

NOTIFICATION OF THE MINISTRY OF FINANCE
RE: THE PRESCRIPTION OF DUTIES, BENEFITS AND EVALUATION
OF THE MINISTRY OF FINANCE'S OUTRIGHT PRIMARY DEALER (MOF OUTRIGHT PD)

As the Ministry of Finance has appointed an outright primary dealer, (MOF Outright PD), and so that the MOF Outright PD can efficiently act as market maker, by supporting the issuance of debt instruments in the primary market, improving liquidity in the secondary market, and promoting the continuous development of the domestic bond instrument market. Therefore, in order to clearly and appropriately prescribe duties, rights, benefits, and the evaluation of the MOF Outright PD, the Ministry of Finance hereby issues the notification as follows:

1. Duties:

1.1 duties in the primary market:

1.1.1 to maintain at least 5 per cent of share allocated benchmark Government bond in the tenor of 3 years, 5 years, 7 years, 10 years, and any other tenors specified by the Ministry of Finance;

1.1.2 to participate in every benchmark Government bond auction in the tenor of 3 years, 5 years, 7 years, and 10 years, and any other tenors specified by the Ministry of Finance, in a significant amount and at a reasonable rate;

1.1.3 to participate in an auction of bonds over which the Ministry of Finance prescribes exclusive rights in bidding (exclusivity) at not less than 10 per cent of the total amount of money in each auction.

1.2 duties in the secondary market:

The following guide shall apply to the performance of duties:

1.2.1 to maintain at least 5 per cent of the share of the total trading volume of benchmark bond in the tenor of 3 years, 5 years, 7 years, and 10 years and any other tenors specified by the Ministry of Finance.

1.2.2 to submit the bid and offer yield to the Thai Bond Market Association (ThaiBMA) by 16.00 hours of every business day.

1.3 To enhance the domestic bond market development:

1.3.1 to support the policy of the Ministry of Finance relating to the domestic bond market;

1.3.2 to support the development of the Electronic Trading Platform of the Securities Exchange of Thailand;

1.3.3 to support the domestic bond market development of the Bank of Thailand (BOT);

1.3.4 to enhance liquidity and the development of the domestic bond market in other dimensions.

In this regard, the Ministry of Finance shall declare the bonds which are benchmarked and the bonds for which the Ministry of Finance prescribes for the MOD Outright PD to perform duties in accordance with the guide in 1.1.1 and 1.2.1, and the bonds that are exclusive to the MOF Outright PD (Exclusivity) in accordance with the guide in 1.1.3 in each fiscal year, before the beginning of each fiscal year.

2. Rights and Benefits:

2.1 exclusive right for the MOF Outright PD (Exclusivity) in bidding for Government bonds for the bonds of the tenors prescribed by the Ministry of Finance;

2.2 to act as the counterparty of the Bank of Thailand in trading debt instruments in the secondary market, in accordance with the terms prescribed by the Bank of Thailand;

2.3 right to act as intermediary in a non-competitive bid where a person who wishes to submit a non-competitive bid must do so solely via the MOF Outright PD;

2.4 right to be selected as an MOF Preferred Counterparty for making any transaction;

2.5 participation in exchanging information and rendering advice to the Ministry of Finance on Government bond issuance planning;

2.6 gain from the Incentive Program of the Securities Exchange of Thailand.

3. Evaluation:

The Ministry of Finance will conduct an evaluation of the performance of the MOF Outright PD according to the following procedures:

3.1 At the end of the fiscal year, if an MOF Outright PD fails to pass an evaluation conducted by the Committee for Selection and Regulation of MOF Outright PDs for outright transactions prescribed by the Ministry of Finance, it shall furnish a rectification plan to the Committee for rectification in the next fiscal year, but if the Committee considers that any MOF Outright PD has clearly failed to perform its duties, the Committee may propose an opinion to the Ministry of Finance to make a Notification to revoke the status of MOF Outright PD. There shall be monitoring of the results of the performance of such duties every 6 months.

3.2 In the case where any MOF Outright PD fails to comply with the conditions prescribed in 3.1, the Ministry of Finance may proceed to make a Notification to revoke the status of MOF Outright PD.

3.3 The Ministry of Finance reserves the right to make a Notification to revoke the status of MOF Outright PD if it appears that, for instances, there is a revocation of the

license to operate a securities business, or a membership of the Thai BMA has ended, or any other condition which the Committee prescribes.

This Notification shall come into force as from the 1st day of October, B.E. 2555.

Given on the 23rd day of August B.E. 2555

(Signature)

Mr. Kittirat Na Ranong

The Minister of Finance