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Notification of the Office of the Securities and Exchange Commission
No. SorKhor/Nor. 7/2549
Re: Rules, Conditions and Procedures for Management of Funds
(No. 2)

By virtue of Section 118(1) and Section 141 (2), with the approval of the Securities and Exchange Commission of the Securities and Exchange Act, B.E. 2535 (1992), which contains certain provisions in relation to the restriction of right and liberty of person, in respect of which Section 29 in conjunction with Section 35, Section 36, Section 45, Section 48 and Section 50 of the Constitution of the Kingdom of Thailand so permit by virtue of law, along with Clause 16, with the approval of the Securities and Exchange Commission, Clause 18(2) and (6) 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, the Office of the Securities and Exchange Commission hereby issues the following regulations:

Clause 1. The following provisions shall be added as Division 1/1 Holding more than one third of investment units of Chapter 1 General provisions of Part 2 Management of Funds, Clause 11/1, Clause 11/2, Clause 11/3, Clause 11/4, Clause 11/5, Clause 11/6 and Clause 11/7 of the Notification of the Securities and Exchange Commission No. SorKhor/Nor. 1/2549 Re: Rules, Conditions and Procedure for Management of Funds, dated 7 February 2006.

“Division 1/1
Holding more than one third of investment units

Clause 11/1. The provisions in this division shall apply to only retail funds, excluding the Vayupak Fund.

Clause 11/2. The mutual fund management company shall inspect or proceed to inspect whether there is any person or persons in the same group hold more than one third of total outstanding investment units of any mutual fund. If it appears that any person or persons in the same group hold more than such proportion of investment units of any mutual fund, no matter upon the inspection of the company, proceeding of inspection of the company, or upon the notification from the securities company under Clause 11/3, the company shall act as follows:

(1) report to the Office within five business days as from the date on which the mutual fund management company acknowledges or

should have acknowledged such event, excluding the case that deems under the exemption under Clause 14(2) of the Notification of the Securities and Exchange Commission on Establishment of Mutual Funds and Execution of Agreements for Management of Private Funds;

(2) in case of passing a resolution from the investment unit holders, the mutual fund management company shall not include the votes of the person or of persons in the same group for the portion exceeding one third of total outstanding units in the votes in passing a resolution .

(3) proceed to modify a portion of investment units holding of such person or persons in the same group to be the level lower than one third of the total outstanding investment units within two months from the date on which such case appeared, or immediately commence the dissolution of such mutual fund, excluding the case that deems under the exemption under Clause 14(2) and Clause 21/1(1) of the Notification of the Securities and Exchange Commission on Establishment of Mutual Funds and Execution of Agreements for Management of Private Funds;

The mutual fund management company shall specify clearly for the cases in (2) and (3) in the scheme.

Clause 11/3. In the case where any person or persons in the same group hold the investment units on the omnibus account, the mutual fund management company shall provide the regulations for securities company, which owns such account, as follows:

(1) inspecting or proceeding to inspect that any person or persons in the same group in such account hold the investment units of any mutual fund exceeding one third of the total outstanding investment units;

(2) notifying the mutual fund management company immediately when appeared that any person or person in the same group in such account hold the investment units of any mutual fund exceeding one third of the total outstanding investment units;

(3) the vote of any person or persons in the same group for the portion exceeding one third of the total outstanding investment units of any mutual fund shall be excluded from the votes in passing a resolution of investment unit holders in such account.

Clause 11/4. The provision under Clause 11/2 and Clause 11/3 shall not be applicable to the mutual funds registered before 14 March 2006. Such mutual funds shall deem under the rules under Clause 11/5.

Clause 11/5. In case of any mutual fund which has already registered before 14 March 2006 and of which person or persons in the same group holding investment units exceeding one third of the total outstanding investment units, the mutual fund management company shall perform as the followings:

(1) reporting to the Office relating to such case within thirty days as from the date of 14 March 2006. This report shall specify the name of mutual fund, the name of person or persons in the same group holding

investment units exceeding such rate and the total amount of investment units which such person or persons in the same group have hold; and

(2) proceeding by any means of the followings within one year as from the date of 14 March 2006;

(a) having an additional offering for sale of investment units, merger or amalgamation such mutual fund in order to lower the investment units held by person or persons in the same group to the level not exceeding one third of the total outstanding units of such mutual funds;

(b) dissolving of such mutual fund;

(c) undertaking any other acts with the approval of the Office;

In case where the mutual fund management company failed to comply with (2) within the period of time specified by the Office, or already undertake the act, nevertheless; the investment units holding of person or persons in the same group still exceeds one third of the total outstanding investment units. The Office may order the company to dissolve the mutual fund.

Clause 11/6. In case of any mutual fund which has already registered before 14 March 2006 and which person or persons in the same group holding investment units exceeding one third of the total outstanding investment units and it is the case that deems under the exception under Clause 14(2) of the Notification of the Securities and Exchange Commission on Establishment of Mutual Funds and Execution of Agreement for Management of Private Funds, the mutual fund management company shall not proceed in compliance with Clause 11/5(2).

The provision under clause 11/5 shall not apply to the mutual funds having already registered before 14 March 2006 and having the following characteristics:

(1) having been a closed-end mutual fund prescribing the certain expiration date of scheme without the modification of the term of scheme or having been transformed into an open-end mutual fund;

(2) having been an open-end mutual fund which does not have an additional offering for sale of the investment units.

(3) having been a country fund..

Clause 11/7. For the benefit in considering the meaning of persons in the same group under this Notification, it shall be deem that the persons with following relationships shall be considered as persons in the same group:

(1) parents and minor child;

(2) spouse;

(3) juristic person, its shareholder or partner who holds more than ten percents of total outstanding shares or its partnerships, as the case maybe;

(4) juristic person, other juristic persons which such juristic person holds its shares or is its partner more than ten percents of its outstanding shares or of its partnerships, as the case maybe;

(5) private fund of persons under (1)(2)(3) or (4)”.

Clause 2. The provision in (a) of (2) of Clause 76 of the Notification of the Securities and Exchange Commission No. SorKhor/Nor. 1/2549 Re: Rules, Conditions and Procedures for Management of Funds dated 7 February 2006 shall be repealed and replaced with the following provision;

“(a) determine fee shall be collected in the fixed rate or in the percentage of the asset value or the net asset value of the mutual fund”

Clause 3. The following provision shall be added in the second paragraph of Clause 97 of the Notification of the Securities and Exchange Commission No. SorKhor/Nor. 1/2549 Re: Rules, Conditions and Procedures for Management of Funds dated 7 February 2006.

“The provision of Clause 82(1) and (3) shall not be applicable to the retirement mutual funds.”

Clause 4. The following provision shall be added as Clause 108/1 of Chapter 8 Additional Rules for the Exchange Traded Fund under Part 2 Management of Mutual Funds of the Notification of the Securities and Exchange Commission No. SorKhor/Nor. 1/2549 Re: Rules, Conditions and Procedures for Management of Funds dated 7 February 2006

“Clause 108/1. The provisions of Clause 11/2, Clause 11/3 and Clause 11/5 shall not apply. Only prior to and on the first trading day in an organized market. Except for the Exchange Traded Fund established to promote the development of local currencies bond market under the Asian Bond Fund 2 project according to resolution of the Executive’ Meeting of East Asia and Pacific Central Bank (EMEAP), the aforesaid provisions shall not be applied in any period of time.”

Clause 5. This Notification shall come into force as from 14 March 2006.

Notified this 14th Day of March 2006.

- Signature-

Thirachai Phuvanatanarubala
(Mr. Thirachai Phuvanatanarubala)

Secretary-General
Office of the Securities and Exchange Commission

Note:

The reasons for issuing this Notification; currently, the establishment of a retail fund is used for the benefit of any person or persons in the same group, especially the tax benefit of which the mutual fund and the unit holders of such mutual fund gained. Hence, to ensure that the retailed fund is established solely for retail investors, the mutual fund management company should be able to exercise its knowledge and expertise as a professional in managing for the best interest of retail investors. Furthermore, in order to amend the principle of collection in management fee and the cause of the dissolution of the retirement mutual funds to be more appropriate, it is mandatory to issue this Notification.