

Amendments to the Ministerial Regulation on Share Buybacks



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This article provides an overview of the amendments to the Ministerial Regulation governing share buybacks under Thai law, which aim to enhance corporate flexibility, improve capital management efficiency, and better align Thailand's regulatory framework with prevailing market conditions and international practice.

Share Buyback under the Public Limited Company Act

Pursuant to Section 66/1 of the Public Limited Company Act B.E. 2535 (1992), a public limited company may undertake a share buyback in either of the following circumstances:

- (1) for the purpose of acquiring shares from a shareholder who has voted against a shareholders' resolution approving an amendment to the company's articles of association relating to voting rights or dividend entitlements, where such shareholder considers the amendment to be unfair; or
- (2) for financial management purposes, provided that the company has retained earnings and surplus liquidity, and that the share buyback does not result in financial difficulties.

Shares held by the company as a result of a share buyback are excluded from quorum calculations and do not carry voting or dividend rights.

Shares acquired through a share buyback must be disposed of within the period prescribed by the relevant Ministerial Regulation. If the company fails to dispose of, or is unable to dispose of, all such shares within the prescribed period, it must reduce its paid-up capital by cancelling the bought-back shares that remain undisposed.

The conduct of a share buyback, the disposal of bought-back shares, and the cancellation of undisposed shares must be carried out in accordance with the rules, conditions, and procedures set out in the applicable Ministerial Regulation.

Former Conditions and Procedures under the Ministerial Regulation

Under the former Ministerial Regulation prescribing Rules and Procedures for Share Buyback, Disposal of Bought-Back Shares, and Cancellation of Bought-Back Shares B.E. 2544 (2001) (the “Ministerial Regulation”), a company was prohibited from implementing a new share buyback programme immediately following the completion or cancellation of a prior programme. A mandatory six-month interval was imposed before a subsequent share buyback programme could commence. Such six-month period was counted from any of the following events: (i) the date on which the company had completed the share buyback in full; (ii) the expiry date of the most recent share buyback period; or (iii) the effective date of the cancellation of the prior share buyback programme.

In addition, a company could dispose of shares acquired through a share buyback only after the lapse of three months from the completion of each share buyback undertaken under Category 1 or Category 2 of the Ministerial Regulation, as applicable. The company was required to complete the disposal of all bought-back shares within the period specified in the relevant buyback programme, which in any event could not exceed three years from the completion of the share buyback. Furthermore, the company was required to dispose of all bought-back shares prior to issuing any new shares.

Key Amendments under the Amended Ministerial Regulation

The amended Ministerial Regulation introduces several material changes aimed at increasing flexibility while preserving prudential safeguards. These key amendments are summarised below.

Removal of Mandatory Waiting Period

Under the amended Ministerial Regulation, which came into effect on 14 November 2025, the mandatory six-month waiting period has been removed. A company may initiate a new share buyback programme upon the occurrence of any of the following events:

- (1) the share buyback has been completed in full;
- (2) the expiration of the prescribed buyback period; or
- (3) the effective date of the cancellation of such buyback programme.

Holding Limit

The amended Ministerial Regulation further provides that the total number of shares bought back and held by the company at any given time must not exceed twenty per cent of the company’s total issued shares.

If the aggregate number of bought-back shares exceeds this threshold, the company must dispose of the excess shares within three months. Failing such disposal, the company must reduce its paid-up capital by cancelling the bought-back shares representing the excess portion that remains undisposed. In such case, the capital reduction for undisposed bought-back shares under Clause 14 of the Ministerial Regulation shall apply *mutatis mutandis*.

Extension of Disposal Period for Listed Shares

Where the bought-back shares are listed on the Stock Exchange of Thailand and the company is unable to dispose of such shares within the prescribed period, the company may extend the disposal period for a further term not exceeding two years, provided that: (i) the shareholders' approval for the extension is obtained before the expiry of the original disposal period specified in the share buyback programme; and (ii) the weighted average market price of the company's shares during the three months preceding the date on which the board resolves to convene a shareholders' meeting to approve such extension is lower than the average buyback price.

Transitional Provision

In respect of a share buyback conducted under Section 66/1(2) pursuant to a share buyback programme approved or authorised prior to the effective date of the amended Ministerial Regulation, where the number of bought-back shares held exceeds twenty per cent of the company's total issued shares, the company may retain such excess shares solely for the purpose of disposal within the timeframe specified in the approved share buyback programme.

If the company fails to dispose of the excess shares within the specified timeframe, it must reduce its paid-up capital by cancelling the bought-back shares that remain undisposed in accordance with Clause 14 of the Ministerial Regulation.

Notwithstanding the foregoing, a company subject to the transitional provision may not initiate a new share buyback programme or extend the disposal period unless the total number of bought-back shares held does not exceed twenty per cent of the company's total issued shares.

Conclusion

The amended Ministerial Regulation represents a meaningful evolution of Thailand's share buyback regime. By removing rigid waiting periods, introducing a clear holding cap, and allowing extensions of disposal periods for listed shares, the amendments strike a balance between enhanced corporate flexibility and continued protection of shareholders and creditors.

Public companies should carefully review their existing and proposed share buyback programmes to ensure compliance with the revised framework, particularly in relation to holding limits, disposal timelines, and shareholder approval requirements.

This document is solely intended to provide an update on recent developments in Thai legislation and is not purported to provide a legal opinion, nor legal advice to any person.