

NEWSLETTER

ILCT

advocates & solicitors
since 1966

Cabinet Approves Draft Royal Decree and Ministerial Regulation under the FBA to Liberalize Eight Service Sectors to Foreign Businesses

On 12 May 2026, the Cabinet approved in principle two draft legislative instruments under the Foreign Business Act B.E. 2542 (1999) ("FBA") proposed by the Ministry of Commerce, namely;

- i) a draft Royal Decree amending certain business categories listed in the FBA schedules, and
- ii) a draft Ministerial Regulation designating certain service businesses as exempt from the requirement to obtain Foreign Business License ("FBL").

Both draft instruments have been submitted to the Council of State for review before proceeding to the next stage of the legislative process. If enacted, these measures would represent a further step in the Thai government's efforts to modernize the FBA framework and facilitate foreign investment in selected regulated sectors.

Background

In April 2025, the Cabinet approved a policy proposal to liberalize certain sectors currently listed under List 3 of the FBA and to streamline the process for obtaining an FBL. The policy signaled a shift in the regulatory philosophy underlying the FBA from one focused primarily on "protection" of domestic industries to one aimed at enhancing Thailand's competitiveness and attracting foreign investment.

The draft instruments approved in May 2026 represent the first concrete regulatory measures implementing this policy direction. They also reflect growing recognition that several business sectors currently subject to FBA restrictions are already comprehensively supervised by sector-specific regulators such as Bank of Thailand, the Securities and Exchange Commission Thailand, and the National Broadcasting and Telecommunications Commission Thailand.

In such cases, the additional requirement to obtain an FBL has increasingly been viewed as duplicative and potentially inconsistent with Thailand's investment promotion objectives.

Key Changes Under the Draft Instruments

1. Royal Decree – Amendment to List 3 (Item 13)

The draft Royal Decree proposes to amend item 13 of List 3 of the FBA by carving out an exemption for certain agricultural commodity futures trading activities conducted through a licensed futures exchange where physical delivery or receipt of goods occurs at a designated warehouse. Under the proposed amendment, foreign businesses operating within this regulated framework would no longer be required to obtain an FBL for such activities.

2. Ministerial Regulation – Exemption for Certain Service Businesses

The draft Ministerial Regulation, issued with item 21 of List 3 of the FBA, designates eight categories of service businesses as exempt from the requirement to obtain an FBL:

1. Telecommunications services;
2. Treasury centre operations;
3. Administrative, human resources, and IT management services;
4. Domestic debt guarantee services;
5. Space rental services for the installation of financial service electronic equipment and automated vending machines for company employees;
6. Petroleum drilling services;
7. Other businesses regulated under the Securities and Exchange Act B.E. 2535; and
8. Agency, dealer, advisory, or fund management services for futures contracts whose underlying commodity or reference variable falls outside the scope of the Derivatives Act B.E. 2546 (2003).

The draft regulation also addresses certain activities conducted exclusively within a corporate group structure, such as shared services centre functions and intra-group financing arrangements.

Practical Implications

Once enacted, these regulatory changes are expected to reduce the compliance burden for foreign businesses operating in sectors where FBL requirements have historically constrained Thailand's investment competitiveness.

For example, foreign companies providing telecommunications, IT management, or treasury services as part of a regional structure may no longer require an FBL for those activities. Similarly, foreign participants in Thailand's regulated futures markets may benefit from greater clarity regarding licensing requirements, while petroleum drilling operators may face a more streamlined pathway for their operations.

Notably, these reforms are expected to be accompanied by continued enforcement efforts targeting nominee shareholding arrangements and other structures designed to circumvent foreign ownership restrictions under the FBA. The government has indicated that the objective of these reforms is to facilitate legitimate and transparent foreign investment rather than to weaken regulatory oversight.

Nonetheless, investors should continue to ensure full compliance with FBA requirements and other applicable sector-specific regulations.

Both instruments remain subject to Council of State review and publication in the Government Gazette before coming into force. The timeline for enactment has not yet been confirmed.

How ILCT Can Assist ILCT continues to monitor regulatory developments affecting foreign investment and corporate structuring in Thailand. If you require assistance in reviewing your corporate structure or preparing the necessary documentation under the new Order, our team would be pleased to assist.

For further information, please contact us at law@ilct.co.th

ILCT Ltd. | บริษัท ไอแอลซีที จำกัด

 +66 2 679 6005  +66 2 679 6041  www.ilct.co.th  law@ilct.co.th

175 Sathorn City Tower, 18th Floor, South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120