

Ministerial Regulations

Prescribing the Investment Rules and Procedures of the Deposit Protection Agency B.E. 2553 (2010)

By virtue of Section 5 and Section 27 of the Deposit Protection Agency Act B.E. 2551 (2008) which contains certain provisions that restrict personal rights and freedom, which, according to Section 29 in conjunction with Section 31, Section 33, Section 36, Section 39, Section 41, and Section 43 of the Constitution of the Kingdom of Thailand, can only be enacted by virtue of legislation, therefore, the Minister of Finance issues the Ministerial Regulations as follows:

Clause 1. In this Ministerial Regulations,

“Securities” means the securities in accordance with the laws governing the securities and exchange and also means deposits of the Bank of Thailand and specialized financial institutions established under specific legislation.

“Debt Instruments” means bonds, bills of exchange, promissory notes, and debentures including other instruments having the same characteristics thereof.

Clause 2. In the event where the Agency shall use its capital according to Section 9 and money in the Deposit Protection Fund according to Section 47 to make an investment, the Agency shall take into consideration the security, liquidity, and return on investment including risk management.

Clause 3. The above-mentioned capital and money for investment shall be invested in highly-secure securities comprising not less than eighty percent of the whole investment, which are investable in the following securities:

- (1) Government bonds or treasury bills;
- (2) Debt instruments where the principal and interest are guaranteed by the Ministry of Finance;
- (3) Deposits of the Bank of Thailand or debt instruments issued by the Bank of Thailand;
- (4) Deposits of specialized financial institutions established under specific legislation or debt instruments issued by specialized financial institutions established under specific legislation as prescribed by the Board (only for specialized financial institutions whose deposits are not protected according to Section 4).

Clause 4. In the event where the Agency shall use its capital according to Section 9 and money in the Deposit Protection Fund according to Section 47 to make an investment, regardless of whether it is invested in highly-secure securities according to Clause 3 hereof or invested in securities other than those in Clause 3 hereof, the Board may assign juristic persons permitted to manage private funds according to the laws governing the securities and exchange to take action on its behalf. The assigned juristic persons shall have successful performance in investment and clearly show that it has a good understanding on investment, and it shall produce results regarding investment management, analysis related to the investment or other related investment matters. Such juristic persons shall also have specialized personnel with experience and performance results in the afore-mentioned matters as well as other qualifications beneficial to the investment as announced and prescribed by the Board;

In the event where the assigned juristic person is assigned to make an investment, the Agency shall make a selection by preparing a list of juristic persons that have qualifications according to paragraph one who can clearly show their strategic investment plan according to Clause 2 and Clause 3 hereof.

The rules and procedures of selection, preparation of the name list, and the cancellation of the name list shall be made as announced and prescribed by the Board.

Clause 5. The Agency or juristic persons assigned to make investments according to Clause 4 may enter into a sale transaction with a repurchase agreement or a purchase transaction with a reverse repurchase with securities according to Clause 3. The Agency or juristic persons shall mainly take management risk as well as return on investment risk into consideration, in accordance with the rules and procedures as announced and prescribed by the Board.

Clause 6. For execution purposes according to this Ministerial Regulations, the appraisal of securities shall be made according to the relevant accounting standards and in accordance with the rules and procedures as additionally announced and prescribed by the Board.

Clause 7. The expenses incurred from making investments shall be prescribed as follows:

- (1) The remuneration for juristic persons assigned to make investments compliant with the Board's prescription. Such remuneration shall not exceed 1.5% per annum of the net assets value as assigned;
- (2) Other necessary fees and expenses as actually paid.

Clause 8. The juristic persons assigned to make investments according to Clause 4 shall submit an investment report monthly according to the form prescribed by the Agency. The report shall be submitted by the 15th day of the month following the month the results must be reported.

The Agency may instruct the juristic persons according to the foregoing paragraph to additionally submit the investment report according to the period of time as deemed appropriate.

Given on 5th March B.E. 2553 (2010).

Korn Chatikavanij

Minister of Finance

Remarks: The rationale for enactment of this Ministerial Regulations is that Section 27 of the Deposit Protection Agency Act B.E. 2551 (2008) stipulates that the investment of the Deposit Protection Agency in government bonds or debt instruments where the principal and interest are guaranteed by the government or other instruments prescribed by the Board of the Agency with approval of the Minister of Finance shall be made in highly-secure securities shall comprise not less than sixty percent of all investments subject to the rules and procedure prescribed by the Ministerial Regulations. In addition, the Board may assign any person to make the investment as deemed appropriate; whereas the qualification of the assignee, methods, and expenses incurred from such undertaking shall be as prescribed by the Ministerial Regulations. This Ministerial Regulations is therefore issued.

