



## **BANK OF THAILAND NEWS**

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### **Promoting the Practice of Corporate Governance within the Thai Financial System**

The Bank of Thailand (BOT) has issued Directors' Handbook for directors of financial institutions to use as a guideline in order to promote the practice of good corporate governance within the financial system.

Mrs. Tasna Rajatabhothi, Assistant Governor, Financial Institutions Policy Group, announced that the Bank of Thailand, together with the support of the World Bank and cooperation from the Thai Bankers' Association, the Foreign Banks' Association, the Association of Finance Companies, and other respected experts, have issued Director's Handbook for directors to use as a guideline to perform their roles and responsibilities in advocating the practice of good corporate governance at all levels within each organization.

The handbook comprises 5 chapters and 3 annexes, the contents of which cover the roles of directors as the leader of the institution under the legal framework, and the expectation of the company's stakeholders, namely shareholders, depositors, etc. The handbook also covers the performance (strategy and policy formulation) and compliance (monitoring and supervision of management in conducting the operations of the institution) roles of the board of directors as well as the Bank of Thailand's supervisory and regulatory role. Collectively, the annexes will cover regulations that may give rise to criminal liabilities, cases of directors' liability arising from their breach of duty of care, and do's and don'ts for directors.

Furthermore, the Bank of Thailand is within the process of issuing the Policy Statement on Good Corporate Governance relating to directors and various committees within financial institutions. The Policy Statement will also indicate the minimum prerequisites for directors, independent directors, board of directors and other committees as well as their roles and responsibilities in detail. The committees will include an audit committee, a nomination committee, a compensation committee, and a risk management committee.

The Bank of Thailand is already in the process of preparing BOT examiners to supervise financial institutions with regard to good corporate governance and will initiate a project to train these examiners to become experts in this field to ultimately assume the role of trainers to other BOT examiners in the future.

**Bank of Thailand**

**14 March, 2002**

[Attachment](#)