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**Notification of Office of the Securities and Exchange Commission  
No. SorKhor. 9/2548**

**Re: Approval of Juristic Persons acting as Marketing Representatives of Private Funds  
and Standards of Conduct**

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By virtue of Clause 2 of the Notification of the Securities and Exchange Commission No. Kor Khor. 2/2548 Re: Rules, Conditions and Procedures for Appointment of Representatives for Sale or Acceptance of Redemption of Investment Units and Marketing Representatives of Private Fund dated 5 January 2005, the Office of the Securities and Exchange Commission hereby issues the following regulations:

**Clause 1.** In this Notification:

“Management Company” means a securities company licensed to undertake securities business in the category of private fund management;

“Customer” means a person or a group of persons who has entrusted or will entrusted a management company to manage a private fund. In the case where the management company manages a private fund that is a provident fund, the term “customer” shall mean the provident fund;

“Agreement” means an agreement for management of a private fund;

“Manager” means a person assigned by the board of directors of a company to take the highest responsibility in management regardless of which title being called;

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

**Clause 2.** In the case where a juristic person having an intention to act as a marketing representative of private funds only in a foreign country has legitimacy to operate business as a marketing representative of private funds under the law of such country, such juristic person shall be deemed already approved by the Office to act as a marketing representative of private funds under this Notification.

**Clause 3.** A juristic person applying for approval to act as a marketing representative of private funds under this Notification shall be:

- (1) a commercial bank under the law on commercial bank;
- (2) a finance company under the law on finance business, securities business and credit foncier business;
- (3) a securities company under the law on securities and exchange;
- (4) a life insurance company under the law on life insurance;
- (5) a non-life insurance company under the law on non-life insurance;
- (6) a financial institution established under a specific law;
- (7) a limited company or a public limited company whose scope of objectives include operating business as a marketing representative of private funds.

**Clause 4.** A juristic person applying for approval under Clause 3 shall possess the following qualifications:

(1) being able to demonstrate that it has or will have at least the following work systems ready for operation as a marketing representative of private funds:

- a) a system for customer reception;
- b) a system for maintaining confidentiality of customer information;
- c) a system for receipt of funds entrusted by the customer for management by the management company;
- d) a system for handling complaints;

(2) being able to demonstrate that it has or will have readiness in terms of personnel where there shall be employees performing duty in customer solicitation who have been approved by the Office pursuant to the Notification of the Office of the Securities and Exchange Commission regarding approval for investor contacts and standards of conduct;

(3) having a manager who has honesty, proven by work records, capability and experience which is beneficial to business operation as a marketing representative of private funds.

**Clause 5.** A juristic person applying for approval under Clause 3, in addition to possessing the qualifications under Clause 4, shall not have the following prohibited characteristics:

(1) being ordered by the Office to suspend any operation relating to any securities business for which being granted approval, registration or permission;

(2) having committed an offense under the law on securities and exchange, the law governing business operation of such juristic person or the law relating to financial business, regardless of being Thai or foreign laws, where the offence relating to unfair securities trading or business operation in the manner deemed as deception, fraud or dishonesty;

(3) having committed an offense under the law on anti-money laundering, regardless of being Thai or foreign laws;

(4) operating business in the manner deemed as deception or dishonesty or demonstrating irresponsibility or imprudence in protecting the interest of customers or carelessness or reflecting unfair or untrustworthy business practice;

(5) being withdrawn by the Office from any operation relating to securities business for which being granted approval, registration or permission.

In considering the application for approval, the Office shall take into account the record of possessing the prohibited characteristics under (2) to (5) during the period of three years prior to the date of submission of the application.

The Office may not take into account the prohibited characteristics under paragraph one where it appears that the applicant has already improved or rectified the cause of suspension under paragraph one in the manner demonstrating that such cause shall not affect business operation as a marketing representative of private funds.

**Clause 6.** In the case where a branch of a foreign commercial bank, a branch of a foreign life insurance company or a branch of a foreign non-life insurance company approved to operate commercial bank business under the law on commercial bank, life insurance business under the law on life insurance or non-life insurance business under the law on non-life insurance, as the case may be, applies for approval under this Notification, such branch of foreign commercial bank, foreign life insurance company or foreign non-life insurance company shall possess the qualifications under Clause 4 and shall not have the prohibited characteristics under Clause 5.

**Clause 7.** In applying for approval to act as a marketing representative of private funds, the applicant shall submit information, documents and evidences as per forms and procedures provided in the electronic work system of the Office.

**Clause 8.** The Office shall notify the result of the consideration of the application within thirty days as from the date in which the Office has received correct and complete documents and evidences and in case of non-approval, the Office shall notify the reason simultaneously.

The Office may notify the applicant to give explanation or submit other documents and evidences as deemed appropriate within the period specified by the Office. Where the applicant has not acted or proceeded as specified, the Office shall deem that the applicant no longer has intention to apply for approval.

**Clause 9.** The marketing representative of private funds shall proceed as follows:

(1) provide work systems and personnel which are ready for business operation and apply for approval from the Office at least thirty days prior to the commencement date of business operation and shall start its operation when granted approval from the Office;

(2) provide information relating to the name list and the office premise of employees performing duty in client solicitation where such information shall be updated upon each change and maintained for inspection by the Office or submission to the Office when requested;

(3) notify, in writing, appointment or changing of the manager to the Office within fifteen days as from the date of resolution to appoint or change the manager;

Sub-clause (1) shall not be applied to the approved person who, according to the Office's consideration, already has readiness in terms of work systems and personnel under Clause 4(1) and (2) at the time of submission of application for approval to the Office.

In changing the work systems under sub-clause (1), a marketing representative of private funds shall notify the Office in advance. In this regard, the replacing work system shall not be inferior to the work system previously approved by the Office.

**Clause 10.** The marketing representative of private funds shall oversee the employees performing duty in customer solicitation to comply with the Notification of the Office of the Securities and Exchange Commission regarding approval for investor contacts and standards of conduct, *mutatis mutandis*.

**Clause 11.** In order to provide good and quality services with fairness to customers, the marketing representative of private funds shall perform duty in compliance with the following rules:

(1) perform duty with honesty, integrity and fairness to all customers, taking into account the best interest of customers;

(2) in case of receipt of securities and properties entrusted by a customer for management of private fund, an evidence of receipt of such securities and properties shall be given to the customer;

(3) comply with the Notification of the Office of the Securities and Exchange Commission regarding rules, conditions and procedures for sale or acceptance of redemption of investment units and customer solicitation for execution of agreements for management of private funds, *mutatis mutandis*;

(4) act and cooperate with the Office in order to comply with the law on securities and exchange in the part relating to management of private funds and relevant rules issued by virtue of such law;

(5) prepare reports, provide explanations or submit information relating to acting as a marketing representative of private funds as prescribed by the Office.

**Clause 12.** In order to protect customers from damages, fraudulent actions or exploitation from performance of duty or receipt of inaccurate information, the marketing representative of private funds shall not take the following actions:

(1) appoint other persons to act or perform duty instead;

(2) charge or accept any fee or remuneration from customers other than those the customers has duty to pay the management company except for the fee or remuneration which a financial institution may charge for business operation of the financial institution under the law governing business operation of such financial institution.

**Clause 13.** The marketing representative of private funds shall handle customer complaints as follows:

(1) receive customer complaint arising from customer solicitation of the marketing representative of private funds or the employee of such marketing representative of private funds. And in case of verbal complaints, there shall be a written record of such complaint which shall be signed by the customer to certify its correctness before the marketing representative of private funds shall proceed to resolve the problem;

(2) take prompt actions to resolve the complaint;

(3) notify the management company of the complaint within seven days as from the date of receipt of the complaint;

(4) upon reaching a resolution to the complaint, the marketing representative of private funds shall notify the management company of the result of proceeding which can resolve the problem for satisfaction of the customer or of the result of proceeding which cannot resolve the problem for satisfaction of the customer in order that the management company shall further proceed to resolve the problem within seven days as from the date of resolution;

(5) maintain documents and evidences relating to the complaint and handling of such complaint for the period of not less than two years as from the date of resolution of such complaint.

**Clause 14.** In the case where the facts appear to the Office that any marketing representative of private funds does not possess the required qualifications or have the prohibited characteristics or violate or not comply with the rules specified in this Notification, the Office may proceed as follows:

(1) put on probation;

(2) order of suspension of operation under the specified period or conditions;

(3) revoke the approval.

In the case where the Office revokes the approval under sub-clause (3), the Office may specify a period or conditions for re-applying for approval of such person. And upon expiration of the specified period or fulfilment of the specified conditions, the Office shall no longer take into account the record of the act causing the revocation of the approval in considering the application for approval of such person.

**Clause 15.** The juristic person approved to act as a marketing representative of private funds under the Notification of the Office of the Securities and Exchange

Commission regarding approval of persons performing duty in customer solicitation or investment planning or acting as marketing representative of private funds prior to the date this Notification comes into force shall be the marketing representative of private funds approved by the Office under this Notification.

**Clause 16.** This notification shall come into force as from 16 May 2005.

Notified this 21<sup>st</sup> Day of April 2005.

(Mr. Thirachai Phuvanatanarubala)

Secretary-General

The Office of Securities and Exchange Commission