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Supasit Boonsanong/
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Thailand

Draft Climate Change Act

温室効果ガス削減と気候変動への適応を目的とする気候変動法案の審議が進められている。法案は、「気候正義」を基本理念とし、キャップアンドトレード方式による排出量取引制度（ETS）、炭素国境調整措置（CBAM）、気候基金、炭素税、カーボנקレジット制度等の導入について規定している。天然資源環境省と財務省が中心となり法執行を担うこととなる。

Background

On 21 September 2016, Thailand ratified the Paris Agreement under the United Nations Framework Convention on Climate Change, signaling its commitment to steering the nation's economic framework towards sustainability with the aim of attaining carbon neutrality and net-zero greenhouse gas (GHG) emissions.

The Draft Climate Change Act (the “**Draft Act**”) aims to lower GHG emissions across the nation, enhance adaptation efforts to strengthen resilience against climate change, and create essential mechanisms to facilitate a successful transition. The fundamental principle of this Draft Act is Climate Justice, which seeks to ensure that social and environmental fairness, equal access to resources, and responsibilities across all sectors are considered.

The Draft Act was opened for public hearing in November of last year. It is currently pending approval from various key agencies. The most recent draft that is accessible to the public is the one dated 16 May 2025, which is presented to the Revolving Fund Management Policy Committee for opinion.

Key Mechanisms under the Draft Act**(1) Emission Trading Scheme (ETS)**

The Emission Trading Scheme (ETS), also known as “Cap and Trade,” is established under the Draft Act as a mandatory carbon pricing mechanism intended to transition Thailand towards a low-carbon economy. This system works by the government setting an overall ceiling or “emission cap” on the maximum allowable GHG emissions for specific sectors, thereby ensuring that national reduction goals are met.

Under this cap, emission rights, which are legally considered assets, are allocated to designated Controlled Juristic Persons through either free grants or auctions. The core mechanism requires these controlled entities to surrender (return) emission rights equivalent to their verified GHG emissions, adhering to the “Polluter Pays Principle”. Entities that successfully reduce emissions below their allocation are incentivized to invest in clean technology and can sell their surplus rights on the market.

Furthermore, revenue generated from the auctioning of these rights and associated penalties provides a key funding source for the Climate Fund.

(2) Carbon Border Adjustment Mechanism (CBAM)

The Carbon Border Adjustment Mechanism (CBAM) is a key mandatory component of the Draft Act designed specifically to manage the problem of carbon leakage and maintain Thailand's international competitiveness. This mechanism prevents (i) domestic production and associated emissions from relocating abroad, or (ii) imported products from replacing domestic goods, due to the increased manufacturing costs imposed by Thailand's internal carbon pricing tools (i.e., ETS and Carbon Tax).

CBAM works by requiring importers of goods specified in a Ministerial Regulation to register and report the volume of GHG emissions associated with those imported products. Subsequently, importers must pay the price for a Carbon Adjustment Certificate ("**Certificate**"), where the cost is determined by the quantity of emissions, factoring in the average auction price of emission rights within the domestic ETS, while also considering the degree of free allocation of rights. However, the importer may request a price reduction if they can demonstrate that the carbon price has already been paid in the country where the goods were manufactured.

Registration is a mandatory condition for releasing goods from customs custody; however, to ease the initial implementation burden, the payment for the Certificate will be exempted for the first two years of the mechanism's operation. The revenue generated from CBAM serves as a funding source for the Climate Fund.

(3) Climate Fund

The Climate Fund, established under Chapter 4 of the Draft Act, serves as a crucial financial mechanism intended to develop national competitiveness by supporting Thailand's transition to a low-carbon economy. Its core function is to generate and manage financial resources to create an enabling environment for climate change management and to strengthen the country's adaptive capacity.

The primary revenue streams for the Fund are derived from the mandatory carbon pricing mechanisms: the ETS and the CBAM. Additional income sources include government subsidies, donations, and investment income. Once funded, the money is allocated to support key activities such as GHG reduction, climate change adaptation, research and development (R&D), and the administration of the fund itself. The Fund's operation is governed by the Climate Fund Committee, which is responsible for setting policies, spending criteria, and operational oversight.

(4) Carbon Tax

The Carbon Tax, as defined within the Draft Act, is a mandatory carbon pricing mechanism designed to control the release of GHGs by establishing a definitive cost for those emissions. This tax is levied on both (i) industrial operators and (ii) importers of goods that contribute to GHG emissions.

Operationally, the tax amount is determined by the volume of goods produced or imported and is applied according to rates set in a Ministerial Regulation, not exceeding the maximum rates listed in the tax schedule appended to the Draft Act. The purpose of the tax is to provide clarity and predictability regarding the cost of emissions, thereby incentivizing producers and importers to reduce their reliance on GHG-emitting activities to lower their costs. Unlike the revenue from the ETS and the CBAM, the revenue generated from the Carbon Tax must be remitted to the relevant authorities as state income and cannot be deposited into the Climate Fund due to laws governing public financial discipline. The collection and enforcement of this tax are primarily managed by the Excise Department and the Customs Department.

(5) Carbon Credit

The Carbon Credit mechanism, governed by Chapter 11 of the Draft Act, is designed to manage carbon credits efficiently while maintaining transparency and protecting national interests. Carbon credit is legally

recognized as an asset and may be transferred, purchased, sold, or disposed of in whole or in part. For domestic purposes under this Draft Act, credits must originate from internal GHG reduction projects that have received legal certification. Any usage of credits in an international context must align with relevant international agreements and secure specific permission from the National Climate Change Policy Committee. Operationally, the scheme mandates a registry system to track the transfer and usage of credits and requires adjustments to the national GHG inventory to prevent double-counting. To ensure market integrity and prevent fraud, the purchase, sale, or transfer of carbon credits is strictly regulated and must be conducted through approved channels, such as authorized trading centers or direct inter-personal transfers, with the transfer becoming complete only upon registration with the Thailand Greenhouse Gas Management Organization (the “TGO”). Furthermore, entities seeking to conduct carbon credit business must register with the TGO Committee, and failure to do so is subject to administrative fines.

Penalties under the Draft Act

Violations of the Draft Act are subject to penalties, including regulatory fines and criminal penalties. They could be categorized as follows:

- (1) **Violations of notifying provisions:** for example, notifying false GHG emission report as required under the Draft Act or concealing the information that must be reported, will be subject to regulatory fine up to THB 5,000,000 or three times the benefits gained from such a violation, whichever is higher.
- (2) **Violations of ETS provisions:** for example, not returning the emission rights, or not returning it in full, will result in regulatory fines up to three times the average price of emission rights allocated through auctioning for the operating year, based on the number of emission rights that are either not returned or not fully returned.
- (3) **Violations of CBAM provisions:** for example, failing to pay the price for the Certificate will result in regulatory fines up to THB 5,000,000 or three times the benefits gained from such action, whichever is higher.
- (4) **Violations of Carbon Tax provisions:** for example, destroying, removing, concealing, or transferring to another person any property or claim that has been seized or attached for the purpose of enforcing payment of an outstanding Carbon Tax will be subject to imprisonment for a term not exceeding three years, along with a fine up to THB 400,000.
- (5) **Violations of Carbon Credit provisions:** for example, operating carbon credit businesses without registration with TGO Committee will be liable for a fine of THB 10,000 to 100,000, and a daily fine up to THB 1,000 until compliance is achieved.

Where the offender is a juristic person, liability may extend to directors, managers, or other responsible persons if the offense is committed under their instruction, action, or neglect of duty.

Governing Authorities

Implementation of the Draft Act falls under the authority of Ministry of Natural Resources and Environment and Ministry of Finance. These ministries will act as the main agencies overseeing the provisions of the Draft Act, including the appointment of officials and the creation of sub-regulations to fulfill its objectives.

Furthermore, given that the Draft Act includes a number of mechanisms, several authorities are involved in examining, ensuring compliance, and assisting with the Draft Act’s implementation.

The relevant authorities include the National Climate Change Policy Committee, Climate Fund Committee, and TGO. The Excise Department and Customs Department serve as the primary agencies responsible for tax collection, assessment, and the determination of penalties and surcharges under the Draft Act.

Summary

To reach the objective of prevention and lessen the severity of global climate change, Thailand is working towards carbon neutrality and net-zero greenhouse gas emissions by implementing a range of laws, including this Draft Act.

A variety of mechanisms, such as ETS, CBAM, Climate Fund, Carbon Tax, and Carbon Credit, are outlined to regulate emissions. A number of governing bodies and committees are also engaged to guarantee adherence to the obligations outlined in the Draft Act.

Going forward, close attention should be paid to the legislative process and the issuance of subordinate regulations including the Ministerial Regulation determining the rate of carbon tax and the details on the report of GHG emissions, which will clarify the detailed obligations for relevant parties accordingly.

[Authors]



Supasit Boonsanong (Nagashima Ohno & Tsunematsu (Thailand) Co., Ltd. Partner)

supasit_boonsanong@noandt.com

Supasit obtained an LL.M. from the Centre for Energy, Petroleum and Mineral Law and Policy, University of Dundee in 1991. He has extensive experience in complex cross-border energy transactions, including project finance, M&As, and operations in renewable, oil, gas, and petrochemical sectors. He advises leading energy companies on project development, joint ventures, licensing, supply, construction, and financing agreements, and is skilled in negotiating EPC contracts.



Thananya Pholchaniko (Nagashima Ohno & Tsunematsu (Thailand) Co., Ltd.)

thananya_pholchaniko@noandt.com

Thananya obtained a Bachelor of Laws from Thammasat University in 2016 and an LL.M. from the London School of Economics and Political Science in 2019. Her experience includes representing both local and multinational companies in a variety of commercial transactions and corporate initiatives, including energy law, antitrust, and mergers and acquisitions.



Phareeya Yongpanich (Nagashima Ohno & Tsunematsu (Thailand) Co., Ltd.)

phareeya_yongpanich@noandt.com

Phareeya obtained a Bachelor of Laws from Thammasat University in 2017 and LL.M. degrees in International Financial Law and Tax Law from King's College London and Queen Mary University of London in 2021-2022. She advises domestic and international clients on energy, M&A, and regulatory matters, with a focus on foreign investment, licensing, and Thai tax.

Philippines

Draft Revised Guidelines on Beneficial Ownership Disclosure

マネーロンダリングを含む経済犯罪に法人が利用されることを防止する目的で実質的所有者の開示を求める制度は各国が導入を進めているところ、フィリピン証券取引委員会は、法人の実質的所有者開示の透明性・コンプライアンス強化のため改正ガイドライン案を公表した。現行制度からの主な変更点は、①実質的所有者に該当する持分保有割合の基準を 25%から 20%に引き下げること、②実質的所有権登録簿を創設すること、③報告期限の変更、④取締役・役員に対する罰則強化、⑤違反報告を促す内部通報規定の新設などが挙げられる。

Introduction

On 10 October 2025, the Philippine Securities and Exchange Commission (“SEC”) published the draft Memorandum Circular on the Revised Guidelines of the Beneficial Ownership Disclosure and Transparency Rules (“**Draft Guidelines**”) for public comments.

If adopted, the Draft Guidelines, formally to be known as the “Beneficial Ownership Disclosure Rules of 2026”, will consolidate and streamline all existing SEC issuances related to the declaration and submission of beneficial ownership information.

The current framework governing beneficial ownership disclosure (collectively referred to as the “**Existing Regulations**”) comprises the following issuances, which may be amended or repealed upon the adoption of the Draft Guidelines:

- a) SEC Memorandum Circular No. 15, Series of 2019, as amended by Memorandum Circular No. 10, Series of 2022, which revised the General Information Sheet (GIS) to include beneficial ownership details;
- b) SEC Memorandum Circular No. 30, Series of 2020, which updated the GIS requirements for foreign corporations to reflect beneficial ownership; and
- c) SEC Memorandum Circular No. 1, Series of 2021, also known as the Beneficial Ownership Transparency Guidelines.

The Draft Guidelines propose substantial reforms aimed at enhancing transparency, accountability, and regulatory compliance in corporate ownership structures. These reforms are part of the SEC’s broader efforts to prevent the misuse of corporate vehicles for illicit activities such as money laundering, and to combat financial crimes.

Key Proposed Reforms

Among the notable changes introduced in the Draft Guidelines are the following:

1) *Lowered threshold for identifying beneficial owners*

The reporting threshold for determining beneficial ownership based on direct or indirect voting rights in a reporting entity will be reduced from 25% to 20%, compared to the Existing Regulations. The SEC may further adjust this threshold in the future to align with evolving international standards and best practices.

Detailed guidance is also provided in the Draft Guidelines on calculating beneficial ownership in “special cases,” such as corporations with tiered or multi-layered ownership structures and cross-border arrangements.

For entities with complex ownership chains, indirect beneficial ownership is determined by multiplying the ownership percentages at each level of the corporate hierarchy, with no restriction on the number of layers considered. A natural person must be identified as a beneficial owner if they exercise effective control at any level, even when their computed ownership interest falls below the 20% threshold.

On the other hand, in cases involving ownership structures that span multiple jurisdictions, corporations are required to make “reasonable efforts” to trace beneficial ownership across all relevant jurisdictions. The SEC

may accept certifications from foreign regulatory authorities as supporting evidence.

2) *Creation of a Beneficial Ownership Registry*

The SEC will establish a Beneficial Ownership Registry for the submission, maintenance, and access of beneficial ownership information. Access to the registry will be subject to data privacy compliance and information access protocols.

Verification of the accuracy, completeness, and timeliness of submitted information will be carried out by the SEC through audits and other compliance monitoring measures. To support this process, the SEC may request additional data from foreign jurisdictions and collaborate with relevant government agencies or private entities to validate the disclosed beneficial ownership details.

3) *Changes to the reporting timelines*

Under the Existing Guidelines, newly registered corporations were required to disclose beneficial ownership information within thirty (30) days from the issuance of their certificate of registration. In contrast, the Draft Guidelines mandate submission of such information at the time of incorporation or registration, with the issuance of a certificate of incorporation or license to do business conditioned upon compliance. Furthermore, any changes in beneficial ownership must be reported within seven (7) calendar days from the date of the change.

4) *Substantially increased penalties for directors and officers*

When directors or officers of a reporting entity fail to exercise due diligence in ensuring compliance with beneficial ownership disclosure requirements resulting in delayed submission or non-submission, the SEC may impose administrative fines on such directors or officers. Under the Existing Guidelines, these currently range from Php 10,000 to Php 100,000 depending on the nature and frequency of the violation. The Draft Guidelines propose increasing these penalties to Php 50,000 to Php 500,000, reflecting a more stringent approach to enforcement.

In addition to delayed reporting, cases involving false declarations will carry more severe consequences. Under the current framework, responsible directors or officers may be fined up to Php 200,000 and face disqualification from serving as corporate officers or directors for up to five (5) years. The Draft Guidelines raise the maximum fine to Php 1 million while maintaining the disqualification period.

This substantial increase in penalties suggests a stronger regulatory focus on accountability and highlights the expectation that directors and officers actively oversee compliance with disclosure obligations.

5) *Encouraging whistleblowers to report violations*

The Draft Guidelines encourage whistleblowers to report potential violations of the beneficial ownership disclosure requirements. Information received by the SEC shall be evaluated and, where appropriate, used to initiate formal investigations. Whistleblowers will be protected under the SEC's whistleblower policy and may be compensated in a manner determined by the SEC.

The inclusion of whistleblower provisions in the Draft Guidelines appears to reflect an effort to enhance existing mechanisms for identifying potential regulatory breaches.

Conclusion

With regulatory reforms on the horizon, corporations are strongly encouraged to proactively evaluate and strengthen their internal controls and compliance systems. Aligning with the updated requirements, maintaining accurate records, and submitting disclosures promptly will be essential to mitigate risks and avoid potential sanctions, not only for the corporations, but also for their directors and officers, once the Draft Guidelines are adopted.

[Author]

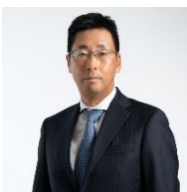


Patricia O. Ko (Nagashima Ohno & Tsunematsu Singapore LLP Counsel)

patricia_ko@noandt.com

Patricia O. Ko is a Philippine qualified lawyer in the Singapore office. Prior to joining NO&T, she was a Senior Associate in one of the top law firms in the Philippines. Her areas of practice include mergers and acquisitions, foreign direct investment, public-private partnership, securities, general corporate matters, immigration, trademarks, and data privacy. She is experienced in advising clients in commercial transactions involving acquisition of businesses and real estate, joint ventures, corporate restructuring, and regulatory and compliance matters.

[EDITORS' PROFILES]

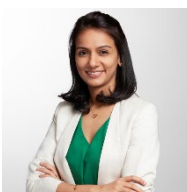


Nobuo Fukui (Nagashima Ohno & Tsunematsu Singapore LLP Partner)

nobuo_fukui@noandt.com

Nobuo Fukui is a partner at Nagashima Ohno & Tsunematsu and a representative of its Singapore Office (Nagashima Ohno & Tsunematsu Singapore LLP). He has been stationed in Singapore since 2013 and providing legal services mainly to Japanese companies and its affiliates to expand their business into south-east Asian countries.

He is a graduate of the University of Tokyo (LL.B., 2001) and Duke Law School (LL.M., 2009). He was admitted to the Japan Bar in 2003 and New York State Bar in 2010. He worked as a foreign lawyer at Widyawan & Partners (Jakarta) from 2010 to 2013, focusing on Indonesian legal practice, and he has extensive legal experience in the Indonesia related transactions.



Rashmi Grover (Nagashima Ohno & Tsunematsu Singapore LLP Partner)

rashmi_grover@noandt.com

Rashmi Grover is an attorney in the Singapore Office. She is qualified in India and the UK. Her areas of practice include mergers and acquisitions, private equity and general corporate. She has extensive experience working in the Indian market and advising clients on corporate commercial and finance transactions including transactions involving mergers, acquisitions, formation of joint ventures, private equity investments, business/asset acquisition transactions, regulatory filings and debt issuances.



Shohei Sasaki (Nagashima Ohno & Tsunematsu (Thailand) Co., Ltd. Partner)

shohei_sasaki@noandt.com

Shohei Sasaki is a partner at Nagashima Ohno & Tsunematsu and the head of Bangkok office. He has been stationed in Bangkok since 2011 and supporting Japanese and other multinational corporate clients. His practice includes corporate, M&A, joint venture, corporate finance, restructuring, real property development, energy, infrastructure, data protection, compliance and crisis management. He also represents Thai and multinational corporate clients in their investments in Japan, particularly on renewable energy and real property projects.

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www.noandt.com

NAGASHIMA OHNO & TSUNEMATSU

JP Tower, 2-7-2 Marunouchi, Chiyoda-ku, Tokyo 100-7036, Japan

Tel: +81-3-6889-7000 (general) Fax: +81-3-6889-8000 (general) Email: info@noandt.com



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Singapore Office

(Nagashima Ohno & Tsunematsu Singapore LLP)



6 Battery Road Level 41
Singapore 049909
Tel: +65-6654-1760 (general)
Fax: +65-6654-1770 (general)
Email: info-singapore@noandt.com

Bangkok Office

(Nagashima Ohno & Tsunematsu (Thailand) Co., Ltd.)



34th Floor, Bhira Tower at EmQuartier
689 Sukhumvit Road, Klongton Nuea
Vadhana, Bangkok 10110, Thailand
Tel: +66-2-302-4800 (general)
Fax: +66-2-302-4899 (general)
Email: info-bangkok@noandt.com

HCMC Office

(Nagashima Ohno & Tsunematsu HCMC Branch)



Suite 1801, Saigon Tower
29 Le Duan Street, Saigon Ward
Ho Chi Minh City, Vietnam
Tel: +84-28-3521-8800 (general)
Fax: +84-28-3521-8877 (general)
Email: info-hcmc@noandt.com

Hanoi Office

(Nagashima Ohno & Tsunematsu Hanoi Branch)



Suite 10.04, CornerStone Building
16 Phan Chu Trinh, Cua Nam Ward
Ha Noi City, Vietnam
Tel: +84-24-3266-8140 (general)
Fax: +84-24-3266-8141 (general)
Email: info-hanoi@noandt.com

Jakarta Office (*Associate office)

(IM & Partners in association with

Nagashima Ohno & Tsunematsu)



Jakarta Mori Tower 14th Floor, Unit 1401
Jalan Jenderal Sudirman Kav. 40-41
Jakarta 10210, Indonesia
Tel: +62-21-25098080 (general)
Fax: +62-21-25098090 (general)
Email: info-jakarta@noandt.com

Shanghai Office

(Nagashima Ohno & Tsunematsu

Shanghai Representative Office)



21st Floor, One ICC, 999 Middle Huaihai Road
Xuhui District, Shanghai 200031, China
Tel: +86-21-2415-2000 (general)
Fax: +86-21-6403-5059 (general)
Email: info-shanghai@noandt.com

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