



January 18, 2006

Thai Depository to Serve Public Sector Bonds From Feb. 14

Thailand Securities Depository Co. Ltd. (TSD) will be the depository center and clearing house for public sector bonds starting February 14, 2006. In accordance with Thailand's bond market development plan, the TSD will take over this job from the Bank of Thailand. For the first 6 months in its new role, the TSD will waive related fees on public sector bonds.

The TSD announced that its board approved the assuming of depository, and clearing and settlement responsibilities of government sector-issued bonds from the Bank of Thailand (BOT), as the TSD had been appointed by the Ministry of Finance (MOF) to be the central depository for both equity and debt instruments. The increasing role of TSD is in accordance with Thailand's bond market development plan Phase II (2005 -2014). The TSD will provide its new services starting on Feb. 14, 2006.

Fees for public sector bonds will be related to only the marginal costs, whilst the TSD will actually subsidize some parts of the expenses. The TSD will now be serving both private and public sector bonds, enabling the TSD to provide more services related to debt instruments, e.g., repurchase transactions. In addition, handling both types of bonds helps the TSD to be better prepared for linkages with foreign markets. These added roles will enable the TSD to provide more efficient services to its members and lead to a greater development of the Thai bond market.

The TSD has discussed with the MOF, the BOT and its own members about the fees. As a result, during the first six months of the TSD's new service, related fees will be waived, so as to enable the concerned parties to adjust their contracts.

It is estimated that, through 2006, there will be THB2.16 trillion worth of government sector bonds that will likely be handled by the TSD, with 55,000 bond issues to be transferred.

The TSD's custody fee is determined in tier rates as follows:

Custody Fee	
Value of Securities(THB billion)	Fee Rate(THB/million of securities value)
10 - 30	0.75
More than 30 - 50	0.50
More than 50	0.25

Foundations and other organizations that are receive 100% tax waivers, as well as financial institutions which hold government sector bonds to maintain their liquidity reserves will be charged at a fixed rate of THB0.25 per million in securities' value.

Clearing fees will be charged from both transferor and recipient at THB35 per person per transaction, unless the costs are related to movement of personal portfolios, inheritances, or court orders.

Concerning the fee rates on securities transfers such as in repurchasing (RP) or the intraday liquidity facility (ILF), the transferor and recipient will each be charged an identical THB10 per transaction.

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