

SPECIALIZED FINANCIAL INSTITUTIONS DEVELOPMENT FUND ACT,
B.E. 2558 (2015)

BHUMIBOL ADULYADEJ, REX.

Given on the 20th Day of March B.E. 2558;

Being the 70th Year of the Present Reign.

His Majesty King Bhumibol Adulyadej is graciously pleased to proclaim that:

Whereas it is expedient to have a law on the Specialized Financial Institutions Development Fund;

Be it, therefore, enacted by the King, by and with the advice and consent of the National Legislative Assembly, as follows:

Section 1. This Act is called the “Specialized Financial Institutions Development Fund Act, B.E. 2558 (2015)”.

Section 2. This Act shall come into force as from the day following the date of its publication in the Government Gazette.¹

Section 3. In this Act:

“Fund” means the Specialized Financial Institutions Development Fund;

“Specialized Financial Institution” means:

(1) the Bank for Agriculture and Agricultural Cooperatives under the law on the Bank for Agriculture and Agricultural Cooperatives;

(2) the Government Savings Bank under the law on the Government Savings Bank;

(3) the Government Housing Bank under the law on the Government Housing Bank;

¹ Published in the Government Gazette, Vol. 132, Part 21 a, page 43, dated 26th March B.E. 2558 (2015).

(4) the Islamic Bank of Thailand under the law on the Islamic Bank of Thailand;
 (5) a financial institution established under a specific law as specified in a notification by the Minister;

“Board” means the Board of the Specialized Financial Institutions Development Fund;

“Minister” means the Minister having charge and control of the execution of this Act.

Section 4. The Minister of Finance shall have charge and control of the execution of this Act, and shall have the power to issue notifications for the execution of this Act. Such notifications shall come into force upon their publication in the Government Gazette.

CHAPTER I

SPECIALIZED FINANCIAL INSTITUTIONS DEVELOPMENT FUND

Section 5. There shall be established, in the Fiscal Policy Office, a fund called the “Specialized Financial Institutions Development Fund” having the objectives of restoring and developing the financial institution system to ensure its strength and stability, giving financial assistance or support to specialized financial institutions, and strengthening economic and financial security of the country.

Section 6. The Fund consists of:

- (1) money remitted by specialized financial institutions under section 15 and surcharges under section 16;
- (2) subsidies appropriated by the government on an occasional basis;
- (3) money or properties donated or given to the Fund;
- (4) money or properties devolved on the Fund;
- (5) fruits or benefits from the money or properties of the Fund.

Section 7. Revenues of the Fund shall not be remitted to the Treasury as State revenue under the law on budgetary procedure and the law on treasury reserves.

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Section 8. Money of the Fund shall be expended for the following purposes:

- (1) to use as a source of funds for increasing the capital of a specialized financial institution under section 17;
- (2) to give financial assistance to another financial institution in increasing its capital under section 18;
- (3) to develop the system of specialized financial institutions under section 19;
- (4) to give financial assistance to the Financial Institutions Development Fund through a loan under section 22;
- (5) to pay for the administrative expenditures of the Fund under section 23.

Section 9. There shall be a board called the “Board of the Specialized Financial Institutions Development Fund” consisting of the Permanent Secretary of Finance, as Chairperson, and the Director of the Budget Bureau, Secretary-General of the Council of State, Comptroller-General, Director of the State Enterprise Policy Office, Director of the Public Debt Management Office, and Governor of the Bank of Thailand, as directors.

The Director of the Fiscal Policy Office shall be a director and secretary. The Director of the Fiscal Policy Office shall appoint a government official of the Fiscal Policy Office to be an assistant secretary.

Section 10. At a meeting of the Board, the presence of not less than one-half of all directors is required to constitute a quorum.

At any meeting of the Board, if the Chairperson does not attend the meeting or is unable to perform duties, the directors present shall elect one among themselves to preside over the meeting.

A decision of the meeting shall be made by a majority of votes. In casting a vote, each director shall have one vote. In case of an equality of votes, the person presiding over the meeting shall have an additional vote as the casting vote.

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Section 11. The Board has the following powers and duties:

- (1) to prescribe criteria and procedures for the remittance of money to the Fund under section 15 and surcharges under section 16;
- (2) to prescribe criteria, procedures and conditions on the consideration and allocation of money from the Fund for increasing the capital under section 17 and section 18;
- (3) to consider a project or a work plan on the development of the system of specialized financial institutions under section 19;
- (4) to consider and allocate money of the Fund as approved by the Council of Ministers under section 20;
- (5) to issue rules regarding the custody of money and the investment or utilization of money of the Fund under section 14;
- (6) to issue rules regarding administrative expenditures of the Fund under section 23;
- (7) to issue rules regarding the receipt and payment of money of the Fund;
- (8) to provide opinions to the Minister for the issuance of notifications under this Act;
- (9) to perform any other act as provided by law to be the powers and duties of the Board or as entrusted by the Council of Ministers.

Section 12. The Board has the power to appoint a subcommittee to perform any act as entrusted by the Board.

The provisions of section 10 shall apply to a meeting of the subcommittee *mutatis mutandis*.

Section 13. The Chairperson, directors and members of the subcommittee shall receive a remuneration as determined by the Minister.

The remuneration under paragraph one shall be deemed an expenditure of the Fund.

Section 14. The money of the Fund shall be invested or utilized by depositing in a specialized financial institution, investing in government bonds or debt instruments guaranteed as to principal and interest by the government, or investing in other highly secure securities in accordance with the criteria and procedures prescribed in a notification of the Board.

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CHAPTER II

REMITTANCE OF MONEY TO THE SPECIALIZED FINANCIAL INSTITUTIONS DEVELOPMENT FUND

Section 15. A specialized financial institution shall have the duty to remit to the Fund a sum of money at the rate prescribed in a notification issued by the Minister with consent of the Council of Ministers, provided that such rate shall not exceed one percent of the amount of money received from the public per year.

The amount of money received from the public and the computation of the money remitted to the Fund shall be in accordance with the criteria and procedures prescribed in a notification issued by the Board with consent of the Minister.

The rate of money remitted to the Fund shall initially be prescribed as a single rate. Such rate may subsequently be prescribed on a differential basis according to the types or performance of specialized financial institutions.

Section 16. Any specialized financial institution that fails to remit the money to the Fund or fails to remit the full amount within the prescribed period shall, in accordance with the criteria and procedures prescribed in a notification issued by the Board with consent of the Minister, pay a surcharge at the rate not exceeding two percent of the amount not yet remitted or not fully remitted per month.

CHAPTER III

PAYMENT OF MONEY OF THE SPECIALIZED FINANCIAL INSTITUTIONS DEVELOPMENT FUND

Section 17. In the case where circumstances require any specialized financial institution to increase its capital, if the Ministry of Finance deems it necessary to use money of the Fund, it shall present the matter to the Board for considering the amount of money to be allocated from the Fund for the purpose of the increase of capital.

Where the Board has completed the consideration of the amount to be allocated from the Fund under paragraph one, the Ministry of Finance shall submit the opinions of the Board to the Council of Ministers for consideration and approval.

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The consideration of the Board under paragraph one shall be in accordance with the criteria, procedures and conditions prescribed in a notification by the Board.

Section 18. In case of necessity, the Council of Ministers shall have the power to allow a financial institution which is established by a specific law but is not a specialized financial institution under this Act to use the money from the Fund for increasing its capital. In this regard, section 17 shall apply *mutatis mutandis*.

The consideration of the Board to use the money from the Fund for the increase of capital under paragraph one shall be in accordance with the criteria, procedures and conditions prescribed in a notification by the Board.

Section 19. In the case where the Ministry of Finance deems it expedient to use the money from the Fund to carry out a project or a work plan on the development of the system of specialized financial institutions, it shall present such project or work plan to the Board for consideration. Upon consent of the Board, the Ministry of Finance shall present the matter to the Council of Ministers for considering and approving the amount of money to be allocated from the Fund for carrying out such project or work plan.

Section 20. Where the Council of Ministers passes a resolution approving the amount of money to be allocated to the specialized financial institution or the Ministry of Finance under section 17, section 18 or section 19, as the case may be, the Board shall undertake to make payments of money of the Fund in compliance with the stipulated criteria, in respect of which the payment may be made in installments as may be appropriate, provided that the missions and liquidity of the Fund shall also be taken into account.

Section 21. With respect to the increase of capital under section 17 or section 18, the Office of the National Economic and Social Development Board and the Budget Bureau shall also present their opinions to assist the consideration of the Council of Ministers regarding such matter.

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Section 22. In the case where it is necessary for the Financial Institutions Development Fund under the law on the Bank of Thailand to apply for a financial assistance in the form of a loan from the Fund, the Ministry of Finance shall consider the matter and present it to the Council of Ministers for approving the allocation of money of the Fund to the Financial Institutions Development Fund.

Upon the approval of the Council of Ministers under paragraph one, the Ministry of Finance shall enter into a loan agreement in the amount approved by the Council of Ministers. In this regard, the Board shall consider and determine details regarding the loan agreement.

Section 23. Administrative expenditures of the Fund shall be in accordance with the rules prescribed by the Board with consent of the Minister.

CHAPTER IV ACCOUNTING, AUDITING AND CERTIFICATION

Section 24. Within one hundred and twenty days from the last day of an accounting year, the Board shall submit a financial statement and a report on the expenditure of the Fund in the preceding year to the Office of the Auditor General for auditing and certification.

The financial statement and report on the expenditure of the Fund certified under paragraph one shall be presented to the Minister, and the Minister shall present them to the Council of Ministers for information.

Countersigned by
General Prayut Chan-o-cha
Prime Minister

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Remark: The rationales for the promulgation of this Act are as follows. The law on the Deposit Protection Agency and the law on the improvement of the management of debt incurred from loans made by the Ministry of Finance to assist the Financial Institutions Development Fund provide for the collection of a sum of money from private financial institutions to provide protection to deposits of the public and to assist the Financial Institutions Development Fund in repaying the debt incurred from loans resulted from Thailand's economic crisis in B.E. 2540 (1997). However, as such requirement does not apply to State financial institutions established by specific law, such State financial institutions therefore have lower cost in raising deposits from the public compared to private financial institutions. Thus, it is necessary to require the collection of money from State financial institutions in the same manner as the collection of money by the Deposit Protection Agency and the Bank of Thailand from private financial institutions under the two laws, so that State and private financial institutions are equal in accepting deposits from the public. The money collected shall be used to establish the Specialized Financial Institutions Development Fund with a view to using it for the purposes of restoring and developing the financial system to ensure its strength and stability and for providing financial assistance or support to State financial institutions established by specific law. This will alleviate fiscal burdens of the government and enhance the efficiency in the allocation of financial resources. In this connection, it is expedient to have a law establishing the Specialized Financial Institutions Development Fund to prescribe criteria for collecting a sum of money from specialized financial institutions and for making payments of the money so collected to develop the financial institution system and to provide assistance to State financial institutions. It is therefore necessary to enact this Act.

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