

# CHANDLER MHM

## Newsletter

### Relaxation on the Bank of Thailand's Regulation re: Foreign Exchange Control

On 5 November 2019, Bank of Thailand (the "BoT") issued regulations to relax exchange control rules to facilitate outward funds remittances and lessen pressure on the Baht. This series of relaxations became effective on 8 November 2019 per details as follows:

#### 1. Repatriation of export proceeds

- Exporters who earn proceeds from the export of goods or other types of revenue in foreign currencies of not more than USD 200,000 per bill of lading shall be able to keep the proceeds abroad, without a time limit.
- Exporters who earn proceeds from the export of goods or other types of revenue in foreign currencies shall be able to use revenues to offset foreign currency expenses, without having to repatriate the funds.

#### 2. Investment in foreign securities

- Retail investors shall be entitled to invest in foreign securities in the amount of up to USD 200,000 per year without having to invest through an investment broker.
- The above investments shall include investments in derivatives, which refer to foreign variables and other investment products.
- The aggregate investment limit allocated to investors regulated by the Thai Securities and Exchange Commission (SEC) has been increased to USD 150 billion. This relaxation helps facilitate an increasing demand for foreign portfolio investments. In addition, investors will be able to retain the allocated limit for investments over a longer period, thus enhancing efficiency in investment planning and management.

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### 3. Outward remittances

- Outward remittance shall be permitted for all purposes with certain exceptions as detailed in the regulations (negative list), such as for settlement of FX/THB transactions with financial institutions abroad. This means the outward remittance for certain purposes, which previously had to be approved by BoT, now can be approved and authorized by an authorized commercial bank.
- The determination of supporting documents that shall be submitted to a commercial bank for their consideration and approval of an outward remittance is now cancelled and each bank now has the authority to request any documents for consideration, at their sole discretion.
- An outward remittance transaction that is less than USD 200,000 does not require any documentation for an authorized bank's consideration to proceed with the fund transfer transaction.

### 4. Foreign currency deposits ("FCD")

The amount of foreign currency that a depositor can deposit in an FCD account shall be up to USD 15,000 per day (previously, the amount that could be deposited per day could not exceed USD 10,000) or not more than obligation of such proceeds per the conditions as prescribed by the BoT.

Currently, there are two types of FCD accounts. These are: (i) an FCD general account in which foreign currency from abroad can be freely deposited and foreign currency purchased from an authorized bank can be deposited pursuant to such foreign currency's obligations; and (ii) an FCD account without any obligations that in which funds purchased from an authorized bank may be deposited, and such amounts can remain outstanding balances of not more than USD 5 million.

### 5. Settlement of gold trading in foreign currency

The investors are now permitted to trade gold in foreign currencies via FCD accounts with gold trading companies approved by the BoT.