

**Translation**

*(Disclaimer: This translation is for the convenience of those unfamiliar with the Thai language. Please refer to the Thai text for the official version.)*

## Regulations related to holding of shares in a financial institution or a parent company of a financial institution

### 1. Financial Institution Business Act B.E. 2551

Section	Provision
Section 4	<p><b>“Related party”</b> means a person having relationship with another person in any of the following characteristics:</p> <ol style="list-style-type: none"> <li>(1) being a spouse;</li> <li>(2) being a minor child or an adopted minor child;</li> <li>(3) being a company which the person or a person under (1) or (2) has the power of management;</li> <li>(4) being a company which the person or a person under (1) or (2) has power to control the majority voting rights at shareholders’ meetings;</li> <li>(5) being a company which the person or a person under (1) or (2) has power to control the appointment or removal of directors;</li> <li>(6) being a subsidiary of the company under (3),or (4) or (5);</li> <li>(7) being an affiliate of the company under (3),or (4) or (5);</li> <li>(8) being a principal, an agent; or</li> <li>(9) being other persons with characteristics as prescribed in notifications issued by the Bank of Thailand.</li> </ol> <p>In the case where any person, either directly or indirectly, holds shares in a company in an amount no less than 20 percent of the total number of shares sold, it shall be presumed that the company is a related party of such person, unless it could be proven not to be a related party.</p>

Section	Provision
	<p><b>"Parent company"</b> means a company having power to control over another company either directly or indirectly, with the following characteristics:</p> <ol style="list-style-type: none"> <li>(1) possessing shares in a company in an amount exceeding 50 percent of the total number of shares sold;</li> <li>(2) having power to control the majority voting rights at shareholders' meetings of a company;</li> <li>(3) having power to control the appointment or removal of persons with power of management or at least half of the directors of a company; or</li> <li>(4) having power to control business in any other manners in accordance with the rules as prescribed in notifications issued by the Bank of Thailand;</li> </ol> <p>Possession of shares in a company, either directly or indirectly, in an amount no less than 20 percent of the total number of shares sold shall be presumed to have power to control over such company unless proven otherwise.</p>
	<p><b>"Subsidiary"</b> means:</p> <ol style="list-style-type: none"> <li>(1) a company having another company as its parent company; or</li> <li>(2) a subsidiary of the company under (1) at any level down the hierarchy.</li> </ol>
	<p><b>"Affiliate"</b> means a subsidiary having the same parent company.</p>
	<p><b>"Person with power of management"</b> means:</p> <ol style="list-style-type: none"> <li>(1) a manager, a deputy manager, an assistant manager or an executive director of a financial institution or a company, as the case may be, or any person holding an equivalent position which is called otherwise;</li> <li>(2) a person, according to an agreement with a financial institution or a company, having full or partial power of management; or</li> <li>(3) a person having de facto power to control or dominate a manager or a director, or the management of a financial institution or a company to comply with his order in formulating policies or conducting business affairs of the financial institution or the company.</li> </ol>

Section	Provision
	<p><b>“Executive director”</b> means a director who is responsible for managing a financial institution or a company in line with the rules prescribed in the notifications issued by the Bank of Thailand.</p>
Section 17	<p>Any person holding or possessing shares in any financial institution, either directly or indirectly, in an amount of no less than five percent of the total number of shares sold shall report the holding or possession of such shares to the Bank of Thailand in accordance with the rules as prescribed in the notifications issued by the Bank of Thailand.</p> <p>The amount of shares in the first paragraph shall include those held or possessed by related parties of the person under the first paragraph.</p> <p>The shares under the first paragraph shall not include preference shares with no voting rights.</p> <p>In the case where the person under the first paragraph does not report his shareholding in accordance with the rules as prescribed in the notifications issued by the Bank of Thailand, the provision of Section 19 shall apply to such unreported shares mutatis mutandis.</p>
Section 18	<p>No person shall hold or possess shares in any financial institution, either directly or indirectly, in an amount exceeding 10 percent of the total number of shares sold unless permitted by the Bank of Thailand or being in accordance with the rules as prescribed in the notifications issued by the Bank of Thailand.</p> <p>The amount of shares in the first paragraph shall include those held or possessed by related parties of the person under the first paragraph.</p> <p>The shares under the first paragraph shall not include preference shares with no voting rights.</p>

<b>Section</b>	<b>Provision</b>
Section 19	<p data-bbox="421 237 1391 506">Any person acquiring shares in any financial institution, which cause the number of shares held or possessed by him to violate the provision of Section 18, shall sell the excess shares to other party within 90 days from the date of the receipt of such shares unless an extension is granted by the Bank of Thailand. Such extension shall not exceed 90 days.</p> <p data-bbox="421 546 1391 855">In the case where the person under the first paragraph fails to sell the excess shares within the period as prescribed in the first paragraph, the Bank of Thailand may file a motion to the court to order the sale of the excess shares. Where the court deems that the holding or possession of such shares violates the provision of Section 18, the court shall have the power to order the sale of the excess shares by auction or otherwise.</p>
Section 21	<p data-bbox="421 896 1378 1164">Any person holding or possessing shares in a financial institution in violation of Section 18 may not use such holding of the excess shares against the financial institution, and such financial institution may not pay a dividend or give any other form of benefits to such person, or allow such person to vote at shareholders' meetings, based on the number of the excess shares.</p> <p data-bbox="421 1205 1398 1630">In the case where the person under the first paragraph acquires shares in good faith from inheritance and the financial institution announces a dividend payment within the 90 day period from the date of the acquisition of such shares or within the period extended by the Bank of Thailand under the first paragraph of Section 19, such person shall have the right to receive the dividend based on the number of the shares in excess of the 10 percent as prescribed in Section 18. However, such person shall not be able to vote at shareholders' meetings based on the number of the excess shares.</p>
Section 22	<p data-bbox="421 1671 1391 1980">For the purpose of compliance with Section 16, Section 17, Section 18 and Section 19, a financial institution shall examine its register of shareholders prior to each shareholder meeting, or prior to each distribution of dividends or any other form of benefits to shareholders and inform the Bank of Thailand of the results of such examination in accordance with the rule as prescribed in the notification of the Bank of Thailand.</p>

Section	Provision
	In the case where any shareholder violates the provision of Section 18, the financial institution shall notify such person in writing to dispose the shares in excess within the period as prescribed under Section 19, and inform the Bank of Thailand of such matter.
Section 55	The provisions of Section 16 to Section 22 shall apply to the holding or possession of shares in the parent company of a financial institution mutatis mutandis.
Section 162	Whoever holding or possessing shares in any financial institution in excess of the ratio prescribed under Section 18 due to the inclusion of the shares held or possessed by the related parties prior to the date of this Act coming into force whereby such holding or possession does not violate the laws enforced during such period shall be entitled to continue holding or possessing such shares. However, upon the sale of any share, such person shall be entitled to hold or possess shares in excess of the prescribed ratio in an amount equal to the number of the remaining shares. Such person shall take action in order that the holding or possession of the shares is in compliance with the provision of Section 18 rapidly but no more than five years from the date of this Act coming into force.

**2. Bank of Thailand's Notification Ref. SorNorSor. 13/2552, dated 9 July 2009, regarding Corporate Governance of Financial Institutions**

Item	Provision
No. 5.1.5	<p><b>"Executive director"</b> means:</p> <ol style="list-style-type: none"> <li data-bbox="432 1621 1410 1771">(1) a director with responsibilities of a manager, a deputy manager, an assistant manager or any person holding an equivalent position which is called otherwise,</li> <li data-bbox="432 1794 1410 1980">(2) a director who is responsible for managing or participating in any business operations with the similar role as those of executives, as well as a director serving as member of the Executive Committee.</li> </ol>

Item	Provision
	(3) a director serving as authorized signatory, except that the signature is affixed in line with the resolution adopted by the Board of Directors on a case-by-case basis and that he and other directors have to jointly sign the official agreements.

**3. Bank of Thailand's Notification Ref. SorNorSor. 57/2551, dated 3 August 2008, regarding Regulation on the Report of Holding or Possession of No Less Than a 5-Percent Equity Stake in a Financial Institution or a Parent Company of a Financial Business**

Item	Provision
No. 4.2	<p>Any person holding or possessing shares of any financial institution or any parent company of a financial business group, either directly or indirectly, in an amount of no less than five percent of the total number of shares sold shall report the holding or possession of such shares to the Bank of Thailand.</p> <p>The amount of the shares shall include those held or possessed by related parties.</p>
No. 4.3	<p>In reporting the information mentioned in Item No. 4.2, the person is required to submit a report first when he holds or possesses shares of a financial institution or a parent company of a financial business group in an amount of no less than five percent of the total number of shares sold, and again when he reduces his holding or possession to less than five percent of the total number of shares sold. The person may prepare the report by using mutatis mutandis the Report Form for the Acquisition or Disposition of Securities of a Business (Form 246-2) which is used in filing a report to the Office of the Securities and Exchange Commission in compliance with the latter's Notification on the Report Form for the Acquisition or Disposition of Securities of a Business. The person is required to submit such report which shall be</p>

Item	Provision
	<p>duly certified, to the Bank of Thailand within 30 days from the date when there is a change to the holding or possession of the shares in a financial institution, which requires him to submit the report. In case of the holding or possession of the shares in a financial institution or a holding company whereby the parent company is not listed on the Stock Exchange of Thailand, the person is also required to use such report form.</p>

**4. Bank of Thailand's Notification Ref. SorNorSor. 58/2551, dated 3 August 2008, regarding Regulation for Permission of Holding or Possession of More Than a 10-Percent Equity Stake in a Financial Institution**

Item	Provision
No. 4.2	<p>The Bank of Thailand permits the following parties to hold or possess shares in a financial institution in an amount of more than ten percent of the total number of shares sold.</p> <ol style="list-style-type: none"> <li data-bbox="432 1137 963 1178">(1) Government organizations,</li> <li data-bbox="432 1234 1276 1312">(2) State enterprises under the law governing the budgetary procedures,</li> <li data-bbox="432 1339 1350 1417">(3) Financial Institutions Development Fund under the Bank of Thailand Act,</li> <li data-bbox="432 1444 1217 1485">(4) Juristic persons established by special law,</li> <li data-bbox="432 1512 1257 1590">(5) Deposit Protection Agency under the Deposit Protection Agency Act,</li> <li data-bbox="432 1617 1374 1765">(6) Persons holding such shares as a result of a need to rectify the position or operations of the financial institution in line with the regulations prescribed by the Bank of Thailand, and</li> <li data-bbox="432 1792 1394 1906">(7) Other persons with characteristics prescribed by the Bank of Thailand or those being permitted on a case-by-case basis.</li> </ol>