



ธนาคารแห่งประเทศไทย
BANK OF THAILAND

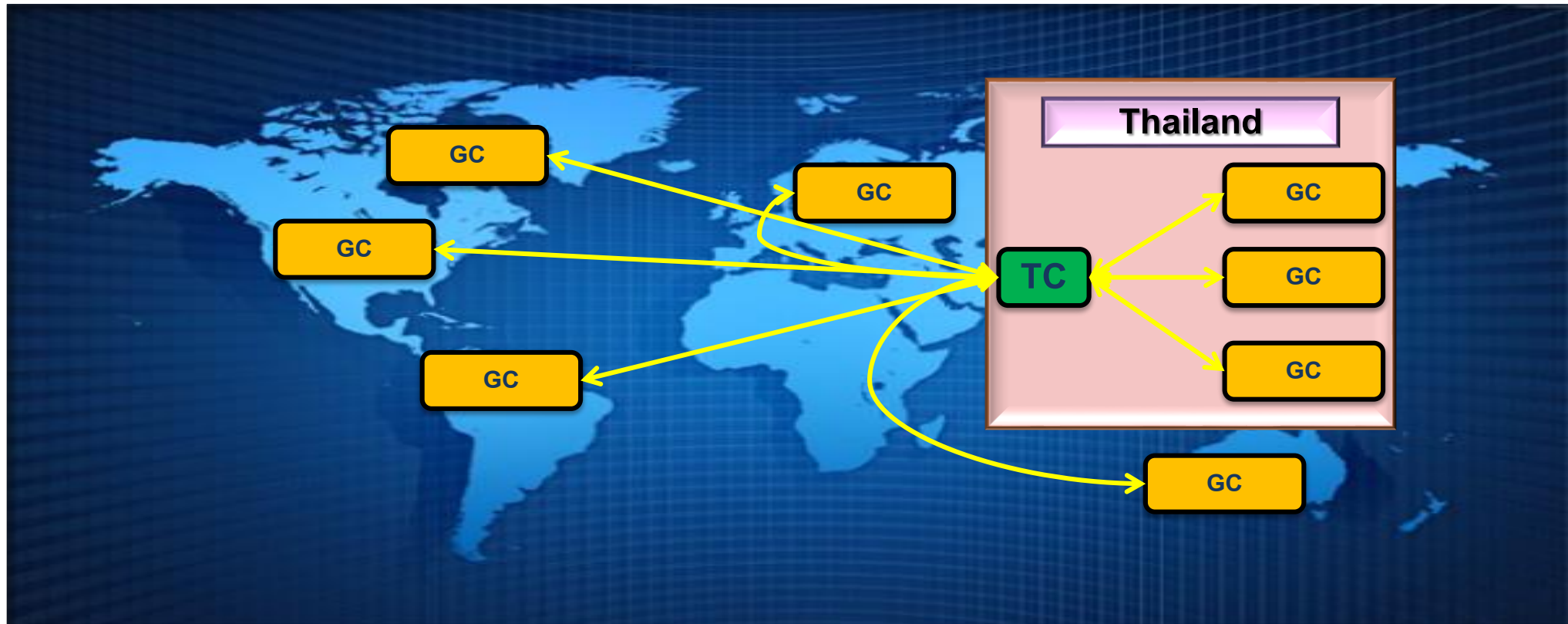


Treasury Center



Treasury Center (TC)

- TC is a Thai juristic person not engaging in financial business.
- TC manages foreign currency funds for its Group Companies (GC) both in Thailand and overseas.





Benefits of operating TC in Thailand

1. **Reduce transaction costs and help increase companies' efficiency and competitiveness through cash pooling and netting.**
2. **Entitle to benefits under International Business Center (IBC) if TC chooses to apply for IBC license.**
3. **Facilitate MNCs, either their parent companies abroad or in Thailand, to centralize all treasury management in Thailand.**



Benefits of operating TC in Thailand (cont.)

TC

VS

Non-TC

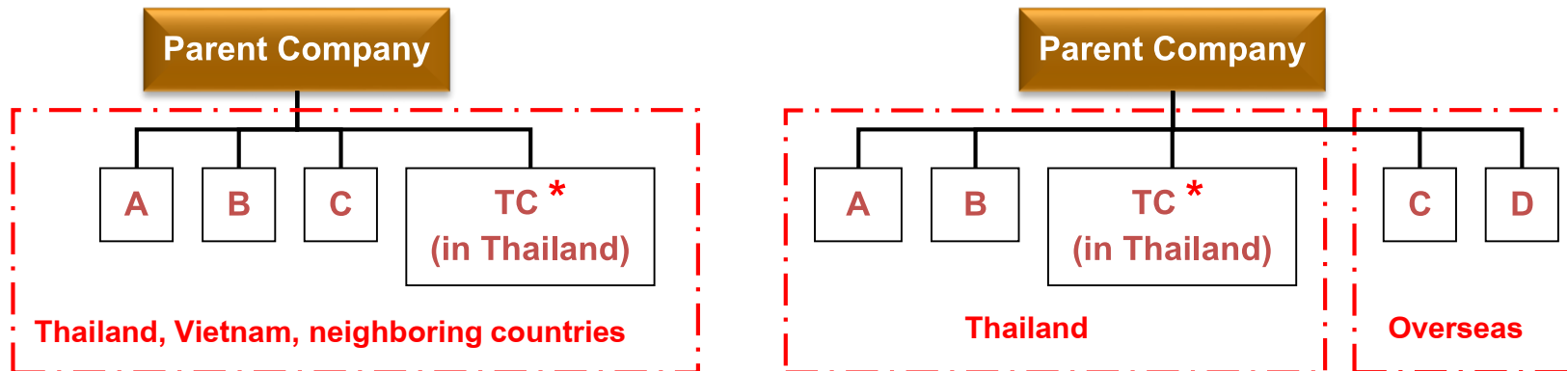
- Purchase / sale FX both for itself and group companies.
- Multi-netting of revenue and expense from goods and services.
- Lend and borrow FX to/from group companies in Thailand or abroad.
- Deposit FCD abroad with respect to rules.

- Purchase / sale FX only for itself.
- Need preapproval from BOT for multi-netting.
- Lend and borrow FX only to/from companies abroad.
- Need preapproval to deposit FCD abroad.



Qualifications for TC license

1. A Thai juristic person not engaging in financial business.
2. A company operating as TC and its Group Companies shall be affiliated companies.
3. Group Companies must have the following minimum qualifications:
 - 3 group companies in Thailand, Vietnam and neighboring countries or
 - 2 group companies in Thailand, and 2 affiliated companies in other countries
4. Sufficient international trade or service volumes of Group Companies or holding company.

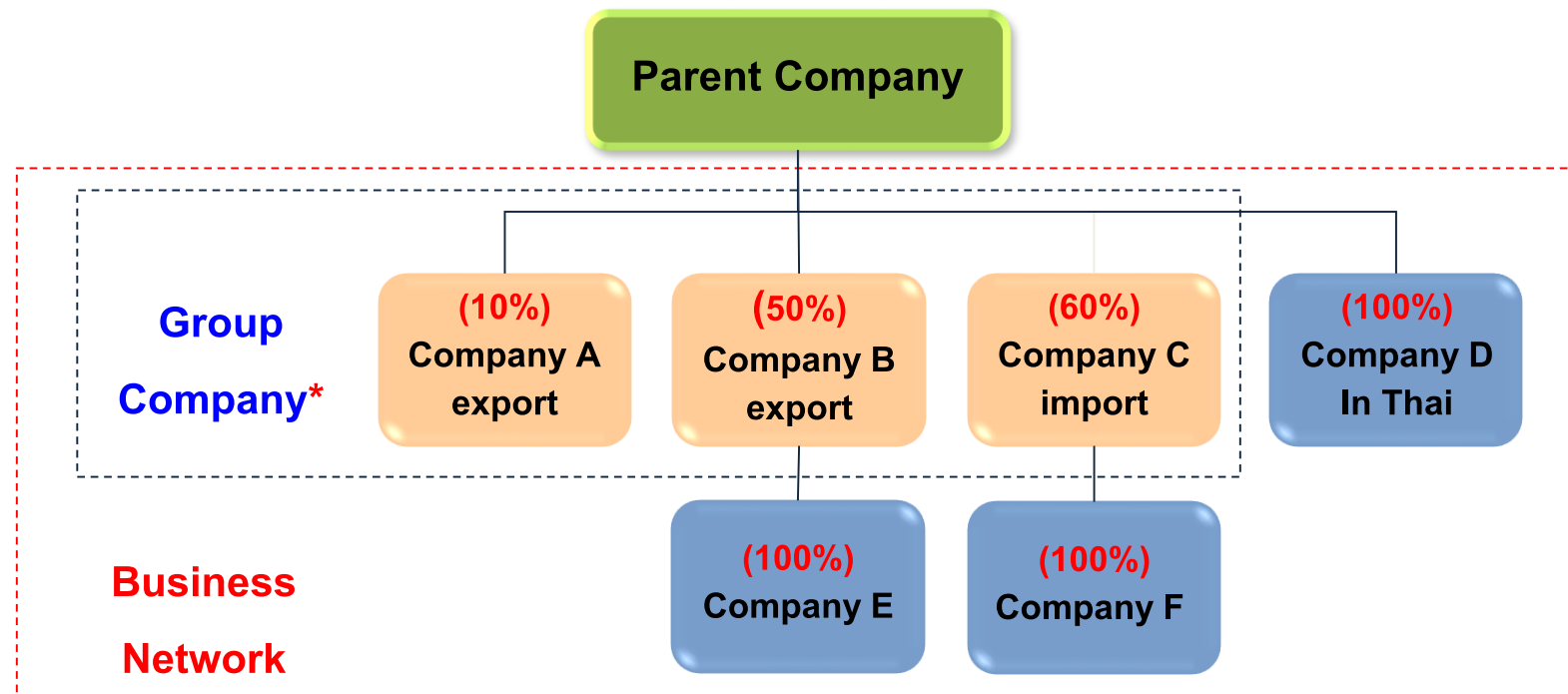


* TC could be a business unit in any Group Company



Group Companies

- **Group Company** means a group of companies consisting of a parent company, affiliated companies, or companies with related business, or companies with business relationship that entrust TCs to manage foreign currencies on their behalf.
- **Business Network** means a parent company and affiliated companies.
- **Affiliated Company** means a subsidiary of a parent company and an associate of a parent companies and shall include a branch of a parent company, a subsidiary, and an associate.



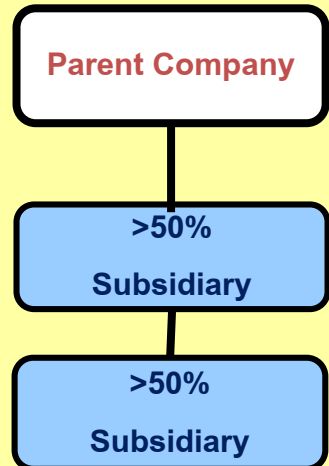
* Group Company must undertake import or export business, international trade or service business or business of holding company and must not be company undertaking financial business.



How to differentiate subsidiary and associated company?

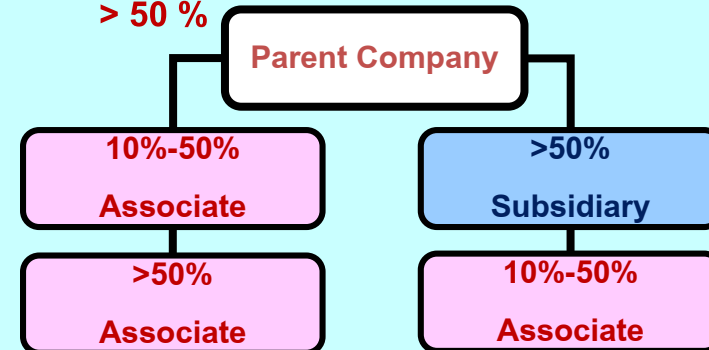
Subsidiary Company

1. Shareholding > 50%
2. Shareholding of subsidiary company > 50%



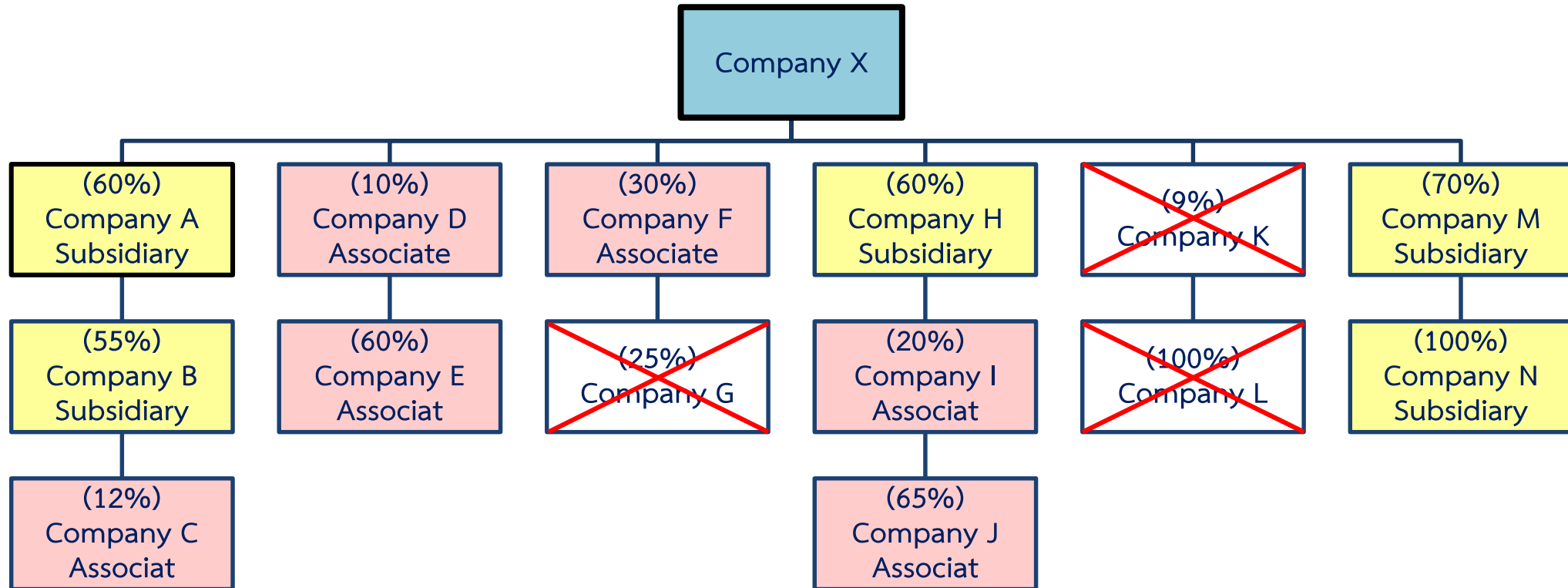
Associated Company

1. Shareholding 10% - 50%
2. Shareholding of subsidiary company 10% - 50%
3. Shareholding of associated company > 50 %





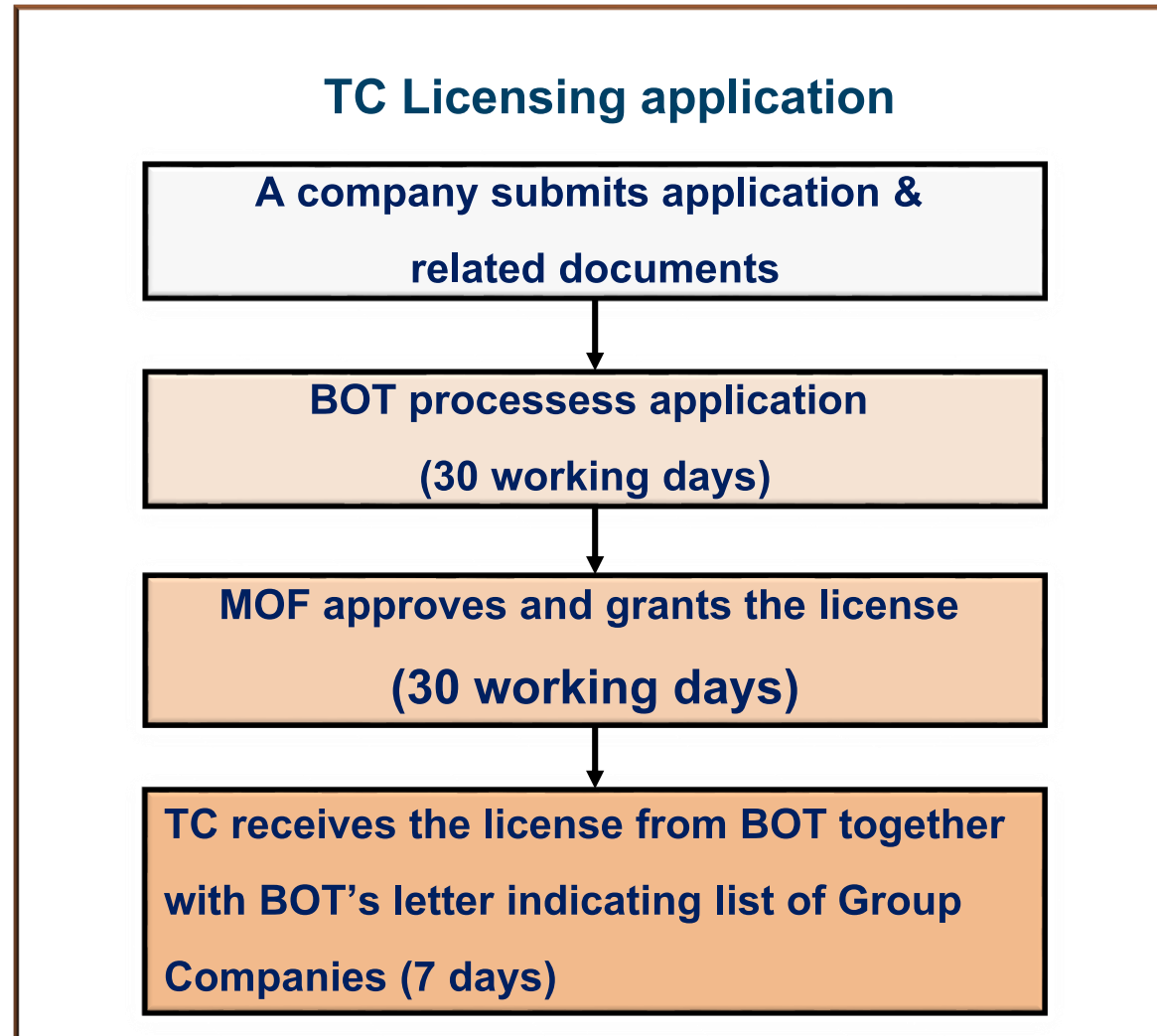
Business Network



Remarks : Company G, K and L are not affiliated companies of Company x



TC application procedure





Application Documents

Application form

Copies of the applicant's and Group Companies' registration certificates

Copies of Memorandum of Association and shareholder list of the applicant

Copies of Memorandum of Association and shareholder lists of Group Companies

Audited financial statements of both group companies and affiliated companies abroad to which the TC would lend



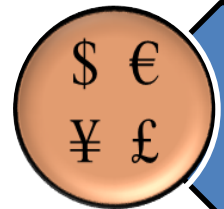
Scopes of TC



1. Purchase of obligations or invoices and acting as agents in paying or receiving funds



2. Netting of income and obligations



3. Purchase, sale, or exchange of foreign currencies and management of exchange rate risk



4. Management of liquidity

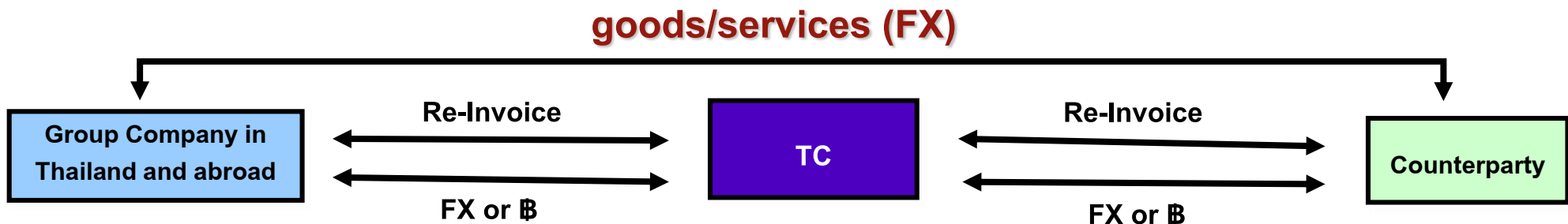


1. Purchase of obligations or invoices and acting as agents in paying or receiving funds

Agent



Re-invoicing



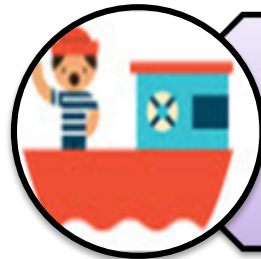


2. Netting of income and obligations

TC can net FX transactions, and pay to Group Companies in Thailand and abroad or counterparties abroad on the net basis.



Eligible Transactions for netting



International trade and services* of Group Companies in Thailand and abroad

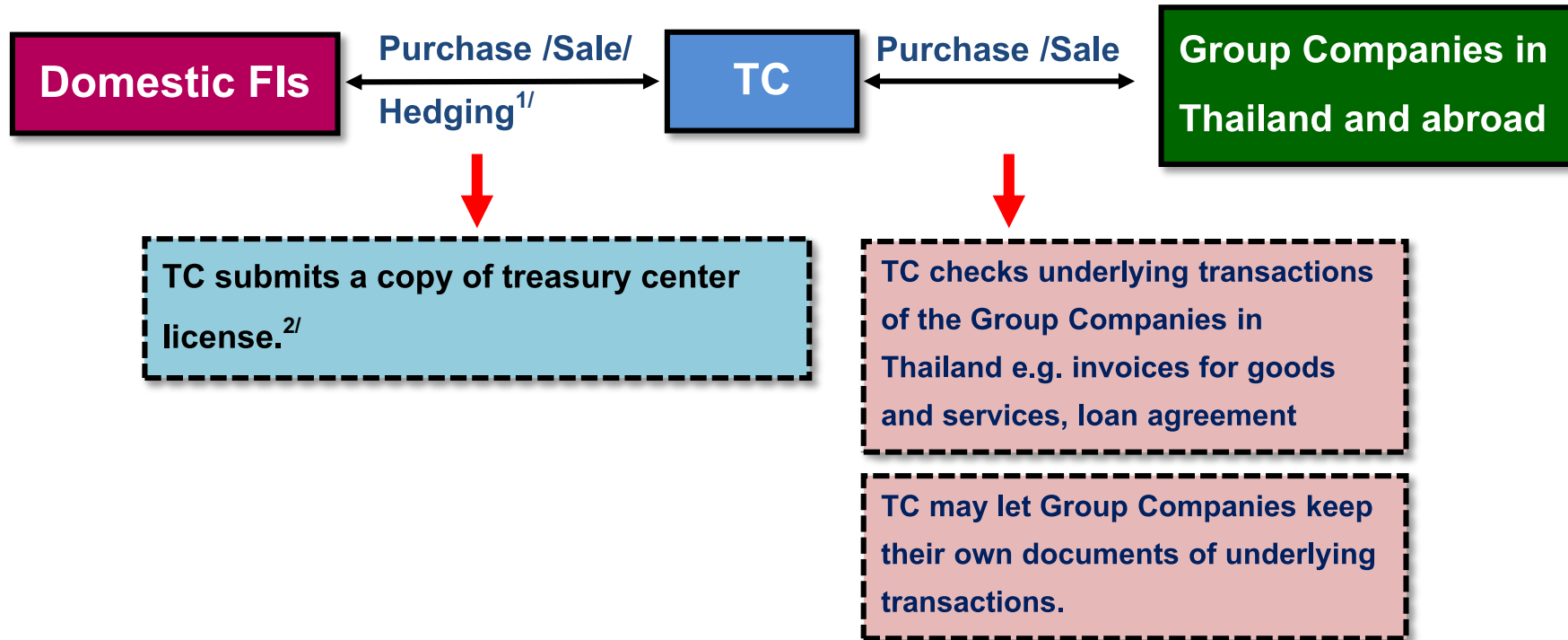


TC's FX transactions under its scope of business i.e. FX lending and borrowing

*including dividend / interest



3. Purchase, sale, or exchange of foreign currencies and management of exchange rate risk (1)



^{1/} TC can purchase/sell/ hedge FX with domestic FIs for itself and its Group Companies in Thailand and abroad.

^{2/} In case of lending to group companies abroad or hedging of investment and loans, TC is also required to submit a letter of affirmation to domestic FIs (yearly submission).



3. Purchase, sale, or exchange of foreign currencies and management of exchange rate risk (2)

For payment of goods, services and other purposes such as loans, TC can purchase FX up to the amount of the underlying transactions.

TC can purchase FX up to an aggregate amount of USD 500 million per year for the following purposes:

deposit into the FCD
opened with domestic
Fis without having
documents of underlying
transactions

deposit with
Fis abroad

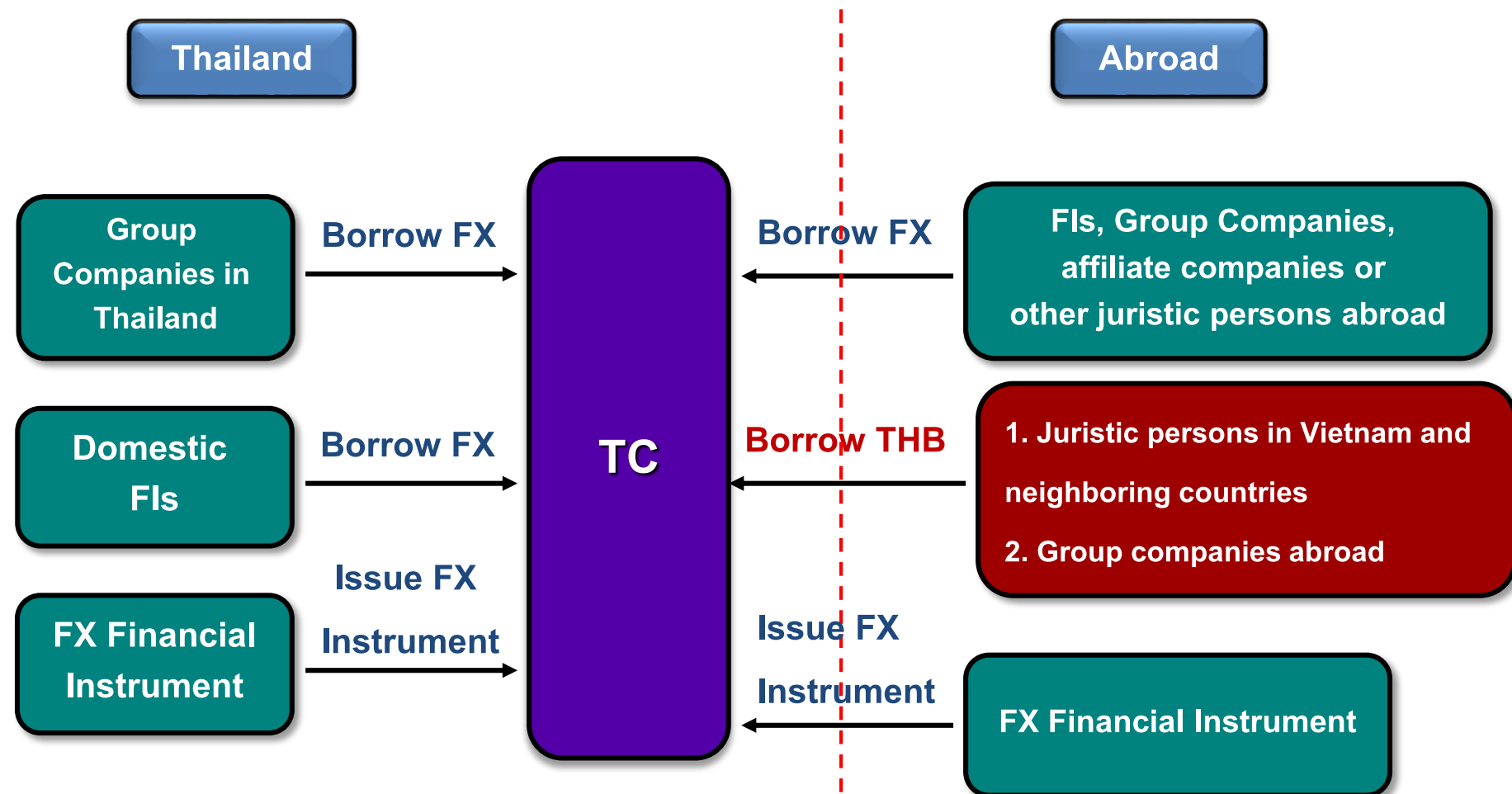
debt securities
investment
abroad

Domestic
FX Financial
Instrument

Average monthly outstanding: up to USD 500 mil.



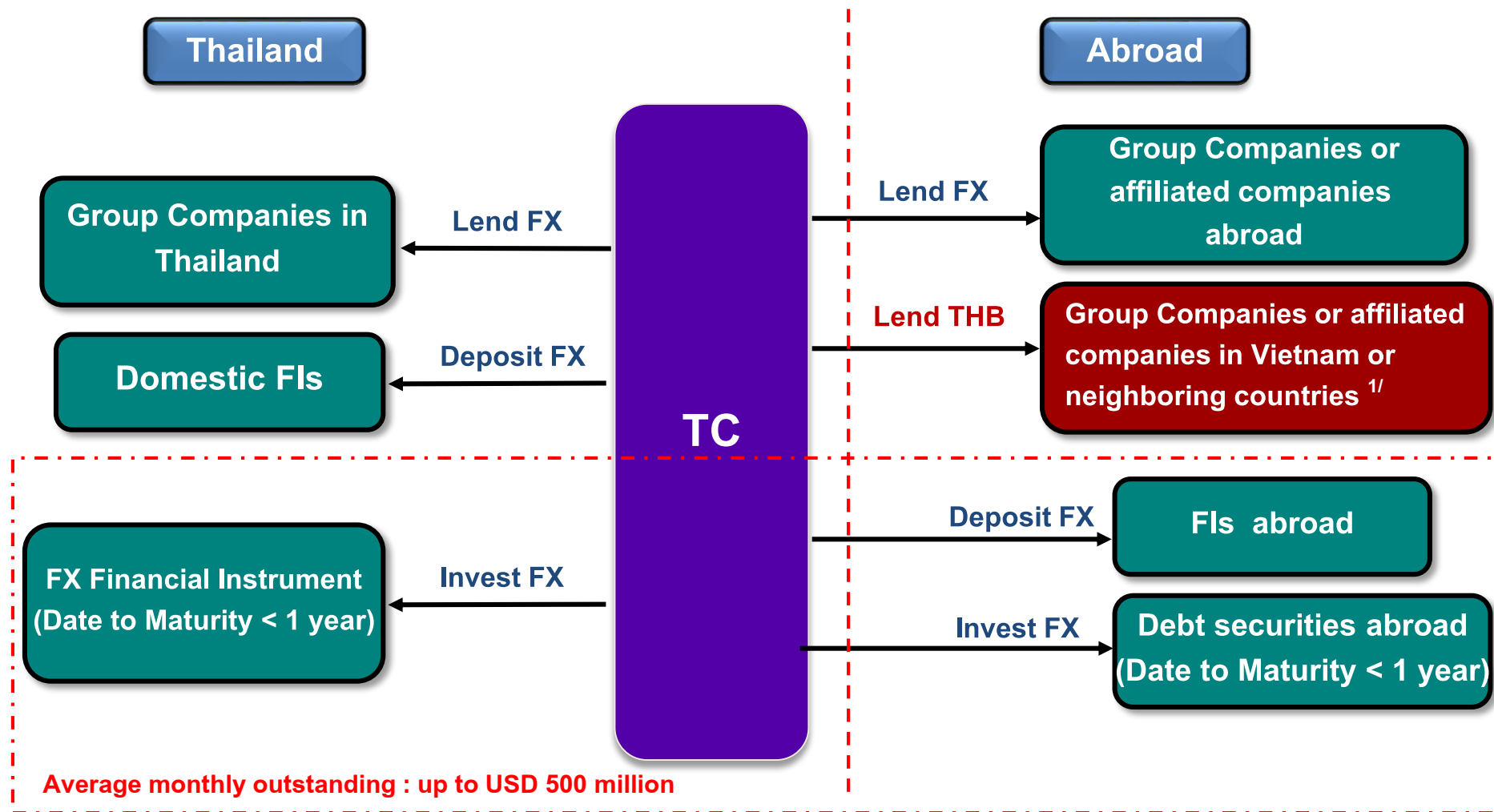
4. Management of liquidity (1)



TC can borrow Thai baht from domestic FIs, Group Companies in Thailand or other juristic persons in Thailand without restriction.



4. Management of liquidity (2)



^{1/} Outstanding balance of NRBA at the end of each day shall not exceed the limit of THB 300 Mil. Per NR



Duties of TC (1)

- **TC shall check underlying transactions of the Group Companies**
- **TC needs to show the following document to commercial banks :**
 - **Copy of TC license**
 - **Copy of BOT official letter about name list of Group Companies and affiliated companies**
- **TC shall submit reports in accordance with the rules and practices prescribed by the Competent Officer**
- **TC may keep all accounting record, transaction, or related document not less than 5 years or TC may let Group Companies keep their own documents**
- **TC shall clearly separate their own accounts from Group companies, as well as clearly record transactions of TC separately from other businesses**



Duties of TC (2)

- If TC changes the nature of its entity, name of its TC or Group Companies, reduces the Group Companies, increases or reduces the scope, TC needs to inform in accordance with rules and practices prescribed by the Competent Officer (in case of adding more Group Companies, TC needs to get approval from the Competent Officer)
- TC shall prepare the certificate for lending and hedging transaction and submit to commercial banks as followed :
 - 1) Certificate of foreign currency transferring to lend for TC
 - 2) Certificate of derivatives referring to exchange rate relating to THB for TC



Reporting

TC shall submit monthly 5 datafiles to BOT

**1. Transaction between
TC and GC (DF_TGC)**

**2. TC Lending and
Borrowing Transaction
(DF_TLB)**

**3. TC Foreign Currency
Deposit Arrangement
(DF_TDA)**

**4. TC Foreign Currency
Deposit Transaction
(DF_TDT)**

**5. TC Investment in
Debt Securities
(DF_TDS)**



**Website : www.bot.or.th >> Financial Markets >> Foreign Exchange
Regulations >> Types of Foreign Exchange Licenses >> Treasury Center**

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