

BY-LAW OF THE MINISTRY OF FINANCE
ON THE PURCHASING OF FOREIGN CURRENCY AND FOREIGN SECURITY
FOR THE PURPOSE OF DEBT REPAYMENT WHEN DUE,
B.E. 2535 (1992) *

By virtue of section 7 (5) of the Treasury Reserves Act, B.E. 2491 (1948), as amended by the Treasury Reserves Act (No.4), B.E. 2534 (1991), the Ministry of Finance with the approval of the Council of Ministers hereby issues the by-law, as follows:

CHAPTER I
GENERAL PROVISIONS

Clause 1. In this by-law:

“security” means bond or security of the foreign government, security guaranteed by the government of a foreign country or security of an international financial institution, but does not include security which is a share;

“bank” means a commercial bank within this country or a commercial bank in a foreign country;

“Minister” means the Minister of Finance;

“Committee” means the Committee on the Purchase of Foreign Currency and Security Using Treasury Reserves.

Clause 2. In using treasury reserves to purchase foreign currency or security, the following rules shall be followed:

2.1 the Minister shall approve the payment of treasury reserves to purchase foreign currency or foreign security in a currency which the debt will be repaid, the financial

* As amended up to the By-law of the Ministry of Finance on the Purchasing of Foreign Currency and Foreign Security for the Purpose of Debt Repayment When Due (No. 3), B.E. 2550 (2007).

amount of which shall not exceed the amount of debt which will be due within the period not exceeding 5 years in accordance with the loan agreement the Ministry of Finance entered into as the borrower;

2.2 the approval of payment made from treasury reserves under clause 2.1 shall also take into account the amount of treasury reserves required to sufficiently meet other expenses.

Clause 3.¹ There shall be one committee called “the Committee on the Purchase of Foreign Currency and Security Using Treasury Reserves”, consisting of the Deputy Permanent Secretary of the Ministry of Finance, Chief of the Expense and Debt Cluster as the Chairperson, and the Governor of the Bank of Thailand, the Comptroller-General, the Director-General of the Fiscal Policy Office and the Director-General of the Public Debt Management Office as members, with the Executive Director of the Payment Administration Bureau as a member and a secretary, and the Director of the Internal Debt payment Division as a member and an assistant secretary.

The Committee shall have the powers and duties as follows:

3.1 to consider the currency and the amount of money to be repaid in accordance with loan agreement in order to request for an approval of payment of treasury reserves to purchase foreign currency or security for the purpose of debt repayment;

3.2 to consider and use treasury reserves to purchase foreign currency or security for the purpose of debt repayment under clause 3.1 in accordance with the procedures as it deems appropriate;

3.3 to consider the deposit of foreign currency in a bank;

3.4 to determine the rules and procedures in relation to the supervision of security as well as to consider and appoint a custodian and other related matters;

3.5 to consider other expenses which may be incurred from the execution of this by-law;

3.6 to report the operation result to the Minister.

The Committee has the power to appoint a sub-committee to consider a matter within the powers and duties of the Committee as it deems appropriate.

¹ Clause 3 is amended by the By-law of the Ministry of Finance on the Purchasing of Foreign Currency and Foreign Security for the Purpose of Debt Repayment When Due (No. 3), B.E. 2550 (2007).

CHAPTER II
PURCHASING OF FOREIGN CURRENCY
AND DEPOSITING OF FOREIGN CURRENCY IN A BANK

Clause 4. In purchasing a foreign currency, the currency in which the debt will be repaid shall be purchased, the amount of which shall not exceed the amount of debt which will be due within the period not exceeding 5 years in accordance with the loan agreement the Ministry of Finance entered into as the borrower.

Clause 5. The Ministry of Finance or a person entrusted by the Ministry of Finance shall purchase a foreign currency at the rate which it deems best.

Clause 6. In depositing foreign currency in a bank, foreign currency shall be deposited in a bank within this country or a bank in a foreign country as follows:

6.1² a government-owned bank or a bank approved by the Ministry of Finance;

6.2 a commercial bank in a foreign country with the following qualities:

(1) having the size of funds which ranks between top 1 to 100 in the world, and;

(2) having the size of funds which ranks between top 1 to 10 in the USA or Japan, or 1 to 3 in other countries, and;

(3) being rated no lower than AA by the Standard & Poor's Corporation, or Aa by the Moody's Investor Services, Inc. or equivalent by other commonly accepted credit rating agency.

Clause 7.³ In opening a deposit account, the account shall be opened under the name of the Public Debt Management Office.

² Clause 6.1 is amended by the By-law of the Ministry of Finance on the Purchasing of Foreign Currency and Foreign Security for the Purpose of Debt Repayment When Due (No. 3), B.E. 2550 (2007).

³ Clause 7 is amended by the By-law of the Ministry of Finance on the Purchasing of Foreign Currency and Foreign Security for the Purpose of Debt Repayment When Due (No. 3), B.E. 2550 (2007).

Clause 8.⁴ In withdrawing money from the deposit account, the Deputy Permanent Secretary of the Ministry of Finance, Chief of the Expense and Debt Cluster and the Director-General of the Public Debt Management Office or the Deputy Director-General shall jointly provide signatures.

Clause 9. In withdrawing money from the deposit account, the money shall be withdrawn for the purposes as follows:

9.1 to purchase security under clause 11;

9.2 to remit interest or fruits under clause 10 and clause 16;

9.3 to repay the debt under clause 17.

Clause 10. The interest received from the depositing of money shall be remitted as revenue of the State at least once a year.

CHAPTER III PURCHASING OF SECURITY

Clause 11. In purchasing security, the security shall be purchased in the currency which the debt will be repaid, the financial amount of which shall not exceed the amount of debt which will be due within the period not exceeding 5 years in accordance with the loan agreement the Ministry of Finance entered into as the borrower;

Clause 12. The Ministry of Finance or a person entrusted by the Ministry of Finance shall purchase security in accordance with the procedures as the committee deems appropriate.

⁴ Clause 8 is amended by the By-law of the Ministry of Finance on the Purchasing of Foreign Currency and Foreign Security for the Purpose of Debt Repayment When Due (No. 3), B.E. 2550 (2007).

Clause 13. The remaining holding period of a security on the day it is purchased shall be close to and shall not exceed the date on which the debt is due in accordance with the loan agreement the Ministry of Finance entered into.

Clause 14. The redemption amount of securities which are to purchased, on the day the redemption is due, shall not exceed the amount of debt to be repaid in accordance with the loan agreement the Ministry of Finance entered into.

Clause 15. The amount of money to be paid for the purchasing of a security may be lower or higher than the offering price of the security.

Clause 16. The fruits of the purchase of security shall be remitted as revenue of the State at least once a year.

CHAPTER IV
DEBT REPAYMENT

Clause 17. Once debt repayment is due, the foreign currency deposited in a bank, or foreign currency received from the redemption of securities which are purchased for the purpose of debt repayment, shall be used to repay the debt.

Clause 18. The foreign currency received from the redemption of securities prior to the due date of debt repayment, shall be deposited in a bank under clause 6 in order for repayment on the due date.

CHAPTER V
MANAGEMENT OF FOREIGN CURRENCY AND SECURITY

Clause 19.⁵ The Public Debt Management Office shall have the duties of management regarding foreign currency and security as follows:

19.1 to oversee the interest and fruits arising from the deposit of foreign currency in a bank or from the purchasing of security and remit them as revenue of the State under clause 10 and 16;

19.2 to collect the evidence of bank deposits and safeguard securities, or to appoint a custodian thereof as the Committee deems appropriate;

19.3 to prepare the record of foreign currency deposits and purchased securities, including the report on account balance and the details of securities, to be presented to the Minister for information within forty-five days from the last day of the fiscal year;

19.4 to proceed with the debt repayment under clause 17 and 18;

19.5 to perform other duties as entrusted by the Ministry of Finance.

⁵ Clause 19 is amended by the By-law of the Ministry of Finance on the Purchasing of Foreign Currency and Foreign Security for the Purpose of Debt Repayment When Due (No. 3), B.E. 2550 (2007).

Clause 20.⁶ Any expense incurred through the execution of this by-law shall be paid from the money set out in the annual budgetary appropriation of the Public Debt Management Office, Public Asset and Liability Management Plan, Repayment Administration Part.

Clause 21. The Minister of Finance shall have charge and control of the execution of this by-law.

Clause 22. This by-law shall come into force from the 11th day of March B.E. 2535 onwards.

Given on the 11th day of March B.E. 2535

Suthee Singhasaneh

Minister of Finance

⁶ Clause 20 is amended by the By-law of the Ministry of Finance on the Purchasing of Foreign Currency and Foreign Security for the Purpose of Debt Repayment When Due (No. 3), B.E. 2550 (2007).