

**Unofficial Translation**  
**With courtesy of the Foreign Banks' Association**  
**This translation is for the convenience of those unfamiliar with the Thai language.**  
**Please refer to the Thai text for the official version.**

-----

## **Notification of the Bank of Thailand**

**No. SorNorSor. 38/2551**

**RE: Granting Credits in form of Credit Card and Employee Benefit to Directors,  
Executives and Persons with Managing Authority of Financial Institutions**

---

### **1. Rationale**

In the past, the law prohibited financial institutions comprising commercial banks, financial companies, and credit foncier companies, from granting credits or loans to financial institutions' directors and related persons, but not to financial institutions' senior executives, financial institutions' persons with managing authority, or related persons to such parties. However, according to the Financial Institutions Businesses Act B.E. 2551, which replaces the original law, has prohibited financial institutions to grant credit or loan to the directors, senior executives and related persons to such parties with exception of credits in the form of credit card and employee benefit.

This Notification is issued in accordance with the Financial Institutions Businesses Act B.E. 2551.

### **2. Statutory Authority**

By virtue of Sections 48 (1) of the Financial Institutions Businesses Act B.E. 2551, the Bank of Thailand has stipulated rules regarding setting limits on granting credits in form of credit card and employee benefit to directors, managers, deputy managers, assistant managers, or other persons with equivalent authority, financial institutions' persons with managing authority, or related persons to such parties.

### **3. Scope of Application**

This notification shall apply to all financial institutions under the law governing financial institutions.

### **4. Contents**

#### **4.1 In this Notification,**

“Persons with managing authority” and “related persons” mean persons with managing authority and related persons prescribed under Section 4 of the Financial Institutions Businesses Act B.E. 2551. (Attachment 1)

“Credit card” means credit card as prescribed in the Bank of Thailand’s notification regarding credit card businesses.

“Credits in form of employee benefit” means credits granted to financial institutions’ staff as employee benefits such as loan for housing, child’s education, fire or natural disaster victims, or pursuing studies, etc.

## **4.2 Rules**

In granting credits in form of credit card and employee benefit to directors, managers, deputy managers, assistant managers, or other persons with equivalent authority, financial institutions’ persons with managing authority or related persons to such parties, financial institutions shall comply with following rules.

### **4.2.1 Credit in form of Credit Card**

Financial institutions, with approval to operate credit card businesses, are allowed to grant credits in form of credit card to directors, managers, deputy managers, assistant managers, or other persons with equivalent authority, financial institutions’ persons with managing authority, or related persons to such parties. The credit line that financial institutions are allowed to grant to such parties and related persons must be in accordance with the Bank of Thailand’s notification regarding credit card businesses. In addition, there must be no conditions or special prescriptions with regard to line of credit and other issues which are different from those applied to other cardholders or consumers, and in favour of such parties and their related persons.

### **4.2.2 Credits in form of employee benefit**

Financial institutions may grant credit in form of employee benefit to directors, managers, deputy managers, assistant managers, or other persons with equivalent authority, financial institutions’ persons with managing authority, or related persons to such parties under the same conditions applied to granting credits in form of employee benefit to other staff.

4.3 According to the Criminal Code Section 2, the new law does not have retroactive effect on the action which has already been conducted before such law takes affect, especially if the wrong doing is not *mala in se*, which is the guilty by nature. Therefore, in case where financial institutions grant credit, perform credit-like transaction or guarantee debt for managers, deputy managers, assistant managers, or other persons with equivalent authority, financial institutions’ persons with managing authority, or related persons to such parties, or companies which relate to the directors that financial institutions are allowed to grant credit to or guarantee debt for without violating law governing commercial banks, financial companies, security business and credit foncier companies, before the effective date of the Financial Institutions Businesses Act B.E. 2551, such transactions shall be valid. Nevertheless, in order to adhere with Section 48 (1), additional credits are not permitted.

## **5. Effective Date**

This Notification shall come into force on the day following the publication date in the Royal Gazette onwards.

Announced on the 3 August 2008

(Mrs. Tarisa Watanagase)  
Governor  
Bank of Thailand

Related Definition under Section 4

(1) “Person with managing authority” means

(1.1) Manager, deputy manager, assistant manager, managing director of the financial institution or company, as the case may be, or a person with equivalent position

(1.2) A person that the financial institution or the company has contracted engaged to have managing authority in whole or in part, or

(1.3) A person who, in practice, has the power of to exercise control over or dominate the manager or director or management of the financial institution or the company in terms of policy formulation or business operation of the financial institution or the company

(2) “Related person” means a person who is related to another person in the following manners:

(2.1) Spouse

(2.2) Child or adopted child who is not yet reached adulthood

(2.3) Company in which that the person or person under (2.1) or (2.2) has managing authority

(2.4) Company in which that the person or person under (2.1) or (2.2) has power authority to control the majority voting rights in the shareholders’ meeting

(2.5) Company in which the that person or person under (2.1) or (2.2) has the power authority to control the appointment or dismissal of directors

(2.6) Subsidiary company of the company under (2.3), (2.4) or (2.5)

(2.7) Affiliated company of the company under (2.3), (2.4) or (2.5)

(2.8) Principal or agent or

(2.9) Other persons with characteristics as specified by the Bank of Thailand

In case where a person holds, directly or indirectly, at least 20 percent or more of total shares sold in a company, it is assumed that such company is related to such person, unless it can be proven that there is no such relation otherwise.

**Disclaimer:** The Foreign Banks’ Association, its directors, members and employees take no responsibility, accept no liability from any use or misuse of the information in these pages and do not attest to the correctness of the translation, if any. This translation contains privileged information. It is intended for the named recipients only. No portion of this translation may be transmitted by any means without prior written permission from the Foreign Banks’ Association. All rights reserved.