

(Translation)

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The Office of the Securities and Exchange Commission

Notification of the Office of the Securities and Exchange Commission

No. SorKhor. 43/2547

Re: Rules, Conditions and Procedures for Sale or Acceptance of Redemption of Investment Units and Soliciting of Customers to Execute an Agreement for Management of Private Fund

By Virtue of Clause 7, Clause 8, Clause 18(1) and Clause 19 of the Notification of the Securities and Exchange Commission No. KorNor. 30/2547 Re: Rules, Conditions and Procedures for Establishment and Management of Funds dated 10 June 2004 and Clause 3(1) and (8), Clause 4(6) and Clause 9 of the Notification of the Securities and Exchange Commission No. KorKhor. 42/2547 Re: Rules, Conditions and Procedures for Brokerage, Dealing and Underwriting of Investment Units dated 3 August 2004, the Office of the Securities and Exchange Commission hereby issues the following regulations:

Clause 1. The Notification shall come into force from 16 December 2004.

Clause 2. In this Notification:

“Sale” shall also mean offering for sale;

“Investment units” means investment units and units-linked life insurance policy;

“Unit-linked life insurance policy” means investment units of mutual fund which sell together with life insurance policy in form of life insurance policy with investment;

“Life insurance policy with investment” means an insurance policy issued by life insurance company to the insured as evidence that the insured and the life insurance company have signed a contract of life insurance and a contract of investment in investment units with an agreement that the insured shall pay premium to the life insurance company for protection against death or payment upon life and the insured shall pay for the investment units in mutual fund via the life insurance company;

“Company” means any mutual fund management company or securities company which sells or accepts redemption of investment units, as the case may be;

“Mutual fund management company” means any securities company licensed to undertake securities business in the category of mutual fund management;

“Securities company” means any securities company licensed to undertake securities business in the category of securities brokerage, securities dealing and securities underwriting which undertakes securities business related to investment units and any securities company licensed to undertake securities business in the category of brokerage, dealing and underwriting of investment units;

“Cold calling” means selling or soliciting by the mutual fund management company to anyone who never been a unitholder of the mutual fund under management of such mutual fund management company or by the securities company to anyone who has never been a customer of the securities company, as the case may be, to purchase investment units for the first time by way of face to face visits or unsolicited call;

“Institutional investors” means:

- (1) Commercial banks;
- (2) Finance companies;
- (3) Securities companies which purchase investment units for use as their own assets or for the management of private funds or for the management of investment schemes established under the laws on undertaking of finance, securities and credit foncier businesses;
- (4) Credit foncier companies;
- (5) Insurance companies;
- (6) Juristic persons established under specific law, which are not the persons under (9);
- (7) The Bank of Thailand;
- (8) International financial institutions;
- (9) Government agencies and state enterprises under the laws on budgetary procedure;
- (10) The Financial Institutions Development Fund;
- (11) The Government Pension Fund;
- (12) Provident funds;
- (13) Mutual funds under the laws on securities and exchange;
- (14) Juristic persons with investment portfolio of Baht one hundred million or more in securities as per the audited financial statements for the most recent year;
- (15) Juristic persons in which the shareholders are such persons under (1) to (14) holding shares in an aggregate of more than seventy-five percent of all shares with voting rights;
- (16) Foreign investors with the same characteristics as such investors under (1) to (15) *mutatis mutandis*;
- (17) Juristic persons as permitted, on a case by case basis, by the Office, with the primary businesses in line with the primary business in which the mutual fund intends to invest, as specified in the investment policy.

“Specific advice” means an advice given to any person which suit for investment objective, financial responsibilities or need of such person;

“Electronic transaction service” means a transaction service by means of electronic method, in whole or in part, e.g., automatic teller machine, telebanking, internet or any other media of the same nature;

“Customer solicitation” means soliciting of customer to enter into an agreement with a private fund management company by preparing investment plans prepared for such customer;

“Private fund management company” means any securities company licensed to undertake securities business in the category of private fund management;

“Office” means the Office of the Securities and Exchange Commission.

Chapter 1

Sale and Acceptance of Redemption of Investment Units

Clause 3. In sale or acceptance of redemption of investment units, the company shall verify the identity of investors and shall make adequate disclosure of material information and warnings for investor’s investment decision making as well as information relating to making a complaint, including information relating to investor contact.

Clause 4. The Company shall provide adequate time for investors to freely make an investment decision and the offering of investment units shall not cause annoyance to investors. In addition, the company shall inform the result of the purchase or redemption of investment units to investors without delay. In case of a cold calling, the company shall grant non-institutional investors the right to cancel the purchase order or exempt the redemption fee in case of the redemption of investment units.

Clause 5. In sale of investment units together with sale promotion or additional services, the company shall perform with fairness and shall not mislead investors or rush investors to make an investment decision without having consider risk exposure or suitability of investment objective.

Clause 6. In giving a specific advice to any particular investor, the company shall get to know investor and give the suitable advice to such investor.

Clause 7. In acceptance of redemption of investment units, the company shall make payment for the redemption to investors within five business days from the date of redemption of investment units, except for any force majeure or a justifiable event.

Part 1

Sale or Acceptance of Redemption of Investment Units Through Electronic Transaction Service

Clause 8. In sale or acceptance of redemption of investment units through the electronic transaction service, the company shall notify the commencement date of such service together with details of such service. In addition, the company shall submit relevant documents to the Office prior to the commencement date. In this regard, the company shall have an operating method to ensure that:

- (1) The transactions were originated by investors;
- (2) Investors learned about warnings and material information relating to investment units and mutual funds, as much as the electronic transaction service can provide for such information disclosure or the company may notify the method to access such information instead of disclosure.
- (3) Investors' information relating to the sale and redemption of investment units is stored and kept safely.

Part 2

Additional Rules for Sale and Acceptance of Redemption of Units-Linked Life Insurance Policy

Clause 9. In offering for sale of Units-Linked Life Insurance Policy to any investor, the company shall give a specific advice to each investor by get to know the investor and give the suitable advice for such investor.

In case investors aim to change the investment in Units-Linked Life Insurance Policy to other types of investment aside from what had been agreed, the company shall update investors' profile before giving suitable advice for such investor.

Clause 10. In case an investor purchases Units-Linked Life Insurance Policy for the first time of each Units-Linked Life Insurance Policy, whether or not by means of a cold calling, the company shall grant investor the right to cancel the purchase order or exempt the redemption fee in case of the redemption.

Clause 11. In sale of Units-Linked Life Insurance Policy which the securities company has duty to deliver the payment for such investment units to the mutual fund management company, the securities company shall deliver such payment to the mutual fund management company within the following period of time:

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(1) In case of an initial public offering of Units-Linked Life Insurance Policy, the payment shall be delivered within three business days from the end of subscription period;

(2) In any other cases other than (1) above, the payment shall be delivered within three business days from the date specified in the purchase order form of such Units-Linked Life Insurance Policy.

Part 3

Addition Rules for Securities Companies

Clause 12. The securities company shall hold itself out that it is ready to buy or sell investment units of any closed-end or open-end interval fund, during the period that the mutual fund management company is not open for selling or accepting redemption of investment units, only when the details has been specified in the mutual fund scheme. In such buying or selling investment units of such mutual fund, the securities company shall:

(1) Buy or sell the units during the period of at least seven days before the mutual fund management company, which is responsible for the management of such mutual fund, sells or accepts redemption of investment units of such mutual fund;

(2) Disclose any information which may effect investors' investment decision making which facilitate the understanding of the difference in sell or redemption via the mutual fund management company.

Clause 13. In case the securities company sells or accepts redemption of the units of an open-end fund which the mutual fund management company opens for sell and accept redemption of the investment units on a daily basis, the securities company shall sell or accept redemption of the units as per the selling price or redemption price calculated and announced by the mutual fund management company in compliance with the conditions as specified in the details of the mutual fund scheme.

Clause 14. In case any investor does not receive the evidence of right in investment units issued by the mutual fund management company, the securities company shall arrange any evidence for the investor to use for presenting his ownership in the units and use as a reference with the mutual fund management company and other persons. In case there is any restriction of rights of the investor, such restriction shall be also stated in such evidence.

Clause 15. In case the securities company prepares comparative data of the mutual fund performance which incidentally related to the business of the securities company, it shall proceed with integrity, fairness, and without misleading investors in material aspects.

Chapter 2

Customer Solicitation by Private Fund Management Companies

Clause 16. In customers solicitation, the private fund management company shall get to know its customers and propose suitable investment policies to customers.

Clause 17. In customers solicitation, the private fund management company shall comply with Clause 3, Clause 4 and Clause 5 *mutatis mutandis*.

Notified on this 3rd day of December 2004.

-Signature-

(Mr. Prasong Winaiphat)
Deputy Secretary-general
Acting for Secretary-general
The Office of the Securities and Exchange Commission