

## BAHTNET System

**BAHTNET** (Bank of Thailand Automated High-value Transfer Network) is a financial infrastructure for Real-Time Gross Settlement (RTGS) of large value funds transfer between financial institutions or other organizations maintaining deposit accounts at the Bank of Thailand (BOT).

It is designed to mitigate settlement risk among financial institutions that maintain deposit accounts at the BOT as well as to facilitate efficient, quick and secure transfers for third-parties. The following are the main characteristics of BAHTNET System.

Topics	Details
<b>Member of BAHTNET</b>	<p>BAHTNET service user must be institutions which maintain their accounts at the BOT, including;</p> <ul style="list-style-type: none"> <li>- Commercial banks;</li> <li>- Specialized financial institutions;</li> <li>- Finance companies;</li> <li>- Securities companies;</li> <li>- Government agencies;</li> <li>- Thailand Securities Depository Co., Ltd. (TSD);</li> </ul> <p>and</p> <ul style="list-style-type: none"> <li>- BOT internal departments.</li> </ul> <p>Under the Regulation of the Bank of Thailand Re: BAHTNET Services, BAHTNET service user can be categorized into two tiers, namely</p> <p><b>(1) Direct Member</b></p> <p>A direct member is a member who is permitted by the BOT to transfer and receive funds, as well as perform other functions directly through the BAHTNET system.</p> <p><b>(2) Associate Member</b></p> <p>An associate member is a member who is permitted by the BOT to access BAHTNET services through direct members' BAHTNET Workstation Subsystem.</p>

Topics	Details
<b>BAHTNET Services</b>	<p><b>(1) Funds Transfer</b></p> <p>A member can transfer funds from its account to another member's account or between its own accounts at the BOT.</p> <p><b>(2) Third Party Funds Transfer</b></p> <p>Third-party funds transfer is a funds transfer on a client's order, from the client's account to a beneficiary account at another bank. To provide funds transfer for a third party. BAHTNET service users can make inter-organizational funds transfer through BAHTNET to cater for customers' transactions. BAHTNET will send a notification of funds transfer order with customer's details to the receiver. This service will make funds available for beneficiary on the same day basis.</p> <p><b>(3) Inquiry</b></p> <p>A member can access information pertaining to its own current account at the BOT, e.g. the account balance and funds movement, and inquire on the status of items in the queue and those already processed.</p> <p><b>(4) Bilateral Communication</b></p> <p>A member can communicate with another member via the BAHTNET system at any time during the operating hours.</p> <p><b>(5) Message Broadcast</b></p> <p>Normally used to broadcast messages from the BOT to members. However, this feature also allows a member to broadcast messages to all other members upon request to the BOT.</p> <p><b>(6) Multilateral Funds Transfer (MFT)</b></p> <p>To provide multilateral funds transfer for BAHTNET service users. MFT is designed for settlement of net clearing position sent by the settlement agent, including NITMX, TSD, TCH, PCC, TPN and ECH</p>

NITMX: National Interbank Transaction Management Exchange Co., Ltd.

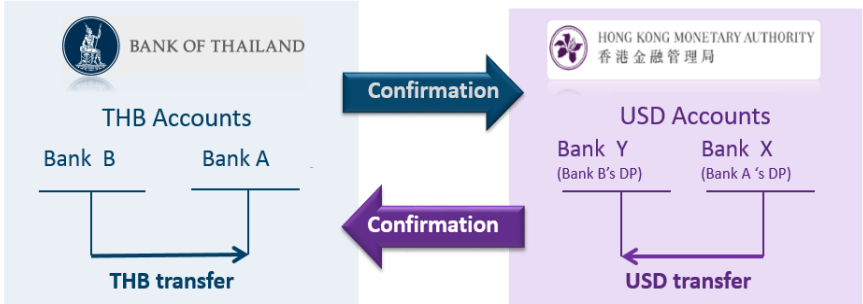
TSD: Thailand Securities Depository Co., Ltd.

TCH: Thailand Clearing House Co.,Ltd.

PCC: Processing Center Co.,Ltd.

TPN: Thai Payment Network Co., Ltd.

ECH: Electronic Clearing House

Topics	Details
<p><b>“PvP USD CHATS” service</b></p>	<p>“PvP USD CHATS” service is a cross-border payment-versus-payment (PvP) system linking the BAHTNET to the USD CHATS (Hong Kong’s US Dollar RTGS system) for simultaneous settlement of foreign exchange (FX) transactions. This helps eliminate settlement risk in US dollar versus Thai baht transactions by ensuring simultaneous delivery of US dollars in Hong Kong and Thai baht in Thailand.</p>  <p>Bank B and Bank A is BAHTNET users</p> <p>DP : Direct Participant in USD CHATS</p>
<p><b>Liquidity and settlement risk management</b></p>	<p>For liquidity and settlement risk management, the BOT provides Intraday Liquidity Facility (ILF) to BAHTNET users and impose certain settlement requirements and guidelines on BAHTNET members.</p> <ol style="list-style-type: none"> <li>1. <b>Intraday Liquidity Facilities (ILF)</b> – The BOT provides Intraday Liquidity Facility (ILF) to eligible counterparties on an intraday and fully collateralized basis without charges in order to ensure smooth operations of the RTGS system. To apply for ILF usage, each eligible counterparty must submit a letter of agreement according to the Bank of Thailand Regulations on Purchase of Debt Instruments under Repurchase Contract for Intraday Liquidity Facilities which is used for selling securities to BOT at the beginning of business day and buying-back those securities at the end of day. Eligible counterparties are entitled to activate ILF when they have insufficient balance in their current accounts. However, ILF usage is restricted for settlement of transactions in the BAHTNET system only.</li> </ol>

Topics	Details
	<p>2. <b>Securities Requirements for Settlement (SRS)</b> – As a risk management measure, the BOT requires all BAHTNET members participating in the net settlement system to pledge their bonds as the last source of liquidity. In the event that, after managing funds for settlement, members still have inadequate balance in their accounts for net settlement, the BOT would purchase such members' SRS bonds to raise funds for their settlement transactions. However, if the value of the bonds in reserve is insufficient, the recalculation of net settlement would then be carried out according to the prescribed procedure so that the settlement can be completed within the same day.</p> <p>3. <b>Throughput guideline</b> – The BOT requires members to submit transactions amounting to at least 30 percent of the expected total value of that day or average value of the same fortnight of the previous month by noon, and at least 70 percent by 3.00 pm. This requirement aims at ensuring the smooth operation of the settlement process and to avoid heavy congestion of instructions, particularly in the afternoon, and liquidity management problems</p>
<b>Operating Window</b>	8.30 am to 5.30 pm.
<b>Cut-off Time for third-party funds transfer transaction</b>	<p>For third-party funds transfer transaction, cut-off times are agreed and prescribed as follows;</p> <ul style="list-style-type: none"> <li>- Resident Transactions : 3.00 pm.</li> <li>- Nonresident Transactions : 3.30 pm.</li> </ul>

### Intraday Liquidity Facility (ILF)

Topics	Details
<b>Eligible Counterparties</b>	BAHTNET members which are 36 financial institutions under BOT supervision. At present, there are 30 commercial banks and 6 specialized financial institutions.
<b>Type of Transaction</b>	Repurchase agreement.
<b>Tenor</b>	Intraday.
<b>Rate</b>	No charge for usage within the business day.
<b>Overnight Loan Rate</b>	Policy rate plus 0.5% per annum.
<b>Eligible Collateral</b>	<ul style="list-style-type: none"> <li>(1) Treasury bills, debt restructuring bills, government bonds, BOT bonds, BOT savings bonds</li> <li>(2) State-owned enterprise or specialized financial institutions bonds with principal and interest guaranteed by the Ministry of Finance</li> <li>(3) Debenture, bonds or debt instruments issued by state-owned enterprise or specialized financial institutions without guarantee by the Ministry of Finance, and the instruments or issuers are rated not lower than AAA</li> <li>(4) Bonds or debt instrument issued by the Financial Institutions Development Fund (FIDF).</li> </ul>
<b>Haircuts (%)</b>	The BOT shall purchase debt instruments from financial institutions at market prices discounted by respective haircuts determined according to the (1) type and (2) remaining time to maturity of the debt instruments (Haircut ranges between 1 and 5.5 percent)
<b>Maintenance of ILF</b>	All BAHTNET users must maintain securities in the proportion prescribed by the BOT. The minimum requirement for securities maintenance for each BAHTNET user is 10 percent of average amount of funds transfer via BAHTNET system.
<b>Operating Window</b>	8.30 am to 5.30 pm.

### Securities Requirements for Settlement (SRS)

Topics	Details
<b>Eligible Counterparties</b>	BAHTNET members participating in the net settlement system which are financial institutions under BOT supervision.
<b>Type of Transaction</b>	Repurchase agreement.
<b>Tenor</b>	Intraday.
<b>Rate</b>	No charge for usage within the business day.
<b>Overnight Loan Rate</b>	Policy rate plus 0.5% per annum.
<b>Eligible Collateral</b>	<ul style="list-style-type: none"> <li>(1) Treasury bills, debt restructuring bills, government bonds, BOT bonds, BOT savings bonds</li> <li>(2) State-owned enterprise or specialized financial institutions bonds with principal and interest guaranteed by the Ministry of Finance</li> <li>(3) Debenture, bonds or debt instruments issued by state-owned enterprise or specialized financial institutions without guarantee by the Ministry of Finance, and the instruments or issuers are rated not lower than AAA</li> <li>(4) Bonds or debt instrument issued by the Financial Institutions Development Fund (FIDF).</li> </ul>
<b>Haircuts (%)</b>	The BOT shall purchase debt instruments from financial institutions at market prices discounted by respective haircuts determined according to the (1) type and (2) remaining time to maturity of the debt instruments (Haircut ranges between 1 and 5.5 percent)
<b>Maintenance of SRS</b>	All SRS users must maintain securities in the proportion prescribed by the BOT. The minimum requirement for securities maintenance for each SRS user is the amount of Potential Debit Position calculated from 1-year history information.
<b>Operating Window</b>	8.30 am to 5.30 pm.