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**The Office of the Securities and Exchange Commission**

Notification of the Office of the Securities and Exchange Commission

No. SorKhor. 15/2548

Re: Approval for Investor Contacts and Standards of Conduct

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Currently, each securities company undertakes various categories of securities businesses but in contacting investors in each category the company is required to assign separate personnel to do the task. This causes inflexibility in providing services to investors and overlapping with respect to regulations on approval and standards of conduct for personnel in such securities businesses under various notifications. It is, therefore, appropriate to allow one person to contact investors in various securities businesses which shall be subject to only one notification specifying rules of approval for investor contacts and standards of conduct.

By virtue of:

(1) Clause 10 of the Notification of the Securities and Exchange Commission No. KorThor. 42/2543 Re: Rules, Conditions and Procedures for Brokerage and Dealing of Securities That Are Not Debt Instruments dated 26 September 2000 as amended by the Notification of the Securities and Exchange Commission No. KorKhor. 18/2548 Re: Rules, Conditions and Procedures for Brokerage and Dealing of Securities That Are Not Debt Instruments (No. 8) dated 28 February 2005;

(2) Clause 16 of the Notification of the Securities and Exchange Commission No. KorThor. 43/2543 Re: Rules, Conditions and Procedures for Dealing of Securities That Are Debt Instruments dated 26 September 2000 as amended by the Notification of the Securities and Exchange Commission No. KorThor. 19/2548 Re: Rules, Conditions and Procedures for Dealing of Securities That Are Debt Instruments (No. 9) dated 28 February 2005;

(3) Clause 2 and Clause 3 of the Notification of the Securities and Exchange Commission No. KorThor. 61/2543 Re: Rules, Conditions and Procedures for Supervision of the Operation of Securities Underwriting dated 23 November 2000;

(4) Clause 6 of the Notification of the Securities and Exchange Commission No. KorNor. 23/2544 Re: Rules, Conditions and Procedures for Investment Advisors and Appointment of Investment Advisory Agents dated 14 September 2001 as amended by the Notification of Securities and Exchange

Commission No. KorKhor. 20/2548 Re: Rules, Conditions and Procedures for Investment Advisors and Appointment of Investment Advisory Agents (No. 4) dated 28 February 2005;

(5) Clause 2(2) 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

(6) Clause 3(1) 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.** This Notification shall come into force from of 1 July 2005.

**Clause 2.** The following notifications shall be repealed:

(1) The Notification of the Office of the Securities and Exchange Commission No. SorThor. 67/2543 Re: Rules for Registration of Marketing Officers dated 21 December 2000;

(2) The Notification of the Office of the Securities and Exchange Commission No. SorThor. 10/2544 Re: Rules for Registration of Marketing Officers (No. 2) dated 9 February 2001;

(3) The Notification of the Office of the Securities and Exchange Commission No. SorThor. 27/2545 Re: Rules for Registration of Marketing Officers (No. 3) dated 21 June 2002;

(4) The Notification of the Office of the Securities and Exchange Commission No. SorThor. 36/2545 Re: Rules for Registration of Marketing Officers (No. 4) dated 16 September 2002;

(5) The Notification of the Office of the Securities and Exchange Commission No. SorKhor. 11/2547 Re: Rules for Registration of Marketing Officers (No. 5) dated 11 February 2004;

(6) The Notification of the Office of the Securities and Exchange Commission No. SorKhor. 42/2547 Re: Rules for Registration of Marketing Officers (No. 6) dated 10 November 2004;

(7) The Notification of the Office of the Securities and Exchange Commission No. OrNor. 2/2545 Re: Permission for Appointment of Advisor of Investment Advisory Company dated 29 January 2002;

(8) The Notification of the Office of the Securities and Exchange Commission No. OrNor. 24/2545 Re: Permission for Appointment of Advisor of Investment Advisory Company (No. 2) dated 4 December 2002;

(9) The Notification of the Office of the Securities and Exchange Commission No. OrKhor. 1/2547 Re: Permission for Appointment of Advisor of Investment Advisory Company (No. 3) dated 11 February 2004; and

(10) The Notification of the Office of the Securities and Exchange Commission No. SorKhor. 44/2547 Re: Approval for Investor Contacts and Standards of Conduct dated 3 December 2004.

**Clause 3.** In this Notification:

“Investor Contact” means any person who has duties to contact, solicit, advise or prepare investment plans for investors and are divided into two categories: Category A Investor Contact and Category B Investor Contact;

“Category A Investor Contact” means any investor contact who is also authorized to analyze securities investments;

“Category B Investor Contact” means any investor contact who is not authorized to analyze securities investment;

“Investor” means any person who is interested in investing in securities and shall also means any client of securities businesses of securities companies;

“Securities company” means any company licensed to undertake securities businesses under the law on securities and exchange;

“Executive” means director, manager or person with power of management;

“Person with power of management” means executive director, deputy manager, assistant manager, department director, branch manager and shall also means any person holding equivalent position called otherwise and such person shall be responsible for a line of work relating to provision of securities services, securities operation or research on securities or capital markets or other similar lines of work, regardless of whether the operation of such line of work is to provide services for other persons or for the benefit of the company itself;

“Executive director” means any person who is appointed by the board of directors as executive director or authorized to make decisions on company’s business operation on behalf of the board of directors;

“Department director” means any person who is responsible for the internal operation of a department in the company;

“Mutual fund manager” means any mutual fund manager who obtains approval from the Office under the notification of the Office of the Securities and Exchange Commission governing rules, conditions and procedures for approval for mutual fund manager;

“Private fund manager” means any private fund manager who obtains approval from the Office under the notification of the Securities and Exchange Commission governing rules, conditions and procedures for approval for private fund manager and private fund management of private fund manager;

“Training institute” means Thailand Securities Institute or any other training institutes approved by the Office;

“Unit-linked life insurance policy” 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;

“Advisor” means any advisor under the notification of the Office of the Securities and Exchange Commission governing permission for appointment of advisor of investment advisory company;

“Notification No. OrNor. 2/2545” means the Notification of the Office of the Securities and Exchange Commission No. OrNor. 2/2545 Re: Permission for Appointment of Advisor of Investment Advisory Company dated 29 January 2002;

“Securities investment analyst” means any person approved to be securities investment analyst under the notification of the Office of the Securities and Exchange Commission governing arrangement to have and approval for securities investment analyst and standards of conduct;

“Notification No. SorKhor. 25/2547” means the Notification of the Office of the Securities and Exchange Commission No. SorKhor. 25/2547 Re: Arrangement to have and Approval for Securities Investment Analyst and Standards of Conduct dated 22 June 2004;

“Marketing officer” means any person who is registered as marketing officer under the notification of the Office of the Securities and Exchange Commission governing rules for registration of marketing officers;

“Notification No. SorThor. 67/2543” means the Notification of the Office of the Securities and Exchange Commission No. SorThor. 67/2543 Re: Rules for Registration of Marketing Officers dated 21 December 2000;

“Notification No. SorKhor. 44/2547” means the Notification of the Office of the Securities and Exchange Commission No. SorKhor. 44/2547 Re: Approval for Investor Contacts and Standards of Conduct dated 3 December 2004;

“Authorized officer” means any person who is registered by the Stock Exchange as agent of securities company to trade securities in the Stock Exchange through the Securities Trading System set up by the Stock Exchange;

“Stock Exchange” means the Stock Exchange of Thailand;

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

## **Chapter 1**

### **Application for Approval**

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**Clause 4.** Persons who obtain approval to be investor contact shall be divided into two categories which are Category A Investor Contact and Category B Investor Contact.

**Clause 5.** The applicant for approval as category A investor contact and category B investor contact shall have education and/or work experience and knowledge on related businesses and rules and regulations with respect to investor contacts as specified in the table of qualifications of applicants for approval for category A investor contact and category B investor contact attached to this notification.

The applicant for approval for category A investor contact shall be exempt from having qualifications as specified in paragraph one above if the applicant has the following qualifications:

(1) Being executive of a securities company. This shall be limited to only one person for each securities company; or

(2) Being mutual fund manager or private fund manager.

**Clause 6.** In addition to having qualifications under Clause 5, the applicant shall not possess the prohibited characteristics as specified in the notification of the Securities and Exchange Commission governing prohibited characteristics of personnel in securities businesses.

In case the applicant appears to possess any prohibited characteristics, the Office shall proceed in accordance with the rules and procedures as specified in the notification of the Securities and Exchange Commission governing prohibited characteristics of personnel in securities businesses.

**Clause 7.** In applying for approval for investor contact, the applicant shall submit information as well as documents and evidence as per the form and procedures as provided via the electronic system of the Office and shall pay the application fee for approval to be investor contact as per the notification of the Office of the Securities and Exchange Commission governing determination of fees for filing information, registration and other applications.

The Office shall notify the result of the consideration of the application within thirty days starting from the date of submission of application. In case the Office declines to grant approval for any person, reasons shall also be provided.

The Office may notify the applicant to clarify or submit additional documents and evidence as considered appropriate within the time as specified by the Office. If such person fails to comply or proceed as specified, the Office shall deem that such person does not intend to apply for approval for investor contact.

**Clause 8.** Any person who intends to perform duty as investor contact specifically in foreign countries shall be deemed to be an investor contact approved by the Office if such person can operate as investor contact under the laws of such countries.

The person approved or registered by the Department of Insurance to be a sale agent of unit-linked life insurance policy shall be investor contact which performs duty of selling unit-linked life insurance policy approved by the Office.

## **Chapter 2**

### **Rules of Conduct**

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**Clause 9.** The investor contact shall attend training course of the training institute on the knowledge relating to duties of the investor contact or refresher course accepted by the Office at least once every two years except for the first attendance of such training after receipt of approval, in which case, the Office may specify the interval for training to be longer than two years.

In case the investor contact is mutual fund manager or private fund manager, it shall be deemed that the attendance of the training on the knowledge relating to duties of the mutual fund manager or the private fund manager, as the case may be, is the training attendance referred to in paragraph one.

The provision in paragraph one shall not apply to the investor contact who obtains approval as per the qualifications for being executive of securities company, investor contact who has qualifications approved or registered by the regulatory organization of a country accepted by the Office, investor contact specifically in foreign countries, and investor contact who sells unit-linked life insurance policy.

**Clause 10.** In contacting, soliciting, giving advice and preparing investment plan or analyzing securities investment for investors, the investor contact shall not delegate other persons to act or perform duties on his behalf.

**Clause 11.** In order that investors shall receive good, efficient and fair services, the investor contact shall perform duties in accordance with the following standards of conduct:

- (1) Perform duties with integrity and honesty;
- (2) Perform duties by using knowledge and expertise as professional and treat all investors with fairness, care, prudence and in the best interest of investors.
- (3) Disclose or provide important and relevant information sufficient for investors' decision making;
- (4) Keep investors' confidentiality;
- (5) Carefully perform duties to avoid conflicts of interest. In case such conflicts cannot be avoided, the procedures to ensure that investors are fairly and appropriately treated shall be implemented;
- (6) Not support, instruct or cooperate with any person to act in violation of the law on securities and exchange and regulations issued under such law and other relevant laws.

In case the investor contact fails to perform duties in compliance with the standards of conduct referred to in paragraph one and such conduct lacks ethics or standards of conduct and processes prohibited characteristics as specified in the notification of the Securities and Exchange Commission governing prohibited characteristics of personnel in securities businesses, the Office shall proceed in accordance with the rules and procedures as specified in such notification.

### **Chapter 3**

#### **Compulsory Measures**

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**Clause 12.** In case the Office knows the facts that any investor contact lacks qualifications under Clause 5 or violates or fails to comply with rules of conduct as specified in this notification, the Office may proceed to impose sanctions as follows:

- (1) Probation;
- (2) Suspension of operation for a specified period or according to specified conditions;
- (3) Revocation of approval.

In case where the Office revokes its approval under (3), the Office may specify terms or conditions for accepting for consideration of the next application for approval for such person. Upon completion of such terms or after such conditions are met, the Office shall not bring the record of such act which causes revocation of approval into the consideration of the next application for approval for such person.

**Clause 13.** The status of the investor contact approved by the Office shall cease in case the investor contact fails to act or has the following characteristics:

- (1) Fails to attend a training course under Clause 9;
- (2) Ceases to be executive of the securities company in case the investor contact obtains approval with such qualification;
- (3) Ceases to be investor contact who has been approved or registered by the regulatory organization of the country accepted by the Office in case the investor contact obtains approval with such qualification;
- (4) Ceases to be mutual fund manager or private fund manager as a result of failure to attend training on the knowledge for performing duties as mutual fund manager or private fund manager, as the case may be, and failure to attend training on the knowledge for performing duties as investor contact under Clause 9 paragraph one.

## Chapter 4

### Transitional Provisions

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**Clause 14.** The person who has obtained permission or approval for being advisor under the Notification No. OrNor. 2/2545 or securities investment analyst under the Notification No. SorKhor. 25/2547 before the effective date of this notification or the person who has been registered or approved to be marketing officer under the Notification No. SorThor. 67/2543 or the investor contact under the Notification No. SorKhor. 44/2547 with the qualification of being executive of securities company before the effective date of this notification shall become category A investor contact approved by the Office.

The person who has been registered or approved to be marketing officer under the Notification No. SorThor. 67/2543 or investor contact under the Notification No. SorKhor. 44/2547 before the effective date of this notification shall become category B investor contact approved by the Office.

The person who has obtained approval for being securities investment analyst under Clause 15(2) (c) of the Notification No. SorKhor. 25/2547 before the effective date of this notification shall become category A investor contact approved by the Office for a period of one year by counting the period in continuation of the period approved under the Notification No. SorKhor. 25/2547.



**Clause 15.** The applicant for approval for investor contact who has qualifications and submits the application within the period specified as follows shall be exempt from having the qualifications under Clause 5:

(1) Being a person who has passed the examination on knowledge of investment advisor from Thailand Securities Institute for no longer than two years on the date of submission of application or if more than two years, had attended a training course of a training institute or training course accepted by the Office no longer than two years on the date of submission of application and submits the application within 1 July 2007 in case of the applicant for approval for being category A investor contact;

(2) Being a person who has passed the examination of knowledge for a person who sells or repurchases investment units level one or level two or the course for marketing officer organized by training institute or training course accepted by the Office for no longer than two years on the date of submission of application or if more than two years, had attended a training course of a training institute or training course accepted by the Office no longer than two years on the date of submission of application and submits the application within 1 July 2007 in case of an applicant for approval for being category B investor contact;

(3) Having been authorized officer before 1 July 2005 who attended a training course on the knowledge for authorized officers to be category B investor contact from the Thailand Securities Institute within 30 June 2005 and submits the application within 31 December 2005 in case of an applicant for approval for being category B investor contact.

**Clause 16.** For the person who has been authorized, approved or registered as advisor under the Notification No. OrNor. 2/2545, securities investment analyst under the Notification No. SorKhor. 25/2547, marketing officer under the Notification No. SorThor. 67/2543 or investor contact under the Notification No. SorKhor. 44/2547 before the effective date of this notification, the calculation of the attendance time of training course under Clause 9 shall be made in continuation of the time during which such person used to receive training under relevant notifications. If such person has been authorized, approved or registered under more than one category, the time of training shall be calculated in continuation of the time of the category which the duty to attend the training course due earliest.

**Clause 17.** Applications for authorization, approval or registration to be advisor under the Notification No. OrNor. 2/2545, securities investment analyst under the Notification No. SorKhor. 25/2547, marketing officer under the Notification No. SorThor. 67/2543 or investor contact under the Notification No. SorKhor. 44/2547 which are under consideration by the Office, shall be deemed to be applications for approval for being investor contact under this notification.

In case any application under paragraph one is an application for approval for securities investment analyst and the applicant is authorized by the securities company to perform analysis on securities investment or analysis relating to economic and industrial conditions and passed the training course under the project to produce

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new qualified securities analysts organized by the Securities Analysts Association under Clause 15(2) (c) of the Notification of SorKhor. 25/2547. The granting of approval for the investor contact under this notification shall be effective for a period of one year.

Notified on this 21<sup>st</sup> day of June 2005.

-Signature-

(Mr. Thirachai Phuvanatanubala)

Secretary-General

The Office of the Securities and Exchange Commission

### Qualifications of the Applicant for Approval of Category A Investor Contact

#### Under Clause 5 of the Notification of the Office of the Securities and Exchange Commission No. SorKhor. 15/2548

| Qualifications  | Case1   | Case 2  | Case 3  | Case 4   |
|---|---|---|---|--|
| 1. Academic qualification from educational institution accepted by the Office.  | At least a master's degree in the fields of business administration, finance, accounting, economics or other academic degrees accepted by the Office.   | A bachelor's degree in any field.   | -   | -  |
| 2. Work experience accepted by the Office in connection with performance of duty as category A investor contact, securities investment analysis or securities valuation.  | Work experience in Thailand or abroad for a total period not less than 2 years during a period of 5 years before the date of submission of application.   | Work experience in Thailand or foreign countries for a total period of 4 years during a period of 7 years before the date of submission of application. | Having been approved or registered to perform duties similar to the category A investor contact from a regulatory organization of a country accepted by the Office. | -  |
| 3. Having knowledge on relevant businesses and having passed an examination for a period of no longer than 2 years on the date of submission of application or, if more than 2 years, having attending a training course of a training institute or training course accepted by the Office for a period of no longer than 2 years on the date of submission of application. | -   | -   | -   | 3.1 Having passed the Chartered Financial Analyst (CFA) or the Certified Investment and Securities Analyst (CISA) from level one onward; or<br>3.2 Having passed the course for Category A investor contact of the Office; or<br>3.3 Having passed other courses accepted by the Office. |
| 4. Having knowledge on rules and regulations relating to duties of the category A investor contact  | Having passed the examination of the Office or training institute for a period of no longer than 2 years on the date of submission of application, if more than 2 years, having attended a training course of a training institute or training course accepted by the Office for a period of no longer than 2 years on the date of submission of application. |   |   |  |

### Qualifications of the Applicant for Approval of Category B Investor Contact

#### Under Clause 5 of the Notification of the Office of the Securities and Exchange Commission No. SorKhor. 15/2548

| Qualifications   | Case1   | Case 2   | Case 3   | Case 4   |
|--|---|--|--|--|
| 1. Academic qualification from educational institution accepted by the Office.   | At least a master's degree in the fields of business administration, finance, accounting, economics or other academic degrees accepted by the Office.   | A bachelor's degree in any field.  | -  | -  |
| 2. Work experience accepted by the Office in connection with performance of duty as investor contact, securities investment analysis or securities valuation.  | -   | Having work experience in Thailand or foreign countries for a total period of 2 years during a period of 5 years before the date of submission of application. | Having been approved or registered to perform duties similar to the investor contact from a regulatory organization of a country accepted by the Office. | -  |
| 3. Having knowledge on relevant businesses and having passed an examination for a period of no longer than 2 years on the date of submission of application or, if more than 2 years, having attended a training course of a training institute or training course accepted by the Office for a period of no longer than 2 years on the date of submission of application. | -   | -  | -  | 3.1 Having passed the Chartered Financial Analyst (CFA) or the Certified Investment and Securities Analyst (CISA) from level one onward; or<br>3.2 Having passed the Course for investor contact from the Office; or<br>3.3 Having passed other course accepted by the Office. |
| 4. Having knowledge on rules and regulations relating to duties of the category B investor contact   | Having passed the examination of the Office or training institute for a period of no longer than 2 years on the date of submission of application, if more than 2 years, having attended training course of a training institute or training course accepted by the Office for a period of no longer than 2 years on the date of submission of application. |  |  |  |