



BANK OF THAILAND NEWS

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Permission for finance companies to engage in the businesses of 1) distributing the advertisement leaflets of insurance companies to customers 2) investment advisory services and 3) introducing the services of securities company to customers (Introducing Broker)

The Minister of Finance issued 3 notifications to allow finance companies to engage in the following businesses, which have been allowed since the year 2002 for commercial banks.

1. Distributing the advertisement leaflets of insurance companies to their customers:

Finance companies are generally permitted to engage in this business; however, they must not perform any activity which is considered as part of insurance brokerage services.

2. Introducing the services of securities company to customers (Introducing Broker):

Finance companies with readiness in terms of human resource and business operation are allowed to engage in this business. Under the notification, the business plan which lays out policy and procedure, scope of responsibility, fee calculation, risk management system and internal control system, must be in place and ratified by the board of directors. Additional conditions are to prevent customers from misunderstanding roles of FIDF toward deposit taking institutions against non-bank.

3. Investment advisory services:

Finance companies which meet the BOT's requirement on capital adequacy and provisioning as well as have readiness in terms of human resource and business operations are eligible to provide investment advisory services. The qualified finance companies must seek approval from Minister of Finance prior to business operation. The proposal and business plan, ratified by board of directors, must be submitted to Bank of Thailand for Minister of Finance's consideration.

This notification takes effect on May 13, 2003

Bank of Thailand

30 May 2003