

## **THE BOT'S NOTIFICATION REQUIRES CHANGES IN SIGNATORY CONDITIONS FOR CHECK DRAWINGS OF BANKS' CUSTOMERS**

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The Bank of Thailand ("BOT") is implementing a new check clearing system called the Imaged Check Clearing and Archive System ("ICAS"). The ICAS is expected to enhance efficiency of the check clearing system by using the digital image of a check instead of the physical one, which will shorten the time used in clearing processes to 1-2 business day(s). This new system will become fully operational in Bangkok and the rest of the metropolitan area in February 2010 and throughout the country by 2012. To implement the ICAS, BOT has requested that all commercial banks ask for their customers' cooperation in stopping the use of company seals, embossed seals, or colored company seals as part of their signatory conditions for check drawings as they may interfere with the ICAS' verification of drawers' authorized signatures and other important information on the check's image.



We believe that most commercial banks are now notifying their customers of this new requirement and are asking their customers to amend their signatory conditions for check drawings by the end of this year. These amendments are subject to the condition that the new authorized signatory must be signature(s) alone without any seal, embossed seal, or colored seal. Generally, the banks would request the following supporting documents from its customers for such amendment: a resolution of the Board of Directors approving the amendment, a copy of a company's Affidavit, and a copy of an

identification card or a passport of a person authorized to sign in an application for an amendment to the signatory conditions. Where the current signatory conditions are also stipulated in the company's Article of Association, the Article of Association shall be amended to reflect those changes and, in such case, a special resolution of the Shareholders' Meeting is required under the law.

Since the ICAS will be fully adopted and standardized in the near future, these amendments should be carried out within the time required by each respective bank, otherwise the clearing process of any check bearing a seal, embossed seal or colored seal may be delayed or that check will be returned to the customer as the ICAS cannot effectively verify the correctness of the signature and seal appeared on the check. However, it should be noted that these requirements may vary among commercial banks. Therefore, it is advisable to contact your bank to see if there is any further action you may take in order to comply with these requirements. If you need any assistance on this matter, please do not hesitate to contact us.

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**Important Note and Disclaimer**

The content of this Newsletter is prepared as of 25 December 2009.

This Newsletter is informational in nature and is not to be considered as legal advice. It does not exhaustively cover the subjects which it treats, and is only intended to address some of the key issues. When specific questions arise in practice, it is necessary to obtain appropriate legal advice.