

**BANK OF THAILAND ACT, B.E. 2485 (1942)**

Translation

IN THE NAME OF HIS MAJESTY KING ANANDA MAHIDOL

THE COUNCIL OF REGENCY by notification of the President of the Assembly of the People's Representatives, dated 4<sup>th</sup> August B.E. 2480 and 16<sup>th</sup> December B.E. 2484

ADITAYA DIBHA ABHA PRIDI BHANOMYONG

Enacted on the 28<sup>th</sup> day of April B.E. 2485;Being the 9<sup>th</sup> year of the Present Reign.

Whereas the Assembly of the People's Representatives has passed a resolution that it is expedient to constitute to central bank in the Kingdom,

Be it therefore enacted by the King by and with the advice and consent of the Assembly of the People's Representatives, as follows:

**Chapter 1  
Preliminary****Section 1**

This Act shall be called the "Bank of Thailand Act, B.E. 2485 (1942)"

**Section 2**

This Act shall come into force on and from the date of its publication in the Government Gazette

**Section 3**

In this Act:

"Minister" means the Minister in charge of the enforcement of this Act;

"Governor" means the Governor of the Bank of Thailand;

"Deputy-Governor" means the Deputy-Governor of the Bank of Thailand ;

"Court" means the Court of Directors of the Bank of Thailand;

"Bank" means a person or body of persons using the name of description "bank" or any other word having the same meaning, and a limited liability company accepting deposits of money subject to withdrawal by cheque, draft or order.

**Section 4**

The Minister of Finance shall have charge and control of the execution of this Act.

**Chapter 2  
Constitution, Capital and Reserve****Section 5**

There shall be constituted a Central Bank to be called the "Bank of Thailand" for the purposes of taking over the management of the note issue from the Ministry of Finance and of carrying on such business as pertain to central banking in accordance with the provisions of this Act and the Royal Decrees issued hereunder.

## **Section 6**

The Bank of Thailand shall be a juristic person.

## **Section 7**

The initial capital of the Bank of Thailand shall be twenty million Baht, which sum shall be assigned to it by the State as a grant.

## **Section 8**

The capital of the Bank of Thailand may be increased or reduced upon the approval of the Government, provided that the total capital shall not at any time exceed one hundred million Baht.

## **Section 9**

The reserves of the Bank of Thailand shall consist of an ordinary reserve intended to cover possible losses and, in addition, such other reserves for particular purposes as may, with the approval of the Minister, be established by the Court and accumulated from the appropriations of the net annual profits.

## **Section 10**

The ordinary reserve shall be accumulated from the annual appropriation of twenty-five percent of the net annual profit, after making provision for bad and doubtful debts, depreciation in assets and such expenses as are usually provided for by bankers.

Whenever the ordinary reserve amounts to one hundred percent of the capital outstanding or more, the annual appropriations may be reduced by the Court.

## **Section 11**

Any remaining net profits after deduction of the appropriations to the ordinary reserve and to such other reserves as may be established by the Court under Section 9 shall be paid annually to the General revenues of the State.

## **Section 12**

Assets and liabilities of the Thai National Banking Bureau shall be transferred to the Bank of Thailand and the excess of assets over liabilities so transferred shall be appropriated to the ordinary reserve of the Bank.

## **Section 13**

The Bank of Thailand shall establish its principal business office in the City and may establish branch offices or agencies in any other place in Kingdom and, with the prior approval of the Minister, abroad.

## **Chapter 3**

### **Supervision, Control and Management**

## **Section 14**

The general supervision of the affairs of the Bank of Thailand is vested in the Minister.

## **Section 15**

The general control and superintendence of the affairs of the Bank of Thailand shall be entrusted to a Court of Directors consisting of the Governor, the Deputy-Governor, and not less than five other members.

The Governor and the Deputy-Governor shall be ex officio Chairman and Vice-Chairman of the Court.

## **Section 16**

The Governor shall manage the affairs of the Bank of Thailand and shall see that laws and its regulations are complied with.

The Deputy-Governor shall carry out the functions delegated by the Governor.

## **Section 17**

In the case where the Governor disagrees with a decision of the majority of the Directors, the question shall be referred to the Minister for decision.

## **Section 18**

Subject to Section 20, the Governor may deal with all matters within the competence of the Court, provided that his decisions are submitted to the Court for approval.

## **Section 19**

The Governor and the Deputy-Governor shall be appointed or removed from office by the Crown upon the recommendation of the Cabinet.

The other Directors shall be appointed or removed from office by the Cabinet upon the recommendation of the Minister.

## **Section 20**

The Court shall have power to appoint such officers as may be necessary to conduct the business of the Bank of Thailand, to demand at any time security for the faithful discharge of their duty, to fix their salaries, bonuses and other emoluments and to remove them from office.

## **Chapter 4**

### **Note Issuance**

## **Section 21**

The Bank of Thailand shall have the sole right to issue bank notes in Thailand.

## **Section 22**

The issue and management of bank notes shall be conducted by the Bank of Thailand in the "Issue Department" and shall be separated and kept wholly distinct from its other business.

## **Section 23**

Until such time as the international monetary position has become sufficiently clear and stable, the issue and management of bank-notes by the Bank of Thailand shall be governed by the provisions of the laws on the currency system and the term "note" used in the said laws shall be deemed to include bank notes issued by the Bank.

## **Section 24**

The Bank of Thailand may, as from and until such dates as may be fixed by the Minister, issue the notes of the Government, subject to the provisions of the laws on the currency system.

## **Section 25**

For the purposes of Sections 23 and Section 24, the Reserve constituted under the Currency Act, B.E. 2471, the liabilities thereupon and the functions of the Currency Division of the Treasury Department, together with its current budgetary appropriation, shall be delivered or transferred to the Bank of Thailand for the "Issue Department." The date of such delivery and transfer shall be fixed by the Minister by notification in the Government Gazette.

## **Section 26**

For the purposes of Sections 23 and Section 24 and in so far as the issue and management of notes, bank-notes and the Reserve are concerned, the terms "Issue Department of the Bank of Thailand" and "Governor of the Bank of Thailand" shall be substituted for the terms "Currency Division of the Treasury Department" and "Director-General of the Treasury Department" respectively, wherever they may be used in the laws on the currency system; and the term "Governor of the Bank of Thailand" shall be substituted for "Minister" used in Sections 15 and Section 19 of the Currency Act, B.E. 2471 and "Ministry of Finance" in Article 2 of the Ministerial Regulations issued under the provisions of the Currency Emergency Act, B.E. 2484 (No. 2).

## **Section 27**

The bank notes issued by the Bank of Thailand shall be deemed to be currency under the provisions of the Penal Code.

## **Chapter 5 Banking Business**

### **Section 28**

The Bank of Thailand shall transact such kinds of business as pertain to a central bank and are specified by Royal Decree, the "Banking Department" being the competent authority.

The Bank of Thailand shall not transact any business other than those so specified, nor shall it transact any business prohibited by the Royal Decree.

### **Section 29**

The Bank of Thailand shall make public from time to time the standard rate at which it is prepared to buy or rediscount bills of exchange or other commercial papers eligible for purchase under the Royal Decree issued under Section 28.

## **Chapter 5 bis Financial Institutions Development Fund**

### **Section 29 bis**

In this Chapter:

"Financial Institution" means"

- (1) a commercial bank under the law on commercial banking;
- (2) a finance company, a finance and securities company or a credit foncier company under the law on the under taking of finance business, securities business and credit foncier business; and
- (3) any other institution undertaking business concerning finance as prescribed by the Minister in the Government Gazette.

"Fund" means the Financial Institutions Development Fund.

"Manager" means the manager of the Fund.

### **Section 29 Ter**

A fund shall be established in the Bank of Thailand and called the "Financial Institutions Development Fund". The Fund shall be a juristic person with the purpose of reconstructing and developing the financial institution system to accord it strength and Stability. It shall have the "Department of Financial Institutions Development Fund" as its competent authority and shall be separate and kept wholly distinct from the Bank's other business.

### **Section 29 quarter**

The Fund shall be composed of:

- (1) monies accepted under Section 29 quinqué and Section 29 septem;
- (2) monies and properties given by donors;
- (3) other monies and properties devolved on the Fund; and
- (4) the Fund's earnings

### **Section 29 quinqué**

Each financial institution shall, in accordance with the rules, procedures and within the period of time prescribed by the Fund Management Committee, remit to the Fund a sum of money at the rate prescribed by the Fund Management Committee, remit to the Fund a sum of money at the rate prescribed by the Fund Management Committee with the approval of the Cabinet. Such rate shall not be more than one half of one per cent of the total amount of deposits, borrowings or funds received during the year by a financial institution from the public, as the case may be, which is outstanding at the end of the financial year preceding the year in which the remittance is to be made.

The rate under the first paragraph may be prescribed differently according to type of financial institution.

For the purpose of computation of the remittance to the Fund, deposits or borrowings received by a financial institution from the Fund shall be excluded.

Where the Fund has sufficient money and property to conduct business in accordance with its purposes, the Fund Management Committee may declare that money shall cease to be remitted to the Fund.

### **Section 29 sex**

Any financial institution which fails to make the remittance to the Fund in accordance with Section 29 quinqué accurately and in full shall pay in accordance with rules and procedures prescribed by the Fund Management Committee a surcharge not exceeding twice the amount of money yet to be remitted.

### **Section 29 septem**

The Bank of Thailand shall from time to time consider allocating to the Fund any suitable amount of reserves under Section 9.

The Bank of Thailand may advance to the Fund such sums as are deemed necessary, but such sums shall be repaid by the Fund within the time prescribed by the Court, which may also prescribe that the Fund shall pay remuneration in return for such advances.

### **Section 29 octo**

The Fund is empowered to conduct its business within the scope of its purposes under Section 29 ter, and such shall include the power to:

- (1) hold ownership or possessory right or any real right, build, buy, acquire, sell, dispose of, hire, lease, hire-purchase, lease under hire-purchase agreement, borrow, lend, accept pledges, accept mortgages, exchange, transfer, accept transfer of or engage in any act concerning properties, within or outside the Kingdom, including to accept properties from donors;
- (2) lend money to a financial institution against reasonable security;
- (3) guarantee or certify, accept, give aval to or intervene to honor bills;
- (4) give in reasonable amounts financial assistance to those depositors or creditors of a financial institution who sustain losses as a consequence of such financial institution suffering serious financial crisis;
- (5) hold deposits with such financial institution as the Fund Management Committee deems necessary and appropriate;

- (6) purchase or hold shares of any financial institution;
- (7) purchase, discount or re-discount instruments representing claims on obligations or accept transfer of claims from any financial institution;
- (8) borrow money with or without interest, issue bills and bonds;
- (9) make investments for the purpose of earning income as permitted by the Fund Management Committee;
- (10) undertake all business in connection with or incidental to attainment of the purposes of the Fund.

#### **Section 29 novem**

There shall be a committee called the "Fund Management Committee" consisting of the Governor as Chairman, the Permanent Secretary for Finance as Deputy Chairman and not less than five, but not more than nine, other committee members appointed by the Minister.

The Manager shall be the Secretary of the Fund Management Committee.

#### **Section 29 decim**

Committee members appointed by the Minister shall retain office for a term of three years.

If a committee member appointed by the Minister vacates his office before the expiration of his term or if the Minister appoints an additional committee member during the term of office of existing committee members, the replacement appointee or the additional appointee shall retain office for the remaining term of the existing committee members.

On the expiration of the term of office mentioned in the first paragraph, if no appointment of new committee members is yet made, the retiring committee members shall retain their offices and conduct their duties until new appointees take charge of their duties.

A retiring committee member shall be eligible for reappointment, but for not more than two consecutive terms.

#### **Section 29 undecim**

Besides retiring from office on the expiration of the term under Section 29 decim, any committee shall vacate his office when:

- (1) dies;
- (2) resigns;
- (3) is ordered to leave by the Minister;
- (4) is declared bankrupt;
- (5) is adjudged incompetent or quasi-incompetent;
- (6) is sentenced to imprisonment by a final judgment unless such punishment is for an offence done in negligence or for a petty offence.

#### **Section 29 duodecim**

For a meeting of the Fund Management Committee, the quorum shall consist of not less than half of the members of the Committee.

Decisions shall be taken by a majority of votes cast, each committee member having one vote. In the case of a tie, the Chairmen shall be entitled to cast an additional deciding vote.

#### **Section 29 tredecim**

The Fund Management Committee shall have the authority and duty to lay down policies and take general control and superintendence of the affairs of the Fund. Such authorities and responsibilities shall include:

- (1) issuing regulations of the purpose of complying with Section 29 ter, Section 29 quinque and Section 29 octo;
- (2) issuing regulations concerning meetings and operations of the Fund Management Committee;
- (3) issuing regulations governing the performance of duties of the Manager; and
- (4) considering any other matters assigned by the Bank of Thailand.

#### **Section 29 quattuordecim**

The Chairman and members of the Fund Management Committee shall receive such remuneration as prescribed by the Minister.

#### **Section 29 quindecim**

The Manager shall be appointed or removed by the Fund Management Committee.

The Manager shall be appointed from an officer of the Bank of Thailand.

#### **Section 29 sedecim**

It shall be the Manager's duty to administer the affairs of the Fund in accordance with the purposes and responsibilities of the Fund and in accordance with the policy or regulations prescribed by the Fund Management Committee.

In administering the affairs of the Fund, the Manager shall be responsible to the Fund Management Committee.

#### **Section 29 septendecim**

The Manager shall be the representative of the Fund in regard to the Fund's external affairs and in this respect the Manager may, in accordance with the regulations prescribed by the Fund Management Committee, specifically authorize a representative or any person to act on his behalf.

#### **Section 29 duodeviginti**

The monies of the Fund shall be spent only in conducting business to attain the purposes of the Fund and for the Fund's administrative expenditures including any remuneration under this Chapter as prescribed by the Fund Management Committee.

#### **Section 29 undeviginti**

The Fund shall lay down and observe a proper accounting system, maintain regular internal auditing and books of account which itemize:

- (1) receipts and payments;
- (2) assets and liabilities; showing accurately and properly its state of affairs including the origin of such items.

#### **Section 29 viginti**

The Office of the Auditor-General shall be the Fund's auditor and shall each year audit the Fund's accounts including its finances.

#### **Section 29 unetviginti**

The auditor shall present an audit report to the Minister within ninety days of the end of the financial year, a copy of which shall also be sent to the Bank of Thailand.

#### **Section 30**

The Bank of Thailand shall be bound to accept monies for account of the Ministry of Finance and to make payments up to the amount outstanding to the credit of the account, no charge being payable by the Ministry of Finance to the Bank of the keeping of such account and no interest being payable by the Bank to the Ministry of Finance on such account.

For the purposes of this Section, the functions of such divisions of the Department of the Comptroller-General and the Treasury Department as are necessary, together with their current budgetary appropriations, shall be transferred to the Bank of Thailand for the "Banking Department." The transfer shall be in accordance with the provisions of the Royal Decree.

### **Section 31**

The Bank of Thailand shall be charged with the execution of the Government's exchange, remittance and banking operations, the issue and management of loans of the Government and public bodies upon such terms and conditions as may be mutually agreed upon.

## **Chapter 7**

### **Maintenance Reserves by Bank**

### **Section 32**

*-Repealed-*

### **Section 33**

Every bank shall send to the Governor a confidential return showing:

- (a) the amounts of its demand and time liabilities in the Kingdom;
- (b) the total amount held in the Kingdom in currency notes and notes of the Bank of Thailand;
- (c) The amounts and denominations of coins held in the Kingdom;
- (d) the amounts or advances made and of bills discounted in the Kingdom;
- (e) the balance held at the Bank of Thailand; and
- (f) such other information relating to its liabilities and assets as may be required by the Governor.

The said information shall be reported weekly and shall represent the situation at the close of business of each Friday, or if Friday is a bank holiday, at the close of business on the preceding working day.

The said return shall be sent not later than two working days after the date to which it relates.

Provided that where the Governor is satisfied that the furnishing of a weekly return is impracticable in the case of any bank, he may require such bank to furnish in lieu of a weekly return a monthly return to be sent within such date as he may determine.

### **Section 34**

Every bank shall, if required by the Governor, at once furnish any information in explanation or amplification of its returns under Section 33.

## **Chapter 8**

### **Audit and Examination**

### **Section 35**

The president of the Audit Council shall be charged with the audit of the account of all transactions affecting the Reserve constituted under the Currency Act, B.E. 2471 and delivered to the Bank of Thailand under Section 25.



### **Section 36**

Without prejudice to the power of the President of the Audit Council under Section 35, the Court shall elect one or more auditors whose powers and duties shall be determined by Royal Decree.

No Director or other officer of the Bank of Thailand shall be eligible as auditor.

### **Section 37**

Without prejudice to the power of the Auditors under Section 36, the Minister may at any time appoint the President of the Audit Council or such other person as he thinks fit to examine the accounts of the Bank of Thailand.

## **Chapter 9 General Provisions**

### **Section 38**

The Bank of Thailand shall not be liable to pay income tax, surcharge tax, business-establishments tax or banking tax under the Revenue Code and the bank notes issued by it shall be exempt from stamp duty.

### **Section 39**

The Bank of Thailand can be dissolved only by an Act.

### **Section 40**

All matters for which provision is necessary or expedient for the purpose of giving effect to this Act shall be provided by Royal Decree.

In particular, such Royal Decrees may provide for any of the following:

- (a) matters within the scope of the Court's duties and responsibilities;
- (b) several kinds of business which the Bank of Thailand is authorized to transact;
- (c) several kinds of business which the Bank of Thailand shall not transact;
- (d) amount of the reserve balance which shall be maintained by every bank with the Bank of Thailand;
- (e) powers and duties of the auditors elected by the Court;
- (f) accounts, statements and reports to be prepared and transmitted by the Bank of Thailand to the Minister or to be published in the Government Gazette.

### **Section 41**

No person other than the Bank of Thailand shall use the terms "National", "State", "Thailand" or "Central", or any other words having the same meaning, as part of the name or description of a bank.

## **Chapter 10 Penalties**

### **Section 42**

Any bank which contravenes Section 32, Section 33 or Section 34 shall be liable to a fine not exceeding five thousand Baht and to a further fine of not exceeding one thousand Baht for every day during which such default continues.

In the case where a body of persons other than a juristic person, carrying on the business of a bank, commits an offense under the foregoing paragraph, the directing manager of such body of persons or the manager of such bank shall be deemed the offender.

**Section 43**

Any person who contravenes Section 41 shall be liable to a fine not exceeding five thousand Baht.

**Section 44**

The Minister in charge of the Control of the Business of Banking Act, B.E. 2480 shall be empowered to withdraw, upon the recommendation of the Court, from any bank guilty of an offence under Section 43 the authorization granted to such bank under the said Act.

Countersigned by

Field-Marshal P. Pibulsongkram

Prime Minister

Government Gazette, Vol. 59, Part 30, Dated 5<sup>th</sup> May B.E. 2485 (1942)

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