to the “Debt Instrument Management Current Account” at the Bank of Thailand, in accordance with the Bank of Thailand regulation on BAHTNET services.

**Clause 15.** A bid for the yield based auction or a purchase offer shall be sent through electronic mean to the Bank of Thailand in accordance with the Bank of Thailand regulation on provision of services of debt instrument auction transactions through electronic channel (e-Bidding).

In the case where there is an obstruction due to which a bid for a yield based auction or a purchase offer cannot be sent through electronic mean under paragraph one, the bid or offer shall be sent to the Bank of Thailand in the form and in accordance with the procedures prescribed by notification of the Bank of Thailand.

**Clause 16.** The Ministry of Finance may decide not to allocate the treasury bills to any or every bidder for a partial or whole amount of auction in the following cases:

(1) the offered yield rate significantly distorts the market price.

(2) the offered yield rate is higher than that acceptable to the Ministry of Finance, due to political, economic or social instability within or outside the country that has impact on the financial market.

In the case where no person is allocated the treasury bills under paragraph one, the Ministry of Finance shall issue a notification cancelling the distribution of the treasury bills in that part or that occasion.

**Clause 17.** Where the notification cancelling the distribution of treasury bills is issued under clause 16 paragraph two or the distribution of treasury bills fails to meet the amount set forth in clause 12, the Ministry of Finance may include the cancelled or remaining amount into subsequent occasions of the distribution of the treasury bills.

**Clause 18.** In repaying the treasury bills, the Bank of Thailand shall transfer the money to holders of the treasury bills as notified by the registrar. In case of scrip treasury bills, the transfer shall be made only upon receiving the scrips.

## Part 2

### Bonds

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**Clause 19.** Distribution of bonds shall be done through yield based auction, purchase offering or direct distribution, provided that the mean of purchase offering may be adopted only when distribution of the bonds through yield based auction is adopted at the same occasion.

In case of emergency or necessity for the purpose of public debt management, means of private placement or price agreement may be adopted in accordance with the rules, procedures and conditions prescribed by notification of the Ministry of Finance on an occasional basis.

**Clause 20.** The provisions of clause 12, clause 13, clause 14, clause 15, clause 16 and clause 17 shall apply to distribution of bonds through yield based auction and price offering *mutatis mutandis*.

**Clause 21.** The rules for distribution of bonds through direct distribution shall be as follows:

(1) The Ministry of Finance shall prepare a written invitation and make it available to the public. Such invitation shall at least specify the amount, maturity of the bond, interest rate, conditions on transfer of rights, restriction on use of the bond as security and conditions on buy-back of the bond.

(2) Eligible buyers are natural persons, non-profit juristic persons or other juristic persons determined by notification of the Ministry of Finance.

(3) An eligible buyer under (2) who wishes to purchase the bond shall submit to the selling agent of debt instruments an offer specifying the amount he or she offers to purchase in the form prescribed by notification of the Ministry of Finance.

(4) The Ministry of Finance shall prescribe rules, procedures and conditions of the distribution of bonds, taking into consideration the distribution of bond holding, equity and transparency.

In the case where the distribution fails to meet the amount specified in the written invitation under (1), the Ministry of Finance may include the remaining amount into subsequent occasions of the distribution of bonds.

**Clause 22.** In paying the interest of bonds, the Bank of Thailand shall transfer the money to the bond holder or other persons requested by the bond holder, as notified by the registrar.

**Clause 23.** The provisions of clause 18 shall apply to repayment of bonds *mutatis mutandis*.



**Part 3**  
**Promissory Notes**

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**Clause 24.** Issuance and distribution of promissory notes shall be done through yield based auction, provided however that in case of emergency or necessity for the purpose of public debt management, the mean of price negotiation may be adopted.

**Clause 25.** The rules for issuance and distribution of promissory notes through yield based auction shall be as follows:

(1) The Ministry of Finance shall send a letter of invitation to make bids to financial institutions or juristic persons determined by notification of the Ministry of Finance as the Ministry deems appropriate. Such letter shall at least specify the amount, maturity of the promissory notes, conditions of prepayment and other conditions necessary to making an offer in the yield based auction.

(2) An eligible bidder under (1) who wishes to make a bid shall submit an offer specifying the yield rate in the form and in accordance with the rules prescribed by the Ministry of Finance.

(3) The Ministry of Finance shall issue the promissory note to the bidder who offers the lowest yield rate, and clause 16 shall apply *mutatis mutandis*.

(4) The payment made for the price of promissory notes shall be as prescribed by the Ministry of Finance.

**CHAPTER III**  
**TRANSFER OF DEBT INSTRUMENTS**

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**Clause 26.** To transfer scrip treasury bills or bonds, the transferor and the transferee shall submit a letter requesting the transfer of rights to the registrar in the form

prescribed by the registrar, to which the treasury bill or bond to be transferred shall also be attached.

Upon verification, the registrar shall record the transfer and affix his or her signature on such treasury bill or bond, and deliver it to the transferee. The transfer shall also be recorded in the register of treasury bills or bonds.

**Clause 27.** To transfer scripless treasury bills or bonds, the depositor who is the transferor shall notify the depository of debt instruments in the form or in accordance with the procedure prescribed by the depository.

The transfer of treasury bills or bonds under paragraph one shall have full effect when the depository of debt instruments has recorded it in the account of the depositor who is the transferee.

**Clause 28.** The transfer of promissory notes shall be in accordance with the provisions on promissory notes of the Civil and Commercial Code.

#### CHAPTER IV

#### USE OF DEBT INSTRUMENTS AS SECURITY AND ENFORCEMENT OF SECURITY

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**Clause 29.** The provisions of Title 13 in Book 3 of the Civil and Commercial Code shall apply to the use of scrip debt instruments as security by pledge *mutatis mutandis*, unless otherwise provided particularly in this Chapter.

**Clause 30.** The provisions of section 748 (1), (2) and (3), section 754 paragraph two, section 755, section 756, section 758, section 761, section 767, section 768 and section 769 (1) of the Civil and Commercial Code shall apply to the use of scripless debt instruments as security *mutatis mutandis*.

**Clause 31.** Procedures for using scripless debt instruments as security and withdrawal thereof shall be as prescribed in clause 32 and clause 33, provided however that in the case where the Securities Depository Center under law on securities and exchange is the depository of the debt instruments, it shall be governed by the law on securities and exchange.

**Clause 32.** In using scripless debt instruments as security, the security provider and security receiver shall notify the depository of debt instruments in the form prescribed by the depository of debt instruments.

The use of debt instruments as security under paragraph one shall have full effect when the depository of debt instruments has recorded the use in the account of the security receiver.

Upon request of the security receiver, the depository of debt instruments shall issue evidence to confirm the use of such debt instrument as security to the security receiver.

**Clause 33.** With respect to withdrawal of use of scripless debt instruments as security, the security provider and security receiver shall notify the depository of debt instruments in the form prescribed by the depository of debt instruments.

Upon verification, the depository of debt instruments shall record the withdrawal of use of the debt instrument as security in the account of the security receiver.

**Clause 34.** The enforcement of security shall proceed as follows:

(1) In the case where the debt instrument is due and payable, the security receiver shall collect the payment under the debt instrument on the due date without having to notify the security provider.

(2) In the case where the debt instrument has not yet due and payable, the security receiver shall notify in writing the security provider to perform the obligation within a reasonable period of time. If the security provider fails to comply with the notice, the security receiver may sell the debt instrument placed as security in a public auction or sell it in a general debt instrument exchange.

Given on the 3<sup>rd</sup> day of July B.E. 2550 (2007)

Chalongphob Sussangkarn

Minister of Finance

**Remarks:** The reasons for promulgation of this Ministerial Regulation are as follows. Whereas section 11 paragraph two of the Public Debt Management Act, B.E. 2548 (2005) prescribes that the issuance, purchase, sale and transfer of debt instruments, use of debt instruments as security, enforcement of security and appointment of selling agents shall be in the form and in accordance with the rules, procedures and conditions prescribed in a Ministerial Regulation, it is therefore necessary to issue this Ministerial Regulation.

(Garuda Emblem)

Price per Unit .....

Treasury Bill No. ....

Registration No. ....

(Bill Name)

This treasury bill is issued under the Public Debt Management Act, B.E. 2548 (2005).

This treasury bill represents the rights of .....  
who is entitled to receive payment in amount of .....  
baht  
(.....) from the Ministry of  
Finance on the date of .....

..... B.E. ....

*Suriyamonton Noi* Emblem  
(Minor Solar Precincts Emblem)

.....  
Minister of Finance

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Registrar

(Garuda Emblem)

Price per Unit .....

Bond No. ....

Registration No. ....

(Bond Name)

The Ministry of Finance promises that the holder of this bond is .....  
who is entitled to payment under the bond in the amount of ..... baht  
( ..... ) on the date  
of ..... and that during the period of this bond, he or she is entitled to interest  
at the rate of ..... per cent which shall be paid on the date of ....., and has the  
right to transfer ownership of and to pledge this bond subject to the conditions specified in the back of this bond.

..... B.E. ....

*Suriyamonton Noi* Emblem  
(Minor Solar Precincts Emblem)

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Minister of Finance



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Registrar

(Garuda Emblem)

## Promissory Note

No. ....

Date of Issuance .....

Place of Issuance .....

Place to Repayment .....

The Ministry of Finance promises to make payment in the amount of ..... baht (.....) on the date of ..... and that during the period of this promissory note, it shall pay the interest at the rate of ..... to ..... within the date of .....

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Minister of Finance