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NEWSLETTER

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LEGAL UPDATE

1. Financial Institutions Business Act

The National Legislative Assembly enacted the Financial Institutions Business Act replacing the Commercial Banking Act, B.E. 2505 (1962) and the Act on Undertaking of Finance Business, Securities Business & Credit Foncier Business, B.E. 2522 (1979). As far as financial institutions are concerned, the Act gives financial institutions flexibility in doing the business and supports financial institutions that operate in the form of a financial conglomerate. From a regulatory viewpoint, the Act equips the Bank of Thailand with more tools in supervision of financial institutions, which are consistent with international standards, especially the supervision of risk management. Furthermore, this Act introduces the good governance to financial institutions by imposing qualifications and responsibilities of a board of directors and executives of a financial institution.

For consumers, the Act requires the financial institutions to disclose the information to the public. Moreover, the Act grants the Bank of Thailand the power to prohibit a financial institution from requesting a borrower to provide the personal guarantee with an unlimited amount.

Therefore, once the Act comes into force if your company takes any loan from a commercial bank, it looks like your banker is no longer allowed to require your company's shareholder/director to provide the personal guarantee with an unlimited amount to the bank as security for your company's loan. For more information, please feel free to contact us.

INSURANCE UPDATE

2. Amendments to the Life Assurance Act, B.E. 2535 (1992) and the General & Casualty Insurance Act, B.E. 2535 (1992)

The National Legislative Assembly enacted the Life Assurance Act No. 2 and the General & Casualty Insurance Act, No. 2 amending the Life Assurance Act, B.E. 2535 (1992) and the General & Casualty Insurance Act, B.E. 2535 (1992) respectively. Under the new Acts, insurers operating as limited companies will be required to convert to public limited companies within 5 years. For more information, please feel free to contact us.

This newsletter is also available online at www.naritlaw.com under **Resources** section.

We welcome any inquiry and value your feedback or comment. If you have any, please send them to enquiry@naritlaw.com



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