

CURRENCY ACT B.E. 2501

BHUMIBOL ADULYADEJ, REX

Given on the 18th day of August B.E. 2501:

Being the 13th Year of the Present Reign

By Royal Command of HIS MAJESTY KING BHUMIBOL ADULYADEJ, it is hereby proclaimed that:-

Whereas it is expedient to revise the law on the currency;

It is hereby enacted by and with the advice and consent of the Assembly of the People's Representatives, as follows:

Section 1. This Act shall be called "The Currency Act, B.E. 2501"

Section 2. This Act shall come into force on and from the day following the date of its promulgation in the Government Gazette.

Section 3. The following shall be repealed:

- (1) The Currency Act, B.E. 2471;
- (2) The Currency Amendment Act, B.E. 2473;
- (3) The Currency Amendment Act, B.E. 2475;
- (4) The Currency Act (No. 4), B.E. 2479;
- (5) The Currency Act (No. 5), B.E. 2482;
- (6) The Currency Act (No. 6), B.E. 2483;
- (7) The Currency Act (No. 7), B.E. 2484;
- (8) The Currency Act (No. 8), B.E. 2485;
- (9) The Currency Act (No. 9), B.E. 2485;
- (10) The Currency Act (No. 10), B.E. 2487; and
- (11) The Currency Temporary Act (No. 7), B.E. 2501.

Section 4. In This Act,

“Monetary Fund” means the International Monetary Fund under the Agreement on the International Monetary Fund, of which Thailand is a member.

“Reserve Tranche Purchase Certificate” means reserve tranche certificate issued under the law empowering the execution in respect of the International Monetary Fund and the International Bank for Reconstruction and Development.

“Spot transaction” means exchange transaction effected by telegraphic transfer order.

“Foreign securities” means

(1) securities of a foreign government or of an international financial institution of which Thailand is a member.

(2) securities guaranteed by a foreign government or by an international financial institution of which Thailand is a member.

(3) instruments issued by an international financial institution of which Thailand is a member as evidence that the holder thereof is participating with such institution in making available loans to member government or organizations of member governments of the said institution to the amount indicated in the instruments.

“Remedy” means variation of weight and fineness of a coin from the prescribed standard weight and fineness.

“Convertible currency” means currency of a country which has accepted the obligations imposed by Article VIII of the International Monetary Fund Agreement.

“Special Drawing Right Certificate” means special drawing right certificate issued under the law on the authorization and the regulation of certain operations concerning special drawing right in the International Monetary Fund.

“Minister” means Minister in charge of the enforcement of this act.

Section 5. The Minister of Finance shall have charge and control of the execution of this Act and shall be empowered to issue Ministerial Regulations for that purpose which shall come into force on being promulgated in the Government Gazette.

Chapter 1

Currency and Units of Currency

Section 6. The currency shall consist of coins and notes.

Section 7. The unit of currency is the “Baht”, one baht being divided into one hundred Satangs.

The word “Baht” may be designated by the abbreviation “B”

Section 8 The par value of the baht shall be the value of the baht as prescribed in terms of unit of special drawing right or other foreign currency or that one which calculated from basket of currencies or other unit value established by the International Monetary Fund. The prescription of the par value of the baht shall be made by a Royal Decree.

In the case where the par value of the baht is prescribed under the first paragraph, where there is a reasonable ground, the Minister may, with the advise of the Bank of Thailand, announce a suspension of operation of the par value of the baht for a period of time not exceeding ninety days, with or without establishing a foreign exchange system deemed appropriate by him, to be operate during such period.

In the case where the par value of the baht is not prescribed in accordance with the provision under the first paragraph of this section, the Minister may notify the establishment of any foreign exchange system he deems appropriate upon the recommendation of the Bank of Thailand.

Section 9. No person shall make, issue, use or put into circulation any material or token for money except by authority of the Minister.

Section 10. The Ministry of Finance shall mint and put coins into circulation.

The type, denomination, metal, fineness, weights, size, design and other characteristics (if any) of coins as well as remedies shall be prescribed by the Ministerial Regulations.

Section 11. Coins within limitation as to amount prescribed by the Ministerial Regulation shall be legal tender.

Section 12. Defaced coins are not legal tender.

The following coins shall be deemed defaced coins:

(1) A coin which has been cut, stamped, beaten or in any way damaged so that its form or its surface is changed or its weight reduced; or

(2) A coin which has been reduced in weight through natural wear in an amount more than two and a half times the remedy.

Section 13. The Ministry of Finance shall effect the exchange of defaced coins as prescribed in Section 12 (2).

Section 14. The Bank of Thailand shall continue to have the power to print, manage and issue the notes of the Government under the law governing the Bank of Thailand.

The Minister shall notify in the Government Gazette the type, denomination colour, size and other characteristics of the notes to be issued except in case of re-issue of withdrawn notes.

Section 15. Notes shall be legal tender without limitation as to the amount

Section 16. No notes shall be issued save in immediate exchange for:

(1) Notes previously issued, being withdrawn from circulation, or

(2) Any one of the assets of equal value specified in Section 30, which is held for the Currency Reserve Account maintained in accordance with Section 26.

A note shall be deemed to be “in circulation” throughout the time between issue and withdrawal from circulation.

Section 17. Notes withdrawn from circulation shall either be cancelled and destroyed or retained for re-issue.

Section 18. Imperfect notes shall not be legal tender.

The following shall be deemed imperfect notes:

(1) A half note i.e. the half of a note which has been divided vertically at or near the center;

(2) A mismatched note, i.e. a note which is completed by combination with part of another note, or

(3) A mutilated or defaced note, i.e. a note of which a part is either missing, or whose wording or numbering have by some cause been rendered indecipherable.

Section 19. The Bank of Thailand shall effect the exchange of imperfect notes in accordance with the limitations, rules and procedure prescribed by the Ministerial Regulations.

Section 20. The Minister shall have the power, whenever he deems fit, to withdraw notes of any type and denomination from circulation for due exchange with other notes.

Such withdrawal of notes from circulation shall be notified in the Government Gazette:

All notifications of the withdrawal of notes from circulation shall give at least the following details:

(1) Type and denomination of the withdrawn notes:

(2) Period of time fixed for the surrender of the withdrawn notes, which shall not be less than one year from the date of the notification in the Government Gazette;

(3) Competent official and designated place for the surrender of the withdrawn notes.

Section 21. On expiration of the period of time prescribed for the surrender of the withdrawn notes under Section 20. all notes declared by the Minister to have been withdrawn from circulation shall cease to be legal tender. However, the Bank of Thailand shall continue to receive such notes for exchange with other notes within two years from the date on which the withdrawn notes ceased to be legal tender.

Section 22. All notes, which have ceased to be legal tender under Section 21. and which have not been exchanged for other notes within the time allowed for such surrender and exchange, shall be deemed notes withdrawn from circulation; and any one of the assets of equivalent value held for the Currency Reserve under Section 26. may be transferred to the State as general revenue.

Chapter 2

Maintenance of the Value of the Baht

Section 23. For the purpose of maintaining the value of the baht, the Bank of Thailand or the Exchange Equalization Fund shall effect a spot transaction of the foreign currencies prescribed in the Ministerial Regulation as may be requested by any commercial bank in the Kingdom, provided that the amount of each transaction shall not be less than the amount prescribed by the Minister.

The foreign currencies to be prescribed by the Ministerial Regulation must be the currencies which are lawful components of the Currency Reserve.

The Bank of Thailand or the Exchange Equalization Fund shall not be required to effect a spot transaction as stated in paragraph one while there remains in force a law on exchange control.

Section 24. In effecting a transaction of the foreign currencies between the Bank of Thailand or the Exchange Equalization Fund and commercial banks under Section 23, the rate applicable to the spot transaction shall not differ from the rate of exchange according to the par value of the baht so as to be more than the maximum rate or less than the minimum rate as prescribed by the Minister.

Section 25. The Minister, with the advice of the Bank of Thailand, has power to issue a notification prescribing the maximum and minimum rates applicable to the spot transactions to be observed by commercial banks or other persons. After the effective date of the Notification of the Minister, commercial banks or other person shall not buy or sell foreign currencies in spot transactions at the rate exceeding or below the rates so prescribed.

Commercial banks or other persons shall not be permitted to accept commission or to charge any money incidental to spot transaction except for the reimbursement of telegraphic cost, whether the notification under paragraph one has been prescribed or not.

Chapter 3

Currency Reserve

Section 26. For the purpose of maintaining the stability of the currency, the Bank of Thailand shall maintain a currency reserve, hereinafter to be called the “Currency Reserve”.

Section 27. All existing assets of the Currency Reserve held prior to or on the date on which this Act comes into force shall be held in Currency Reserve under this Act.

Section 28. The Currency Reserve shall be held entirely separate from all other assets of the Bank of Thailand.

Section 29. Subject of Section 22 and 34, the Currency Reserve may not be spent, unless:

- (1) at the same time, notes of equal value are withdrawn from circulation;
- (2) at the same time, other assets under Section 30 of equal value is received and credited to the Currency Reserve Account.

The Currency Reserve may be spent as aforesaid only by an order of the Governor of the Bank of Thailand of a representative specially appointed by the Governor of the Bank of Thailand for that purpose.

Section 30. The following assests shall be lawful components of the Currency Reserve:

- (1) gold,
- (2) foreign currencies which are convertible currencies or any other currencies prescribed by a Ministerial Regulation, which must be in the form of deposit with a bank outside the Kingdom or with an international financial institution,

- (3) foreign securities payable in foreign currencies as stated in (2),
 - (4) gold and foreign assets paid as subscription to the International Monetary Fund,
 - (5) Reserve Tranche Purchase Certificate
 - (6) Special Drawing Right Certificate,
 - (7) securities of the Thai Government payable in foreign currencies as stated in (2)
- or in baht,
- (8) domestic bills which the Bank of Thailand is permitted to purchase or rediscount, provided that the total value thereof does not exceed 20 per cent of the total amount of notes issued.

With respect to the assets stated in (1), (2), (3), (4), (5) and (6) above, the Bank of Thailand shall be required to maintain their total value at not less than 60 per centum of the notes issued.

Section 31. The assessment of value of assets which comprise or which are to comprise the Currency Reserve shall be done as follows:

- (1) securities of the Thai Government payable in baht or domestic bills, shall be assessed at the purchase or rediscount price or at face value, whichever is the lower.

- (2) assets payable in foreign currencies or Special Drawing Rights shall be assessed as follows:

- (a) gold and foreign securities, shall be assessed at the market price as at the end of the preceding year, if purchased during any year, the value shall be assessed at the purchase price until the assessment at the end of such year,

- (b) gold foreign assets and Special Drawing Right paid as subscription to the International Monetary Fund stated in Section 30 (4), shall be assessed at the unit value of the Special Drawing Rights as notified most recently by the International Monetary Fund,

- (c) Reserve Tranche Purchase Certificate and Special Drawing Rights Certificate, shall be assessed at face value,

- (d) foreign currencies shall be assessed according to the amount of deposit with a bank at that period,

- (e) securities of the Thai Government payable in foreign currencies shall be assessed

at the purchase or rediscount price or at face value, whichever is the lower.

The assessments in baht of assets specified in the first paragraph (2) shall be done as follows:

(1) in the case where the par value of baht has not been prescribed or has been suspended, the assessment shall be done at the middle rate between the market rates of buying and selling such foreign currency in spot transactions at the end of the year or if purchased during the year, the value shall be assessed at the rate using in the preceding year.

(2) in the case where the par value of baht has been prescribed, the assessment shall be done by converting the value or the amount of such asset to other foreign currency which may be converted back to a unit value of baht at the middle rate between the rates of buying and selling such foreign currency in foreign market at the end of the year or if purchased during the year, the value shall be assessed at the rate using in the preceding year and then convert to the baht at the par value so prescribed,

(3) in the case where the par value of the baht is expressed in terms of the unit value established by the Monetary Fund and such foreign currency is also expressed in terms of the unit value established by the Monetary Fund, the assessment shall be done at the par value so prescribed.

Section 32. The Bank of Thailand shall assess the value of the assets of the Currency Reserve each year not later than sixty days from the first day of the year.

Section 33. Yields on the assets in the Currency Reserve each year shall be credited to the Annual Yields Account.

Assets in the Annual Yields Account shall be expended only for the purposes of :

(1) printing notes, or any other matter concerning the establishment of the Printing Work of the Bank of Thailand for printing notes and any other printed matters as approved by the Minister, and of the establishment of a revolving fund as may be necessary for the operation of the said printing Work.

(2) issuing and managing notes, or of any other matters concerning notes as authorized by the Minister.

(3) compensating the decreased value of assets in the Currency Reserve Account.

(4) managing the assets in the Currency Reserve Account, Annual Yields Account and Special Reserve Account.

Whatever remains after the expenditure in paragraph one at the end of the year shall be transferred to the Special Reserve Account.

Yields on the assets in the Annual Yields Account or the Special Reserve Account shall be credited to the Annual Yields Account.

In the case where the assets in the Annual Yields Account in any year is not sufficient to expend as aforesaid, the expenditure shall be drawn from the Special Reserve Account to the extent of the deficit. Moreover, if the assets in the Special Reserve Account is not sufficient, it shall be drawn from the Treasury Balance to the extent of the deficit. If in the following years, there shall be any surplus of assets in the Annual Yields Account after such expenditure, the Treasury Balance shall be reimbursed by the full amount expended, and the remainder shall be transferred to the Special Reserve Account.

Section 34. In the case where the value of the assets in the Currency Reserve Account increases, the increase shall be transferred to the Special Reserve Account.

Chapter 4

penalties

Section 35. Whoever violates the provisions of Section 9 shall be liable to imprisonment for a term not exceeding three years or a fine not exceeding fifty thousand baht, or both.

Section 36. Any commercial bank or whoever does not comply with Section 25 paragraph one or violated the provision of Section 25 paragraph two shall be liable to a fine of ten thousand to a hundred thousand baht.

A committee appointed by the Minister shall be empowered to settle out of court the offences under this Section.

The committee appointed by the Minister under the second paragraph shall consist

of three members, one of whom shall be or investigating officer under the Criminal Procedure Code.

Countersigned by

General T. Kittikachorn

President of the Council of Minister.

Thailand Law Forum