

Unofficial Translation

This translation is for the convenience of those unfamiliar with the Thai language.

Please refer to the Thai text for the official version.

Notification of the Bank of Thailand

No. FPG. 6/2565

**Re: Regulations on commercial banks' financial business groups undertaking
digital asset related businesses and transactions**

1. Rationale

Rapid technological advancements, such as distributed ledger technology (DLT), and the emergence of digital assets have led to innovations and the potential to help reduce the cost of financial services which would be beneficial for consumers and the economy as a whole. However, digital assets also bring about risks in many aspects, such as risks to the financial system from widespread usage of digital assets as means of payment; risks to business operators, both technological and reputational risks when problems arise; as well as risks to consumers and business operators who hold digital assets from cyber theft and asset price volatility. These risks are particularly accentuated in instances where consumers lack sufficient understanding of digital assets. Furthermore, digital assets also run the risk of being used as a tool in money laundering or financing of terrorism or proliferation of weapons of mass destruction.

Therefore, striking a balance between facilitating digital asset related innovations by commercial banks' financial business groups to promote their benefits and managing the risks that may arise is the key principle underpinning the Bank of Thailand's revision and prescription of regulations on undertaking digital asset businesses and transactions, in order to increase flexibility, gradually allow investments in and undertaking of digital asset related businesses—under specified supervisions and Digital Asset Related Business Limit—in tandem with standards in providing services, oversight of corporate governance, capital adequacy, intragroup contagion risk within the financial business group, as well as proper consumer protection and has no impact on the overall financial system. Furthermore, the Bank of Thailand has lifted the limit

on investments in FinTech (FinTech Limit), given that it is now evident that FinTech is beneficial in the development of financial products and services and financial business groups have now gained experience and implemented FinTech risk management frameworks that can provide a degree of assurance. In addition, this would encourage competition and innovation for the benefit of consumers, while also allowing financial business groups to adapt in pace with technological advancements while considering both benefits and risks, in line with the policy framework on Repositioning Thailand's Financial Sector for a Sustainable Digital Economy (Financial Landscape).

2. Statutory power

By virtue of Section 29, Section 30, Section 31, Section 33, Section 34, Section 39, Section 41, Section 50, Section 54, Section 56, Section 57, Section 58, Section 59, Section 60, Section 61, Section 63, Section 64, Section 71, and Section 84 of the Financial Institution Business Act B.E. 2551 (2008), the Bank of Thailand hereby issues regulations on the undertaking of digital asset related businesses and transactions. Commercial banks, parent companies, subsidiaries, and affiliates of a commercial bank in a financial business group shall comply with the regulations prescribed in this Notification.

3. Repealed Notifications and Circular

3.1 The Bank of Thailand's Circular No. BOT.RPD(23)C. 1759/2561 Re: Guidelines on the Undertaking of Digital Asset Business by Financial Institutions and Companies Within the Financial Business Group of Financial Institutions dated 1 August B.E. 2561 (2018) is repealed

3.2 The provision in (2.3.2) of No. 5.2.3 in the Bank of Thailand's Notification No. FPG. 7/2561 Re: Regulations on Investment of Financial Institutions dated 11 April B.E. 2561 (2018) is repealed, to repeal the requirements regarding financial institutions' shareholding or investment in enterprises undertaking FinTech business.

3.3 The provision in No. 5.6 in the Bank of Thailand's Notification No. FPG. 8/2564 Re: Regulations on the Structure and Scope of Business of Commercial

Banks' Financial Business Groups dated 20 July B.E. 2564 (2021) is repealed, to repeal the requirements regarding the holding or possession of shares of FinTech companies by financial institutions' financial business groups.

4. Scope of Application

This Notification shall apply to all commercial banks, parent companies, subsidiaries, and affiliates of commercial banks within financial business groups, according to the law on financial institution business.

5. Content

5.1 Definitions

“Digital asset” means a digital asset according to the law on digital asset businesses, agreement on future transfer of digital assets, and non-fungible token (NFT). This does not include Central Bank Digital Currency (CBDC) under a project operated or jointly operated by the Bank of Thailand, ready-to-use utility tokens that grant access rights to goods or services that are not of complex nature, and issued to support customer relations or stimulate sales.

“Digital asset related business” means digital asset business¹ and ICO portal business according to the law on digital asset businesses, or any business of similar nature in other countries; business with digital asset related business as its core business or main activities; and any other digital asset related business that is not yet supervised by a lead regulator.

“Financial business group” means a financial business group according to the Bank of Thailand's Notification on Regulations on the Structure and Scope of Business of Commercial Banks' Financial Business Groups.

“Vulnerable customer” means a vulnerable customer according to the Bank of Thailand's Notification on Market Conduct.

¹ Such as digital asset exchange, digital asset broker, digital asset dealer, digital asset advisory service, digital asset fund manager, digital asset custodian

5.2 Key Principles

(1) Gradually allow companies within a financial business group, except commercial banks, to undertake digital asset related business, under a supervisory framework that is flexible, supportive of technologies and development of financial services that would improve financial system efficiency and enhance financial inclusion for the benefit of the public and businesses, and does not limit the use of digital assets in ways that would be beneficial to the economy.

(2) Have in place oversight and management of risks arising from digital asset related transactions undertaken by commercial banks, and risks from digital asset related businesses and transactions undertaken by companies within financial business groups, which may impact the public's deposits and confidence in commercial bank business, as well as financial system stability.

(3) Protect consumers to ensure they receive fair service, and prevent investment solicitation from customers, especially vulnerable customers who may have insufficient understanding of digital assets and low risk tolerance.

(4) Raise the country's standard of digital asset related businesses and service provision to an appropriate degree, to the level equivalent to that expected by customers from services provided by commercial banks.

5.3 Regulations on undertaking digital asset related businesses and transactions

5.3.1 Scope of digital asset related businesses and transactions

A commercial bank may undertake digital asset related transactions, and a company within a financial businesses group may undertake digital asset related businesses and transactions, in accordance with the regulations prescribed in this Notification. Such businesses or transactions shall not contradict the key principles in 5.2 or the laws and regulations of both domestic and international supervisory authorities overseeing such activities. For example, a financial business group is prohibited from engaging in activities with the intent to evade regulations on

the scope of digital asset related businesses and transactions as prescribed in this Notification and the relevant laws or regulations of lead regulators, including the use of digital assets as a means of payment for goods and services. In addition, a commercial bank or a company within a financial business group that does not undertake digital asset related business is prohibited from engaging in activities that enable or support the general public, particularly vulnerable customers, to access digital assets or to increase the holding of digital assets.

(1) Scope of Business

(1.1) A **commercial bank** is not allowed to undertake digital asset related businesses, in order to prevent impact to its operational performance, which may impact the public's deposits, as well as to safeguard the public's confidence in commercial bank business and the stability of the financial institution system.

(1.2) for a **company within a financial business group**, either with or without a lead regulator, seeking to undertake the following digital asset related businesses, the parent company shall seek the Bank of Thailand's approval on a case-by-case basis.²

(1.2.1) Digital asset business and ICO portal business according to the law on digital asset businesses, or any business of similar nature in other countries.

(1.2.2) Business with digital asset related business as its core business or main activities, or any other digital asset related business that is not yet supervised by a lead regulator. The Bank of Thailand may

² Regardless of whether it is a case where a new company is added to the financial business group to undertake digital asset related business, or where a company within the financial group adds or expands its scope of business to include digital asset related business, including where there is an organizational restructuring of the financial business group that undertakes digital asset related business, even if there is no addition or removal of a company to/from the financial business group e.g. relocating a subsidiary that undertakes digital asset related business from directly under the holding parent company to an indirect holding through another subsidiary (even if the digital asset related business subsidiary company remains outside the Solo Consolidation group).

require testing by applying the Bank of Thailand's Guidelines on Testing and Developing Innovations Using New Technologies to Support Financial Services (Regulatory Sandbox), mutatis mutandis.

In requesting to establish or have a company that operates digital asset related business in the financial business group, the parent company shall ensure that the financial business group is financially sound, by having sufficient capital to absorb any loss that may be incurred by such company. That is, if the investment amount in such company is deducted from the financial business group's total capital, the financial business group would still be able to maintain its capital in compliance with the regulations on the supervision of financial business groups' capital.

(2) Scope of transactions

(2.1) Commercial banks or companies other than those in (2.2) may issue and hold digital assets for the purpose of developing innovations, in order to enhance the efficiency of quality of services in financial business or supporting business. The parent company shall seek the Bank of Thailand's approval on a case-by-case basis, and the Bank of Thailand may require testing by applying the Bank of Thailand's Guidelines on Testing and Developing Innovations Using New Technologies to Support Financial Services (Regulatory Sandbox), mutatis mutandis.

(2.2) Companies within a financial business group that are supervised by a lead regulator, such as a securities company and fund management company according to the law on securities and exchange; digital asset business and ICO portal business according to the law on digital asset businesses; non- life insurance company according to the law on non- life insurance; and life insurance company according to the law on life insurance, may issue and hold digital assets as permitted by its lead regulator, while also complying with the regulations prescribed in this Notification.

(2.3) Commercial banks and companies within a financial business group may invest in investment units of funds or trust certificates of trust funds with investment mandates to invest only a minor proportion

in digital assets, in accordance with the Notification of the Bank of Thailand on Regulations on Investment of Financial Institutions, or Financial Business Groups, as the case may be. However, investment in investment units of a fund, or trust certificates of a trust fund, with an investment mandate to invest mainly in digital assets is prohibited.

In addition, the Bank of Thailand does not intend to allow commercial banks and companies within financial business groups to offer any form of credit to natural person customers for the purpose of investment in digital assets. For example, personal loans, credit cards, as well as loans that take digital assets as collateral. This is to curb the problem of borrowing for high-risk investments, which may exacerbate the country's borrower quality and household debt problem.

5.3.2 Supervision of risk management

(1) Limit on the amount of digital asset related businesses granted of credits, investment, undertaking of contingent liabilities or credit-like transactions (Digital Asset Related Business Limit)

Commercial banks and companies within financial business groups may grant credits to, invest in, have contingent liabilities to, or undertake credit-like transactions with digital asset related businesses, in accordance with the following additional regulations stipulated by the Bank of Thailand.

(1.1) A commercial bank must limit the following transactions to no greater than 3 percent of the commercial bank's capital.

(1.1.1) Direct and indirect investments in digital asset related businesses, both to those that are within and outside the financial business group.

(1.1.2) Granting of credits to, having contingent liabilities to, or undertaking of credit-like transactions with companies within the financial business group that operate digital asset related businesses, both directly and indirectly through a company within the financial business group.

(1.2) Companies within a financial business group must limit their investment amount in digital asset related businesses, both in those that are within and outside the financial business group, to no greater than 3 percent of the financial business group's capital. In the event that the financial business group's investment amount exceeds the said limit, the amount exceeding such limit must be fully deducted from the financial business group's Common Equity Tier 1 Capital (CET1), as required in 5.3.2. (3.3), and the parent company shall consult with the Bank of Thailand on the composition of the board of directors, on a case-by-case basis, as required in 5.3.2 (2.1).

In this regard, any investment amount already deducted from CET1 capital, such as goodwill, is to be excluded from the calculation of the Digital Asset Related Business Limit.

In order to verify that business operations remain within the said limit, the parent company shall adequately prepare data, both of each company and of the financial business group, on a quarterly basis, to be made available for examination by the Bank of Thailand's financial institution examiner, or to be submitted to the Bank of Thailand upon request. Details on such data are as follows.

a. Amount of the granting of credits, investment in, undertaking of contingent liabilities or credit-like transactions by the commercial bank and each company within the financial business group to digital asset related businesses, both to those that are within and outside the financial business group.

b. Source and amount of the granting of credits, investment in, undertaking of contingent liabilities or credit-like transactions received by each digital asset related business company within the financial business group to fund their business operations (source(s) of fund), both from companies that are within and outside the financial business group.

However, if the parent company can prove to the Bank of Thailand that any of the companies within the financial business group that undertakes digital asset related business has raised its business standards, such as on corporate governance, reputational risks, risk oversight for technological risks and

cybersecurity risks, Anti-Money Laundering and Combating the Financing of Terrorism and the Proliferation of Weapons of Mass Destruction (AML/ CFT/ WMD) , consumer protection, and client suitability assessments, to an appropriate degree, to the level equivalent to that expected by customers from services provided by commercial banks, the Bank of Thailand may consider allowing the amount of the granting of credits, investment in, undertaking of contingent liabilities or credit-like transactions to digital asset related business companies within the financial business group to be excluded from the calculation of the Digital Asset Related Business Limit according to 5.3.2 (1.1) and (1.2) above. In such case, the parent company shall seek the Bank of Thailand’s approval on a case-by-case basis.

(2) Supervision of corporate governance

(2.1) Composition of the board of directors

In order to allow a commercial bank’s board of directors to perform its duties with checks and balances and to prevent conflicts of interests with the parent company and the companies within the financial business group, while also enabling the transmission of policies and corporate culture from the parent company to the companies within the financial business group; a financial business group with companies within the financial business group that undertake digital asset related business, or companies within the financial business group that directly or indirectly invest a significant amount³ in digital asset related businesses, shall comply with the following additional regulations stipulated by the Bank of Thailand.

(2.1.1) For a financial business group whose parent company is not a commercial bank

a. Directors that concurrently hold directorship at both the commercial bank and the parent company must constitute a minority of the commercial bank’s board of directors. Also, directors of the commercial bank must not hold

³ This is when a company within a financial business group invests directly or indirectly in a digital asset related business in an amount exceeding 10 percent of the company’s total shares/fund’s total investment units sold, or of the total value of investments in a trust fund.

directorship in any company within the financial business group that undertakes digital asset related businesses or company within the financial business group that directly or indirectly invests a significant amount in digital asset related businesses, except in the case where such concurrent directorship is in the parent company.

b. The chairman of the parent company's board of directors must not be the chairman of the commercial bank's board of directors.

c. Any member of the parent company's audit committee must not be a member of the commercial bank's audit committee.

(2.1.2) For a financial business group whose parent company is a commercial bank

Directors that concurrently hold directorship in both the commercial bank and companies within the financial business group that undertake digital asset related business or companies within the financial business group that directly or indirectly invest a significant amount in digital asset related businesses must constitute up to a maximum of three-fourths of the board of directors of each of the said companies.

In this regard, if companies within the financial business group exceed the Digital Asset Business Limit of 3 percent of the financial business group's capital according to 5.3.2 (1.2), even if investments in each digital asset related business is not a significant amount, the parent company shall consult with the Bank of Thailand on the composition of the board of directors on a case-by-case basis.

(2.2) Governance mechanisms

The parent company must ensure that companies within the financial business group operate in accordance with good corporate governance principles, have in place efficient internal controls, as well as a clear segregation of duties between different business units or persons, especially the

internal oversight (second line of defense) and internal audit (third line of defense) units, that enables them to perform their duties independently. Also, the parent company must ensure that digital asset related business companies within the financial business group have in place risk management, compliance, and internal audit as required by the relevant regulations.

(3) Capital maintenance

Commercial banks and parent companies shall comply with the following additional regulations stipulated by the Bank of Thailand.

(3.1) For the case where the commercial bank or companies within the financial group have holdings of digital assets (Digital Asset Exposure), the value of such Digital Asset Exposure shall be fully deducted from the CET1 capital of the commercial bank or the financial business group, as the case may be.

For a commercial bank's overseas branch, such Digital Asset Exposure shall be fully deducted from the commercial bank's overseas branch's total capital.

The parent company shall prepare a report on the financial business group's Digital Asset Exposure at the end of every month. At minimum, the report shall comprise the name and digital asset type⁴, amount, and value of each digital asset held; names of the companies within the financial business group holding such digital assets; and a summary of the financial business group's total Digital Asset Exposure, to be made available for examination by the Bank of Thailand's financial institution examiner, or to be submitted to the Bank of Thailand upon request.

(3.2) For the case where a commercial bank or company within a financial business group invests in investment units of a fund or trust certificates of a trust fund with an investment mandate to invest a minor

⁴ Digital asset types such as investment token / Utility Token (ready-to-use/not ready-to-use) / Cryptocurrency according to the law on digital asset businesses / Stablecoin / NFT / SAFT

proportion in digital assets, the commercial bank or parent company may choose to comply with either (3.2.1) or (3.2.2), as follows.

(3.2.1) The said investment proportion must be based on actual investments in digital assets (applying the look-through approach), and the value of investment in investment units or trust certificates, proportionate to the fund or trust fund's investment proportion in digital assets, shall be fully deducted from the CET1 capital of the commercial bank or the financial business group, as the case may be, whereby the proportion of investment in each asset type on each day must be identifiable.

(3.2.2) Based on the fund or the trust fund's investment mandate, it shall determine the maximum proportion of investment in digital assets permitted under such fund or trust fund's investment mandate, and fully deduct the investment amount in investment units or trust certificates proportionate to the fund or trust fund's maximum proportion of investment in digital assets permitted according to its investment mandate from the CET1 capital of the commercial bank or the financial business group, as the case may be.

(3.2.3) If the commercial bank or financial business group is unable to comply with (3.2.1) or (3.2.2), the investment amount in the investment units of funds or trust certificates of trust funds shall be fully deducted from the CET1 capital of the commercial bank or the financial business group, as the case may be.

For a commercial bank's overseas branch, the value of investment according to (3.2.1) or (3.2.2) or (3.2.3) shall be fully deducted from the commercial bank's overseas branch's total capital.

(3.3) For the case where companies within a financial business group invest in digital asset related businesses, both in those that are within and outside the financial business group, in an amount that exceeds the limit in 5.3.2 (1.2), the amount exceeding such limit shall be fully deducted from the financial business group's CET1 capital.

In this regard, if a commercial bank or parent company has set aside provisions according to 5.3.2 (5), the commercial bank or parent company does not have to deduct the amount for which provision has been set aside from the CET1 capital of the commercial bank or the financial business group.

(4) Liquid assets maintenance

Commercial banks shall comply with the Notification of the Bank of Thailand on Liquidity Coverage Ratio (LCR) and on the Net Stable Funding Ratio (NSFR) Requirement. For compliance with the regulations on LCR, it should be considered based on the potential cash inflows and outflows, and for the regulations on NSFR, it should be considered based on the liquidity of assets, or the stability of liabilities, residual maturities, and accounting treatments according to the principles in said Notifications.

(5) Asset classification and provisioning

For the case where commercial banks and parent companies hold digital assets or invest in companies⁵ undertaking digital asset related businesses that are classified as financial assets measured at amortized cost and at fair value through other comprehensive income (except equity investment and holdings of digital assets classified as investment in equity instruments), it shall classify assets and set aside provisions in accordance with the Notification of the Bank of Thailand's on Regulations on Asset Classification and Provisioning of Financial Institutions

(6) Supervision of large exposures (Single Lending Limit)

Commercial banks and parent companies shall include their holdings of digital assets with known issuers in the calculation of the Single Lending Limit according to the Notification of the Bank of Thailand on Supervisory Guidelines on Large Exposures (Single Lending Limit) or the regulations on the supervision of large exposures of financial business groups according to the Notification of the Bank of Thailand on Regulations on Risk Supervision of Financial Business Groups.

⁵ This does not include investments in subsidiary, affiliate, and joint venture companies

(7) Supervision of Intragroup Contagion Risk

A parent company shall comply with the following additional regulations stipulated by the Bank of Thailand.

(7.1) Assess intragroup contagion risks, especially risks posed by companies within the financial business group undertaking digital asset related businesses that may be transmitted to the commercial bank, and also identify measures to manage such risks. A report, as required in the public manual, shall be submitted to the Bank of Thailand as a supporting document in obtaining approval to undertake digital asset related business, together with a recovery plan. Additionally, the structural organization of companies within the financial business group undertaking digital asset related business should enable them to manage risks and resolve problems in a timely manner, so as to prevent any impact or contagion to other companies within the financial business group.

(7.2) Oversee that there is a segregation of digital asset related business's working systems from the commercial bank's core banking system, at the application system, database system, server, and network levels, in order to ensure that such services do not impact the commercial bank's core business, both in terms of stability and security of its information technology system.

(7.3) Oversee that companies within the financial business group that undertake digital asset related businesses have in place robust measures for information technology and cybersecurity, for the following business types.

(7.3.1) A company within the financial business group that undertakes digital asset related business must have in place robust measures to safeguard information technology security (IT Security) and cybersecurity. The Notification of the Bank of Thailand on Supervision of Financial Institutions' Information Technology Risk shall be applied, *mutatis mutandis*.

(7.3.2) A company within the financial business group that undertakes Digital Asset Exchange business must have IT security and cybersecurity measures equivalent to that of commercial banks. At minimum,

the Bank of Thailand's Notification, Policy Statements, and Guidelines indicated in the Attachment shall be applied, mutatis mutandis.

(7.4) Oversee that the financial business does not create any misperception that the commercial bank is accountable for the digital asset related businesses or transactions conducted by the digital asset related business companies within the financial business group.

(7.5) Oversee that digital asset related business companies comply with all regulations and orders of their lead regulator(s), with measures to prevent problems from recurring. For a newly established company or a company whose scope of business has been expanded to include digital asset related business, compliance must be achieved prior to the commencement of the business. For a company that had already been undertaking digital asset related business, compliance must be achieved prior to obtaining approval to join the financial business group, unless the Bank of Thailand imposes conditions or orders otherwise.

(8) Supervisory Review Process: Pillar 2

Commercial banks and financial business groups shall take into consideration risks from undertaking digital asset related businesses and transactions, in complying with the Notification of the Bank of Thailand on Supervisory Review Process of Capital Adequacy (Pillar 2), which requires commercial banks and financial business groups to have in place robust risk management and an Internal Capital Adequacy Assessment Process (ICAAP) that covers all significant risk aspects. On this, the Bank of Thailand will conduct examinations on the commercial bank's soundness of its risk assessments, efficiency of its risk management, as well as its ICAAP.

In this regard, the Bank of Thailand may order commercial banks and parent companies to maintain a capital-to-risk weighted assets ratio of the commercial bank and/or financial business group that is higher than the minimum level required by law, if it deems that the risk level is excessively high and cannot be lowered within a specified timeframe.

(9) Disclosure (Pillar 3)

Commercial banks and financial business groups shall comply with the Notification of the Bank of Thailand on Disclosure Requirement on Capital Adequacy for a Commercial Bank and the Notification of the Bank of Thailand on Disclosure Requirement on Capital Adequacy for a Financial Business Group. This is to reinforce market discipline whereby commercial banks and financial business groups are required to clearly and adequately disclose information related to their capital maintenance, risks levels, risk assessment process, and capital adequacy of the commercial bank and financial business group. Commercial banks and financial business groups shall disclose both qualitative and quantitative information related to the undertaking of digital asset related businesses and transactions. This includes the amount of direct and indirect holdings of digital assets, risk assessment framework, and policies to manage various risks related to digital assets.

(10) Know Your Customer: KYC

The parent company shall oversee that digital asset related business companies within the financial business group must have in place KYC processes by applying the regulations on customer identification and verification in accordance with the Notification of the Bank of Thailand on Regulations on Know Your Customer (KYC) for Deposit-account Opening at Financial Institutions, mutatis mutandis. Also, it shall oversee that digital asset related business companies within the financial business group store identification data and documents, and transaction details related to the KYC process in a secure system or location, from the day on which the KYC process was initiated. Such data and documents shall be retained for the time period required by regulations according to the law on anti-money laundering.

(11) Consumer Protection

Commercial banks and companies within a financial business group must have appropriate consumer protection, commensurate with their products' risks and consumers' risk tolerance levels. The parent company shall oversee that companies within the financial business group that are not supervised by a

lead regulator comply with the Bank of Thailand's additional regulations, according to each customer type, as follows.

(11.1) For general customers other than those in (11.2), commercial banks and companies within the financial business group are prohibited from providing service or conducting operations through channels of the commercial bank or any company within the financial business group that may grant general customers, especially those who are vulnerable customers, increased access to digital assets. For example, by advertising, giving sale offers, soliciting, or providing any information on digital asset related business, product, or service, to their customers. It is also prohibited to request the customers' consent to disclose their data to digital asset related business companies for all marketing purposes, whether it is to seek consent for the purpose of cross-selling with other traditional products, or to seek consent to disclose data to digital asset related business companies.

(11.2) For customers that are Institutional Investors or Ultra High Net Worth Investors⁶ who have been assessed to have sufficient risk tolerance for investment in digital assets, the commercial bank and companies within the financial business group may advertise, give sale offers, solicit, or provide information on digital asset related business, product (on an asset class basis), or service to their customers, to facilitate them in using the services of digital asset related business companies. It is also permitted to request consent from such customers to disclose their data to digital asset related business companies for marketing purposes. The abovementioned actions are not permitted on a specific digital asset product basis.

To ensure that it can comply with the Bank of Thailand's regulations, the parent company shall prepare information on its management framework, such as on classification of customers, customers' risk tolerance assessment, personnel training, and submit it to the Bank of Thailand 30 days prior to offering such services.

⁶ In accordance with the Notification of the Securities and Exchange Commission on Definitions of Institutional Investor, Ultra High Net Worth Investor and High Net Worth Investor

In the case where a digital asset related business company within a financial business group provides service or conducts operations through its own channels, and in the case where it is a company within a financial business group that has a lead regulator, such as a securities company and fund management company according to the law on securities and exchange; non-life insurance company according to the law on non-life insurance; and life insurance company according to the law on life insurance; it shall comply with the regulations of the lead regulator.

5.4 Monitoring and audit by the parent company

The parent company shall ensure there is an Audit Program that comprises the following.

5.4.1 Overall audit other than those in 5.4.2

Ensure that there is an internal auditor unit or external auditor that is independent from the operation units and risk management units of the digital asset related business companies within the financial business group (independent external auditor) to audit the digital asset related business companies within the financial business group and their overall compliance with the regulations in this Notification.

5.4.2 IT audit

Ensure that there is an external IT auditor from outside the financial business group that is independent from the IT operation units and IT risk management units of the digital asset related business companies within the financial business group (independent external auditor from outside the financial business group) that has expertise and experience in conducting IT audits on digital asset related businesses to conduct IT audit on all digital asset related business companies.

Audits shall be conducted at least annually, and the audit in 5.4.2 must be conducted prior to the business commencement, or prior to having the company within the financial business group, as the case may be. An audit report

shall be prepared and presented to the financial business group's audit committee. Also, the audit report must be retained, to be made available for examination by the Bank of Thailand's financial institution examiner, or to be submitted to the Bank of Thailand upon request.

5.5 Obtaining the Bank of Thailand's approval or waiver

If a commercial bank or company within a financial business group wishes to seek approval or waiver in accordance with this Notification, the parent company shall seek the Bank of Thailand's approval on a case-by-case basis by demonstrating the rationale, necessity, and presenting other relevant details as specified in the public manual. In considering such approval, the Bank of Thailand will consider the principles in 5.2. In this regard, the Bank of Thailand may impose conditions upon such approval or waiver, which may include a testing requirement by applying the Bank of Thailand's Guidelines on testing and developing innovations using new technologies to support financial services (Regulatory Sandbox), *mutatis mutandis*.

5.6 Imposing additional conditions, delaying, or suspending the undertaking of business or transaction

The Bank of Thailand may impose additional conditions, or order a rectification, delay, or suspension of the undertaking of digital asset related business or transaction, partially or wholly, on a general basis or case-by-case basis, should the Bank of Thailand, upon examination, find that a financial business group may be non-compliant with the regulations set by the Bank of Thailand, or if the stability of the financial system may be impacted, or in a case where risks may be heightened, which may impact deposits, business efficiency, good governance, or any other case the Bank of Thailand deems necessary.

6. Transitional provisions

In the case where the Bank of Thailand had previously prescribed regulations or conditions prior to the effective date of this Notification, and such regulations or conditions are in conflict with the regulations in this Notification,

commercial banks' financial business groups shall comply with the regulations in this Notification instead, except for the following cases.

6.1 In the case where a company within a financial business group had obtained approval to undertake a digital asset related business from a lead regulator prior to the effective date of this Notification, it may continue to operate such business without having to seek the Bank of Thailand's approval, unless the Bank of Thailand had imposed a condition requiring such approval prior to the commencement of such business.

6.2 In the case where a company within a financial business group other than those in 6.1 had been undertaking digital asset related businesses or transactions prior to the effective date of this Notification, it may continue to operate such undertakings in accordance with its agreement or contract with its customers until the expiry of such contract or agreement, so as to avoid impacting the service users. This does not include the case where such agreement or contract is renewed.

6.3 In the case where the Bank of Thailand had imposed a specific condition or granted waiver concerning corporate governance to a parent company, commercial bank, and/or company within a financial business group prior to the effective date of this Notification, it shall continue to operate according to such condition or waiver, until the end of the specified time, or until the Bank of Thailand requires otherwise.

6.4 In the case where a commercial bank or company within a financial business group has a board of directors with a composition that does not meet the requirements in 5.3.2 (2.1), and its members had been in position before the effective date of this Notification, such board of directors may continue to remain in position until the end of their term, or until the Bank of Thailand requires otherwise.

6.5 In the case where a company within the financial business group undertakes a digital asset related business for which it had obtained approval from the Bank of Thailand prior to the effective date of this Notification, and it is non-compliant with the requirements on governance mechanisms in 5.3.2 (2.2), such company shall

take action in order to comply with the requirements within 180 days from the effective date of this Notification; or on the date on which the company commences such business, if the commencement date is later than 180 days from the effective date of this Notification.

7. Effective date

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

Announced on 6 October 2022

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Attachment

The parent company shall ensure that a company within the financial business group that undertakes Digital Asset Exchange business must have IT security and cybersecurity measures equivalent to that of commercial banks. At minimum, the following Bank of Thailand's Notification, Policy Statements, and Guidelines shall be applied, mutatis mutandis.

- a. The Bank of Thailand's Notification on Supervision of Financial Institutions' Information Technology Risk and its attached Guidelines
- b. The Bank of Thailand's Policy Statement on Guiding Principles for Mobile Banking Security
- c. The Bank of Thailand's Policy Statement on Data Governance
- d. The Bank of Thailand's Guidelines on Cyber Resilience Assessment Framework
- e. The Bank of Thailand's Guidelines on Application of Blockchain Technology in Financial Services
- f. The Bank of Thailand's Guidelines on Application of Biometric Technology in Financial Services
- g. The Bank of Thailand's Guidelines on Application of Application Programming Interface (API) Technology in Financial Services