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**Notification of the Office of the Securities and Exchange Commission
No. SorKhor./Nor. 4/2549
Re: Operating System Relating to the Undertaking of Fund Management
Business**

By virtue of Clause 2 (1) and Clause 19 of the Notification of the Securities and Exchange Commission No. KorNor. 30/2547 Re: Rules, Conditions and Procedure for the Establishment and Management of Funds dated 10 June 2004, the Office of the Securities and Exchange Commission hereby issues the following regulations:

Clause 1. The management company shall, in undertaking of fund management business, arrange to have an operating system which is comprising of, at least, the following particulars:

- (1) organisational structure of the company;
- (2) availability of competent personnel;
- (3) fund management operation system;
- (4) internal control system.

Clause 2. The organisational structure of the company shall be established in accordance with the following rules:

(1) arrange the structure of the company in an orderly systematic way, according to duties, with a view to:

- (a) prevent dishonest acts of its personnel;
- (b) prevent the management company from violating or failing to comply with laws which may affect the overall creditworthiness of its business undertaking; and;
- (c) allow its business to be conducted with fiduciary duties.

(2) determine clearly and harmoniously the mission, strategy, policy and operational plan of the company and its business units. In this regards, guidelines for reviewing the mission, strategy, policy and operational plan in appropriate period or under circumstances shall be established. The determination of such mission, strategy, policy and operational plan shall be harmonized with fiduciary duties and good corporate governance principles.

Clause 3. To attain the availability of competent personnel, the management company shall:

- (1) have personnel in an adequate number for all types of work related to fund management;
- (2) have selection and checking system before assigning a role to its personnel. Such system shall enable the company to select a person with knowledge

and abilities suitable to act in the capacity so appointed. The person shall have no record of misconduct and behaviour which may affect to image of the company;

(3) prepare the following manual or guidelines for its personnel:

- (a) organisational structure of company;
- (b) roles, duties and the extent of responsibilities in extent of each staff;
- (c) roles, duties and responsibilities of the unit where a person is located;
- (d) detailed work practices of each person and the unit where the person is located, as well as work practices in coordinating with other units in order to achieve efficiency in the overall operation of the company.

(4) have performance appraisal and personnel development in order to maintain staff's professional competence to remain fit and proper for the role so assigned;

(5) have procedures to monitor and supervise business conduct and behaviour of staff in order to examine and prevent the conduct or behaviour which may cause:

- (a) negative image to the management company;
- (b) breach or failure to comply with the laws which may affect the overall creditworthiness in undertaking business.

Clause 4. A fund management operation system shall comply with the following rules:

(1) dealing with customer and customer service:

(a) having procedures and methods to know the customer and understand the customer's investment objective restriction in order to obtain information for analysing suitability of customer's investment;

(b) having personnel responsible for contacting customers and staff or persons authorized by the asset management company to provide advice or information concerning investment in a fund;

(c) having systematic procedures and methods for accepting of purchase or redemption orders which can be examined for certainty and accuracy of orders, and can be examined that such orders are acquired as prescribed in the prospectus;

(d) having a system for accepting customer's complaint which supports the compliance with in the notification of the Securities and Exchange Commission Re: Requirements for securities companies to handle customer's compliant;

(2) the investment management system which has clear procedures and methods of operation before and after investment in order to enable the investment to be made prudently, carefully and appropriately. In this regard, for the purpose of:

- (a) the best interest of the customer or the investor;
- (b) compliance with the investment policy and rules concerning investment as specified by the law;
- (c) prevention, correction or management of any risks arisen from investment.

(3) back office supporting system which comprises of the following:

(a) personnel or units responsible for supporting of the establishment and management of the fund in all aspects. There shall be orderly systematic procedures and methods for each back office work which ensures that the management company complies with laws or the agreement made with its customers or investors.

(b) contingency plan for emergency circumstances which may significantly affect the management company or may cause damages to customers or investors. Such plan shall be stress-tested, reviewed and improved to be up-to-date and to be suitable for different situations.

(4) compliance system:

(a) arrange to have compliance officer and compliance unit to support and inspect investment management and related work to be in accordance with laws, code of ethics and professional standards. In this regards, the compliance officer and compliance unit shall be independent from other units;

(b) determine the annual inspection plan which is approved by the board of directors or the audit committee of company. Such plan shall compose of clear procedures, method and duration of work so as to enable personnel and units to perform their duties under (a);

(c) prescribe procedures and methods for reporting to the board of directors or the audit committee in case where compliance officer and compliance unit find breaches of the laws, code of ethics and professional standards, together with the preventative measures.

(5) Documentary preparation and record keeping which comprises of the following:

(a) the preparation of written document or evidence for the acts of the personnel directly responsible for fund management so as to ascertain and examine the acts of such personal;

(b) methods and locations for the keeping of documents and evidences to be prepared for or used in conjunction with fund management. Such keeping shall be systematic and make searching easy;

(c) retention period shall not be less than five years from the date the particulars or transactions of customers have been completed, except for data or evidence concerning customer identification which shall be kept for not less than five years from the date relationship with the customer has ended.

Clause 5. An internal control system shall be in accordance with the following rules:

(1) determining the objective of internal control in line with the purpose and mission of the company;

(2) having internal control system which is approved by high-level management. In this case, such system shall;

(a) generate good control environment;

(b) assess, administer and manage any risks which arise or may arisen from conducting business to be at a controllable level which have no impact on undertaking of fund management;

(c) determine efficient control activities in order to prevent or minimise possible damage. In this case, the responsibilities of personal and units shall be appropriately divided;

(d) arrange to have information and communication system related to business conduct with internal and external sources in appropriate form and time;

(e) conduct monitoring of the system and report the findings to the board of directors of the company or the directors entrusted by the board in order to achieve the objective and mission.

Clause 6. This Notification shall come into force from 16 April 2006.

Notified on this 8th Day of March 2006.

Thirachai Phuvanatanarubala

(Mr. Thirachai Phuvanatanarubala)

Secretary-General

Office of the Securities and Exchange Commission

Remarks: The reasons for issuing this Notification are: whereas the fund management shall be activities which is trusted and confided by the investors, it is therefore necessary to have clear operating system in place concerning fund management. The Office hereby issues the regulation relating to the operating system for fund management which shall be prepared by the management company.