



## **BANK OF THAILAND NEWS**

Communications and Relations Office, Management Assistance Department  
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### **Rules, Procedures, and Conditions for Establishing a Commercial Bank**

The Bank of Thailand (BOT), in collaboration with the Ministry of Finance (MOF), have formulated the Financial Sector Master Plan (Plan), which was acknowledged by the cabinet on January 6, 2004. The BOT, hereby, would like to provide further details regarding the progress on the measures to rationalize the structure and roles of financial institutions system, the primary aim of which is to enhance the efficiency of the system.

A committee to review application to establish a commercial bank in accordance with the Financial Sector Master Plan (Committee) was appointed by the Minister of Finance (Minister) to review the rules, procedures, and conditions for applying to establish a commercial bank, as well as the application (s), where a list of qualified applicant (s) is submitted for the Minister's approval. The rules, procedures, and conditions determined by the Committee have been proposed to the Minister.

On January 30, 2004, the BOT distributed to financial institutions 3 Notifications of MOF, which are:

- (1) Rules, Procedures, and Conditions for Establishing a Commercial Bank
- (2) Rules, Procedures, and Conditions for Establishing a Branch of Foreign Bank
- (3) Rules, Procedures, and Conditions for Establishing a Commercial Bank that is a Subsidiary of Foreign Bank

The contents of these 3 Notifications comprise the definitions of different types of financial institutions, qualifications for an eligible applicant, the process and details regarding the submission of an application, the commercial banking license review process, as well as the conditions related to the application for commercial banking license.

Eligible applicants are

(1) A finance company, a finance and securities company, or a credit foncier company who conforms to the criteria set by the BOT and intends to apply for a commercial banking or a retail banking license.

(2) A stand-alone BIBF of a foreign bank who conforms to the criteria set by the BOT and intends to apply for a branch of foreign banking license.

(3) A branch or a stand-alone BIBF of a foreign bank who conforms to the criteria set by the BOT and intends to apply for a commercial banking license that is a subsidiary of foreign bank.

Qualified financial institutions intending to apply for an upgrade must submit an application, together with supporting documents, and a copy to the Financial Institution Applications and Special Examination Department, Supervision Group, Bank of Thailand at 273 Samsen Road, Wat Sam Praya, Pranakorn, Bangkok 10200 within 6 months from February 1, 2004.

To comply with the one-presence policy, any financial business groups comprising more than 1 type of deposit-taking institutions must enter into the process of merger, acquisition, business sell-off, or returning the licenses and/or accepting the transfer of assets and liabilities with financial institutions in the same business group. The plan in line with the one-presence policy shall be submitted to the Financial Institution Applications and Special Examination Department, Supervision Group, as well.

For further information, financial institutions may contact the Central Point of Contact (CPC), Supervision Group, Bank of Thailand.

Bank of Thailand

2 February 2004