

## **The Clarification of the Regulations Regarding Holding or Having the Shares in the Financial Institution or the Parent Company of the Financial Institution**

**To : Shareholders of Thanachart Capital Public Company Limited**

Subject to the Financial Institution Business Act B.E. 2551 “the Financial Institution Business Act” which was effective on August 3, 2008, it contains the regulations regarding holding and having the shares in either the financial institution or the parent company of financial institution as follows:

1. In case of holding the shares exceeding 5%

Shareholders who hold the shares whether directly or indirectly in either the financial institution or the parent company of the financial institution exceeding 5% of the total of shares as sold which of such holding including the shares held by related person, must report such shareholding to the Bank of Thailand “BOT” as specified by regulations (as appears in Section 17 of Financial Institution Business Act). Thus, unless such report, BOT may raise to the court for force selling the part of shares which remain exceeding.

2. In case of holding the shares exceeding 10%

It is prohibited to any person to hold the shares of either the financial institution or the parent company of the financial institution whether directly or indirectly exceeding 10% of the total of shares as sold which of such holding including related person except for the permission granted from BOT (as appears in Section 18 of Financial Institution Business Act). In the case where anyone holds the shares exceeding 10% of the total of shares as sold, it is necessary to dispose such exceeding shares within 90 days from the receiving date of such shares except for the extension granted by BOT which it will be further extended not more than 90 days. Thus, unless such acting, BOT may raise to the court for force selling the part of shares which remain exceeding. Moreover, if the court seems such holding is regards as violating Section 18, the court has the power to order for selling by an auction or other means (as appears in Section 19 of Financial Institution Business Act).

Besides BOT is able to request the court for the order of selling the said exceeding shares, the law still specified that the shareholder is unable to raise such exceeding shareholding for any insurances to either the financial institution or the parent company. Furthermore, the financial institution is prohibited to pay the dividend or giving the right to vote to such shareholder as equivalent to the amount of exceeding shares.

Since Thanachart Capital Public Company Limited “the Company” is the shareholder of Thanachart Bank Public Company Limited (the “Bank”) by holding at the rate of 74.93% of the total of shares as sold. It caused to the Company is regarded as the parent company of the financial institution as specified by such Act according to the definition in Section 4 of the Financial Institution Act stating that the parent company means the company has the power to control the business of other company whether directly or indirectly, namely it has the shares in any company exceeding 50% of the total of shares as sold on which the shareholder of the Company shall comply with the regulations relating to the holding shares in the financial institution under Section 55 of Financial Institution Business Act, by pari pasu. Then, it made the Company’s shareholders which hold the shares exceeding 5% and/or 10% are required to do as mentioned in case 1 and/or 2, as the case may be.

Recently, BOT issued 2 related notifications as follow:

1. Sor Nor Sor 57/2551 subject to regulation regarding shareholding in either the financial institution or holding company of financial institution from 5%, onwards dated at August 3, 2008
2. Sor Nor Sor 58/2551 subject to regulation regarding the application for holding the shares in the financial institution exceeding 10% onwards, dated at August 3, 2008

Thus, the Company has attached the summary of the provisions of law regarding the shareholding in the financial institution or the holding company which you can find for more related information via [www.bot.or.th](http://www.bot.or.th) or contact at Corporate Secretariat Division, Tel. 0-2217-8082 or 0-2217-8199 ext. 3910.

**Summary of Financial Business Institution Act B.E. 2551 (Unofficial Translation)**

<b>Section</b>	<b>Content</b>
Section 17	<p>Any person who holds or has the shares in any financial institution whether directly or indirectly from five percent onwards of the total of shares as sold, shall report such holding or having the shares to the Bank of Thailand in accordance with the regulations as specified thereby.</p> <p>Shares as mentioned on paragraph 1 held by related person shall be included into the amount of shares held by the person under paragraph 1.</p> <p>The shares under paragraph 1 shall not include the preferred shares which of no having the voting rights.</p> <p>In the case where such person under paragraph 1 do not report in accordance with the regulations as specified by the Bank of Thailand, the provisions under Section 19 shall be applied for enforcement to the shares which is not reported, by <i>pari pasu</i>.</p>
Section 18	<p>It is prohibited to any person holding or having the shares of any financial institution exceeding 10 percent of total of shares as sold, whether directly or indirectly except for the permission granted by the Bank of Thailand or in compliance with its regulations.</p> <p>Shares as mentioned on paragraph 1 held by related person shall be included into the amount of shares held by the person under paragraph 1.</p> <p>The shares under paragraph 1 shall not include the preferred shares which of no having the voting rights.</p>
Section 19	<p>Any person who gains the shares of any financial institution as caused to the total of his/her own shares violating to Section 18, such person need to dispose the exceeding shares to other person within ninety days from the receiving date of such shares except that it will be granted the extension by the Bank of Thailand which is further extended not more than ninety days.</p> <p>In the case where the person under paragraph 1 does not dispose the exceeding shares within the specified period as mentioned in paragraph 1, the Bank of Thailand may raise to the court for ordering to sell such exceeding shares. And if the court seems such holding or having the shares would be violating to the Section 18, the court may order to sell by auction or other means.</p>
Section 21	<p>In the case where any person holds or has the shares of financial institution by violating Section 18, such person is not able to raise such holding the exceeding part to insist to mentioned financial institution, and the financial institution shall not pay the dividend or other compensation to such person or shall not allow such person to vote in the shareholders meeting for the exceeding part shares.</p>
Section 55	<p>It enables Section 16 to Section 22 to enforce regarding the shareholding in the parent company of the financial institution, by <i>pari pasu</i>.</p>
Section 162	<p>Any person who holds or has the shares of any financial institution exceeding the rate as specified by Section 18 caused from the inclusive of counting the shares of related person holding or having before the effective date of this Act and such holding or having shall not violate the law which has effective on that time, such person has the right to hold or have the shares continuously. However, if there is the sale of any amount of such shares, it shall be deemed to have the rights to hold or have the exceeding shares at the specified rate equivalent to the remaining shares and such shareholder shall forthwith proceed for the holding or having the shares in compliance with Section 18 but not exceeding 5 years since the effective date of this Act.</p>