

Presence of an Islamic Bond Market

A. Status of the Islamic Bond Market in Thailand

Thailand is in the relatively early stages of developing an Islamic bond market. Regulations for the issuance and offering of *sukuk* were announced in January 2011. The regulatory framework, like that for all other types of securities, is the SEA and applicable SEC securities regulations. Due to the nature of *sukuk*, the Trust for Transactions in Capital Market Act also applies.

B. Regulations Applicable to *Sukuk*

Regulations on the issuance of *sukuk* in Thailand do not materially differ from those of other debt instruments and are in fact subsumed under applicable SEC regulations on debt instruments. *Sukuk* may be issued as public or private offers. According to current regulations, issuers of *sukuk* can only be Thai entities. However, the SEC is in the process of amending the relevant notifications in order to allow foreign entities to issue *sukuk* in Thailand. Issuance approval criteria and processes, filing criteria, credit rating requirements, and the need to register with ThaiBMA are the same, as is the taxation treatment. However, *sukuk* do not have a shelf registration concept.

C. Regulations Specific to *Sukuk*

A Shariah advisor has to certify whether the *sukuk* structure is Shariah-compliant. A financial advisor has to certify the qualification of the Shariah advisor, and a legal advisor has to certify that a trust deed for the trust underlying the *sukuk* is enforceable under Thai law.

D. Infrastructure for *Sukuk*

Sukuk typically use the same infrastructure as bonds and notes, including the trading venues such as the OTC market or TBX on the SET.

E. *Sukuk* Issuance

The Islamic Bank of Thailand (domestically known as ibank) was established in 2003 through the Islamic Bank of Thailand Act B.E. 2545, 2002 as an SOE under the MOF. It is administered by a board of governors and includes an advisory council on Islamic banking.⁴⁴ The Government of Thailand intends to issue more types of bonds and notes, including *sukuk*.

⁴⁴ For more details, please refer to the following link: <http://www.ibank.co.th>