Bangkok Global Law
540, Unit 1705, 17th Floor, Mercury Tower,Ploenchit Road,
Lumpini, Pathumwan, Bangkok 10330 Thailand
Tel: +(66) 2 2525895-6 Fax: +(66) 2 2525897
Website: www.bgloballaw.com
E-mail: info@bgloballaw.com

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# Strategic Reform of SOE Governance and the "Golden Share" Framework

The State Enterprise Policy Office (Sepo) is considering legislative reforms based on OECD recommendations to strengthen the governance of state-owned enterprises (SOEs). A key proposal is the introduction of a Golden Share mechanism, which would allow the government to veto certain decisions affecting national security even if its shareholding falls below 50%. The broad principles would be prescribed by legislation, while the specific scope and implementation procedures would be set out in each SOE's internal regulations. This approach is intended to preserve government oversight of strategic matters without extending the veto right to routine corporate matters, such as dividend payments or audit committee appointments.

Sepo also proposes amending the Standard Qualifications of State Enterprise Directors and Employees Act of 1975 to increase the maximum age of SOE directors from 65 to 70. The proposal aims to retain experienced professionals, particularly those with legal and financial expertise, while ensuring that performance, suitability and excessively long tenures are appropriately addressed.

These developments may signal a shift toward preserving strategic state influence without requiring majority ownership. However, the proposals have not yet taken legal effect and must first be submitted to Parliament for consideration. Entities with state shareholding should therefore monitor the legislative process and review their internal regulations once the final framework becomes clearer.

Should you have any question, please do not hesitate to contact us via info@bgloballaw.com