

Thailand Legal Update

November, 2025 No.40

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I. Thailand's Financial Business Hub Bill: Key provisions and incentives

Introduction

On 15 July 2025, the Cabinet approved the draft Financial Business Hub Act (the “**Bill**”), as proposed by the Ministry of Finance, following final review by the Office of the Council of State. This Bill builds upon the preliminary principles approved by the Cabinet on 4 February 2025, incorporating a few amendments in response to feedback from relevant authorities, including the Bank of Thailand, the Stock Exchange of Thailand, and the Office of Civil Service Commission.

The primary objective of the Bill is to promote Thailand as a financial center by facilitating the operations of Targeted Financial Business Operators (as defined below) through a new licensing regime and regulatory exemptions. Further details on these are set out in Sections (ii) and (iii) below.

Under the Bill, the Office of the Committee for the Supervision and Promotion of Financial Business Hub (“**Committee**”) will be established as a one-stop government authority. Chaired by the Minister of Finance, the Committee will serve as the key regulatory body responsible for licensing, determining operational areas for Targeted Financial Business Operators, and coordinating with other relevant authorities in order to achieve the objectives of the Bill.

Scope of Targeted Financial Businesses and relevant criteria

The Bill governs business operations in the following sectors, collectively referred to as “**Targeted Financial Businesses**”:

- Commercial banking business;
- Payment service business;
- Securities business;

- Derivatives business;
- Digital assets business;
- Life and non-life insurance business, including reinsurance brokerage business; and
- Other financial-related businesses as determined by the Committee and approved by the Cabinet.

As a general rule, prior approval from the Committee is required for applicants to qualify as “**Targeted Financial Business Operators**”. In addition, these operators must comply with certain criteria and limitations, which should be carefully observed, including:

- **Scope of services:**

Targeted Financial Businesses must generally serve only non-residents, except in specific circumstances where services are provided to other (i) Targeted Financial Business Operators or (ii) regulated operators under laws governing securities and the capital market, derivatives or digital assets (“**Regulated Operators**”). In such cases, Targeted Financial Business Operators must not solicit or provide services directly to the customers of these Regulated Operators¹;

- **Corporate structure and location:**

Targeted Financial Businesses must be conducted by corporate entities incorporated under Thai law or by branches of foreign entities², with a place of business located within the designated area (as will be further determined by the Committee)³;

- **Personnel requirement:**

Targeted Financial Business Operators are required to maintain the number and ratio of Thai to foreign personnel as determined by the Committee⁴;

- **Prohibited characteristics:**

Directors, authorized persons, major shareholders, and the directors and authorized managers of major shareholders must not possess certain prohibited characteristics, such as (i) being or having been declared bankrupted on fraudulent grounds, or (ii) having been imprisoned by a final court judgment for offenses related to the operation of commercial banking, securities, derivatives business, or other regulated financial businesses⁵; and

- **Prohibition on other businesses:**

Targeted Financial Business Operators are not permitted to conduct any business activities beyond those authorized by the Committee⁶.

Incentives and regulatory exemptions

The Bill provides a range of incentives for Targeted Financial Business Operators, the details of which will be further prescribed by the Committee. These include:

- Enabling foreign ownership over property beyond the cap under the Condominium Act B.E. 2522

1 Section 57 of the Bill

2 Section 38 of the Bill

3 Section 59 of the Bill

4 Section 59 of the Bill

5 Section 42 of the Bill

6 Section 43 of the Bill

(1979) (as amended) for both business operations and residential purposes⁷;

- Facilitating entry and residence permits for foreign professionals, exceeding the limits under immigration law, when authorized by the office of the Committee⁸;
- Designating Targeted Financial Business Operators as non-residents under exchange control law and exempting them from foreign exchange licensing requirements⁹;
- Granting exemption from the Foreign Business Act B.E. 2542 (1999) (as amended) and other industry-specific laws¹⁰; and
- Providing additional tax benefits under the Revenue Code¹¹.

Next steps

The draft Bill is currently awaiting inclusion on the House of Representatives' agenda for consideration and will proceed through further legislative stages in the Senate before implementation.

This Bill represents a strategic legislative initiative aimed at enhancing Thailand's competitiveness in the global financial sector. By leveraging its competitive advantages, such as low living costs, a skilled workforce, and robust financial infrastructure, Thailand aims to attract foreign investment and highly qualified professionals, fostering the growth of both financial institutions and ancillary industries. The anticipated outcomes include increased employment, technology and knowledge transfer, and the development of a sophisticated financial ecosystem.

We will continue to monitor the development of the Bill and keep you posted on any significant updates.

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Pichaya has been a Thai-qualified attorney since 2019. She graduated with an LL.B. (First-Class Honors) from Chulalongkorn University and an LL.M. (Upper Second-Class Honors) from the University of Cambridge. She has experience in financing and debt capital markets transactions, project development, as well as general corporate and securities law. She has assisted both local and international clients in multi-jurisdictional transactions.

7 Sections 51(1) and 52 of the Bill

8 Sections 51(2) and 53 of the Bill

9 Section 60 of the Bill

10 Section 38 paragraph 3 of the Bill

11 Section 51(3) of the Bill

II. Thailand Approves 1,500 MW Community Solar Program with Time-Sensitive "First-Served" Selection

Introduction: The "Quick Big Win" Solar Program

On October 27, 2025, the National Energy Policy Council (NEPC) approved the initial framework for a 1,500 MW Community-based Solar Power Generation Project. This program is being fast-tracked under the Ministry of Energy's "Quick Big Win" policy.

The expedited timeline, with applications expected in December 2025, creates an immediate and highly competitive opportunity for prepared developers. The ERC is now tasked with finalizing the detailed regulations, which are expected imminently. This initiative seeks to advance community-led power generation, strengthening local energy security and driving down electricity costs nationwide.

Key Commercial and Technical Terms

While the full regulations are pending, the NEPC framework confirms the following core parameters:

- **Total Quota:** 1,500 MW, nationwide.
- **Project Type:** Ground-mounted solar farms.
- **Project Capacity:** Capped at 10 MW per project (qualifying as a Very Small Power Producer, or VSPP).
- **Contract Term:** 25-year, non-firm Power Purchase Agreement (PPA).
- **Tariff:** A Feed-in Tariff (FiT) of up to **THB 2.25 per kWh**.
- **Offtake Model:** The Provincial Electricity Authority (PEA) or Metropolitan Electricity Authority (MEA) will purchase the power and sell it to the designated local communities.

The "First-Served" Selection: A Race for Readiness

The selection process will be on a "first-come, first-served" basis, rewarding project readiness.

Based on the preliminary framework and analysis of similar past schemes, applicants should prepare to submit a comprehensive readiness package demonstrating:

- **Proponent Qualifications:** The applicant must be a juristic person registered in Thailand, not be a government agency, and meet minimum registered capital requirements.
- **Technical Readiness:** Evidence of site readiness, technological feasibility, financial readiness, and a suitable implementation plan.
- **Land Rights:** Secured and finalized land leases or title deeds for the project site.
- **Community Cooperation:** This is a new and critical requirement. Applicants must obtain formal consent from the Local Administrative Organization (LAO) for the project, using a specific form to be prescribed by the ERC.

Key Legal & Regulatory Issues to Monitor

Our analysis identifies three major legal points that will directly impact project feasibility and structuring.

A. Foreign Ownership Limits

The most significant legal uncertainty for international investors is whether the new regulations will impose foreign ownership restrictions. As a crucial precedent, the 2022 "Big Lot" renewable program enforced a stringent dual restriction: foreign shareholding was capped at **49%** of the total issued shares, and the

number of foreign shareholders could not exceed half of the total number of shareholders. International investors are strongly advised to proactively structure their companies to ensure compliance with these potential dual caps, in the event that they are included in the final ERC regulation.

B. Ownership of RECs and Carbon Credits

The NEPC framework specifies that all Renewable Energy Certificates (RECs) and carbon credits generated by the projects will be **owned by the state utility** (PEA/MEA).

This is a critical commercial point. Developers **cannot** monetize these environmental attributes, and this must be reflected in all financial models.

C. Potential for Factory License Exemption

To expedite the "Quick Big Win" timeline, the NEPC has assigned the Ministry of Industry to consider exempting these 10 MW ground-mounted projects from requiring a factory license (Ror. Ngor. 4). If approved, this would significantly reduce permitting timelines, costs, and complexity.

This 1,500 MW quota has initiated a high-stakes 'readiness race' in which the window of opportunity will be brief and intensely competitive. To secure a position, investors should begin all preparatory work now. We therefore strongly advise clients to mobilize all critical-path preparations immediately from securing land rights to engaging with LAOs, in parallel with the ERC's drafting process. Our team is monitoring the development of this opportunity. For strategic counsel on how to navigate the requirements and position your project to win, please contact Kobchai Nitungkorn at kobchai.n@nagashima.com.

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