



## **The Regulations on Cryptocurrency Transaction and ICO in Thailand**

22<sup>nd</sup> September 2018

One Asia Lawyers Thailand

Eve Furuhashi (ATTORNEY-AT-LAW Admitted in Japan)

Ratana Sutharaphan (ATTORNEY-AT-LAW Admitted in Thailand)

### **1 Preface**

In Thailand, the Emergency Decree on Digital Asset Business B.E.2561(2018) (the “Decree”) came into effect in May, 2018. The Decree unveiled that MOF<sup>1</sup> and SEC<sup>2</sup> will be the regulatory and supervisory authorities on cryptocurrency transactions and ICO.

After the issuance of the Decree, MOF and SEC released notifications and specified operative rules and regulations under the Decree. In addition, as to taxation on the digital asset transaction, the Revenue Code was amended. A summary of the regulations is as follows:

### **2 The Digital Asset Business**

Under the Decree, the Cryptocurrency and the Digital Token are defined as the “Digital Asset”, and (1) the Digital Asset Exchange Center, (2) the Digital Asset Broker and (3) the Digital Asset Dealer as the “Digital Asset Businesses”.

Any party seeking to operate one of the Digital Asset Businesses in Thailand must be a domestic corporation which obtains an operation license from MOF.

For details of such license application and requirements for approval, visit the website of SEC. For example, an applicant is required to have registered capital as follows:

- Cryptocurrency or Digital Token Exchange Center 50 Million Baht or more
- Cryptocurrency or Digital Token Broker 25 Million Baht or more
- Cryptocurrency or Digital Token Dealer 5 Million Baht or more

(This may be lower depending on other conditions, such as whether the business operator reserves customers’ assets or not.)

The applicant shall have to pay THB 30,000 as a fee for each application. After the applicant has submit all of the required documents to SEC, SEC shall consider the application and send to the

---

<sup>1</sup> The Ministry of Finance in Thailand

<sup>2</sup> The Securities and Exchange Commission of Thailand



Minister for approval of the Digital Asset Business license within 150 days and the licensee shall commence its business within 180 days after the date of approval.

The issuance fee of a license certificate shall be paid by the applicant as follows:

- Cryptocurrency or Digital Token Exchange Center 2.5 Million Baht
- Cryptocurrency or Digital Token Broker 1.25 Million Baht
- Cryptocurrency or Digital Token Dealer 1 Million Baht

As for those who have been exercising relevant businesses in Thailand before the Decree, continuation of the previous businesses is permitted until dismissal of its application, provided that those companies submit the application to SEC by 14<sup>th</sup> of August, 2018. According to SEC, six digital asset exchange centers and two digital asset dealers have reported to SEC.

Six Exchange Centers are;

1. Bitcoin Co., Ltd.
2. BitKub Online Co., Ltd.
3. Cash2coin Co., Ltd.
4. Satang Corporation Co., Ltd.
5. Coin Asset Co., Ltd.
6. South East Digital Exchange Co., Ltd.

Two Dealers are

1. Coins TH Co., Ltd.
2. Digital Coin Co., Ltd.

In addition, the Digital Asset Business operator shall pay the annual prescribed fee to SEC during its operating term as follows:

- Cryptocurrency or Digital Token Exchange Center  
0.002% of its total trading volume in THB (the limit is 20 Million Baht and the minimum cap is 500,000 Baht.)
- Cryptocurrency or Digital Token Broker  
0.001% of its total trading volume in THB (the limit is 10 Million Baht and the minimum cap is 250,000 Baht.)
- Cryptocurrency or Digital Token Dealer  
1% of its profit and capital gain in THB (the limit is 5 Million Baht and the minimum cap is 100,000 Baht.)

The Digital Asset Business operators shall be regarded as financial institution under the anti-money laundering law.



### **3 ICO**

Raising funds by ICO (Initial Coin Offerings) is officially allowed in Thailand under following regulatory framework.

Any ICO fundraising project in Thailand requires a prior approval by SEC and shall be conducted through ICO portals (Digital Token System Providers) which are approved by SEC.

There is no limit given to the amount of ICO that can be offered to venture capital firms, private equity funds and other ultra-high-net-worth investors. However, as for retail investors, an investment amount per person is capped at 300,000 Baht per ICO and total retail investment amount is limited to 70 percent of total value of offered tokens or 4 times of the shareholders' equity of the issuer. The issuer must finish offering digital tokens within six months from the date of approval. The offering periods can be extended by SEC's approval for any specified period, not exceeding twelve months from the first approval. The issuer shall receive either Thai Baht or the approved cryptocurrencies as considerations for the digital tokens. After the offering periods ended, the issuer must report the result to SEC within 15 days.

Any party seeking to operate one of the ICO Portal in Thailand must be a domestic corporation which obtains an operation license from SEC. Required minimum registered capital for ICO Portal is 5 Million Baht. The approval process is approximately ninety days after SEC received all required documents. The ICO portals are obliged to conduct due diligence on the ICO project and relevant investment information given by the issuer.

SEC prescribed the operating fee of ICO portals to be THB 100,000 per year, paid by 31 January of each year except in the case of the first operating year, the operating fee shall be paid at the date of approval. If the end of a calendar year is less than 6 months from the date of approval, the operating fee shall be discounted by 50%.

ICO portals are also be regarded as financial institutions under the anti-money laundering law.

### **4 Approved Cryptocurrency as Trading Pairs**

SEC approved following seven types of cryptocurrency as trading pairs.

- Bitcoin
- Bitcoin Cash



- Ethereum
- Ethereum Classic
- Ripple
- Litecoin
- Stellar

## **5 Tax on Digital Assets**

The Revenue Code was amended on 14 May 2018 to tax the incentives from the Digital Token or the profit of capital gain received from transferring the Cryptocurrency or Digital Token payable to the individual investors. The rate of withholding tax is 15%.