

Unofficial Translation

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Bank of Thailand Notification

No. FPG. 6/2560

Re: Regulations on Structure and Scope of Business of Financial Business Groups

1. Rationale

The Bank of Thailand is aware of the operations of financial institutions in form of financial business groups, but if this practice is not properly supervised, it may lead to the increased risk exposures and the stability issues of the financial institutions. Therefore, in 2006, the Bank of Thailand issued the policy for consolidated supervision, which is not legally enforceable, for preliminary implementation. Later, when there is the amendment to the Financial Institution Business Act B.E. 2551 (2008) by incorporating provisions on consolidated supervision, the Bank of Thailand thereby issued the Bank of Thailand Notification No. FPG. 66/2551 Re: Regulations on Consolidated Supervision dated 3 August 2008 in order to legally enforce the regulations, but in the early stage, only qualitative requirements have been applied. Then, the Bank of Thailand issued the Bank of Thailand Notification No. FPG. 6/2553 Re: Regulations on Consolidated Supervision dated 18 June 2010 in order to fully implement the regulations starting from 30 June 2010, and, afterwards, the regulations have gradually been amended, namely financial business groups are required to hold capital under Basel III since 2012 and the extension of the scope of business for subsidiaries within financial business groups that operate training center service, which was supporting business in 2013.

For supervision of structure of financial business groups, the Bank of Thailand implement 2 levels of supervision according to business operations and relationship with financial institutions as it will promote the supervision of related risks, as follows:

(1) Solo Consolidation, which consists of a financial institution and subsidiaries that operate granting of credits or credit-like transaction that the financial institution directly holds shares of at least 75%; the financial institution can granting of credits, invest or enter into contingent liabilities with the subsidiaries within the Solo Consolidation without maximum limit, but those subsidiaries must comply with additional supervisory regulations, which are in addition to general supervisory regulations, especially on key issues in the same manner as the financial institution.

(2) Full Consolidation, which consists of a financial institution, parent company, subsidiaries and affiliated companies within the financial business group; all these companies must comply with general consolidated supervision regulations as specified by the Bank of Thailand.

As the Bank of Thailand stresses importance on responsibilities of parent companies of financial business groups, it thereby specifies qualifications of parent companies that are not financial institutions as well as roles and responsibilities of parent companies, where parent companies must set out business operation policies, business plans, risk management policies and business continuity plans of their financial business groups, while they must also ensure that companies within their business groups comply with supervisory regulations as specified by the Bank of Thailand.

The essence of the amendments to regulations on consolidated supervision under this Notification cover the 3 key following topics:

(1) Extending the scope of financial and supporting business operation

(1.1) Extending the scope of financial business to cover nano-finance business in order to promote access to funding of small and medium-sized enterprises (SMEs)

(1.2) Extending the scope of financial and supporting business to cover financial technology (FinTech) business in order to enhance flexibility of investment of financial institutions in FinTech business, where the operations of FinTech business must operate within the scope as specified by the Bank of Thailand

(1.3) Extending the scope of supporting business operation of cash transportation service, where the service can be provided to other cash transportation service providers in case where those service providers encounter certain difficulties and activate their business continuity plans (BCP)

(2) Amending regulations on supervision of venture capital business

Subsidiaries that operate venture capital business can only venture into small and medium-sized enterprises (SMEs) according to the SMEs promotion law or financial technology (FinTech) business or other venture capital businesses that are not companies within the financial business groups, private equity trusts set up under the law of Trust for Transactions in Capital Market, or other types of private equity business that jointly invest in FinTech firms, as well as extending the time limit for the investment of venture capital business in a particular firm – from no more than 7 years to no more than 10 years from the date of investment.

(3) Specifying a limit on investment in FinTech business (FinTech limit)

Financial institutions can invest in FinTech business, for both investment in companies within the financial business groups and venturing into that business through subsidiaries that operate venture capital business and through private equity trusts under the law of Trust for Transactions in Capital Market, in accordance with the Bank of Thailand Notification Re: Regulations and Methods on Investment of Financial Institutions, within the limit as specified by the Bank of Thailand.

2. Statutory Power

By virtue of Section 4, Section 33, Section 34, Section 54, Section 55, Section 56, Section 58, Section 59 and Section 71 of the Financial Institution Business Act B.E. 2551 (2008), the Bank of Thailand hereby issues regulations on structure and scope of business of financial business groups, which shall be complied with by financial institutions, parent companies, subsidiaries, and affiliated companies of financial institutions within financial business groups to comply with.

3. Scope of Application

This Notification shall apply to all financial institutions, parent companies, subsidiaries, and affiliated companies of financial institutions within financial business groups according to the law on financial institution business, except foreign bank branches.

4. Contents

4.1 Definitions

“Consolidated supervision” means the supervision of a financial business group of a financial institution for both qualitative and quantitative aspects, by taking into consideration risks that may arise from business operations of the financial business group that may affect companies and financial institution within the group, irrespective of whether those risks have been represented on financial statements of the financial institutions or companies within the financial business group or not. This is to ensure that the financial business group will appropriately and prudently operate its business.

“Financial institution” means:

- A. A locally registered commercial bank, which may also be a retail bank and foreign commercial bank’s subsidiary, excluding foreign commercial bank’s branch
- B. A finance company
- C. A credit foncier company

“Control over a company/entity” means the power to control over another company either directly or indirectly, with the following characteristics:

- A. possessing shares of a company in an amount exceeding 50% of the total number of shares sold;
- B. having power to control the majority voting rights in shareholders meeting of a company;
- C. having power to control the appointment or removal of a person with power of management or at least half of the directors of a company; or
- D. having power to control business in any other manners in accordance with the rule as prescribed in the notification of the Bank of Thailand;

Possessing of shares of a company, either directly or indirectly, in an amount not less than 20% of the total number of shares sold shall be presumed to have power to control over such company unless proven otherwise.

“Hybrid financial institution” means a locally registered financial institution that a particular foreign entity or group holds shares, either directly or indirectly, for more than 50% of total paid-up shares of that financial institution.

“Subsidiary” means a locally registered financial institution that a particular foreign financial institution holds shares, either directly or indirectly, for more than 95% of total paid-up shares of that financial institution.

“Financial technology (FinTech) business” means the business that utilizes new technology or innovation by integrating it into products or services of financial business or supporting services to financial businesses.

“Granting of credits or credit-like transaction business” includes hire purchase business, leasing business, factoring business, credit card business, personal loan business under supervision, nano-finance business under supervision, and asset management business under laws governing asset management companies.

“Executive director” refers to that as specified in the Bank of Thailand Notification Re: Governance of Financial Institutions.

“Advisor” refers to that as specified in the Bank of Thailand Notification Re: Governance of Financial Institutions.

4.2 Structure of a financial business group

A financial business group consists of a financial institution, parent company, subsidiaries and affiliated companies of the financial institution both located within or outside the country, where all companies in a financial business group can operate

only financial or supporting business **as specified in Clause 4.3** and cannot engage in other commercial activities or business. On this, a financial business group can be classified into 2 following types: **(examples of the structure of a financial business group are as illustrated in Attachment 1)**

4.2.1 A financial business group that the parent company is a financial institution

Companies within the financial business group consist of a parent company that is a locally registered financial institution, and subsidiaries within the financial business group that operate financial or supporting business both located within or outside the country. This form of financial business group can be classified into 3 following types:

(1) A financial business group that a locally registered financial institution is the parent company

(2) A financial business group that a locally registered financial institution is the parent company and that financial institution is a subsidiary of foreign financial institution (Hybrid financial institution or subsidiary)

(3) A financial business group that a locally registered financial institution is the parent company and that financial institution is a subsidiary of a foreign company that is not a financial institution (Subsidiary of a company, not a financial institution)

4.2.2 A financial business group that the parent company is not a financial institution

Companies within the financial business group consist of a parent company that is a locally registered company but is not a financial institution, and subsidiaries within the financial business group that are a financial institution, subsidiaries and affiliated companies of the financial institution, both located within or outside the country. The parent company in this case is one of the following:

(1) A company, which operate financial business, under supervision of specific supervisory agency (regulated entity), such as a securities company, insurance company, where that supervisory agency must have supervision standard that is recognized by the Bank of Thailand, and that company is approved by its supervisory agency to be the parent company

(2) A non-operating holding company that holds shares of other companies in order to have control over the management of those companies, not for seeking profits from investment, where that holding company must have qualifications and operate business **as specified in Clause 4.5**

On this, the Bank of Thailand may impose any other requirements or conditions for companies within a financial business group as they are appropriate to a particular structure of financial business group, especially in case where the parent company of a locally registered financial institution is a foreign financial institution that is not under the application of consolidated supervision or in case where the Bank of Thailand deems that regulations on consolidated supervision applied to that foreign financial institution is insufficient or is not comparable to the regulations of the Bank of Thailand.

4.3 Scope of business of companies within a financial business group

Companies within a financial business group can operate only financial and supporting business, as follows:

4.3.1 Financial business, namely banking business, finance business, credit foncier business, hire purchase business, leasing business, factoring business, credit card business, personal loan business **under supervision**, **nano-finance business under supervision**, lending business, asset management business **according to laws governing asset management companies**, holding business that invests in its financial business group, venture capital business, funds transfer and payment business, life insurance business under the Life Insurance Act, **non-life insurance business under the Non-life Insurance Act**, securities business, futures business according to laws governing futures business, trustee business under the Trust for Transactions in Capital Market Act, securitization business, financial advisory business, investment advisory business, **financial technology business which is financial business**, and other business as specified by the Bank of Thailand.

Financial technology business is the business that:

- (1) provides service leading to financial transactions, such as crowd-funding portal, domestic and international funds transfer and payment services
- (2) provides service by acting as a broker or agent for lending, securities or insurance transactions as well as providing information, recommendations and comparison of financial products and services

If there are specific laws governing financial technology business as specified above or there are regulations specified by its specific supervisory agency, those laws and regulations must be complied with.

4.3.2 Supporting business, which can be classified into 2 following types:

- (1) Business that facilitates the operations of financial institutions, financial business groups, Bank of Thailand, specialized financial institutions,

and government agencies – the scope of business and conditions of business operations are as follows:

(1.1) Scope of business: Administration functions that a financial business company must operate as ordinary course of its business or functions that directly facilitate the operations of a financial business company so that the operation of financial business company reach the targets

(1.2) Conditions: The service can be provided to companies within the same financial business group or other entities, such as other financial institutions, companies within other financial business groups, Bank of Thailand, specialized financial institutions, and government agencies as specified in the Bank of Thailand Notification Re: Permission for Commercial Banks **to Provide Service to Financial Businesses or Government Organizations** (Insourcing). However, the service cannot be provided to the general public, except¹

(1.2.1) Research business, legal business, asset valuation business, and information technology (IT) business **including IT infrastructure service, such as Blockchain**

(1.2.2) Training center business – the service must be provided in accordance with the scope, types of users, regulations and conditions as specified in the Bank of Thailand Notification Re: Permission for Commercial Banks to Provide Other Services (Services) to the General Public in Addition to Banking Services. In providing training center service to the general public, the service must be consistent with core business that has been approved to operate according to an approval letter from the Bank of Thailand and that service must be provided as ordinary course of business

(1.2.3) **Cash transportation business – the service can be provided to other cash transportation service providers in case where those service providers encounter certain difficulties and activate their business continuity plans (BCP)²**

On this, the majority of income from providing services **according to Clause (1.2.1) and (1.2.2)** must be generated from providing services **to companies within the same financial business group and** other entities as specified above (not the general public)

¹ The exemptions according to (1.2.1) and (1.2.2) are to promote the efficient use of existing resources as those businesses require either the extensive investment or specialized expertise and experiences

² As it requires specialized expertise, while there are a limited number of providers; if there exists any disruption, it may affect the operations of financial institutions and their financial business groups

(2) Financial technology business, which may be in form of providing service to facilitate business operations or providing customers with financial information to access loans of financial institutions – the scope of business and conditions of business operations are as follows:

(2.1) Scope of business: providing service to facilitate business operations so that the business operations and management of financial information are more effective, or providing customers with financial information so that they will have sufficient information to access loans of financial institutions, such as e-Marketplace platform, business tools (such as tax or accounting management application)

(2.2) Conditions: the service can be provided to individuals, general juristic persons or other entities as specified in Clause 4.3.1 (1.2)

On this, other types of financial technology business, which are not in accordance with the scope or conditions as specified above, require approval from the Bank of Thailand. If wishing to engage in those businesses, the parent company shall submit an approval request to the Financial Institution Applications Department, Financial Institutions Policy Group, Bank of Thailand. The Bank of Thailand will finish the consideration of the request within 45 days from the day the request and supporting documents have completely and correctly received.

For supporting business under the application of specific laws or regulations as specified by its specific supervisory agency, those laws and regulations must also be complied with.

4.4 Roles and responsibilities of the parent company of a financial business group

In order that business operations and management of a financial business group are effective, prudent and consistent with policies and regulations on consolidated supervision, the parent company must take the following key roles and responsibilities:

(1) Set out policies and strategic business plans of its financial business group and notify them to the Bank of Thailand on a yearly basis and when there is any significant change. **The parent company shall notify those policies and plans to the Financial Institution Applications Department, Financial Institutions Policy Group, Bank of Thailand within 30 days from the day the shareholding meeting of the parent company approves those policies and plans.**

(2) Set out risk management policies as well as business continuity plans of its financial business group, control and oversight system, in accordance with the

Policy Statement of the Bank of Thailand on Business Continuity Management (BCM) and Business Continuity Plan (BCP)

(3) Oversee companies within its financial business group to ensure that they comply with policies set out by the parent companies and relevant regulations as specified by the Bank of Thailand

(4) Facilitate financial support to companies within its financial business group as deemed appropriate so that those operations are consistent with strategies of the financial business group or carry a resolution so that the capital level of its financial business group is in accordance with regulations as specified by the Bank of Thailand

(5) Notify any changes that may put significant rise to risk exposures to the Bank of Thailand, especially those that may constitute an impact on financial positions and reputation of the financial business group, such as the credit rating of the parent company is downgraded. **The parent company shall notify those changes to the Financial Institution Applications Department, Financial Institutions Policy Group, Bank of Thailand within 15 days from the day those changes are made.**

(6) Have/put in place sufficient information of its financial business group, for each individual company and for the entire financial business group, for examination by the Bank of Thailand, such as financial statements, key financial information

4.5 Guidelines for the parent company that is a holding company

4.5.1 Qualifications of the parent company that is a holding company

As the parent company must take a leading role to ensure the stability of its financial business group in respect of financial support and formulation of policies for management of its financial business group, the parent company that is a holding company must thereby have the following key qualifications:

- (1) is a locally registered company
- (2) has sound financial positions and is capable of acquiring sufficient funding to support business operations of its financial business group
- (3) major shareholders or those actually have control over the holding company must meet regulations as specified in **the Bank of Thailand Notification Re: Regulations on Reporting of Holding or Possession of Shares of Holding Companies That Are the Parent Companies of Financial Business Groups for 5 Percent or More and the Bank of Thailand Notification Re: Permission for Holding or Possession of Shares of Financial Institutions for 10 Percent or More**

A holding company that is the parent company of a financial business group must review the shareholders' register before the shareholder meeting or before paying out any dividends or returns to shareholders, and must notify the results of the review to the Bank of Thailand. Details of shareholders of the holding company must be prepared using the same reporting format as specified for a financial institution according to the Bank of Thailand Notification Re: Notification of the Results of the Review of the Shareholders' Register of Financial Institutions and the report must be submitted to **the Financial Institution Applications Department, Financial Institutions Policy Group**, Bank of Thailand within 30 days from the day the review of the shareholders' register is made before the shareholders meeting or before paying out any dividends or returns to shareholders.

(4) has directors, managers, persons with power of management or advisors that meet qualifications and **do not have prohibited characters** according to the same directors, managers, persons with power of management or advisors of financial institution. Those persons must be approved by the Bank of Thailand before taking up their posts, **where the parent company shall submit an approval request to the Financial Institution Applications Department, Financial Institutions Policy Group, Bank of Thailand. The Bank of Thailand will finish the consideration of the request within 45 days from the day the request and supporting documents have been completely and correctly received.**

4.5.2 Scope of business of the parent company that is a holding company

The parent company that is a holding company can operate only the following business:

(1) invests in and enters into transactions with companies within its own financial business group

On this, for investment in other companies so that the holding company has control over those companies must be in accordance with regulations on investment of the parent company as specified in Clause 4.6.1. The amount of shares will cover both direct and indirect holding of shares according to the same regulations as specified for a financial institution, including shares held by related entities. Holdings of shares of all entities over which it has control will be included.

(2) invest in other companies outside its financial business groups for no more than 10% of paid-up shares of those companies, and when putting all those investments together, it must not exceed 10% of shareholders' equity of the holding company. Only direct holding of shares by the holding company will be included.

(3) perform treasury management for itself or its own financial business group

(4) raises funding by any approaches for business operations of companies within its financial business group and for itself, including issuance of debentures, except deposit-taking arrangements

(5) operates supporting business

(6) operates any other business as approved by the Bank of Thailand

4.6 Guidelines on investment of the parent company

4.6.1 Scope of investment

The parent company is prohibited to invest in any particular company for more than 10% of total paid-up shares of that company, unless it is approved by the Bank of Thailand in the following cases. **In requesting the approval, the parent company shall submit an approval request to the Financial Institution Applications Department, Financial Institutions Policy Group, Bank of Thailand. The Bank of Thailand will finish the consideration of the request within 45 days from the day the request and supporting documents have been completely and correctly received: (Examples of supervision in case where the parent company invests in a particular company for more than 10% are as specified in Attachment 2)**

(1) Investment in companies within its financial business group

In forming a financial business group, the parent company must invest in any particular company until it has control over that company, and where that company must operate the following business:

(1.1) Financial business as specified in Clause 4.3.1; the Bank of Thailand will allow only a financial business group that the parent company has high potential to engage in venture capital business as it is considered high-risk business. On this, the parent company must comply with regulations on supervision of venture capital business as specified by the Bank of Thailand **in Attachment 3.**

(1.2) Supporting business as specified in Clause 4.3.2

On this, in case where the parent company invests in a company abroad, it must ensure that it can submit information of that company to the Bank of Thailand when requested.

(2) Investment in companies outside its financial business group

(2.1) In case where the parent company is a financial institution

A financial institution that is the parent company can invest in any particular company outside its financial business group for more than 10% of total paid-up shares of that company only in case where that company is:

A. a company that operates financial business over which the parent company do not have control – only in case where the holding of shares of that company has formerly been approved

B. a company that operates supporting business that facilitate business operations of a financial institution and the entire financial institution system, such as the National Credit Bureau, National ITMX Co. Ltd., S.W.I.F.T Co. Ltd., **TRIS Corporation Ltd.**

C. a company acquired from debt restructuring, debt payments, debt settlement or credit guarantees as approved by the Bank of Thailand

D. a liquidated company

E. a company that operates financial or supporting business over which the parent company does not have control, or a company that operates other business – only in case where the investment is made by a subsidiary that operates financial business under supervision of specific regulatory agency (regulated entity) and where that investment is in accordance with the regulations as specified by that supervisory agency

However, the investment made by the subsidiary as specified above **must not be with the intention of avoiding the compliance with regulations on investment of the parent company as specified in this Notification. For example, investment is made with the intention of having control over the invested company as well as having rights to receive returns that are varied with business performance of that company, and that it can exercise the rights that may affect the amount of returns that it will receive, other than investment with the intention of receiving general returns in form of dividends and capital gains.**

(2.2) In case where the parent company **is not** a financial institution

The parent company that is not a financial institution is prohibited to invest in any particular company for more than 10% of total paid-up shares of that company without control over that company, unless it is allowed to do so according to the regulations as specified by its specific supervisory agency, or investment in companies as specified in Clause 4.6.1 (2.1) D. and 4.6.1 (2.1) E.

On this, for a financial business group of retail bank, investment in subsidiaries is considered the investment in equity securities, therefore, the parent company of a retail bank must comply with the Bank of Thailand Notification Re: Scope of Business and Scope of Transactions of Retail Banks. This does not apply to the case where the parent company is under supervision of specific supervisory agency, which it shall comply with the regulations as specified by that supervisory agency.

4.6.2 Counting of shares

(1) In counting shares held by the parent company, it shall include both direct and indirect holding of shares, while shares held by related entities of the parent company shall be counted as shares held by the parent company. In addition, shares in any companies over which the parent company has control shall also be counted, even though only a small number of shares or no shares in those companies are held by the parent company.

(2) In case where directors, major shareholders (excluding the Ministry of Finance, Financial Institutions Development Fund, or any other government organizations) and persons acting as directors of the parent company, including related persons, hold shares of the companies in which the parent company has shares, it shall be assumed that holding of shares of those persons is the indirect holding of shares of the parent company. This does not apply to the case where the parent company can prove that the holding of shares by those persons is not on behalf of the parent company or its indirect holding of shares.

(3) Holding of shares in a subsidiary that operates financial technology business as specified in Clause 4.3.1 (1) – (2) and Clause 4.3.2 (2) together with holding of shares or investment in the following cases must not exceed 3% of total capital of a financial institution

(3.1) Direct investment of a subsidiary that operates venture capital business in financial technology business as specified in Attachment 3

(3.2) Investment of a subsidiary that operates venture capital business in (1) other venture capital business that is not a company within the financial business group; or (2) private equity trusts set up under the law of Trust for Transactions in Capital Market; or (3) other types of private equity business that ventures into financial technology business as specified in Attachment 3

(3.3) Investment of a financial institution through private equity trusts set up under the law of Trust for Transactions in Capital Market that ventures into (1) financial technology business; or (2) other venture capital business that is not a company within the financial business group or other types of

private equity business that ventures into financial technology firms according to the Bank of Thailand Notifications Re: Regulations and Methods of Investment of Financial Institutions

Except approval is granted by the Bank of Thailand on a case-by-case basis, where the parent company shall submit an approval request to the Financial Institution Applications Department, Financial Institutions Policy Group, Bank of Thailand. The Bank of Thailand will finish the consideration of the request within 45 days from the day the request and supporting documents have been completely and correctly received. In giving the approval, the Bank of Thailand may impose any other requirements.

4.7 A financial business group classified by supervision approaches

A financial business group can be classified into 2 levels according to supervisory approaches

4.7.1 Solo Consolidation, which consists of a financial institution and all subsidiaries within the Solo Consolidation

(1) A subsidiary within the Solo Consolidation means a subsidiary that operates granting of credits business or credit-like transaction and meets all of the following conditions

(1.1) A financial institution holds shares directly for 75% or more of total paid-up shares

(1.2) Management of the subsidiary is directly under oversight of a financial institution

(1.3) Without legal restrictions or limitations on cross-border funds transfer so that funds cannot be transferred from the subsidiary to a financial institution, unless the exemption is granted by the Bank of Thailand. **In requesting the exemption, the parent company shall submit an exemption request to the Financial Institution Applications Department, Financial Institutions Policy Group, Bank of Thailand. The Bank of Thailand will finish the consideration of the request within 45 days from the day the request and supporting documents have been completely and correctly received.**

On this, a financial institution must have sufficient capital for investment in a subsidiary within the Solo Consolidation on the day that subsidiary is incorporated into the business group. That is, when deducting investments in that subsidiary from total capital of a financial institution, the financial institution can still hold the sufficient level of regulatory capital.

In addition, a financial institution may choose not to incorporate a company that meets the conditions of being a subsidiary into the Solo Consolidation. On this, the Bank of Thailand has rights to approve if any company can be incorporated into the Solo Consolidation.

(2) If any financial business group does not have a subsidiary within the Solo Consolidation, a financial institution is considered the Solo Consolidation.

4.7.2 Full Consolidation, which consists of **a financial institution**, parent company, subsidiaries within the Solo Consolidation as specified in Clause 4.7.1 (1) and companies outside the Solo Consolidation (**all subsidiaries within a financial business group that are not subsidiaries within the Solo Consolidation**)

4.8 Supervision of business operations of a subsidiary within a financial business group

As a financial business group may operate certain types of business, such as hire purchase business, leasing business, and factoring business through a subsidiary in the Solo Consolidation or a subsidiary outside the Solo Consolidation, therefore, in order to promote clear implementation, guidelines on supervision of business operations of a subsidiary are divided into 2 levels of consolidation, as follows:

4.8.1 Business operations of a subsidiary within the Solo Consolidation

A subsidiary within the Solo Consolidation shall comply with the following regulations:

(1) In case of granting of credits or credit-like transaction business for which there are specific laws governing the business operations or under supervision of specific supervisory agency, such as credit card business, personal loan business **under supervision, nano-finance business under supervision** and asset management business – the subsidiary shall comply with those laws or regulations as specified that supervisory agency, for both scope of business and relevant supervisory regulations

(2) In case granting of credits or credit-like transaction business for which there are no specific laws governing the business operations or not under supervision of specific supervisory agency – the subsidiary shall comply with the conditions as specified by the Bank of Thailand when granting approval for the forming of financial business group, and the financial business group shall also apply the relevant regulations as specified for a financial institution as follows:

(2.1) Hire purchase business and leasing business – shall comply with the following Bank of Thailand Notifications, as the case may be:

A. The Bank of Thailand Notification Re: Permission for Commercial Banks to Operate Hire Purchase and Leasing Business;

B. The Bank of Thailand Notification Re: Permission for Finance Companies to Provide Hire Purchase Service for Movable Property and Accept Transferred Claims from Sales of Goods for Sales and Consumption Finance Business

C. The Bank of Thailand Notification Re: Regulations on Leasing of Immovable Property of Finance Companies Operating Housing Finance Business and of Credit Foncier Companies

On this, a subsidiary within the Solo Consolidation is allowed to operate only financial lease and is not allowed to operate operating lease. In case where the subsidiary has entered into operating lease agreements before the effective date of the Financial Institution Business Act B.E. 2551 (2008), the Bank of Thailand allows it to continue those agreements until they mature, while the subsidiary is prohibited to enter into new operating lease agreements or renew the old agreements.

(2.2) Factoring business – shall comply with relevant laws or notifications, for example, a financial business group of a commercial bank shall comply with the Bank of Thailand Notification Re: Permission for Commercial Banks to Operate Factoring Business

4.8.2 Business operations of a subsidiary outside the Solo Consolidation

A subsidiary outside the solo consolidation shall comply with the following guidelines:

(1) In case of financial business for which there are specific laws governing the business operations or under supervision of specific supervisory agency, the subsidiary shall comply with those laws or regulations as specified that supervisory agency for both scope of business and relevant supervisory regulations, such as securities business, life insurance business, non-life insurance business, credit card business, personal loan business **under supervision, nano-finance business under supervision**, asset management business; for credit card business, personal loan business **under supervision, nano-finance business under supervision** and asset management business – the subsidiary shall comply with the same laws or supervisory regulations as specified for a subsidiary in the Solo Consolidation according to **Clause 4.8.1 (1)**

(2) In case of financial and supporting business for which there are no specific laws governing the business operations or not under supervision of specific supervisory agency, such as hire purchase business, leasing business and factoring business – the subsidiary shall operate its business in accordance with the conditions as specified by

the Bank of Thailand when granting approval for the forming of financial business group, and regulations on supervision of **structure and scope of business of financial business group**, such as providing supporting functions

On this, in addition to the regulations as specified in Clause 4.8.1 and Clause 4.8.2, a subsidiary within a financial business group of retail bank shall also comply with the Bank of Thailand Notification Re: Scope of Business and Scope of Transactions of Retail Banks.

4.9 Request for forming and revising the structure of financial business group

4.9.1 Request for forming a financial business group

In forming a financial business group, the parent company shall submit a request for forming a financial business group as well as supporting documents **as specified in Attachment 4 to the Financial Institution Applications Department, Financial Institutions Policy Group, Bank of Thailand.**

The Bank of Thailand **will finish the consideration** of the request **within 45 days from the day the request and supporting documents have been completely and correctly received.** In giving approval, the Bank of Thailand will take into consideration the stability of the financial institution and benefits to business operations of its financial business group.

4.9.2 Request for revising the structure of financial business group

(1) In case where a financial business group wishes to make a revision to the structure of financial business group that has already been approved by the Bank of Thailand as well as in case where there is any change to major shareholders of companies within the financial business group, **even though that change does not have any impact on the structure of financial business group**, the parent company shall submit a request to **the Financial Institution Applications Department, Financial Institutions Policy Group, Bank of Thailand**, by providing the following details:

(1.1) Reasons and necessity for the revision of the structure of financial business group

(1.2) Details of companies over which it wishes to have control, such as shareholding structure, list of directors and persons with power of management, financial positions and business performance

(1.3) An operating plan for the revision

(1.4) Any other documents as requested by the Bank of Thailand on a case-by-case basis

The Bank of Thailand will finish the consideration of the request within 30 days from the day the request and supporting documents have been completely and correctly received.

(2) In case where a financial business group wishes to make a revision to the structure of financial business group by withdrawing a company that has been approved to incorporate into the financial business group, the parent company shall:

(2.1) In case where control over that company is discontinued, but the parent company still has shares in that company for more than 10% of total paid-up shares – the parent company shall submit an approval request for holding shares in a particular company outside the financial business group for more than 10%. **The request shall be submitted to the Financial Institution Applications Department, Financial Institutions Policy Group, Bank of Thailand. The Bank of Thailand will finish the consideration of the request within 30 days from the day the request and supporting documents have been completely and correctly received.**

(2.2) In case where control over that company is discontinued, but the parent company still has shares in that company for no more than 10% of total paid-up shares – the parent company shall report this **to the Financial Institution Applications Department, Financial Institutions Policy Group, Bank of Thailand.**

The parent company shall perform those as specified in Clause 4.9.2 (2) within 15 days from the day it has transferred its shares or control over that company is discontinued, and shall submit the new structure of its financial business group as well as an acknowledgement of cancelation of benefits from relaxation granted by the Bank of Thailand as having that company in the financial business group as from the day it has transferred its shares or control over that company is discontinued **to the Financial Institution Applications Department, Financial Institutions Policy Group, Bank of Thailand**, unless the Bank of Thailand specifies otherwise.

5. Transitional provision

A subsidiary within a financial business group that operates venture capital business that has ventured into any firms before the effective date of this Notification, it may continue those venture capital arrangements until they reach the time limit as specified in Attachment 3

6. Effective Date

This Notification shall come into force as from the day following the dates of its publication in the Government Gazette.

Announced on 27th April 2017

(Mr. Veerathai Santiprabhob)
Governor
Bank of Thailand

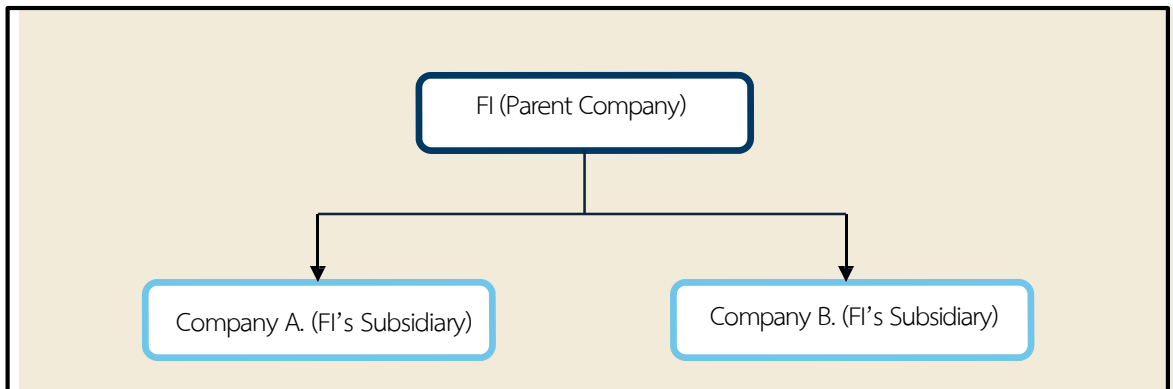
Regulatory Policy Department
Tel. 0 2283 6938

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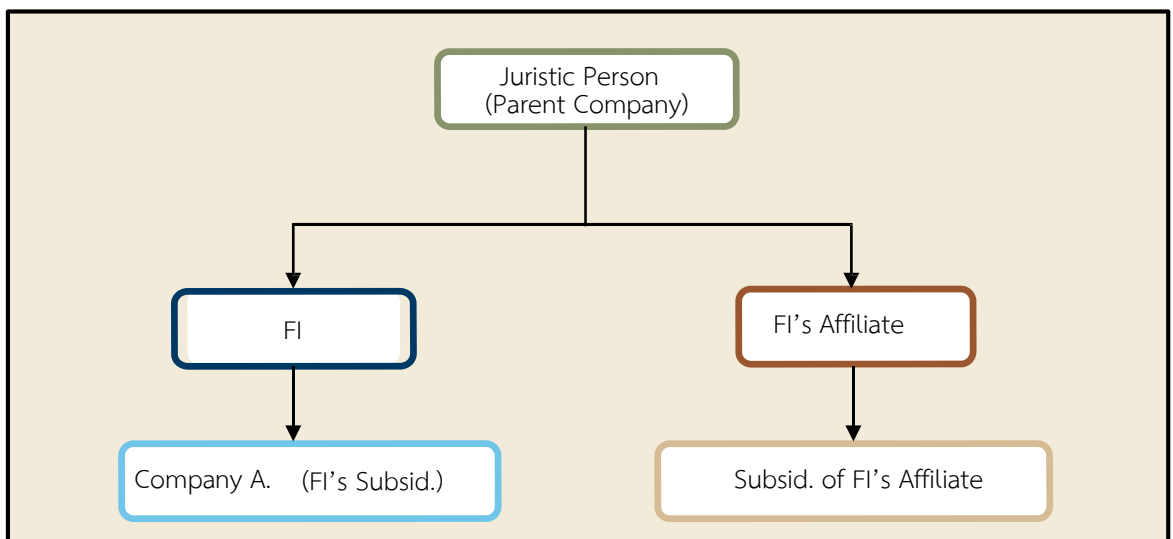
Examples of Financial Business Groups and their Structures

1. Example of Financial Business Groups

Type 1 Financial Business Group which the Parent Company is a Financial Institution



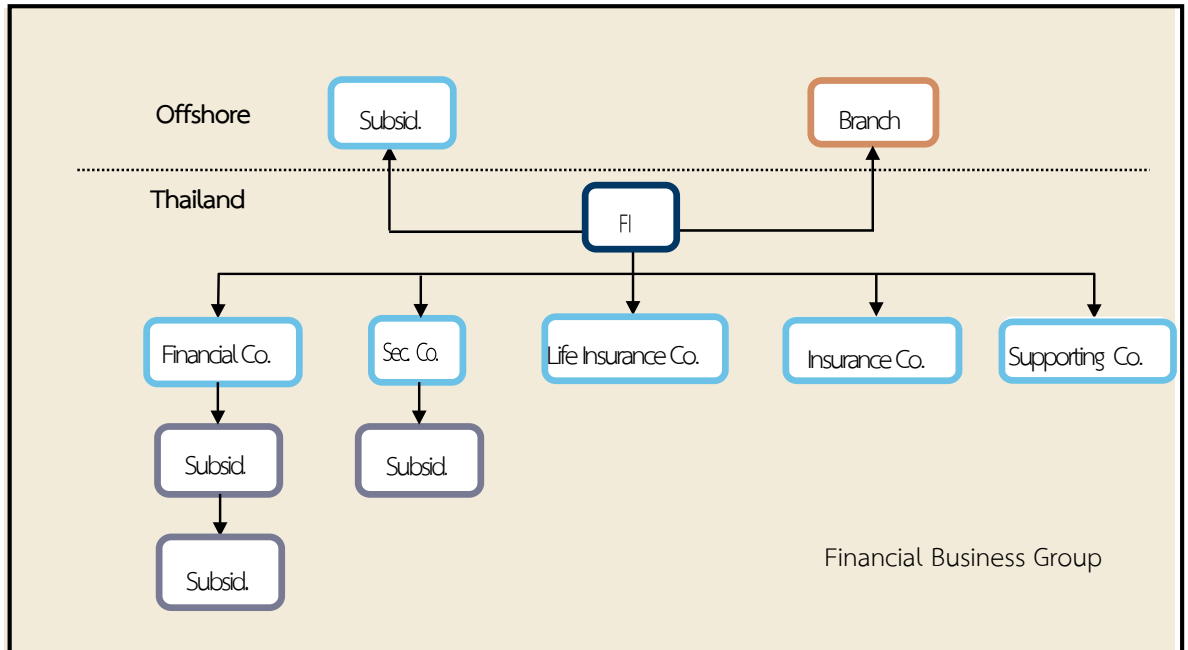
Type 2 Financial Business Group which the Parent Company is not a Financial Institution



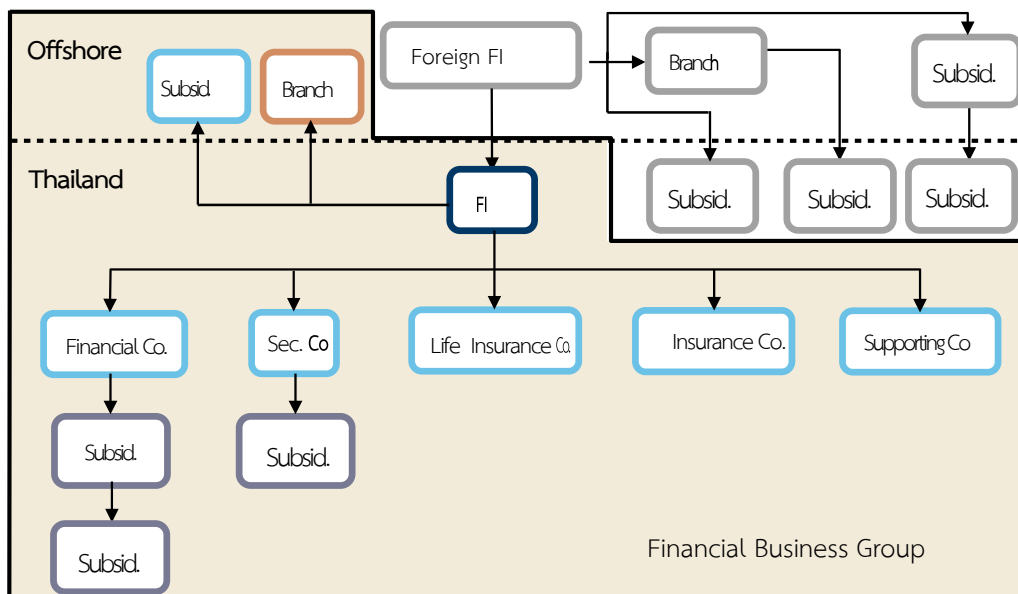
2. Examples of Structures of Financial Business Group

2.1 Financial Business Group which Parent Company is a Financial Institution (FI)

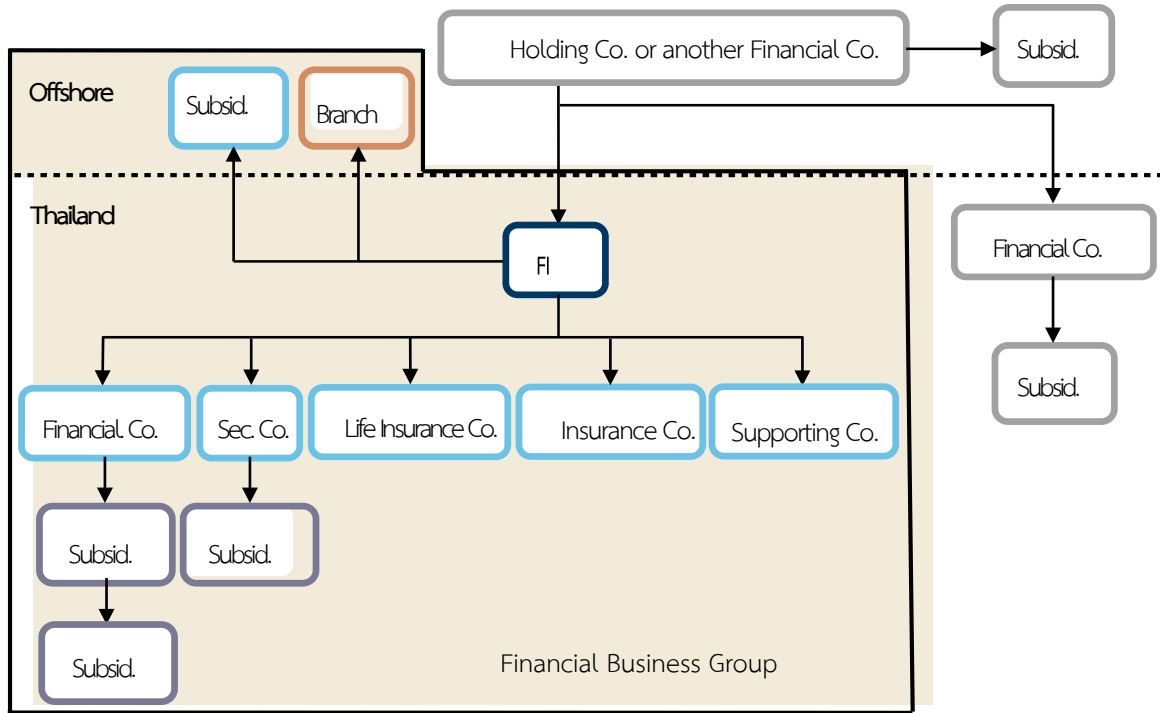
(1) Financial business group which FI incorporated in Thailand is the parent company that is not under the control of another company



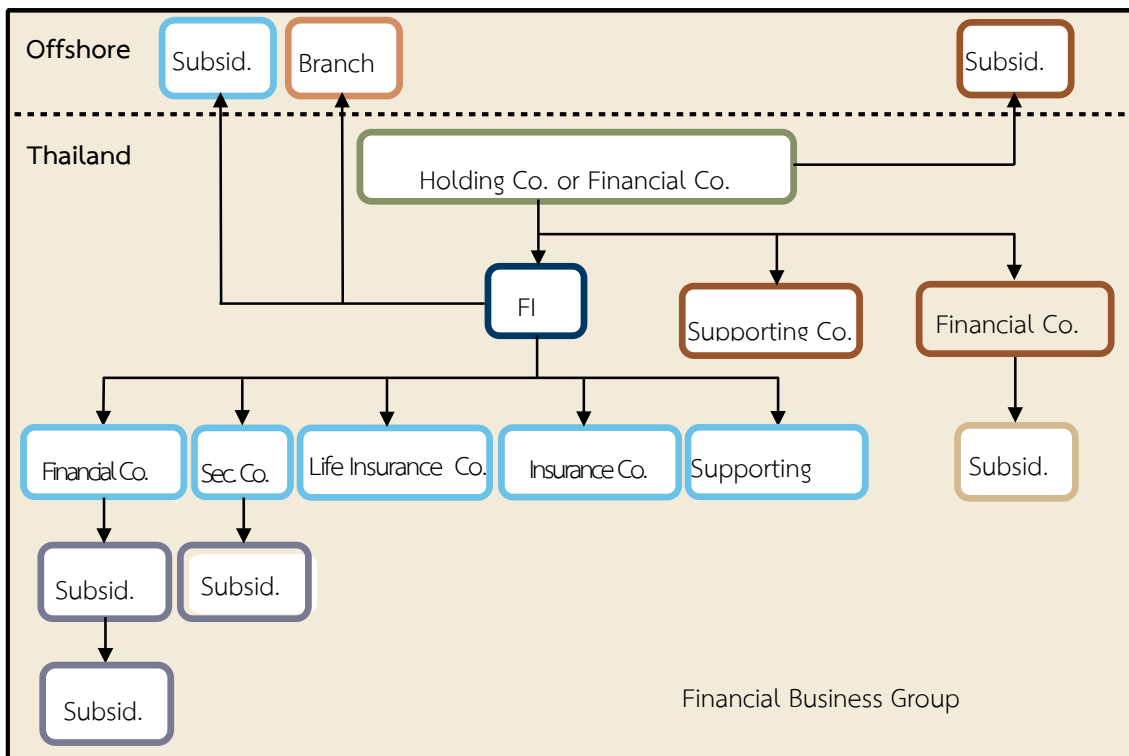
(2) Financial business group which an FI incorporated in Thailand is the parent company where another FI incorporated offshore is its parent company



(3) Financial business group which an FI incorporated in Thailand is the parent company where another juristic person incorporated offshore is its parent company



2.2 Financial business group which parent company is not an FI



Attachment 2

Capital Maintenance and Preparation of Consolidated Financial Statements for Companies that the Financial Institution or Parent Company Holds Shares in Excess of 10% according to the Consolidated Supervision Regulation of Financial Business Groups

Type of Business	Controlling Power	Permission	Holding Shares < 50%			Holding Shares ≥ 50%			Remark
			Consol. Statements	Deduct Capital*	Reduce Shares to 10%	Consol. Statements	Deduct Capital*	Reduce Shares to 10%	
Financial Business	Yes	Permitted	No	Deduct	No	Yes	No	No	-
	No	Permitted**	No	Deduct	No				
Insurance Business	Yes	Permitted	No	Deduct	No	No	Deduct	No	-
	No	Permitted**	No	Deduct	No				
Venture Capital (VC) business	Yes	Permitted	No	Deduct	No	Yes	No	No	To comply with VC Supervision Regulation according to Attachment 3
	No	Permitted**	No	Deduct	No				
Supporting Business	Yes	Permitted	No	Deduct	No	Yes	No	No	Should adjust shareholding structure to 50%
	No	Permitted**	No	No (Calculate Risk Weight)	No				Permitted only companies that the financial institution invests for the benefits of supporting its operations and overall financial institution system
	No	Not Permitted	No	Deduct	Reduce within 3 years				-

Type of Business	Controlling Power	Permission	Holding Shares < 50%			Holding Shares ≥ 50%			Remark
			Consol. Statements	Deduct Capital*	Reduce Shares to 10%	Consol. Statements	Deduct Capital*	Reduce Shares to 10%	
Other Business	Yes or No	Not Permitted	No	1/	Reduce within 3 years	No	1/	Reduce within 3 years	^{1/} - For commercial banks and finance companies, no need to deduct capital but must calculate risk weight - For credit foncier companies, capital must be deducted. ^{2/} - Permitted only investment made by companies conducting financial business that are under supervision of a specific supervisory authority and such supervisory authority permits the investment.
	Yes or No	Permitted ^{2/}	No	1/	No	No	1/	No	
Business underwent Debt- Restructuring	Yes or No	Permitted on a Case by Case Basis	No	3/	3/	No	3/	3/	^{3/} - If permitted to hold shares, no need to deduct capital but must calculate risk weight and reduce shareholding per condition upon receiving a license - If not permitted, must deduct capital and reduce shareholding promptly

* For commercial bank's financial business group, capital deduction means deducting capital proportionate to the amount that must be deducted from the capital under the Bank of Thailand Notification re: Components of Capital for Domestically Incorporated Commercial Banks

** Only for cases waived by the Bank of Thailand

Guidelines on Supervision of Venture Capital Business

1. Rationale

Other than borrowing from financial institutions, investment by venture capital business is one of key alternatives allowing non-listed companies, especially small and medium-sized enterprises (SMEs) to access funding as well as business advices and preparations for being listed on the stock exchange in the future. In addition, investment by venture capital business is also other important source of funds for financial technology (FinTech) firms and start-up businesses, while the operators of venture capital business can, at the same time, learn new financial technology business and new innovations of financial services. However, as venture capital business is mostly in form of having long-term relationship with the business owners, which may incur high risks, financial institutions or companies within financial business groups entering into venture capital business, therefore, should take into consideration their investment capability and risks that may incur in order to prevent any impact on the stability of the financial institutions and their financial business groups. Therefore, **the Bank of Thailand allows financial institutions or companies within financial business groups to provide funding sources for SMEs and FinTech firms through venture capital business according to the scope as specified by the Bank of Thailand.**

Furthermore, another important type of funding sources for business sector is a trust, the Bank of Thailand thereby amends guidelines on supervision of venture capital business to be in line with the current business operations as well as regulations of the Office of the Securities and Exchange Commission that allow to use trust for setting up a venture capital business (private equity trust), which will promote and accommodate the use of trust for capital market transactions.

2. Definitions

“Venture capital business” means the business that involves long-term investment in form of being in partnership with owners of business with high potential of growth, where an operator of venture capital business will give financial support, business advices and **make preparations** for the businesses it has ventured into so that they can further progress as well as for those businesses to be prepared for being listed on the stock exchange, such as the Stock Exchange of Thailand or the Market for Alternative Investment. And, once those businesses have been listed on the stock exchange, the operator of venture capital business then sells the investments in those businesses for capital gain

(loss). This shall also include investment of venture capital business in other venture capital businesses that are not companies within the financial business group or private equity trusts set up under the law of Trust for Transactions in Capital Market or other types of private equity business.

3. Types of venture capital business

The operations of venture capital business can be classified into 2 following types:

3.1 Engaging in venture capital business through a subsidiary that operates venture capital business

3.1.1 A financial institution or parent company with high potential can engage in venture capital business by making investment through subsidiaries that operate venture capital business, where the financial institution or parent company must **hold shares, directly or indirectly**, in those subsidiaries until it has control over them, except the holding of shares has formerly been approved. A financial institution or parent company is not allowed to directly operate venture capital business.

3.1.2 A Company that operates venture capital business according to Clause 3.1.1 must comply with regulations on supervision of venture capital business as specified in this Notification, unless the exemption is granted by the Bank of Thailand. In requesting the exemption, the parent company shall submit an exemption request to the Financial Institution Applications Department, Financial Institutions Policy Group, Bank of Thailand. The Bank of Thailand will finish the consideration of the request within 45 days from the day the request and supporting documents have been completely and correctly received.

3.2 Engaging in venture capital business through private equity trusts set up under the Trust for Transactions in Capital Market Act

For a financial institution that wishes to engage in venture capital business through private equity trusts set up under the law of Trust for Transactions in Capital Market, it shall comply with the Bank of Thailand Notification Re: Regulations and Methods on Investment of Financial Institutions.

4. Types of businesses under the scope of permission

A subsidiary that operates venture capital business can venture into only the following businesses:

4.1 Small and medium-sized enterprises (SMEs) under the SMEs promotion law

4.2 Financial Technology (FinTech) firms

4.3 Other venture capital businesses that are not companies within the financial business group, or private equity trusts set up under the law of Trust for Transactions in Capital Market, or other types of private equity business that venture into FinTech firms

Those businesses must have high potential for growth and must not be related entities of the financial institution, its parent company or financial business group.

Venturing into other businesses not specified above is subject to approval of the Bank of Thailand. In requesting the approval, the parent company shall submit an approval request to the Financial Institution Applications Department, Financial Institutions Policy Group, Bank of Thailand. The Bank of Thailand will finish the consideration of the request within 45 days from the day the request and supporting documents have been completely and correctly received.

5. Regulations on time frames for investment in venture capital business

5.1 Time frames for investment in venture capital business

A subsidiary that operates venture capital business can venture into businesses as specified in Clause 4 for no more than 10 years from the day it ventures into those businesses.

5.2 Investment over the specified time limit

Venturing into any business must not be with the intention of avoiding the time limit of investment as specified in Clause 5.1. If venturing into any particular business over the time limit as specified above, that investment will be considered long-term investment, which is not within the scope of engaging in venture capital business as specified in this Notification. In such case, the financial institution or parent company must reduce a number of shares in the subsidiary that operates venture capital business to be no more than 10% of its total paid-up shares, unless the exemption is granted by the Bank of Thailand on a case-by-case basis. In requesting the exemption, the parent company shall submit an exemption request to the Financial Institution Applications Department, Financial Institutions Policy Group, Bank of Thailand. The Bank of Thailand will finish the consideration of the request within 45 days from the day the request and supporting documents have completely and correctly received.

If the financial institution or parent companies cannot reduce a number of shares or reduce the investment in that subsidiary, they shall comply with regulations on capital supervision as specified in Clause 6.2.

6. Capital supervision

6.1 Capital requirements for investment in a company operating venture capital business

6.1.1 In case where a financial institution or parent company makes investments until it has control over a subsidiary that operates venture capital business and holds shares of at least 50% of total paid-up shares **of that subsidiary**, the financial institution or parent company shall include that subsidiary in its consolidated financial statements.

6.1.2 In case where a financial institution or parent company makes investments until it has control over a subsidiary that operates venture capital business but holds shares of less than 50% total paid-up shares **of that subsidiary**, the financial institution or parent company shall deduct the investments in that subsidiary from financial business group capital **according to capital deduction proportion according to the Bank of Thailand Notification Re: Capital Components of Locally Registered Commercial Banks**. Those capital deductions shall be made to financial business group capital for both Solo Consolidation and Full Consolidation.

6.2 Capital requirements for investment in any company over the specified time limit

If a financial institution or parent company cannot reduce a number of shares in a subsidiary that operates venture capital business to be less than 10% of its total paid-up shares as specified in Clause 5.2, the financial institution or parent company shall apply the highest risk weight, according to the Bank of Thailand Notification Re: Regulations on Calculation of Credit Risk-weighted Assets for Commercial Banks under the Standardized Approach (SA), to investments of that subsidiary in businesses as specified in Clause 4 that exceed 10 years from the date of investment for the calculation of capital requirements for both Solo Consolidation and Full Consolidation, unless the exemption is granted by the Bank of Thailand on a case-by-case basis. In requesting the exemption, the parent company shall submit an exemption request to the Financial Institution Applications Department, Financial Institutions Policy Group, Bank of Thailand. The Bank of Thailand will finish the consideration of the request within 45 days from the day the request and supporting documents have been completely and correctly received.

7. Investment related to financial technology of subsidiaries operating venture capital business

7.1 Holding of shares of financial technology firms according to Clause 4.2 and investment in other venture capital businesses that are not companies within the financial business group or private equity trusts set up under the law of Trust for Transactions in Capital Market or other types of private equity business that venture into financial technology firms according to Clause 4.3, together with the following holding of shares or investment must not exceed 3% of total capital of a financial institution

(1) Holding of shares by the parent company in subsidiaries that operate financial technology business

(2) Investment of the financial institution through private equity trusts set up under the law of Trust for Transactions in Capital Market that directly venture into financial technology business, or in other venture capital businesses that are not companies within the financial business group, or in other types of private equity business that venture into financial technology firms according to the Bank of Thailand Notification Re: Regulations and Methods on Investment of Financial Institutions

Unless the exemption is granted by the Bank of Thailand on a case-by-case basis, where the parent company shall submit an exemption request to the Financial Institution Applications Department, Financial Institutions Policy Group, Bank of Thailand. The Bank of Thailand will finish the consideration of the request within 45 days from the day the request and supporting documents have been completely and correctly received. And, in granting the exemption, the Bank of Thailand may impose any other requirements.

7.2 Investment in other venture capital businesses that are not companies within the financial business groups or private equity trusts set up under the law of Trust for Transactions in Capital Market or other types of private equity business that venture into financial technology firms according to Clause 4.3, together with the investment of the financial institution according to the Bank of Thailand Notification Re: Regulations and Methods of Financial institutions must not exceed 30% of total capital of the financial institution according to the Bank of Thailand Notification Re: Regulations and Methods of Financial institutions.

8. Granting of credits, investment, entering into contingent liabilities or credit-like transactions

The companies within a financial business group grant of credits to, invest in, enter into contingent liabilities or credit-like transactions with (1) other entities in which the subsidiary operating venture capital business invests for more than 10% of their paid-up shares of that company; and (2) all subsidiaries of the entities as specified in (1) at the end of any particular day must not exceed 5% of Full Consolidation capital, unless the exemption is granted by the Bank of Thailand on a case-by-case basis. **In requesting the exemption, the parent company shall submit an exemption request to the Financial Institution Applications Department, Financial Institutions Policy Group, Bank of Thailand. The Bank of Thailand will finish the consideration of the request within 45 days from the day the request and supporting documents have completely and correctly received.**

The sum of granting of credits, investment, contingent liabilities or credit-like transactions as specified above will exclude investments in the entities that the parent company has deducted from Full Consolidation capital, **according to capital deduction proportions as specified in the Bank of Thailand Notification Re: Capital Components for Locally Registered Commercial Banks (the calculation methods are as specified in the Bank of Thailand Notification Re: Regulations on Supervision of Risks of Financial Business Groups).**

9. Other guidelines

9.1 A financial institution or parent company must set out risk management policies of investment in a subsidiary that operates venture capital business, such as the maximum limit of investment in all companies operating venture capital business, ongoing monitoring and assessment of investment performance of companies operating venture capital business

9.2 Directors or persons with power of management of a financial institutions or parent company is prohibited to engage in day-to-day operations in businesses/firms that a subsidiary operating venture capital business invests in, but they may appoint specialists to take charge of management so that the business is rapidly restructured or can promptly generate profits

9.3 Businesses/firms **according to Clause 4 that have been ventured into** are prohibited to use the trademark or brand of financial institution or parent company as it may lead to the wrong impression that they are related businesses of the financial institution or parent company

10. Report on investment in venture capital businesses

A financial institution or parent company must prepare a report on investment in venture capital businesses as specified in Clause 4 by using data as of the end of June and December. The report shall be kept at a financial institution or parent company for examination by the Bank of Thailand. And, at least the following details must be contained in the report:

Example of Report on Investment of Venture Capital Businesses

Name of Financial Institution/Parent Company:

Data as of:

Table 1: Report on investment of venture capital businesses

(1) Name of Investor (Name of Subsidiary that operates venture capital business)	(2) Name of Entity ventured into by Subsidiary that operates venture capital business	(3) Industrial classification code (ISIC-BOT)	(4) Brief details of business	(5) Date of first investment (DD/MM/YY)	(6) Investment duration from the date of investment up to the reporting date (YY/MM/DD)	(7) Amount of investment (number of invested shares * share price at the date of investment) (Baht)	(8) Ratio of shareholding (%)	(9) Exit strategy

Table 2: Report on investment in other venture capital businesses that are not companies within the financial business group, private equity trusts set up under the law of Trust for Transactions in Capital Market, or other types of private equity business that venture into financial technology (FinTech) firms

(1) Name of Investor (Name of Subsidiary that operates venture capital business)	(2) Name of venture capital business that is not a company within the financial business group/private equity trust/other type of private equity business	(3) Location of incorporation of (2)	(4) Amount of investment in (2) (number of invested shares * share price at the date of investment) (Baht)	(5) Ratio of shareholding in (2) (%)	(6) Date of first investment (DD/MM/YY)	(7) Duration of investment in (2) from the date of investment up to the reporting date (YY/MM/DD)	(8) Number of firms that (2) have ventured into (firms)	(9) Total value of firms that (2) have ventured into (Baht)	(10) Number of FinTech firms that (2) have ventured into (firms)	(11) Total value of FinTech firms that (2) have ventured into (Baht)

Request for Forming a Financial Business Group

A request for forming a financial business group according to Clause 4.9 of this Notification is classified into 2 cases, namely in case where the parent company is a financial institution, and where the parent company is not a financial institution

1. In case were the parent company is a financial institution

The parent company that is a financial institution shall submit an application for forming a financial business group in accordance with Attachment 4.1, together with supporting documents and the following documents, to the Financial Institution Applications Department, Financial Institutions Policy Group, Bank of Thailand:

(1) A diagram indicating the current structure of shareholdings of the financial institution in other companies, and a diagram indicating the current structure of shareholdings of the financial institution in companies to be incorporated into its financial business group according to regulations as specified in this Notification. Reasons and necessity for forming that particular structure of financial business group shall also be given.

(2) Lists of shareholders of companies within the financial business group¹ (if any particular company is listed on the Stock Exchange of Thailand – a list of top 20 shareholders and a list of all indirect shareholders shall be submitted; and for a non-listed company – a list of all shareholders shall be submitted) as well as lists of directors and persons with power of management of those companies.

(3) A corporate certificate issued by the Ministry of Commerce of companies within the financial business group

(4) A memorandum of association of companies within the financial business group

(5) A company's regulation of companies within the financial business group

(6) Financial statements of companies within the financial business group – for the latest accounting period

(7) A request for approval of the top executives of all companies within the Solo Consolidation²

¹ Companies within the financial business group according to (2) – (6) exclude a financial institution and asset management company

² Use the same form as specified for a financial institution according to the Bank of Thailand Notification Re: Governance of Financial Institutions

(8) Guidelines on overall risk management of the financial business group, such as approval of policies, appointment of the staff of the financial institution to manage or as directors of subsidiaries

(9) Forward-looking policies and business strategies of the financial business group (for a 3-year period); and after the forming of financial business group is approved, these shall be reported to the Bank of Thailand on a yearly basis and when there is a significant change – to be submitted within 30 days from the day the board of directors of the financial institution approves those policies and strategies

(10) Risk management policies of the financial business group; and after the forming of financial business group is approved, these shall be reported to the Bank of Thailand on a yearly basis and when there is a significant change – to be submitted within 30 days from the day the board of directors of the financial institution approves those policies and strategies

(11) A letter of confirmation/certification signed by the board of directors of the financial institution confirming that the board of directors of the financial institution have reviewed risk exposures and have accordingly set out appropriate and sufficient policies on management of risks from intra-group transactions; and after the forming of financial business group is approved, these shall be reported to the Bank of Thailand on a yearly basis – to be submitted within 30 days from the day the board of directors of the financial institution approves those policies and strategies

(12) A minute of the meeting of the board of directors of the financial institution and companies within the financial business group as the directors have approved the participation in the financial business group

(13) A letter of agreement to participate in the financial business group and to comply with regulations of consolidated supervision **according to Attachment 4.2** of all subsidiaries within the financial business group

(14) For a financial business group of commercial bank – it shall submit the documents according to (1) – (13) and also submit applications and supporting documents related to capital requirements for a financial business group as specified in the Bank of Thailand Notification Re: Regulations on Capital Requirements for Financial Business Groups

(15) In case where the parent company is a locally registered financial institution that is a subsidiary of a financial institution abroad, it shall submit the documents according to (1) – (13) and also submit the following documents:

(15.1) A letter from its parent company (a financial institution abroad) that is has been informed of regulations on consolidated supervision of the Bank of Thailand and responsibilities of a locally registered financial institution as it is a parent company of financial business group in Thailand **according to Attachment 4.3**

(15.2) A letter from its parent company (a financial institution abroad) summarizing regulations on consolidated supervision as specified by its regulator abroad (home regulator) that it has to comply with

(16) Other documents or information as requested by the Bank of Thailand as deemed necessary on a case-by-case basis

2. In case where the parent company is not a financial institution

The parent company shall submit **the same documents as required in case where the parent company is a financial institution, according to Clause 1**, and also submit the following documents **to the Financial Institution Applications Department, Financial Institutions Policy Group, Bank of Thailand.**

(1) A letter from its specific supervisory agency, such as the Office of Securities and Exchange Commission, the Office of the Insurance Commission, as the case may be, that the supervisory agency approved it to be the parent company

(2) A list of shareholders or entities that have actual control over the juristic person that wishes to be the parent company, such as securities company, insurance company; if listed on the Stock Exchange of Thailand – a list of top 20 shareholders and a list of all indirect shareholders shall be submitted; and if not listed – a list of all shareholders shall be submitted

(3) An application for approval of directors, manager, persons with power of management or advisors; these persons must have the same qualifications as specified for directors, manager, persons with power of management or advisors of a financial institution³, except directors, manager, persons with power of management or advisors under the relaxation granted by the Bank of Thailand according to Clause 4.5.1 (4) of this Notification

³ Use the same form as specified for a financial institution according to the Bank of Thailand Notification Re: Governance of Financial Institutions

(4) Financial statements for the latest accounting period of a juristic person that is the parent company

(5) A letter from a juristic person that is the parent company of financial business group that it has been informed of regulations on consolidated supervision of the Bank of Thailand and responsibilities of the parent company of financial business group **according to Attachment 4.4**

Application to Establish a Financial Business Group

Bank/Company _____

Date _____

To Governor, The Bank of Thailand

Bank /company had examined the shareholdings of bank/ company, parent company and related companies, directly and indirectly, including power to control the business and shareholdings at every level, and considered modifying the financial business group to correspond to the bank's/ company's business **at the present in order to comply with the intention of the Bank of Thailand Notification Re: Regulations for Supervision, Structure and Business Scope of Financial Business Group** which is currently enforced,

Bank /company would like to apply for a permission to establish a financial business group whereby bank /company_____will be the parent company of the financial business group in accordance with the details and documents stipulated by the Bank of Thailand. Bank /company herewith disclose the names of all companies that the bank /company, parent company, and related companies held in excess of 10% of total distributed shares.

Part 1 Companies within the Financial Business Group

List of companies over which the parent company has control to establish a financial business group and the ratios of shares held, directly and indirectly, to the total distributed share of the company.

Company's Name	Type of Business	Shareholding Ratio (%)	
		As of Submission Date	Being Requested
1. Parent company (details per Attachment 4.1.1)			
2. Subsidiary within the Solo Consolidation (details per Attachment 4.1.2) 2.1 2.2 2.3			
3. Subsidiary outside Solo Consolidation (details per Attachment 4.1.2) <u>Financial Business</u> 3.1 3.2 3.3 <u>Supporting Business</u> 3.4 3.5 3.6 3.7			

Part 2 Companies outside the Financial Business Group

Ratios of shares of other companies held by the parent company, directly and indirectly, in excess of 10% of the total distributed shares of such company as follows:

2.1 Companies which shares are intended to continue to be held (details per Attachment 4.1.3)

Ratios of shares of companies conducting financial business and companies conducting supporting business to the financial institution system that the parent company has no control over the operations but intend to continue to hold the shares:

Company's Name	Type of Business	Shareholding Ratio (%)	
		As of Submission Date	Being Requested
Financial Business			
1.			
2.			
Supporting Business			
3.			
4.			

2.2 Companies which shares will be reduced (detail per Attachment 4.1.4)

Ratios of shares of companies held by the parent company that it intends to reduce to less than 10% within 3 years from the date approved to establish a financial business group, as the case may be:

Company's Name	Type of Business	Shareholding Ratio (%) as of Submission Date	Plan to Reduce Shareholding Ratio (%)			Remark
			Year 1	Year 2	Year 3	
1.						
2.						
3.						
4.						
5.						

2.3 Debt-restructured companies

Ratios of shareholding in debt-restructured companies in accordance with the Bank of Thailand regulation

Company's Name	Type of Business	Shareholding Ratio as of Submission Date (%)	Ending Date of Waiver Period
1.			
2.			
3.			
4.			
5.			

2.4 Companies in the process of being liquidated

Ratios of shares of companies in the process of being liquidated

Company's Name	Type of Business	Shareholding Ratio as of Submission Date (%)	Remark
1.			
2.			
3.			

2.5 Companies in which the parent company invested through financial business companies subject to specific supervisory authority (regulated entities), namely companies conducting financial or supporting business over which it has no control, or companies conducting other business

Ratios of shares held in such companies in accordance the regulation of the supervisory authority with

Company's Name	Type of Business	Shareholding Ratio as of Submission Date (%)	Remark
1.			
2.			
3.			

Part 3 Other additional details, optional

Bank/ company certifies that the information disclosed within this application is completely truthful and the enclosed supporting documents are correct.

(Signature) _____ Authorized Signatory

(_____)

Position _____

Remark

1. If there is more information than the provided space, please extend the space but retain the application structure.
2. Application to establish a financial business group and supplementary documents shall be submitted to the Financial Institution Applications Department, Financial Institutions Policy Group, Bank of Thailand.
3. The Bank of Thailand may request for information in addition to the requested herein.

Parent Company's Information

- **Company's name**

(Thai) _____

(English) _____

- Head Office Location No.: _____ Street: _____

Sub-district: _____ District: _____

Province: _____ Zip code: _____

Telephone: _____ Fax: _____

- Public Limited Company Registration No.: _____ Date: _____

Company Registration No.: _____ Date: _____

- Type of Business: _____

Scope of Business: _____

- Registered Capital _____ shares Total distributed shares _____

- **List of Shareholders**

To disclose names of all shareholders, direct and indirect, by listing all shareholders' names in each category except for companies listed on the stock exchange, that only the names of the top 20 shareholders, direct and indirect, shall be disclosed by listing all shareholders' names in each category

Shareholder's Name	Relationship with the FI and Companies within the Financial Business Group	Application Submission Date	
		No. of Shares	Ratio (%)
1. Group of Person / Juristic Person.....			
1.1 Mr.			
1.2 Company			
2. Mr.			
3. . Group of Person / Juristic Person			
3.1 Mr.			
3.2 Company			
Total			

- Names of Directors, Executive Directors, Independent Directors and Persons with Management Authority as of the Application Submission Date

First and Last Name	Position	Nationality	Relationship and Position Related to the FI and Companies in the Financial Business Group

- Financial Position and Operating Result as at the End of the Latest Year

Total Assets (million Baht) _____

Total Liabilities (million Baht) _____

Shareholders' Equity (million Baht) _____

Net Profit (million Baht) _____

Return on Total Assets (%) _____

Return on Shareholders' Equity (%) _____

Ration of Capital to Weighted Assets and Contingent Liabilities
(%) of Entire Group (Estimate) _____

- Other Additional Details, Optional

Attachment 4.1.2

Information of Company in the Financial Business Group

(Report Each Company Separately)

- Name of Company No. 1

(Thai) _____

(English) _____

- Head Office Location No.: _____ Street: _____

Sub-district: _____ District: _____

Province: _____ Zip code: _____

Telephone: _____ Fax: _____

- Public Limited Company Registration No.: _____ Date: _____

Company Registration No.: _____ Date: _____

- Type of Business: _____

Scope of Business: _____

- Registered Capital _____ shares Total distributed shares _____

- List of Shareholders

To separate the parent company's shareholding, direct and indirect, and shareholding of other persons. In the case of companies listed on the stock exchange, disclose only names of the top 20 shareholders and all indirect shareholders of the parent company. For unlisted companies, disclose all shareholders' names

Shareholder's Name	Relationship with the FI and Companies within the Financial Business Group	Application Submission Date		Requested	
		No. of Shares	Ratio (%)	No. of Shares	Ratio (%)
Parent Company's Shareholding					
1.					
2.					
3.					
Subtotal					
Shareholding of Other Persons					
1.					
2.					
Subtotal					
Total					

- Reason for excluding some indirect shareholders _____

- Plan to adjust shareholding ratio _____

- Names of Directors, Executive Directors, Independent Directors and Persons with Management Authority as of the Application Submission Date

First and Last Name	Position	Nationality	Relationship and Position Related to the FI and Companies in the Financial Business Group

- Financial Position and Operating Result as at the End of the Latest Year

Total Assets (million Baht) _____

Total Liabilities (million Baht) _____

Shareholders' Equity (million Baht) _____

Net Profit (million Baht) _____

Return on Total Assets (%) _____

Return on Shareholders' Equity (%) _____

- Other Additional Details, Optional

Attachment 4.1.3

**Information of Companies Outside the Financial Business Group without
Management Authority But Intended to Continue to Hold the Shares**

(Report Each Company Separately)

- **Name of Company No. 1**

(Thai) _____

(English) _____

- Head Office Location No.: _____ Street: _____

Sub-district: _____ District: _____

Province: _____ Zip code: _____

Telephone: _____ Fax: _____

- Public Limited Company Registration No.: _____ Date: _____

Company Registration No.: _____ Date: _____

- Type of Business: _____

Scope of Business: _____

- Registered Capital _____ shares Total distributed shares _____

- **List of Shareholders**

To separate the parent company's shareholding, direct and indirect, and shareholding of other persons. In the case of companies listed on the stock exchange, disclose only names of the top 20 shareholders and all indirect shareholders of the parent company. For unlisted companies, disclose all shareholders' names

Shareholder's Name	Relationship with the FI and Companies within the Financial Business Group	Application Submission Date		Requested	
		No. of Shares	Ratio (%)	No. of Shares	Ratio (%)
Parent Company's Shareholding					
1.					
2.					
3.					
Subtotal					
Shareholding of Other Persons					
1.					
2.					
Subtotal					
Total					

- Reason for excluding some indirect shareholders _____

- Plan to adjust shareholding ratio _____

- Names of Directors, Executive Directors, Independent Directors and Persons with Management Authority as of the Application Submission Date

First and Last Name	Position	Nationality	Relationship and Position Related to the FI and Companies in the Financial Business Group

- Financial Position and Operating Result as at the End of the Latest Year

Total Assets (million Baht) _____
 Total Liabilities (million Baht) _____
 Shareholders' Equity (million Baht) _____
 Net Profit (million Baht) _____
 Return on Total Assets (%) _____
 Return on Shareholders' Equity (%) _____

- Other Additional Details, Optional

**Information of Companies Outside the Financial Business Group Required to
Reduce Shareholding Ratio (Report Each Company Separately)**

- Name of Company No. 1

- List of Shareholders

To separate the parent company's shareholding, direct and indirect, and shareholding of other persons. In the case of companies listed on the stock exchange, disclose only names of the top 20 shareholders and all indirect shareholders of the parent company. For unlisted companies, disclose all shareholders' names

Shareholder's Name	Relationship with the FI and Companies within the Financial Business Group	Application Submission Date		Requested	
		No. of Shares	Ratio (%)	No. of Shares	Ratio (%)
Parent Company's Shareholding					
1.					
2.					
Subtotal					
Shareholding of Other Persons					
1.					
2.					
Subtotal					
Total					

- Reason for excluding some indirect shareholders _____

- Plan to adjust shareholding ratio _____

- Names of Directors, Executive Directors, Independent Directors and Persons with Management Authority as of the Application Submission Date

First and Last Name	Position	Nationality	Relationship and Position Related to the FI and Companies in the Financial Business Group

- Financial Position and Operating Result as at the End of the Latest Year

Total Assets (million Baht) _____

Total Liabilities (million Baht) _____

Shareholders' Equity (million Baht) _____

Net Profit (million Baht) _____

Return on Total Assets (%) _____

Return on Shareholders' Equity (%) _____

- Other Additional Details, Optional

Bank/ company hereby submits supplementary documents to the application to establish a financial business group as follows:

- 1. Shareholding structure chart for the financial business group as at the application submission date
- 2. Shareholding structure chart for the financial business group being requested
- 3. Overview of management guide of companies in the financial business group such as request for policy approval, appointment of the parent company's representative to manage or to assume directorship in a subsidiary
- 4. Copies of lists of shareholders, total _____companies
- 5. Copies of certificates of Minister of Commerce, total _____companies
- 6. Copies of memorandum of association, total _____companies
- 7. Copies of regulations, total _____companies

Documents No. 4 – 7 must be certified no longer than 6 months by the Commercial Registrar, Minister of Commerce

- 8. Audited financial statements for the latest year, total _____companies
- 9. Minutes of the meeting of the FI board of directors and of the companies in the financial business group with the resolutions to join the financial business group, total _____companies
- 10. Consent to join the financial business group and to comply with the consolidated supervision regulation of financial business groups, total _____companies
- 11. Letter acknowledging the consolidated supervision regulation of financial business groups and duties of parent companies of a financial business group

(Form) Agreement to Participate in a Financial Business Group and Comply with Regulations on Consolidated Supervision

Date

To: Governor, Bank of Thailand

Re: Agreement to participate in a financial business group and comply with regulation on consolidated supervision

Whereas the Bank of Thailand has issued the Bank of Thailand Notification Re: Regulations on Consolidated Supervision and related regulations, as currently in effect, requiring companies within a financial business group to make an agreement to participate in the financial business group and comply with the regulations on consolidated supervision as specified by the Bank of Thailand,

I, (Name of Company), that operates business and is a subsidiary/parent company within a financial business group of (Name of Bank/Company) have fully informed of the regulations as specified by the Bank of Thailand in the aforementioned Notification and agreed to participate in a financial business group of (Name of Bank/Company) as well as willing to comply with the regulations as specified by the Bank of Thailand, and will cooperate and comply with policies as specified by the parent company on risk management, internal control, granting of credits, submission and reporting of data.

Please find attached herewith the minute of the board of directors meeting approving the participation in a financial business group of (Name of Bank/Company)

Yours sincerely,

(signed) Authorized signatory

(.....)

Position

(Form) Acknowledgement of Regulations on Consolidated Supervision and Responsibilities of the Parent Company of a Locally Registered Financial institution

Date

To: Governor, Bank of Thailand

Re: Acknowledgement of responsibilities of the parent company of a locally registered financial institution

Whereas the Bank of Thailand has issued the Bank of Thailand Notification Re: **Regulations on Consolidated Supervision and related regulations, as currently in effect**, requiring financial institutions that have financial institutions abroad as the parent companies to have those parent companies to submit an acknowledgement of regulations on consolidated supervision and ensure that the locally registered financial institutions will perform the responsibilities as specified for parent companies according to the regulations as specified by the Bank of Thailand,

I, (Name of Financial Institution abroad that is the parent company), located at, which is the parent company of (Name of Locally Registered Financial Institution), have fully informed of regulations on consolidated supervision and responsibilities of (Name of Locally Registered Financial Institution), which it must take charge of as the parent company of a financial business group according to the aforementioned Notification, such as formulation of policies and strategic business plans of financial business group, risk management for a financial business group, control and oversight as well as giving support to companies within a financial business group and preparing reports on consolidated supervision and submitting them to the Bank of Thailand. I hereby confirm that I will support (Name of Locally Registered Financial Institution) in performing those as the parent company of financial business group as specified by the Bank of Thailand.

Please find attached herewith the summary of supervisory regulations on consolidated supervision of, which is my respective supervisory agency.

Yours sincerely,

(signed) Authorized signatory

(.....)

Position

(Form) Acknowledgement of Regulations on Consolidated Supervision and Responsibilities of the Parent Company of Financial Business Group

Date

To: Governor, Bank of Thailand

Re: Acknowledgement of regulations on consolidated supervision and responsibilities of the parent company of financial business group

Whereas the Bank of Thailand has issued the Bank of Thailand Notification Re: Regulations on Consolidated Supervision and related regulations, as currently in effect, specifying responsibilities of the parent company of financial business group,

I, (Name of Company), which is the parent company of (Name of Bank/Company) have fully informed of regulations on consolidated supervision and my responsibilities as the parent company of financial business group according to the aforementioned Notification, such as formulation of policies and strategic business plans of financial business group, risk management for a financial business group, control and oversight as well as giving support to companies within a financial business group and preparing reports on consolidated supervision and submitting them to the Bank of Thailand. I will accordingly perform those as specified in the regulations on consolidated supervision as well as support (Name of Bank/Company) in complying with those regulations.

Yours sincerely,

(signed) Authorized signatory

(.....)

Position

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