

(Unofficial Translation)

*Readers should be aware that only the original Thai text has legal force and that this English translation is strictly for reference. The SEC, Thailand cannot undertake any responsibility for its accuracy, nor be held liable for any loss or damages arising from or related to its use.*

-----

**Notification of the Securities and Exchange Commission  
No. SorNor. 5/2550**

**Re: Establishment of a Branch Office and Serving Customers by an Asset  
Management Company outside Its Office Premises and Office Hours**

---

Section 92 of the Securities and Exchange Act B.E. 2535 (1992) permits securities companies to establish a branch office upon approval from the Office where the request for permission and granting permission shall be in accordance with rules, conditions and procedures prescribed by the Securities and Exchange Commission, thus the Commission has issued the Notification of the Securities and Exchange Commission No. KorNor. 2/2550 Re: Rules, Conditions and Procedures for Applying for Permission and Granting Permission to Management Companies to Establish a Branch Office dated 22 May 2007. Section 98(6) of the said Act prohibits any securities company from taking purchase orders or sales orders from customers outside its head office or branch office premises, except the Office prescribes otherwise. Furthermore, section 110 of the same Act prescribes that securities companies shall open up within the hours, and close on the days, as prescribed by the Office, except where the Office grants permission for it to be open on different hours or close on different days. Therefore, in order to clarify rules on granting permission to a management company to establish a branch office together with serving customers outside its office premises and prescribed business hours, the Office hereby notifies as follows:

**Clause 1.** The Notification of the Securities and Exchange Commission No. OrNor. 26/2544 Re: Permission for the Management Company to Take Purchasing Order or Selling Order of Investment Unit of Mutual Fund from Customer Outside the Place of Business of the Investment Management Company, dated 21 December 2001 shall be repealed.

**Clause 2.** In this notification:

“Investor contact person” means a natural person who has been approved to be an investor contact person under the Notification of the Securities and Exchange Commission concerning the Approval of Investor Contact Person and Standards of Conduct;

“Online Branch” means a branch office that provides a self-service platform for customers through the use of prepared electronic devices which such devices are connected to computer or electronic systems of the head office;

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

**Clause 3.** For a private fund management company which has a license to conduct another securities business, if the company has been permitted by the Office to establish a full-service branch office for the other securities business, it shall be deemed that the company has been permitted by the Office to establish a branch office to provide private fund management services for customers.

**Clause 4.** In requesting for permission to establish a branch office, the management company shall submit the form as attached to this Notification.

**Clause 5.** In considering whether the management company has sound financial position, no sign of misconducts or no records which make it inappropriate for the company to expand its business by means of establishing a branch office, and no sign of misconducts or no records which may affect the company’s credibility should it undertake fund management business, and whether the company has prepared for the operations of the branch office to be established, an operating system that is appropriate for servicing customers, as prescribed in clause 5 of the Notification of the Securities and Exchange Commission No. KorNor. 2/2550 Re: Rules, Conditions and Procedures for Applying for Permission and Granting Permission to Management Companies to Establish a Branch Office, dated 22 May 2007, the Office shall take into account the following matters:

(1) shareholders’ equity of the management company as shown in the latest financial statement that has been audited by an auditor approved by the Office shall be no less than the amount that is prescribed in the Notification of the Securities and Exchange Commission concerning Rules Relating to Maintaining of Capital Adequacy and Professional Indemnity Insurance of Management Companies;

(2) the management company is not being incriminated nor prosecuted under the laws, either Thai or foreign, on securities and exchange, finance company, securities company and credit foncier, commercial bank, life insurance, insurance or other laws relating to financial business by an authority in charge. In addition, the management company shall not have records on offences relating to unfair securities trading or mismanagement in the manner of deception, frauds or corruption during the period as prescribed by the Office and no more than three years prior to the date the branch office starts its operation;

(3) the management company is not being incriminated nor prosecuted under the laws, either Thai or foreign, on anti-money laundering by an authority in charge and shall have no records on such offence during the period prescribed by the Office and no more than three years prior to the date the branch office starts its operation;

(4) for the period of twelve months prior to the date the branch office starts its operation, it must not appear that the management company conducts an offence relating to misleading its financial status or actual performance;

(5) the management company is not ordered by the Securities and Exchange Commission or the Office to refrain from expanding, to suspend, or to

rectify its business operation pursuant to section 141, section 142 or section 143 of the Securities and Exchange Act B.E. 2535 (1992);

(6) the management company is not ordered by the Office to rectify serious fault in its operating system or to refrain from establishing any new branch office;

(7) the management company shall demonstrate that the following operating systems have been prepared for the branch office:

(a) internal control system that shows intercommunication between the branch office and the head office;

(b) operating system to prevent the use of securities business for money laundering and financing of terrorism as prescribed by the Notification of the Office of the Securities and Exchange commission regarding Rules, Conditions and Procedures for Establishment of Risk Management System to Prevent the Use of Securities Business for Money Laundering and Financing of Terrorism;

(c) operating system for management of mutual fund and private fund of the branch office that enables the management company to comply with all prescribed rules. Where the application is for an establishment of an online branch, the company shall also demonstrate that:

1. for the case that the management company is going to use the online branch as a channel to provide information on selling of investment units or to provide investment advice or to solicit customers with private fund management plan, the management company has personnel designated as an investor contact person and has a system that allows communication between the investor and the investor contact person when the investor is using the online service;

2. the management company has an operating system to verify the identity of the investor;

(d) security system for customer information and other important information relating to operation of the branch office

In the case where the management company does not comply with (2) to (4), the management company may be granted permission from the Office only when the management company cause the relevant executive or personnel who is responsible for such non-compliance to leave so as such person is no longer be related with the management company.

**Clause 6.** The Office shall complete its consideration on the request under clause 4 within fifteen working days as from the date the Office has notified the management company in writing that the Office has received complete documents.

In the case where the Office requests the management company to explain or to provide additional documents within a specified period, if the management company does not comply nor proceed within the prescribed period, the Office shall deem that the management company no longer intends to make a request for permission under clause 4.

**Clause 7.** The management company which has received permission to establish a branch office shall name the branch office by having the words “branch office” at the front followed by the name of the management company.

**Clause 8.** In the case where the branch office shares the premises with other people, the management company shall proceed as follows:

(1) arrange to have space for the branch office to serve customers and to store documents separated from space that other people use to provide service and store document;

(2) arrange to have a notice board, which can clearly be seen, indicating the nature of services to be provided on the area under (1).

**Clause 9.** The branch office shall operate within the scope that has been permitted and it does not need to provide every service as per its granted scope. Nevertheless, if the management company intends to expand the scope of services or change the nature of services that is provided by the branch office from the scope that is previously permitted by the Office, the management company shall make another request for permission from the Office prior to such expansion or change.

In the case where the management company has been permitted to establish a branch office which is not an online branch, the management company shall arrange for the branch office to have a manager appointed by the head office to manage the operation and personnel of the branch office within the permitted scope of services.

**Clause 10.** The online branch shall perform only the following duties:

(1) acceptance of request from customer to open an account so as to forward the request to a branch office or head office for approval;

(2) acceptance of purchase and sales orders for investment units including acceptance of payment for subscription or redemption of investment units which shall comply with the rules on electronic trading of investment units;

(3) providing advice on investment or fund management by investor contact persons;

(4) distribution of prospectus or other information in which the management company must disclose to investor;

(5) other necessary duties as prescribed by the Office.

The management company shall appoint a person responsible for maintaining the electronic system under paragraph one. Such person may be an officer from the head office or a manager from a branch office.

**Clause 11.** For a management company that is going to close any branch office either temporarily or permanently, the date which the management company closes such branch office shall be deemed the date permission to establish such branch office has been terminated. The management company shall notify the Office no less than one day prior to the closing date of such branch office and shall clearly place a notice board at such branch office for at least thirty days.

**Clause 12.** Upon occurrence of the following incidents, the Office may order a temporary or permanent closure on a branch office or order the management company to refrain from establishing a new branch office:

(1) it appears that the branch office operates with dishonest and without due care to the interests of investors;

(2) the branch office has serious fault in its operating system;

(3) the management company is unable to maintain the qualifications or it has a statutory disqualification as prescribed under clause 5.

**Clause 13.** The management company may provide services to customers outside the office hours which are prescribed by the Office only if the management company has publicly and generally announced its opening hours.

The management company may temporarily accept purchase or sales orders outside the head office or a branch office.

The management company shall prepare a report containing details on providing services to customers outside prescribed office hours and not on premises of the head office or branch office, as the case may be, for every calendar year and shall keep the report at the head office for the period of no less than five years as from the last date of that calendar year for inspection by the Office.

**Clause 14.** In the case where there is such error with the computer devices or electronic devices in the connecting system between an online branch and the head office that causes the online branch being unable to provide services to customers, the online branch may cease to provide services temporarily until such error has been eliminated.

**Clause 15.** This notification shall come into force as from 1 June 2007.

Notified this 29<sup>th</sup> Day of May 2007.

(Mr. Theerachai Phuvanatanarubala)

Secretary-General

The Office of the Securities and Exchange Commission

**Remark:**

The rationale for issuing this notification is as follows: to clearly prescribe criteria for permission to establish a branch office of a management company as well as the rules in relation to providing services outside the premises of the branch office and outside prescribed office hours.