



CONVENIENCE TRANSLATION - ACCURACY NOT GUARANTEED

**Republic of the Union of Myanmar
Central Bank**

Guidelines for the direct payment in THB/MMK in the Thai-Myanmar border trade

1383, 2nd Waxing Day of Tapaung
3rd March 2022

1. Exercising its authority under sections 17 and 22 of the Foreign Exchange Management Law, the Central Bank of Myanmar hereby issues the following guidelines for the direct payment in THB/MMK in the Thai-Myanmar border trade.
2. For the direct payment in THB/MMK in the Thai-Myanmar border trade, banks must ensure to have procedures in place for banking arrangements, the payment mechanism, the exchange rate to be used, trade documents to be collected when opening a THB and MMK account, bank charges, liquidity support, and reporting.

Defining border trade

3. Border trade means the export and import of goods across the border of two countries.
4. The first banks to be allowed to operate in the Thai-Myanmar border trade will be branches of Thai banks with a banking license in Myanmar, Thai-owned banks, and local banks approved by the CBM, provided that they submitted their mechanism for direct payment in THB/MMK in the Thai-Myanmar border trade to the CBM for review and approval.

Pilot programme

5. Direct payments in THB/MMK in the border trade between the two countries will initially be permitted in the Myawaddy and Tachileik border areas. Other border trade areas under the direction of the Central Committee for Ensuring a Smooth Flow of Trade and Goods will continue to operate under the guidance of the Central Committee.
6. Payments in THB/MMK through the banking system may be made in the border trade between the two countries as follows:
 - (a) Initially, such payments will be allowed for border trade.
 - (b) Remittances by Myanmar migrant workers in Thailand will be allowed.

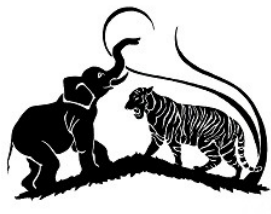


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- (c) Such payments will be allowed in normal trade later when they are fully functional in border trade.

Banking arrangements

- 7. Banking arrangements must include the following:
 - (a) Banks authorised by the CBM shall operate in accordance with the mechanism prescribed by the Central Bank of Myanmar as enclosed.
 - (b) Authorised local banks, branches of Thai banks and Thai-owned banks must reciprocally open MMK and THB accounts.
 - (c) In order to engage in THB/MMK business, cooperating banks must enter into a bilateral cooperation agreement with CBM approval.
 - (d) The bilateral cooperation agreement shall include the following:
 - (1) Standard operation procedures to be implemented by both banks in accordance with the mechanism prescribed by the CBM.
 - (2) Myanmar importers/exporters must open THB/MMK accounts at local banks in the border area.
 - (3) THB bank accounts opened must be reported to the CBM's Foreign Exchange Management Department.
 - (4) Branches of Thai banks licensed by the CBM may open THB corporate business accounts for cross-border trade. The status of the THB corporate business accounts shall be reported to the CBM's Foreign Exchange Management Department and the THB/MMK Cross-Border Trade Settlement Working Group by sending an e-mail to icbworkinggroup@cbm.gov.mm.
 - (e) Arrangements for the unimpeded transfer to other foreign currencies must be included if there is surplus THB from border trade at local banks.
 - (f) If local banks are in need of THB liquidity, branches of Thai banks and Thai-owned banks will have to provide support. Credit line, trade financing procedures and interest rates must be submitted to the CBM for approval.
 - (g) Settlement of trade transactions shall be made on the same day (Trade Date (T) + 0) or the next day (Trade Date (T) + 1).



Payment mechanism

8. Payment may be made in the following ways:
 - (a) Documentary collection system (document against acceptance - DA / document against payment - DP)
 - (b) Advance payment for goods system (made by telegraphic transfer - TT)
 - (c) Remittance after the goods are shipped and received (open account) (made by telegraphic transfer - TT)
 - (d) Remittance against documents (documentary credit / letter of credit L/C)
9. Local banks are allowed to pay/collect for the importer/exporter as permitted by the CBM. This is done through their THB accounts at the Thai-owned banks. They have to notify their customer and correspondent bank.
10. The branches of Thai banks and the Thai-owned banks must establish procedures for collecting/verifying documentation from local banks so that they can collect receivables from/pay payables to local banks through the THB bank accounts of local banks.
11. Exporters are required to repatriate their export earnings in accordance with CBM Notification 35/2021 dated 3rd October 2021.

Exchange rate

12. The THB/MMK exchange rate used in the border trade between the two countries shall be set as follows during the pilot period (3 months):
 - (a) The THB/MMK exchange rate shall be based on the local market rate (direct quotation).
 - (b) Banks must report the local market rate used in transactions as per the direct quotation 3 times a day to the CBM's Foreign Exchange Management Department in the prescribed form.

Trade documents to be collected when opening a THB/MMK account

13. To speed up trade, the flow of goods and payment in border trade in coordination with the Ministry of Commerce's Customs Department and the Internal Revenue Department, the following documents shall be collected when Myanmar exporters/importers open THB and MMK accounts with local banks.



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- (a) Account opening application for companies, cooperatives or joint ventures, initial deposit limit, exporter/importer registration/license;
- (b) minutes of the meeting of the board of directors approving *[the account opening]*, company registration/license and constitution, membership in a chamber of commerce (if required), proof of authorisation if an agent is sent, invoice, sales contract.

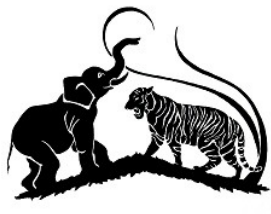
Bank charges

14. Basic bank charges shall not be higher than permitted by international best practice. Approval must be sought from the Central Bank with supporting documents for additional charges. The basic bank charges between two parties are as follows:

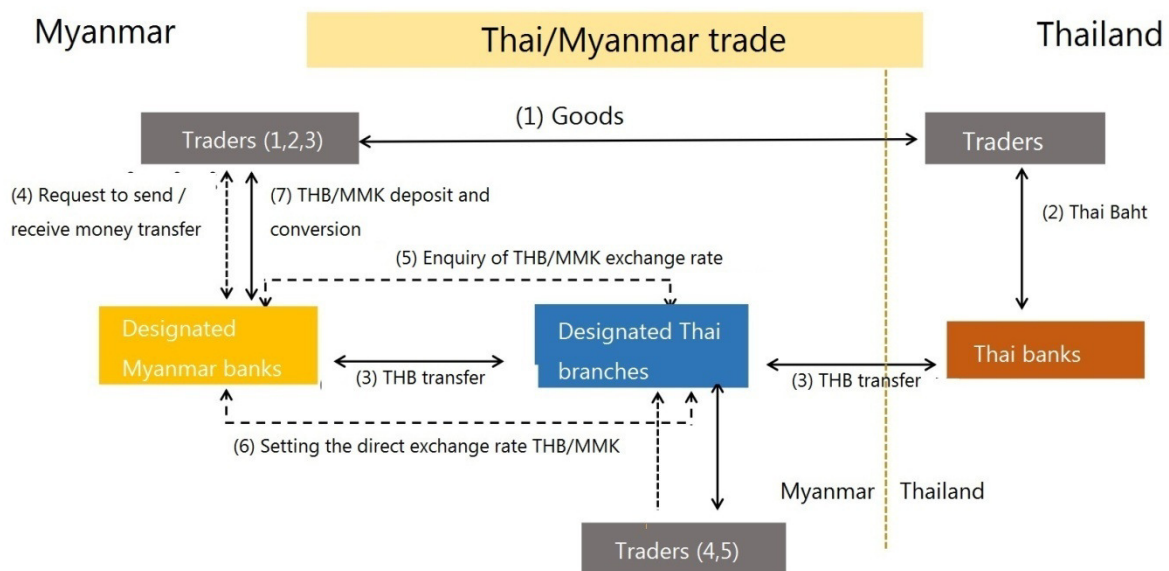
Sr.	Item	Rates to be collected
1	Inward/outward remittance	THB 100-500
2	Transfer between accounts (book transfer)	THB 100
3	SWIFT charges	MMK 3,000
4	LC advising/amendment	THB 100-300
5	Payment amendment/cancellation fee	THB 100
6	Bank account opening	THB 100

15. Border trade transaction reports must be prepared using the MACSS system and submitted daily at 4:00 pm to the CBM's Foreign Exchange Management Department through the Electronic Reporting System (ERS), and by e-mail in Excel format to the THB/MMK Cross-Border Trade Settlement Working Group addressed to lcbworkinggroup@cbm.gov.mm. The Foreign Exchange Management Department will report to the Central Committee for Ensuring a Smooth Flow of Trade and Goods at 5:00 pm daily.

On behalf of the Governor
Than Than Swe
Deputy Governor



Direct payment with THB/MMK in the border trade





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