

SEC Thailand Introduces Controls on Use of Digital Assets for Payment for Goods or Services

The Securities and Exchange Commission of Thailand (“**SEC**”) has recently issued regulations, that will take effect on 1st April 2022, prohibiting all licensed digital asset operators (“**Operators**”), namely, cryptocurrency and digital token exchanges, brokers, dealers, fund managers and advisors, from supporting or facilitating the use of digital assets for the payment for goods or services. These regulations are set out in the SEC Notification No. Gor Tor. 5/2565 Re: Rules, Conditions and Procedures Prohibiting Digital Asset Business Operators to Provide Services that Support Use of Digital Assets as Means of Payment for Goods or Services (“**Notification**”).

The six activities that Operators are prohibited to engage in are:

1. advertising, soliciting or demonstrating that the Operators are ready to provide services for payment for goods or services;
2. creating payment systems or tools that facilitate payment for goods or services;
3. providing digital asset wallet services for payment for goods or services;
4. providing services for transferring Thai Baht from a customer’s account to any third party account;
5. providing services for transferring digital assets from a customer’s account to accounts not belonging to their customers for payment for goods or services by the use of digital assets; and
6. providing other services that facilitate payment for goods or services by the use of digital assets.

If an Operator finds that any customer who has opened a digital asset account with them for investment purposes has used digital assets as a means of payment for goods or services, a warning must be given to such customer to stop using the digital assets for the payment. If such customer fails to comply with the warning, an Operator may proceed with further measures, which include temporarily suspending or terminating the provision of services.

A grace period of 30 days from the effective date of the Notification has been given to Operators that currently provide services that support or facilitate the payment for goods or services by the use of digital assets to comply with the Notification.

These new regulations, introduced to protect the public from any detrimental impact from the use of digital assets as a means of payment, such as price volatility, cyber theft, or money laundering, will have the effect of cooling down the increasing use of digital assets for payments in Thailand.



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