

Unofficial Translation

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Please refer to Thai text for the official version**

Notification of the Bank of Thailand

No. FPG. 8 /2564

**Re: Regulations on the Structure and Scope of Business of Commercial Banks'
Financial Business Groups**

1. Rationale

Recognizing the necessity of supervising the business operations of financial institutions on a financial business group basis, the Bank of Thailand has set out regulations on the structure and scope of business of financial institutions' financial business groups. The objectives are to ensure that financial institutions have a business group structure that is appropriate and stable, enhances the efficiency of business operations, and fosters financial institution system stability, and ensure that businesses within financial business groups operate appropriately under the scope specified by the Bank of Thailand and prioritize providing financial services as the main business function. In addition, placing importance on the parent companies of financial business groups, the Bank of Thailand has also set out regulations with which parent companies shall be compliant.

Due to the diversity in the types of business operations of financial institutions, in revising the relevant regulations, the Bank of Thailand has split the regulations on the structure and scope of business of financial institutions' financial business groups into 3 categories, one for each financial institution type, namely (1) commercial banks, (2) finance companies and (3) credit foncier companies. This is to ensure appropriate supervision of financial business groups in accordance with different types of businesses and risk management. For commercial banks, the Bank of Thailand remains adherent to the key principles in considering approving the forming and revising the structure of financial business group, including ensuring that the group is stable, efficient and generating benefits to the group's business operations, under sound risk management processes and good governance, and with fair treatment to users.

2. Statutory Power

By virtue of Section 4, Section 33, Section 34, Section 54, Section 56, **Section 57**, Section 58, Section 59, and Section 71 of Financial Institution Business Act B.E. 2551 (2008), the Bank of Thailand hereby issues regulations on the structure and scope of business of commercial banks' financial business groups, which shall be complied with by commercial banks, parent companies, subsidiaries, and affiliated companies of commercial banks within financial business groups.

3. Repealed Notification

3.1 Bank of Thailand Notification No. FPG. 8/2561 Re: Regulations on Structure and Scope of Business of Financial Business Groups dated 11 April 2018

3.2 Bank of Thailand Notification No. FPG. 9/2563 Re: Regulations on Structure and Scope of Business of Financial Business Groups (No. 2) dated 18 June 2020

4. Scope of Application

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

5. Contents

5.1 Definitions

“Consolidated supervision” means the supervision of a commercial bank's financial business group for both qualitative and quantitative aspects, by taking into consideration risks that may arise from business operations of the financial business group that may affect companies within the group and the commercial bank, irrespective of whether those risks have been represented on financial statements of the commercial bank or companies within the financial business group. This is to ensure that the financial business group will conduct its business operations in an appropriate and prudent manner.

“Financial business group” means a financial business group which comprises a commercial bank, its parent company, its subsidiaries and all of their

subsidiaries, and affiliated companies of the commercial bank located both within or outside the country.

“Commercial bank” means a locally registered commercial bank, which may also be a retail bank and a foreign commercial bank’s subsidiary, excluding foreign commercial bank’s branch.

“Offshore financial institution” means a company registered in a foreign country to operate financial institution business in similar manners as those stipulated in the Financial Institution Business Act B.E. 2551 (2008).

“Financial technology (FinTech) business” means a business that utilizes new technology or innovation by integrating it into or supporting to financial products or services.

“Granting of credits or credit-like transaction business” includes hire purchase business, leasing business, factoring business, credit card business, personal loan business under supervision, nano-finance business under supervision, **PICO-finance business under supervision**, loan arrangement business, and assets management business under laws governing asset management companies.

“Executive director” refers to that as specified in the Bank of Thailand Notification Re: Governance of Financial Institutions.

“Major shareholder” means any person who holds or possesses shares of any company which is in a financial business group of more than 5 percent of paid-up shares of that company, where shares held by related person shall be counted as shares held by the major shareholder, as specified in financial institution business law.

“Venture capital business (VC)” means business that involves long-term investment in form of being partnership in high potential growth companies, where the VC business company offers financial support, gives sound business advice, and prepares the invested companies for expansion. VC also includes investment in other VC businesses which are not companies within a financial business group, or private equity trusts, or other types of private equity business.

“Private equity trust” means a private equity trust fund established according to the law of Trust for Transactions in Capital Market.

“Private equity” means other types of venture capital other than private equity trusts.

5.2 Important principles

(1) A parent company of a commercial banks’ financial business group shall submit a request for forming and revising the structure of the financial business group in accordance with regulations as specified by the Bank of Thailand.

(2) Companies within a financial business group could operate financial and supporting businesses within the scope specified in this Notification. This is to ensure that the financial business group will appropriately provide services and mainly focus on financial services.

(3) Parent companies are subject to a duty of care in relation to the operation of companies within their financial business group. They need to consider related risks and potential impacts on the financial business group and the commercial bank within the group, the confidence of depositors, and financial institutions stability.

5.3 The structure of commercial banks’ financial business group

The structure of commercial banks’ financial business group is classified according to the type of their parent company (examples of such structures are provided in Attachment 1) as follows:

5.3.1 A financial business group whose parent company is a locally registered commercial bank

5.3.2 A financial business group whose parent company is not a commercial bank, as follows:

(1) The parent company is a locally registered non-operating holding company.

(2) The parent company is a locally registered company which is under supervision of a specific supervisory agency (Regulated Entity) whose supervision standard is recognized by the Bank of Thailand, such as a securities company and an insurance company. Those companies are required to abide by specific laws and regulations of the specific supervisory agency.

5.4 The supervision of commercial banks' financial business group

can be classified into 2 levels approach, as follows:

5.4.1 Solo Consolidation consists of a commercial bank and all subsidiaries within the Solo Consolidation, including¹

(1) A subsidiary operated granting credit or credit-like transactions² **both within and outside of the country**, which meets the following criteria: more than 75 percent of whose paid-up share is directly held by the commercial bank; the management of such a subsidiary is directly overseen by the commercial bank, and there is no legal restriction or limitation on cross-border fund transfers such that funds cannot be transferred from the subsidiary to the commercial bank.

In addition, the commercial bank may choose not to include a company that meets the above conditions into its Solo Consolidation group, except when the Bank of Thailand specifies otherwise.

(2) A subsidiary that is an offshore financial institution of whom the commercial bank has direct holding of shares, or indirect holding of shares through a subsidiary that is a non-operating holding company, and the holding company is within the Solo Consolidation group and is allowed to invest only in offshore financial institutions within the Solo Consolidation group.

5.4.2 Full Consolidation consists of companies within a financial business group, both within Solo Consolidation and outside of Solo Consolidation.

5.5 Guidelines for parent companies, both commercial bank and others, of a financial business group

Parent companies must take crucial responsibilities to ensure the stability of their financial business group, by providing financial support, formulating management policies, and ensuring effective operations of entities within the group and their compliance

¹ If any financial business group does not have a subsidiary within the Solo Consolidation, a commercial bank is considered the group within the Solo Consolidation.

² A subsidiary within the Solo Consolidation group is allowed to operate only financial leases and is not allowed to operate operating leases.

with the relevant laws and regulations. In relation to these responsibilities, the Bank of Thailand sets out the following regulations related to parent companies.

5.5.1 Responsibilities of the parent company of a financial business group

In order to ensure that the business and other operations of the financial business group are effective, stable, and in compliance with related policies and regulations on consolidated supervision, the parent company has **minimum responsibilities** as specified in Attachment 2 and **must comply with relevant regulations as specified by the Bank of Thailand.**

5.5.2 Holding or possession of shares by parent company of a financial business group

The holding or possession of shares by parent company of a financial business group shall include both direct and indirect shareholding, including shares held or possessed by related entities of the parent company, and all subsidiaries of the parent company and their subsidiaries, even though the parent company holds or possesses only a small number of shares or no shares in those companies.

With regard to the holding or possession of shares of any company outside a financial business group of more than 10 percent of paid-up shares of such a company, the Bank of Thailand Notification Re: Regulations and Methods of Investment of Financial Institutions applies, except

(1) the holding or possession of any company' shares prior to the forming of a financial business group, for which the Bank of Thailand has approved the continued holding or possession of such shares.

(2) the holding or possession of shares of any company in a financial business group that has been discontinued and is in the process of being liquidated.

A parent company that is a holding company can invest directly in companies outside its financial business group, provided that the combined investment does not exceed 10 percent of shareholders' equity of the holding company.

5.6 Regulations related to the holding or possession of shares of FinTech companies by a financial business group

Companies within a financial business group shall hold or possess shares of FinTech companies not exceeding the investment ratios as specified in the Bank of Thailand Notification Re: Regulations and Methods of Investment of Financial Institutions.

5.7 Scope of business of commercial banks' subsidiaries within a financial business group

Every company in a financial business group shall operate only financial or supporting businesses as specified below.

5.7.1 Financial businesses include commercial banking outside the country, loan provision, securities, insurance, and venture capital. The set also includes other businesses as specified in Attachment 3 and which the company is allowed to provide services as part of the ordinary course of business without limits on the types of users.

If there is a venture capital business within the financial business group, the parent company shall comply with the guidelines on the supervision of venture capital businesses, as specified in Attachment 4, since such businesses are considered high-risk.

5.7.2 Supporting businesses can be classified into the following two types: (1) information technology (IT) business which does not limit the types of users, and (2) other supporting business which limits the types of users or income as specified in Attachment 3.

Companies within a financial business group that operate under specific laws governing the business operations or under the supervision of specific supervisory agency shall comply with those specific laws or regulations, such as securities business, life insurance business, non-life insurance business, credit card business, personal loan business under supervision, nano-finance business under supervision, and asset management business. Companies are required to obtain the license in accordance with relevant laws governing the business operations or from specific supervisory agency before starting business operations. By contrast, companies for which there are no specific laws governing the business operations or which are not under the supervision of specific supervisory

agencies shall comply with the conditions as specified by the Bank of Thailand regarding the forming of a financial business group, and by this Notification.

Moreover, the financial business group shall also apply the relevant regulations as specified for commercial banks - such as hire purchase business, leasing business, and factoring business - to subsidiaries within Solo Consolidation that operate those businesses.

5.8 Additional regulations for subsidiaries within a financial business group of a retail bank

A financial business group of a retail bank shall also comply with the Bank of Thailand Notification Re: Scope of Business and Scope of Transactions of Retail Banks. This does not apply in the case where the group is under the supervision of a specific supervisory agency. In this case, the financial business group shall comply with the regulations as specified by that supervisory agency.

5.9 Forming or revising the structure of a financial business group

5.9.1 Forming a financial business group

When a locally registered company wishes to have control over commercial bank business or when a commercial bank wishes to have control over any businesses, the parent company shall submit a request for forming a group to the Bank of Thailand.

Additionally, if the parent company is under the supervision of a specific supervisory agency, the parent company must also seek approval from its supervisory agency to be the parent company of the financial business group.

5.9.2 Revising the structure of a financial business group

(1) In the case where a financial business group wishes to withdraw a company that has been approved to be incorporated into the financial business group owing to the parent company no longer having control over that company, the parent company shall notify the Bank of Thailand of the withdrawal, together with submitting information on the new structure of its financial business group, together with an acknowledgement of the withdrawal of the company from the financial business group, and an acknowledgement of cancelation of benefits arising from

any regulatory waivers or concessions previously granted by the Bank of Thailand because of the company being within the financial business group. These actions shall be completed within 15 days from the day the parent company's control over that company is discontinued unless the Bank of Thailand specifies otherwise.

(2) Revising the structure of a financial business group other than the case specified in Clause 5.9.2 (1), such as incorporating subsidiaries into the financial business group, and revising Solo Consolidation or Full Consolidation structures. The parent company shall submit a request to the Bank of Thailand to seek approval.

After withdrawing a company from or incorporating one into the financial business group, the parent company shall proceed according to instructions specified in Attachment 5.

A commercial bank that wishes to have a subsidiary within Solo Consolidation (both when requesting to form a financial business group and when incorporating a subsidiary into a financial business group) must ensure that there is sufficient capital to cover potential losses from that subsidiary. That is, when deducting investments in that subsidiary from the commercial bank's total capital, the commercial bank will still have sufficient level of regulatory capital.

5.10 Seeking approval or requesting an exemption from the Bank of Thailand

To seek approval or request an exemption from the Bank of Thailand in accordance with this Notification, the parent company of the financial business group shall submit a request to the Bank of Thailand on a case-by-case basis. The parent company must provide information on the reason(s), necessity, and details as specified in the public manual. The Bank of Thailand will consider the stability of the financial business group when making relevant decision(s), including in terms of risk management, governance, operating with fair treatment to customers, and the efficiency and benefits to the financial business group. In granting approval or an exemption, the Bank of Thailand may stipulate additional conditions.³

³ Including the case where the parent company of a locally registered commercial bank is a foreign financial institution that is not subject to regulations on consolidated supervision, or in the case where the Bank of Thailand deems that regulations on consolidated supervision applied to that foreign financial institution are insufficient or not comparable to the regulations of the Bank of Thailand.

5.11 Stipulating conditions and modifying, delaying and terminating business operations

Apart from penalties specified by relevant laws, the Bank of Thailand has the power in stipulating additional conditions and in modifying, delaying, or terminating, in part or in whole, the business operation of the relevant entities, on a general or case by-case basis, in the case where the Bank of Thailand has detected potential non-compliance by a financial business group with the relevant rules set out by the Bank of Thailand, which results in increased risk, affects the efficiency of the business operations, good governance, operating with fair treatment to customers, or as deemed necessary by the Bank of Thailand.

6. Transitory Provision

In the case where a company within a financial business group has been granted case-by-case approval from the Bank of Thailand prior to the effective date of this Notification, such a company may continue its operations as approved, and in accordance with its agreement or contract until such an agreement or contract expires.

7. Effective date

The Notification shall be effective from the day following the date of its publication in the Government Gazette.

Announced on 20 July 2021

(Mr. Sethaput Suthiwartnarueput)

Governor

Bank of Thailand

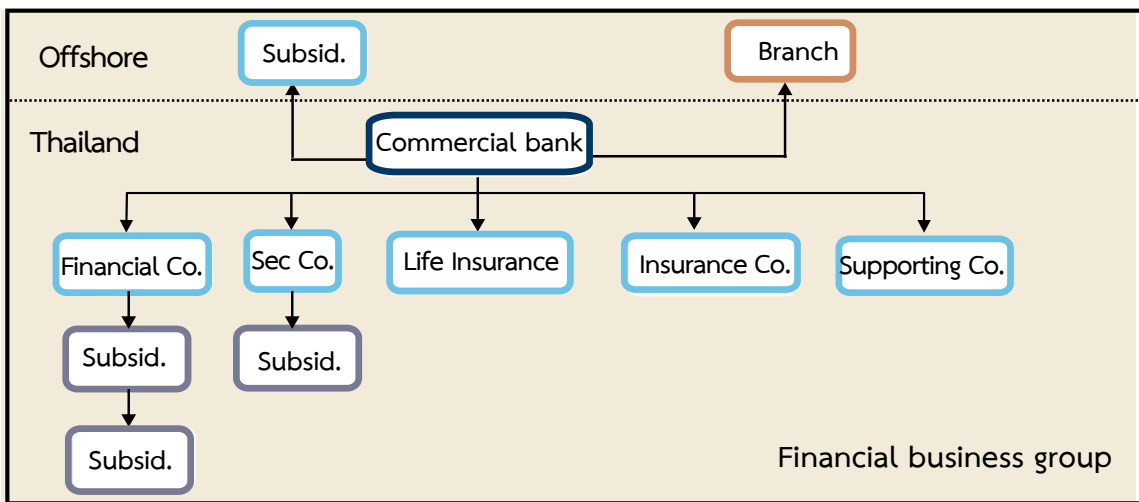
Regulatory Policy Department 1

Tel. 0 2283 5943, 0 2283 5839

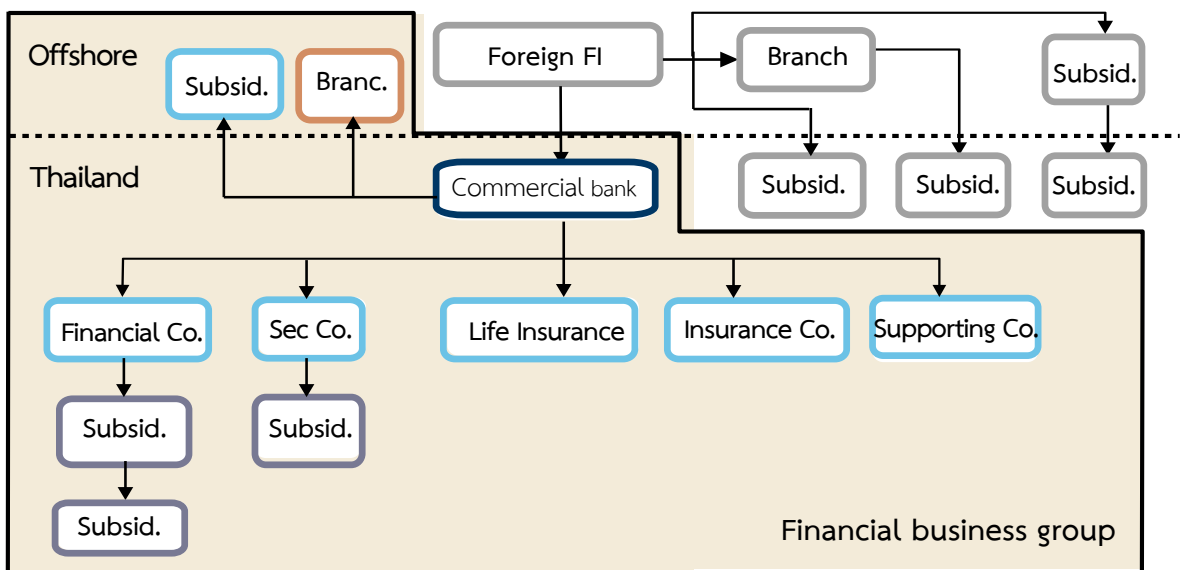
Examples of commercial banks' financial business group structure as classified according to the types of the parent company

1. Financial business group whose parent company is a locally registered commercial bank

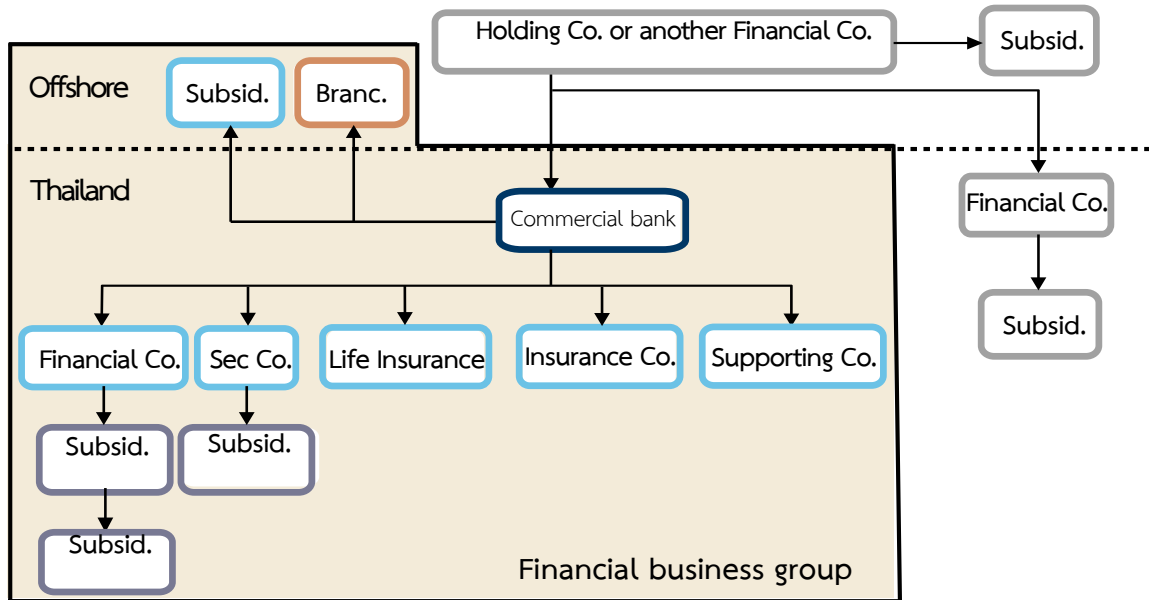
(1.1) Financial business group whose parent company is a locally registered commercial bank (Domestic Bank)



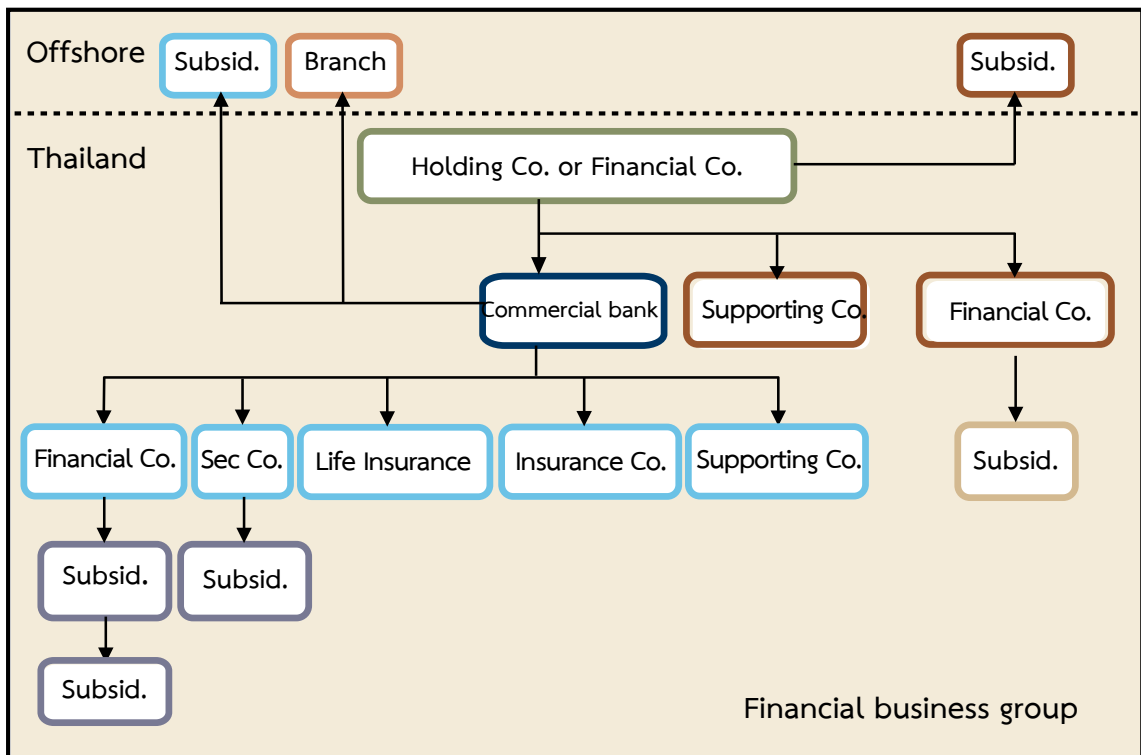
(1.2) Financial business group whose parent company is a locally registered commercial bank, where another registered financial institution incorporated offshore is the commercial bank's parent company



(1.3) Financial business group whose parent company is a locally registered commercial bank, where another registered non-financial institution incorporated offshore is the commercial bank's parent company



2. Financial business group whose parent company is not a commercial bank such as a non-operating holding company or a locally registered company under the supervision of a specific supervisory agency (regulated entity), such as a securities company and an insurance company



Responsibilities of a parent company of a financial business group

1. Setting out policies and monitoring a financial business group

(1) Set out policies and strategic business plans of its financial business group¹

(2) Set out risk management policies covering relevant risks as well as business continuity plans of its financial business group and control and monitoring systems²

(3) Oversee companies within its financial business group to ensure their compliance with policies set out by the parent company and relevant regulations as specified by the Bank of Thailand **and other relevant laws**

(4) Provide financial support to companies within its financial business group as deemed appropriate, so that their operations are consistent with strategies of the financial business group, or to improve the capital position of the financial business group in accordance with the regulations as specified by the Bank of Thailand

2. Reporting

(1) Possess and have appropriate documentation of the relevant information of its financial business group, such as financial statements and key financial information, both at the individual company and at the group levels, ready for examination by the Bank of Thailand's examiners or for additional requests for information by the Bank of Thailand

(2) Submitting policies and strategic business plans as specified in Clause 1 (1) to the Bank of Thailand, annually and whenever there is any significant change, within 30 days from the day the board of directors meeting of the parent company approves those policies and plans

¹ Strategic business plans also include strategies in operating supporting business as specified in Clause 5.7.2 and strategies in operating information technology (IT) business as specified in Clause 5.7.2 (1) of this Notification.

² In accordance with the policy statement of the Bank of Thailand on business continuity management (BCM) and business continuity plan (BCP) of financial institutions.

(3) Notify the Bank of Thailand within 15 days from the day that occur following issues; any situation that causes significant risk to financial business group's financial position and reputation (such as a credit rating downgrade of the parent company), **changing of major shareholders of any companies which do not change the group structure, changing of companies' names**, and changing of business scope of any companies in the group, and changing of business scope of any companies in the group.³ If there is any unclear issue on the scope of business operations, the parent company shall consult with the Bank of Thailand prior to operating those businesses

³ In case of changing of companies' names, and changing of business scope of any companies in the group, **the parent company shall report such information in the summary of financial business group table as specified in the public manual, in the section on the forming of financial business group.**

Scope of business operations of companies within a commercial bank's
financial business group

1. Companies within a commercial bank's financial business group could operate financial business, as follows:

Scope of financial business		Service users
- Offshore commercial banking business	- Business of granting of credit or credit-like transactions	Unlimited
- Holding business that invests in its financial business group	- VC business, allowed to invest only in high-potential businesses (shall also comply with regulations specified in Attachment 4)	
- Non-life insurance business under the Non-life Insurance Act	- Life insurance business under the Life Insurance Act	
- Funds transfer and payment business	- Securities business	
- Futures business according to laws governing futures business	- Trustee business under the Trust for Transactions in Capital Market Act.	
- Securitization business	- Financial advisory business	
- Investment advisory business	- Financial technology business which is financial business	

Financial technology business is one that:

(1) Provides services leading to financial transactions, such as crowd-funding portals, domestic and international fund transfer and payment services

(2) Provides services by acting as a broker or agent for lending, securities or insurance transactions as well as providing information, recommendations and comparison of financial products and services, **such as using a platform to compare financial products and services**

2. **Supporting business** can be classified into the following two types:

Scope of supporting business	Service users
<p>2.1 Information technology (IT) related business which provides services to support or enhance financial services, or to utilize IT resources of the commercial bank or companies within the financial business group, such as cloud computing that is considered as providers of infrastructure services, and IT providers / IT solution services linked to the provision of financial services in accordance with the Bank of Thailand Notification Re: Permission for Commercial Banks to Undertake Information Technology Related Services to Support Digital Banking (IT related services).</p>	Unlimited
<p>2.2 Other supporting business, which can be classified into 4 groups, as follows:</p>	
<p>2.2.1 Providing operational services to support the operations of a commercial bank or companies within a financial business group.</p>	Companies within the same financial business group ¹ , and other persons as indicated. ²

¹ “Companies within the same financial business group” shall be defined as stipulated in the Bank of Thailand Notification Re: Permission for Commercial Banks to Undertake Business of Providing Other Services.

² “Other persons as indicated” include other financial institutions, companies within the same financial business group of other financial institutions, the Bank of Thailand, specialized financial institutions, special purpose juristic persons in accordance with the law on special purpose vehicles for securitization purposes, or asset transferee companies under the law on securities and exchange that accepts assets transferred from the originator and issues securities to be sold to investors, asset management companies in accordance with the law on asset management companies, and the government sector.

<p>2.2.2 Providing services that would incur extensive investment costs, or require specialized expertise and experience, namely research business, legal business, asset valuation business, training center business and cash transportation business. To that end, the majority contribution to revenue must be from providing services to companies within the same financial business group and other persons as indicated.</p>	<p>Unlimited (but limit proportion of revenue according to types of service users)</p>
<p>2.2.3 Being a cross-border e-Commerce facilitator. For example, being an agent for selling products via e-Commerce to international markets, preparing documents for exports, contacting or sourcing logistic service providers abroad such cross-border e-Commerce facilitator must not operate as a seller of product or service by itself; for example, setting up a physical store to sell goods and services, or providing quality assurance for such goods and services.</p>	<p>Unlimited</p>
<p>2.2.4 Renting out immovable properties or utilizing unused premises</p>	<p>Unlimited</p>

In this regard, the financial business group shall remain focused on its core financial business operations. To operate supporting businesses, IT related businesses, and the business of renting out immoveable properties or utilizing unused premises, the financial business group shall comply with the Bank of Thailand's Notification Re: Permission for Commercial Banks to Undertake Business of Providing Other Services, Notification Re: Permission for Commercial Banks to Undertake Information Technology Related Services to Support Digital Banking (IT related services), and Notification Re: Permission for Financial Institutions to Operate Rental Services of Immovable Properties, mutatis mutandis.

Guidelines on Supervision of Venture Capital Business

1. Rationale

Commercial banks are an important source of financing for businesses, especially ones at the initial stage of their business operations and ones not listed in the stock exchange but otherwise exhibiting strong growth potentials, particularly small and medium enterprises (SMEs) and FinTech companies. Accordingly, the Bank of Thailand has allowed commercial banks to invest in such companies through their subsidiaries operating venture capital business. The aims are to support the operations of these companies both financially and in terms of giving sound business advice, preparing the invested companies for expansion, and for being listed on the stock exchange, which will allow the companies to raise funding directly from the public. In this respect, the subsidiaries operating venture capital business can invest directly in FinTech companies, or indirectly through other VCs, private equity trusts, or other private equities. The indirect channel can allow the commercial banks to gain a greater understanding of FinTech businesses, knowledge of which can then help facilitate direct investment into FinTech companies going forward. These investments will help commercial banks improve their business operations in today's increasingly digital age.

Nevertheless, as VC business mostly involves long-term investment in form of being partnership in high potential growth companies, which may incur high risks, commercial banks or companies in the financial business group with the plan to engage in such activities should carefully consider their investment potential and the related risks, so as to prevent any adverse effects on the stability of the commercial bank and the financial business group.

2. Types of VC business

2.1 Commercial bank or the parent company with stability and potential can engage in VC business through subsidiaries that operate venture capital business. However, a commercial bank or the parent company is not allowed to directly operate VC business.

A company that operates VC business as mentioned above shall comply with regulations on supervision of venture capital business as specified in this Notification, unless the exemption is granted by the Bank of Thailand.

2.2 Commercial bank might engage in VC business through private equity trusts set up under the Trust for Transactions in Capital Market Act. Commercial bank shall comply with the Bank of Thailand Notification Re: Regulations and Methods on Investment of Financial Institutions.

3. Types of VC businesses under the scope of permission

A subsidiary that operates VC business can venture only into the high potential of growth businesses, and must not be related entities of commercial bank, its parent company, or its financial business group.

3.1 Small and medium-sized enterprises (SMEs) under the SMEs promotion law

3.2 Financial Technology (FinTech) firms

3.3 Other VC businesses that are not companies within the financial business group, private equity trusts, or private equity that ventures mostly into FinTech firms

3.4 Holding company that has an objective to invest in FinTech firms

Venturing into other businesses not specified above is subject to case-by-case approval from the Bank of Thailand.

4. Regulations on time frames for investment in VC business

4.1 Time frames for investment in venture capital business

A subsidiary that operates VC business can venture into businesses as specified in Clause 3 for no more than 10 years from the day it ventures into those businesses.

4.2 Investment exceeding the specified time limit

If venturing into any particular business over the time frame limit as specified in Clause 4.1, that investment will be considered as a long-term investment, which is not within the scope of engaging in VC business as specified in this Notification. In such case, a commercial bank or parent company must reduce a number of shares in the subsidiary

that operates VC business to be no more than 10 percent of its total paid-up shares, unless the exemption is granted by the Bank of Thailand on a case-by-case basis. If a commercial bank or parent companies cannot reduce a number of shares or reduce the investment in that subsidiary, they shall comply with regulations on capital supervision as specified in Clause 5.2.

5. Capital supervision

5.1 Consolidated statement and capital requirements for investment in a company operating VC business

5.1.1 In case where a commercial bank or parent company makes investments until it has control over a subsidiary that operates VC business and holds shares of at least 50 percent of total paid-up shares of that subsidiary, a commercial bank or parent company shall include that subsidiary in its consolidated financial statements.

5.1.2 In case where a commercial bank or parent company makes investments until it has control over a subsidiary that operates VC business but holds shares of less than 50 percent total paid-up shares of that subsidiary, the commercial bank or parent company shall deduct the investments in that subsidiary from financial business group capital according to capital deduction proportion in accordance with the Bank of Thailand Notification Re: Capital Components of Locally Registered Commercial Banks. Those capital deductions shall be made to financial business group capital for both Solo Consolidation and Full Consolidation.

5.2 Capital requirements for investment in any company over 10 years

If venturing into any particular business as specified in Clause 4.1 and a commercial bank or parent company cannot reduce a number of shares in a subsidiary that operates VC business to be less than 10 percent of its total paid-up shares within 10 years, a commercial bank or parent company shall apply the highest risk weight, according to the Bank of Thailand Notification Re: Regulations on Calculation of Credit Risk-weighted Assets for Commercial Banks under the Standardized Approach (SA), to investments of that subsidiary in businesses as specified in Clause 3 that exceed 10 years from the date of investment for the calculation of capital requirements for both Solo

Consolidation and Full Consolidation, unless the exemption is granted by the Bank of Thailand on a case-by-case basis.

6. Granting of credits, investment, entering into contingent liabilities or credit-like transactions

The companies within a financial business group grant of credits to, invest in, enter into contingent liabilities or credit-like transactions with (1) other entities in which the subsidiary operating VC business invests for more than 10 percent of their paid-up shares of that company; and (2) all subsidiaries of the entities as specified in (1) at the end of any particular day must not exceed 5 percent of Full Consolidation capital, unless the exemption is granted by the Bank of Thailand on a case-by-case basis.

The sum of granting of credits, investment, contingent liabilities or credit-like transactions as specified above will exclude investments in the entities that the parent company has deducted from Full Consolidation capital, according to capital deduction proportions as specified in the Bank of Thailand Notification Re: Capital Components for Locally Registered Commercial Banks, which the calculation methods are specified in the Bank of Thailand Notification Re: Regulations on Supervision of Risks of Financial Business Groups.

7. Other guidelines

7.1 A commercial bank or parent company must set out risk management policies of investment in a subsidiary that operates VC business, such as the maximum limit of investment in all companies operating VC business, ongoing monitoring and assessment of investment performance of companies operating VC business.

7.2 Director or person with power of management of a commercial bank or parent company is prohibited to engage in day-to-day operations in businesses/firms that a subsidiary operating VC business invests in, but they may appoint specialists to take charge of management so that the business is rapidly restructured or can promptly generate profits.

7.3 Businesses/firms according to Clause 3 that have been ventured into are prohibited to use the trademark or brand of commercial bank or parent company as it may lead to the wrong impression that they are related businesses of the commercial bank or parent company.

8. Report on investment in VC businesses

A commercial bank or parent company must prepare a report on investment in VC businesses as specified in Clause 3 by using data as of the end of June and December. The report shall be kept at a commercial bank or parent company for examination by the Bank of Thailand. And, at least the following details must be contained in the report.

Attachment 5

Procedure after withdrawing a company from or adding one into a financial business group as approved by the Bank of Thailand

1. After withdrawing a company from the financial business group

If there is a withdrawal of a discontinued company that is in the process of being liquidated, the parent company shall notify the Bank of Thailand of the discontinuation and liquidation within 15 days from the day that the registration of discontinued company been completed and 15 days from the day that the liquidation process been completed.

2. After adding a company in the financial business group, the parent company shall proceed as follows:

Reporting and document submission after the approval for adding the company into the group has been granted	Non-financial institution subsidiary	
	In Thailand	Offshore
1. Report to the Bank of Thailand with relevant information and documents, as follows	Notify the Bank of Thailand of the forming and/or the acquisition of shares of the company that is added into the financial business group within 30 days from the day of the forming and/or acquisition of shares is completed	
(1.1) Registration certificate on the forming of the company		√ (If applicable)
(1.2) Memorandum of association	√	√ (If applicable)
(1.3) List of shareholders' names	√	√ (If applicable)
(1.4) Articles of association	√	√ (If applicable)
2. Submit a letter of agreement to be part of the financial business group and to comply with regulations of consolidated supervision of all subsidiaries within the financial business group	Within 30 days from the day the board of directors of the subsidiary approves the company to be part of the financial business group	