



Legal News

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Notification of the Bank of Thailand on the Prescription of Rules, Procedures and Conditions for Operating Peer-to-Peer Lending Business System or Platform

On 9 April 2019, the Bank of Thailand ("BOT") issued a Notification (SorNorSor. 4/2019) on the Prescription of Rules, Procedures, and Conditions for Operating Peer-to-Peer Lending Business System or Platform ("Notification") or Peer-to-Peer Business Lending Platform ("P2P"). A summary of the key details are as follows: -

- Under the Notification, "Peer-to-Peer lending business" means credit financing between a lender and borrower by an electronic system while "System or Electronic Platform" means website, application or any other electronic media used in supporting a Peer-to-Peer lending business.
- To operate the P2P service, the Platform operator is required to take the Regulatory Sandbox test with the BOT until passing the test and is then ready for providing the P2P service in Thailand. The Platform operator must then apply for permission in providing the P2P service with the BOT. The Platform operator is limited to conduct business only as an online marketplace or matchmaker that actively assists in concluding contracts of credit financing between a lender and borrower by the electronic system. The currency for the credit financing shall be in Thai Baht.

- The Platform operator must be a juristic person established in Thailand having paid-up registered capital of not less than 5 million Baht throughout the business operation. In addition, the Platform operator cannot have less than 75 percent of the shares held by Thai nationals. The director or authorized person shall not have any of the prohibited qualifications as prescribed by the Notification of the Ministry of Finance.
- The borrower must have the qualifications which are 1) an individual having capability to repay the debt, 2) not a Platform operator, 3) not a director, authorized person, or major shareholder of the Platform operator (or a related person of such mentioned persons) and 4) credit financing approval must be in accordance with the rules of the Notification. The borrower's qualifications must also be examined by the Platform operator.
- The borrower may use credit financing for non-business operation purposes from 1.5 – 5 times (as the case may be) of the monthly income and use for business operation purposes an amount not exceeding 50 million Baht with a guarantee by appropriate assets.
- The lender must be an individual or juristic person having knowledge regarding credit financing and the associated risks relating to the credit financing by electronic system. The lender must pass the client assessment before the credit financing and shall not be a Platform operator. The credit financing thresholds of the lender are 1) in case a joint venture, venture juristic person, or specific investors under the Notification of the Capital Market Supervisory Board on Securities Offering by Crowdfunding System can provide the credit financing without limitations, or 2) other parties can provide the credit financing for borrowers in the total amount of 500,000 Baht per every 12 month period.
- The interest rate specified in the credit financing contract between lender and borrower shall not exceed the interest rate as prescribed by the Civil and Commercial Code.

The Notification came into effect starting from 30 April 2019, which was the date following publication in the Government Gazette.

Draft Ministerial Regulations issued in accordance with the Workmen's Compensation Act (No. 2) B.E. 2561

On 7 May 2019, the Cabinet has approved three drafts of ministerial regulations issued in accordance with Workmen's Compensation Act (No. 2) B.E. 2561 ("DMR"). These are 1. DMR on medical expenses paid by the employer B.E. ("DMR on Medical Expenses") 2. DMR on work rehabilitation expenses paid by the employer B.E. ("DMR on Work Rehabilitation Expense") and 3. DMR on funeral expense B.E. ("DMR on Funeral Expense"). These DMR's are summarized as follows: -

- According to the **DMR on Medical Expense**, the employer shall make payment on the employee medical expenses as necessary until the medical treatment has been completed. There is no cap on the employer payment amount if the employee receives medical treatment at a government hospital. This DMR is the amendment to the Ministerial Regulation on Medical Expense rate paid by the Employer B.E. 2558 (A.D. 2015), which specifies the maximum amount of medical expense to be paid by the employer of 2,000,000 Baht in cases where the employee suffers from injuries or sickness only.
- According to the **DMR on Work Rehabilitation Expense**, in case the expense on treatment and surgery for the benefit of rehabilitation exceeds 40,000 Baht, the employer shall make an additional payment of not more than 140,000 Baht. If the additional payment is not sufficient, the Medical Board will consider the proper amount to be paid on case by case basis. This DMR on Work Rehabilitation Expense is the amendment to the Ministerial Regulation on Work Rehabilitation Expense paid by the Employer B.E. 2558 (A.D. 2015) which capped the amount to be paid by the employer at 110,000 Baht.

- According to the **DMR on Funeral Expense**, the employer shall pay funeral expense to the employee's undertaker in the amount of 40,000 Baht.

These DMR's have been submitted to the Office of the Council of State for final consideration.

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