

Policy Statement of the Bank of Thailand  
Re: Establishment and Oversight of Representative Offices in Thailand  
of Foreign Financial Institutions

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**BANK OF THAILAND**

**Prepared by**

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Unofficial Translation

With courtesy of the Association of International Banks

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

Please refer to the Thai text for the official version.

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Policy Statement of the Bank of Thailand

Re: Establishment and Supervision of Representative Offices in Thailand  
of Foreign Financial Institutions

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## 1. Rationale

The Bank of Thailand prescribes the policy statement on the establishment and oversight of representative offices of Foreign Financial Institutions in order to facilitate the foreign business operations or investments, which would strengthen Thailand's economic and financial growth.

Foreign financial institutions wishing to establish such representative offices must seek prior consent from the Bank of Thailand and must comply with the supervisory regulations prescribed by the Bank of Thailand.

## 2. Scope of Application

This policy statement shall apply to the licensed representative offices of foreign financial institutions and foreign financial institutions wishing to establish a representative office.

## 3. Repealed Circulars

See Attachment 1

## 4. Contents

### 4.1. Definition

In this Policy Statement,

“**Representative office**” refers to the office in Thailand of a foreign financial institution established to function as a representative of such foreign financial institution in Thailand in accordance with the business scope prescribed by the Bank of Thailand.

“**Management officer of the representative office**” refers to the head representative, representative, deputy representative and/or assistant representative of the representative office or equivalence.

#### **4.2. Principle**

Foreign financial institutions wishing to establish a representative office in Thailand must seek prior consent from the Bank of Thailand. In reviewing the approval, the Bank of Thailand shall consider the stability of Thai financial institution system, strength and soundness of the foreign financial institution as well as its commitment and contribution to Thailand, or the relationship between Thailand and the country where the head office of the foreign financial institution is located.

#### **4.3. Scope of Business**

The business of the representative office must be confined to the conduct of liaison and research activities in order to support financial institution businesses, such as gathering information on customer’s financial position, conducting research into the economic and financial situation of Thailand; liaising with Thai customers of the foreign financial institution. The representative office must not conduct any form of the financial institution businesses prescribed under Section 4 of the Financial Institutions Businesses Act B.E. 2551 or connected or necessary businesses for conducting the financial institution businesses in accordance with Section 36 of the Financial Institutions Businesses Act B.E. 2551.

#### **4.4. Application submission**

Financial institutions wishing to establish a representative office in Thailand must submit a request and information as prescribed by the Bank of Thailand in the Attachment 2 (certified by a legal firm and a Royal Thai embassy in the country where the head office of the foreign financial institution is located) of this policy statement to the Financial Institution Applications Department, Supervision Group, Bank of Thailand. The Bank

of Thailand shall take approximately 30 days to review the application from the date when the Bank of Thailand completely receives required information.

After the Bank of Thailand's approval, the foreign financial institution must establish a representative office within a year from the approval date. The foreign institution must notify the Bank of Thailand in writing of the location and the business opening date as well as the names, work experience, and scope of authority of the management officers of the representative office, at least seven days prior to the commencement of the operation.

#### **4.5. Supervisory oversight**

The foreign financial institution received approval from the Bank of Thailand to establish a representative office must comply with the following requirements:

(1) The representative office must prepare and report to the Bank of Thailand on a quarterly basis the forms in Attachment 3, which consist of a report of credits granted by its head office and other offices to borrowers in Thailand, a report of contingent liabilities of its head office and other offices to customers in Thailand, and a report of number of employees and expenses of the representative office. These forms shall be reported in Excel file to the Statistic and Information Systems Department, Bank of Thailand by the end of the following month from the end of the reporting quarter. The submission shall be conducted via the internet DMS Data Acquisition system via the website of the Bank of Thailand (<http://www.bot.or.th>) under the heading "Data Transmission with BOT"; choose "Data Transmission via Internet", and then choose "1. Submission of data to the BOT".

Furthermore, the representative office must submit to the Bank of Thailand the financial statements of the foreign financial institution which have been audited by an auditor and certified by the management officers of the representative office at the end of every accounting year. The statements shall be submitted to the Financial Institutions Monitoring and Analysis Department, Supervision Group, Bank of Thailand within four months from the ending date of the accounting year. In addition, the representative office must submit any other information requested by the Bank of Thailand.

(2) The representative office must facilitate the on-site examination of the financial institution examiner as appropriate.

(3) The foreign financial institution must ensure that its representative office's operations comply with all applicable Thai laws. In addition, it must immediately notify the Bank of Thailand, with relevant details, of any change in its oversight of the

representative office or any developments adversely affecting its financial soundness and/or reputation globally.

(4) The foreign financial institution must notify the Bank of Thailand of the names, work experience, and scope of authority of the management officers of the representative office in writing within 15 days from the date of appointment or change. The foreign financial institution must comply with the policy statement of the Bank of Thailand Re: Endorsement of Foreign Directors and Employees working in Financial Institutions and Representative Offices of Foreign Financial Institutions.

(5) Any proposal to change the location of the representative office must be advised to the Bank of Thailand in writing at least 15 days prior to the opening date of the office at the new location, including the address and contact telephone and facsimile numbers of the new office. Moreover, the representative office must sell or terminate the lease of the previous office within a year from the date that the office has been relocated and must notify the Bank of Thailand of such action in writing within 15 days from the date that such action has been executed.

(6) In the event where the foreign financial institution wishing to change the name of the representative office, it shall provide the Financial Institution Applications Department, Supervision Group, Bank of Thailand a written notification of such change, including a written consent from its home country supervisor (certified by a legal firm and the Royal Thai embassy in the country where the head office of the foreign financial institution is located).

(7) In the event of a merger and acquisition of the foreign financial institution, the representative office shall apply the regulation prescribed in Attachment 4 of this policy statement.

(8) Any proposal for a closure of a representative office, the foreign financial institution must notify the Bank of Thailand in writing at least 15 days prior to the date of closure. In addition, the foreign financial institution shall return the licence to the Bank of Thailand.

(9) The Bank of Thailand may revoke the licence to conduct a representative office operation in Thailand, if there is a reasonable ground to believe that a fraudulent offence is committed in the course of operation of the representative office

which could cause a severely adverse effect to the financial and economic stability of Thailand or any other cases that the Bank of Thailand deems appropriate.

(10) The Bank of Thailand reserves the right to add or amend any requirements for the foreign financial institution with respect to the representative office when deemed appropriate.

#### **5. Enforcement date**

This Policy Statement shall come into effect from 28 September 2011 onwards.

## Revoked Circulars

No.	Dated	Type	Ref. No.	Subject
1	12 March 1979	Circular	ThorPorTor. NgorWor. (Wor) 262/2522	Application to Establish the Representative Office
2	20 April 1981	Circular	ThorPorTor. NorWor. (Wor) 460/2524	Operations of the Representative Office of Foreign Bank in Thailand
3	30 July 1990	Circular	NorWor. (Wor) 984/2533	Reporting Form of Loans and Contingent Liabilities of Foreign Bank's Representative Office to Borrowers in Thailand
4	3 July 1996	Circular	ThorPorTor. NgorGor. (Wor) 1670/2539	Request for Office Relocation

### Supplementary documents to the application to establish a representative office

The foreign financial institution wishing to establish a representative office in Thailand shall enclose the following information or documents along with its application to the Bank of Thailand. The Bank of Thailand reserves the right to seek further information from the applicant.

1. Name and address of the head office of the foreign financial institution
2. The latest annual report and the financial statements for the past five years
3. Written consent from its home country supervisory authority that it does not object to the application
4. A description of the scope of operations of the representative office and the arrangements for the foreign financial institution's oversight of its representative office
5. Credit lines as well as volume of credits and contingent liabilities that foreign financial institution has already provided to the government, state enterprises, financial institutions, private sector and other businesses in Thailand
6. Number and location of domestic and oversea branches, agencies, and representative offices, etc.
7. Names of affiliated companies located in Thailand, proportion of shareholding in such companies, and business of the affiliated companies
8. Capital ratios for the past five years
9. Name and address of the proposed representative office in Thailand
10. Number of personnel and the management officers to be assigned to the representative office. The scope of authority of the management officers
11. The name, working experience, and qualification of the proposed management officers of the representative office
12. Ranking (by asset size) of the foreign financial institution from the internationally accepted money and banking magazine
13. Credit ratings of the foreign financial institution. The analysis of the financial position and performance from the internationally accepted credit rating agency





Representative Office of .....

Report of Number of Employees and Expenses

As of .....

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1.	Total number of employees and staff as at the quarter end	persons	
1.1	Foreign employees and staff	persons	
1.2	Thai employees and staff		persons
2.	Operating expenses until the end of the reporting quarter	Baht	
2.1	Office lease		Baht
2.2	Salary	Baht	
2.3	Entertainment	Baht	
2.4	Others		Baht

## Explanation on Reporting

1. The representative office shall report the designated forms in Excel file to the Bank of Thailand (BOT) on a quarterly basis via the internet DMS Data Acquisition<sup>1/</sup> system within a month after the reporting deadline. Should the deadline is on bank holiday, the office will have to submit the reports on the next business day. The forms can be downloaded from the BOT website at <http://www.bot.or.th/Thai/DataManagementSystem/report/Pages/template.aspx>.

2. The form consists of 3 tables as follows:

Table 1 Report of credits granted by head office and other offices overseas to customers in Thailand

Table 2 Report of contingent liabilities of head office and other offices overseas to customers in Thailand

Table 3 Number of employees and expenses

3. “Borrowers in Thailand” or “Customers in Thailand” is defined as:

3.1 Natural persons holding Thai citizenship, juristic persons incorporated in Thailand, and partnerships in Thailand

3.2 Branches or representatives in Thailand of persons holding other citizenship, juristic persons incorporated in other countries, and partnerships in other countries that is in debt from business operations in Thailand

3.3 Oversea branches of juristic persons incorporated in Thailand

3.4 Any juristic persons incorporated in other countries of which the commercial bank, financial institution or juristic persons incorporated in Thailand or natural persons holding Thai citizenship is the shareholder, partner or director of such juristic persons

4. The representative office should complete and report the forms which have details as follows:

4.1 Credit report (Table 1)

4.1.1 No.: specify item number

4.1.2 Customer’s name: specify the name registered with the Ministry of Commerce in Thai or in English

4.1.3 Customer’s code:

4.1.3.1 In case of juristic person, specify corporate registration number as registered with the Ministry of Commerce or specify tax identification number if such number is unavailable

4.1.3.2 In case of natural person, specify citizen identification number. In case of body of persons, specify tax identification number

4.1.4 Type of business code: specify borrower's type of business code indicated on the BOT website at <http://www.bot.or.th> under heading "Transmission of Data with the BOT"; choose "Advice re: Transmission of FI/FM Data and Standard Code and Mapping" ("Area FI" column).

4.1.5 Type of credits: specify the type of credits, such as overdraft, loan, note or others (please specify). If there is more than one credit type received, please specify all

4.1.6 Borrowing purpose: specify the purpose of borrowing. If there is more than one purpose, please specify all by the volume of credit lines in the descending order.

4.1.7 Credit line: specify credit line granted to the borrower in Thai Baht (unit: million Baht with 2 decimal points). The credit line granted in foreign currencies can be converted into Thai Baht by using the average of average buying rates – Telex transfer and average selling rates disclosed on the BOT website at <http://www.bot.or.th> at the end of the reporting month

4.1.8 Outstanding: report details of outstanding credits granted to borrowers which consist of:

4.1.8.1 Currency code: specify 3-digit currency code. For Thai Baht, use "THB". Codes for other currencies can be found on the BOT website at <http://www.bot.or.th> under topic "Transmission of Data with the BOT", choose "Advice re: Transmission of Data FI/FM and Data Set", and then choose "Classification Document" (Classification Name "Currency ID").

4.1.8.2 Original amount: specify credit outstanding amount according to currency code (unit: million).

4.1.8.3 Baht equivalent amount: specify the credit outstanding in Thai Baht equivalent amount (unit: million) using the average buying rates – telex transfer and the average selling rates disclosed on the BOT website at <http://www.bot.or.th> at the end of the reporting month

4.1.9 Interest rate: specify the interest rate (unit: percentage). For floating rate, specify in term of the format, such as LIBOR +1.125% etc. In the case where there are several interest rates, please report in range e.g. 2.250% - 3.625%.

4.1.10 Contract date: specify the date (from 01 - 31), month (from 01 - 12) and A.D. year in 4 digits in the following format: DD/MM/YYYY.

4.1.11 Maturity date: specify in the same format as the contract date.

4.1.12 Collateral: specify the collateral for each debtor, such as land, land and building, merchandise, bond, stocks, personal guarantee, personal or corporate aval by specifying guarantor's or avaler's name including proportion of obligation. If there is no collateral, please specify "none"

4.1.13 Remarks: indicate other notices, such as items that need further explanation, etc.

4.2 Contingent liabilities report (Table 2): Details are similar to the credit report (Table 1) where contingent liabilities are aval, certification, letter of credit, guarantee (including standby letter of credit) and others (please specify the type of contingent liabilities).

4.3 Report of employees and expenses (Table 3): specify details of the number of Thai and foreign employees and staff on the date at the end of each quarter. Operating expenses shall be reported quarterly as follows:

4.3.1 Data at the end of first quarter: report accumulated amount from 1 January to 31 March

4.3.2 Data at the end of second quarter: report accumulated amount from 1 January to 30 June

4.3.3 Data at the end of third quarter: report accumulated amount from 1 July to 30 September

4.3.4 Data at the end of fourth quarter: report accumulated amount from 1 July to 31 December.

5. All outstanding items of direct credits and contingent liabilities have to be reported. Except the items of credit or contingent liabilities to commercial bank that have to be summarized into a single item and reported the outstanding balance at the end of the quarter (in case of multiple currencies, please provide details for each currency). The interest rate shall be reported in range (minimum – maximum). The contract date shall be reported as the starting date of the contract, while the maturity date shall be the last date of the contract. Any information that is not available , please specify as "not available".

Remarks:

<sup>1/</sup> To submit the reports via the internet DMS Data Acquisition system, the representative office shall comply with the BOT's guidelines on internet data submission. For further information, please visit the BOT website, <http://bot.or.th> under the topic "Transmission of Data with BOT".

### Regulation on application in the event of a Merger

In the case where the foreign financial institution, which has established a representative office in Thailand, has undergone a merger and wishes to maintain its representative office in Thailand, the foreign financial institution shall seek a consent from or notify the Bank of Thailand depending on the case. In this regard, the foreign financial institution must provide the information and comply with the rules prescribed by the Bank of Thailand as follows:

1. In the case where a juristic person status of the foreign financial institution remains unchanged after the merger, the foreign financial institution shall notify the Bank of Thailand and provide the information as follows:

- (1) Merger agreement
- (2) Minutes of the general shareholders' meeting approving the merger
- (3) Applicable laws and legal opinion regarding juristic person status
- (4) Letter of approval for the merger issued by home country authority (certified by a legal firm and a Royal Thai embassy in the country where the head office of the foreign financial institution is located.)

2. In the case where the foreign financial institution is dissolved or its legal status has been terminated after the merger, the foreign financial institution that has been transferred the business to or the new entity shall seek a consent from the Bank of Thailand to establish a new representative office. Moreover, the foreign institution has to provide the information listed in Attachment 2 and clause 1 above. In this regard, the foreign financial institution shall close its existing representative office as well as return the licence. The new representative office shall start operating on the same date that the head office has been merged and changed its name.

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