

CATEGORY 2

Guidelines of Consideration on the Permission for Foreign Business Operation

Service Business in the category of Regional Office

The operation of Regional Office in Thailand in order to render the service for its head office or the affiliated company or the group company which is located in Thailand or Asian region is the operation of business under the business listed in List 3(21) attached to the Foreign Business Act B.E.2542. If the foreigner wishes to operate such business, permission by the Director-General, Department of Business Development with the approval of the Foreign Business Committee is required.

In consideration on approval of business operation in the category of Regional Office, the Foreign Business Committee has determined the guidelines according to the details as follows:-

1. Characteristic of Regional Office

The Regional Office must have all 3 characteristics as follows:-

- 1) To be the juristic person established in accordance with the foreign law and established an office in Thailand in order to operate service business on behalf of the head office to render the service to branch office or the affiliated company or the group company located in Thailand or Asian region only;
- 2) The regional office renders the service to branch office or the affiliated company or the group company without income from service, except for the supporting fund for expenses of the regional office received from the head office;
- 3) The regional office has no authority to receive the purchase order or to offer for sale or to negotiate on business with any person or juristic person.

2. Scope of Services of the Regional Office

In operation of business as the Regional Office, the service is permitted to be rendered in either or all 7 determined categories under the service scope, subject to the objectives and business characteristics of the Regional Office, as follows:-

- 1) Coordination and supervision of operation;
- 2) Consultation and management services;
- 3) Personnel training and development;
- 4) Financial management;

- 5) Control of marketing and sale promotion planning
- 6) Product development;
- 7) Research & development services

3. Information and Supplementary Documents for the Consideration

In consideration on permission of business operation as the regional office, the Foreign Business Committee will consider the details of information in the application for the license together with the supplementary documents as follows:-

3.1 Coordination and Supervision of Operation

3.1.1 **Business descriptions** are as follows:

- To act as the medium in coordinating between the head office and its branch office or the affiliated company or the group company located in the Asia region, e.g., to act as the center of contact and coordination in regard to the petroleum exploration for the group company located in Vietnam, and to coordinate for giving the knowledge regarding the new products for the pets and economic animals for the branch office and the affiliated company in Vietnam, Taiwan and Japan;
- To supervise the operation of branch office or the affiliated company or the group company to be in compliance with the head office's policy by evaluating the business management of the branch office or the affiliated company or the group company in order to supervise the expertise of business management, the performance in regard to the marketing, technical knowledge and the demand to be supported by the head office, e.g., to determine and plan the preparation of documents which are the manual of disease diagnosis and the manual for the pets keeping for the branch office and the affiliated company in Vietnam, Taiwan and Japan;

3.1.2 **The information contained in the application** must demonstrate the following characteristics:

- Must have the information showing that there is at least one branch office or affiliated company or the group company located in Thailand or Asian region;
- Must have the information showing the relationship between the head office and the service recipient, whether it has the relationship as branch office or affiliated company or the group company;
- Must have the description in brief showing the detail or process of service providing.

3.1.3 The supplementary documents of the application

- Copy of certification document or the evidence for being the juristic person in order to consider on the status of affiliated company of the office
- The chart showing the relationship between the head office and the branch office, affiliated company or the group company;
- The details of branch office or affiliated company or the group company as follows:-
 - name list;
 - current core business;
 - the country of registration;
 - proportion of the head office's shareholding

3.2. Consultation and Management Services

3.2.1 Business descriptions are as follows:

- To give an advice and suggestion to the branch office or affiliated company or the group company in regard to the form of management and operation to be in compliance with the head office policy; and
- To give support when facing the business difficulties, e.g., in case where the branch office or affiliated company or the group company faces the difficulties in the investment, marketing or the operation relating to petroleum, such as exploration, drilling, transformation or production, the regional office will inspect and study the cause and problem solving schemes and propose such findings to the branch office or affiliated company or group company; and, the regional office will provide management and consulting service on the production policy, by analyzing the production data in order for the branch office, affiliated and group company to set the policy and make use for the business operation further.

3.2.2 The information contained in the application must demonstrate the following characteristics:

- Must have the information showing that there is at least one branch office or affiliated company or the group company located in Thailand or Asian region;
- Must have the information showing the relationship between the head office and the service recipient, whether it has the relationship as branch office or affiliated company or the group company;
- Must have the description in brief showing the detail or process of service providing.

3.2.3 The supplementary documents of the application

- Copy of certification document or the evidence for being the juristic person in order to consider on the status of affiliated company where the office is located
- The chart showing the relationship between the head office and the branch office, affiliated company or the group company;
- The details of branch office or affiliated company or the group company as follows:-
 - name list;
 - current core business;
 - the country of registration;
 - proportion of the head office's shareholding

3.3 Personnel Training and Development

3.3.1 Business descriptions are as follows:

- To provide the training for improve the efficiency and capacity of personnel of the branch office or affiliated company or the group company, e.g., to provide the training for employees regarding the preparation of financial report in order to have the same standard and to provide the training for improving the sale skill, management of argument or problem on the misuse of medical treatment product for pets and economic animals

3.3.2 The information contained in the application must demonstrate the following characteristics:

- Must have the information showing that there is at least one branch office or affiliated company or the group company located in Thailand and Asian region;
- Must have the information showing the relationship between the head office and the service recipient, whether it has the relationship as branch office or affiliated company or the group company;
- Must have the description in brief showing the detail or process of service providing.

3.3.3. The Supplementary documents of the application

- Copy of certification document or the evidence for being the juristic person in order to consider on the status of affiliated company where the office is located
- The chart showing the relationship between the head office and the branch office, affiliated company or the group company;

- The details of branch office or affiliated company or the group company as follows:-
 - name list;
 - current core business;
 - the country of registration;
 - proportion of the head office's shareholding

3.4 Financial Management

3.4.1 Business descriptions are as follows:

- To analyze, give advice and financial planning and management for branch office or affiliated company or the group company, e.g., to provide financial advice, short-term and long-term funding planning to be the fund for operation of the branch office and the affiliated company located in Philippines, Japan, Taiwan and China; to recommend the source of fund for the branch office or the affiliated company or the group company, or to recommend or to assist or to prepare the project for financial support by studying from various proposals from the bank of financial institutions of many countries; and to audit the expense of the branch office or the affiliated company or the group company and to determine the method of efficiently financial management.

3.4.2 The information contained in the application must demonstrate the following characteristics:

- Must have the information showing that there is at least one branch office or affiliated company or the group company located in Thailand or Asian region;
- Must have the information showing the relationship between the head office and the service recipient, whether it has the relationship as branch office or affiliated company or the group company;
- Must have the description in brief showing the detail or process of service providing.

3.4.3 The supplementary documents of the application

- Copy of certification document or the evidence for being the juristic person in order to consider on the status of affiliated company where the office is located
- The chart showing the relationship between the head office and the branch office, affiliated company or the group company;
- The details of branch office or affiliated company or the group company as follows:-

- name list;
- current core business;
- the country of registration;
- proportion of the head office's shareholding

3.5 Control of Marketing and Sale Promotion Planning

3.5.1 **Business descriptions** are as follows:

- To monitor the movements of business in Asian region; and
- To compile the economic, financial, investment information and market trends in Asia and international trade including the state policy in order to determine the marketing policy and sale promotion planning, e.g., to study the trend of consumers' demand and the marketing of electronics goods in Asian region in order to determine the marketing policy and sale promotion planning.

3.5.2 The information contained in the application must demonstrate the following characteristics:

- Must have the information showing that there is at least one branch office or affiliated company or the group company located in Thailand or Asian region;
- Must have the information showing the relationship between the head office and the service recipient, whether it has the relationship as branch office or affiliated company or the group company;
- Must have the description in brief showing the detail or process of service providing.
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- Copy of certification document or the evidence for being the juristic person in order to consider on the status of affiliated company where the office is located
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 - name list;
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 - the country of registration;
 - proportion of the head office's shareholding

3.6 Product Development

3.6.1 Business descriptions are as follows:

- To develop the products of the branch office or the affiliated company or the group company to have quality and suitability for the market condition and the demand of consumers in Asian region, e.g., to analyze the result of car driving test for the branch office or the affiliated company or the group company to improve the efficiency of such manufactured cars; to develop the formula of medical treatment product and the analysis of quality standard of such medical treatment product formula based on the parent company technology transferred to the personnel of the branch office or the affiliated company or the group company; and to coordinate between the head office and the affiliated company in Vietnam in regard to the technology transfer for manufacturing of the company's product.

3.6.2 The information contained in the application must demonstrate the following characteristics:

- Must have the information showing that there is at least one branch office or affiliated company or the group company located in Thailand or Asian region;
- Must have the information showing the relationship between the head office and the service recipient, whether it has the relationship as branch office or affiliated company or the group company;
- Must have the description in brief showing the detail or process of service providing.

3.6.3 The supplementary documents of the application

- Copy of certification document or the evidence for being the juristic person in order to consider on the status of affiliated company where the office is located
- The chart showing the relationship between the head office and the branch office, affiliated company or the group company;
- The details of branch office or affiliated company or the group company as follows:-
 - name list;
 - current core business;
 - the country of registration;
 - proportion of the head office's shareholding

3.7 Research & Development Services

3.7.1 Business descriptions are as follows:

- To conduct the analysis and research of the company's goods to be in line with the consumers' demand or the analysis and research to seek for the source of product or raw material for the affiliated company or the group company, e.g., to coordinate with the research and development center in Vietnam regarding the new products development for the farming industry of pig, poultry, milky cow to be suitable for the market demand in Asian region; the research and development of petroleum production technology; and the research of world surface for calculating the volume of petroleum under the world surface in order to assist the petroleum production of the affiliated company or the group company in Indonesia

3.7.2 The information contained in the application must show the following characteristics:

- Must have the information showing that there is at least one branch office or affiliated company or the group company located in Thailand or Asian region;
- Must have the information showing the relationship between the head office and the service recipient, whether it has the relationship as branch office or affiliated company or the group company;
- Must have the description in brief showing the detail or process of service providing.

3.7.3 The supplementary documents of the application

- Copy of certification document or the evidence for being the juristic person in order to consider on the status of affiliated company where the office is located
- The chart showing the relationship between the head office and the branch office, affiliated company or the group company;
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 - name list;
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 - the country of registration;
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4. The Conditions to be Complied by the Regional Office after the Permission

The regional office which is permitted to operate the business must comply with the following conditions:-

4.1 There must be the minimum capital to be remitted to Thailand for the commencement of business operation as stipulated by law, which shall not be less than Baht three million;

4.2 The total loan for the permitted business operation must not exceed seven times of the inward remitted fund for the permitted business operation;

(Loan means the total liabilities of the business, notwithstanding the liabilities incurred by any form of transaction but excluding trade liabilities incurred in the ordinary course of business, such as, trade creditors, accrued expenses)

4.3 At least one person of the responsible persons for operating the business in Thailand must have a domicile in Thailand;

(Domicile means the contactable residence in Thailand which can be the place of business, excluding temporary residence such as hotels)

4.4 The document or evidence relating to the permitted business operation must be submitted when the official sent the summon or inquiry;

4.5 There must be the preparation of account and financial statements to be submitted to the Department of Business Development.

5. Representation of the Applicant

In submission of the Application for the service business operation permission as the Regional Office, the responsible person for the business operation in Thailand on behalf of the juristic person in foreign country must sign to certify the accuracy of information specified in the Application and the supplementary documents and evidence.