



Cryptocurrency

Current Situation and Regulations in Thailand

A cryptocurrency or “Crypto” is a digital currency designed to work as a medium of exchange that is not reliant on any authority, such as the government or bank. The first Crypto released in 2009 was Bitcoin and that resulted in the emergence of other popular Cryptos such as Ethereum (ETH), Ripple (XRP), Stellar (XLM) etc.

However, Crypto is still a subject of much controversy since it first emerged. Some of those who favour crypto believe that Crypto is likely to stay. Some of those who are against Crypto give no value to Crypto at all.

Crypto has caused a major impact to financial regulators around the world including in Thailand whose job is to provide its citizens with protection from scams and other dangers associated with unregulated financial markets. Financial regulators have to weight this transformation of money against the financial system’s stability, the risks to people and businesses such as the risk of value loss caused by volatility, the risk of cybercrime, and the risk of personal data leakage etc.

We have seen many countries issued law and regulations to keep up this fast pace of digital assets which show variety of approaches to the same activity.

Nowadays, there are 9 countries around the world that clearly prohibit the use of Crypto, while other 42 countries do not expressly prohibit the use of digital currency. Due to the case of using Crypto as the channels that people used for illegal purposes and may destroy the stability of the country's financial system as mentioned above, whereas in the meantime, many governments are trying to find the rules and regulations to supervise crypto currencies. For example, In June 2021, El Salvador became the first country to accept Bitcoin as a legal tender. On the other hand, many countries are choosing to supervise the using of Crypto by forbidding it. In September 2021, the government of China declared all Crypto transactions were illegal.

Following is the summary of the issued legislations pertaining to cryptocurrency to date in Thailand.

THAI CURRENCY ACT B.E. 2501 – the Act clearly defines that the currencies that can legally payoff the debt under the act is limited only in Bath and Satang. And according to section 9 of the Act prescribes that no person shall make, issue, use or put into circulation any material or token for **money except by authority of the Minister (of Finance)**. The purpose of the act is to regulate the stability of currencies in the market. However, there are no clear evidence showing that there are any regulation of Ministry of Finance that allow Crypto to be the legal currency under Thai laws.

Royal Decree Regulating Digital Asset Business B.E. 2561 - In spite of the fact that there are no current regulation supporting Crypto as legal currency in Thailand, however, the Royal Decree is the regulatory that govern or control the operations of using cryptocurrencies as a tool to raise funds through public digital token offerings or used as a medium of exchange and traded on cryptocurrency exchanges and digital tokens. Under the Royal Decree, there are regulations that govern many aspects of activity including the definition of digital asset that is included Crypto and token digital, regulated activity related to digital asset, the protection of taking digital asset to use for illegal purpose, guideline for offering digital asset to public and operating digital asset business etc.



More problems ahead for crypto businesses:

On December 13, 2022, FTX Trading Ltd. (“**FTX**”) Founder and CEO, Samuel Bankman – Fried was formally charged with conspiracy and fraud in US Court.

On September 15, 2022, The Securities and Exchange Commission, Thailand (“**SEC**”) bans Crypto firms from offering, retaking and lending services. Thai regulator recently filed a police report after the exchange Zipmex froze withdrawals in July. Following the increase in government monitoring of the crypto sector, Thailand has implemented new regulations regarding the promotion of the cyptocurrency business.

Crypto can be a great investment with astronomically high returns overnight, however, there is also considerable downside risk, which requires further regulation from related agencies including SEC and Bank of Thailand.



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Seri Manop & Doyle

SERI MANOP & DOYLE Ltd.

Tel: (662) 693 2036 Fax: (662) 693 4189

Email: info@serimanop.com

<http://www.serimanop.com>

21 Soi Amnuaiwat, Sutthisan Road, Samsennok
Sub-district, Huaikhwang District, Bangkok 10310,
Thailand