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**Notification of the Office of the Securities and Exchange Commission**  
**No. SorNor. 21/2551**  
**Re: Acts that may Create Conflicts of Interest on Fund Management**  
**and Protective Rules**  
**(No. 2)**

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By virtue of the Section 126(1) of the Securities and Exchange Act B.E. 2535 (1992) and Section 139(5) of the Securities and Exchange Act B.E. 2535 (1992) as amended by the Securities and Exchange Act (No.2) B.E. 2546 (2003) which contains certain provisions relating to the restriction of rights and liberties of persons, which Section 29 in conjunction with Section 33, Section 34, Section 41, Section 43 and Section 64 of the Constitution of the Kingdom of Thailand so permits by virtue of law, in conjunction with Clause 10, Clause 18(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 Securities and Exchange Commission hereby issues the following regulations:

**Clause 1.** The provision in Clause 13 of the Notification of the Office of the Securities and Exchange Commission No. SorNor. 29/2549 Re: Acts that may Create Conflicts of Interest on Fund Management and Protective Rules dated 19 July 2006 shall be repealed and replaced by the following provision:

**“Clause 13.** When engaging in any affiliated transaction for the fund, the management company shall act in the interests of the fund and may engage in the affiliated transaction for the fund only when an approval is granted by the mutual fund supervisor for the case specified in Clause 14, the conditions specified in Clause 15 are met, or an approval is granted by the mutual fund supervisor or a consent from the client or the provident fund committee, as the case may be, is received for the case specified in Clause 16 or Clause 17. In this regard, the affiliated transaction, whether in the case specified in Clause 14, Clause 15, Clause 16, Clause 17 or any other case, shall comply with the following rules:

(1) being transaction with the best execution for the fund or being vital and beneficial to the fund at that particular time;

(2) being an at arm’s length transaction; and

(3) in cases where such transaction is cross-trading between mutual funds under the same management company, the transaction shall have the following characteristics:

(a) being a transaction which is appropriate to investment policy and necessity of the fund;

(b) not being a trading of investment units between mutual funds under the same management company, which is prohibited under Section 126(3).

When engaging in a transaction under the first paragraph, the management company shall prepare a written agreement and a memorandum containing facts which lead to why the management company considers that such transaction complies with the rules stipulated in the first paragraph so as to enable an inspection by the Office.

Affiliated transaction of the fund under the first paragraph shall not include the transaction in which any related person purchases an investment units of the mutual fund under management of the mutual fund management company.”

**Clause 2.** The provision in Clause 14 of the Notification of the Office of the Securities and Exchange Commission No. SorNor. 29/2549 Re: Acts that may Create Conflicts of Interest on Fund Management and Protective Rules dated 19 July 2006 shall be repealed and replaced by the following provision:

“**Clause 14.** A mutual fund management company may engage in a transaction with the mutual fund under its management only when it is necessary and appropriate and a written approval from the mutual fund supervisor is granted prior to making such transaction. Nevertheless, this provision does not include the case where the mutual fund intends to purchase shares of the mutual fund management company, which is prohibited under Section 126(2).”

**Clause 3.** The provision in Clause 15 of the Notification of Office of the Securities and Exchange Commission No. SorNor. 29/2549 Re: Acts that may Create Conflicts of Interest on Fund Management and Protective Rules dated 19 July 2006 shall be repealed and replaced by the following provision:

“**Clause 15.** After the initial investment, should a mutual fund management company wish to invest in or dispose of real estate or leasehold right of related person for the property fund, the mutual fund management company shall fulfill the conditions specified in Clause15/1 and Clause 15/2.”

**Clause 4.** The following provision shall be added as Clause 15/1 and Clause 15/2 of the Notification of the Office of the Securities and Exchange Commission No. SorNor. 29/2549 Re: Acts that may Create Conflicts of Interest on Fund Management and Protective Rules dated 19 July 2006:

**“Clause 15/1.** When investing in or disposing of real estate or leasehold right of related person for the property fund after the initial investment, should the total value of all transactions made between the property fund and related persons in the same group within any six-month period exceed a hundred million baht or three percent of the net asset value of the mutual fund, whatever lower, the mutual fund management company shall request for a resolution from the unitholders in accordance with the following rules prior to making such transaction:

(1) In cases where the resolution is requested by sending a letter to the unitholders, the resolution shall be passed by more than half of the outstanding investment units which are entitled to voting;

(2) In cases where the resolution is requested by convening a meeting of unitholders, the resolution shall be passed by at least three-fourths of the total investment units of the unitholders who attend the meeting and entitled to cast a vote. In this regard, the meeting shall require a quorum of 25 unitholders or half of all the unitholders. The total number of investment units of the unitholders who attend the meeting shall not be less than one third of the total outstanding investment units of the mutual fund.

For vote counting under the first paragraph, the mutual fund management company shall not take into account investment units of any unitholder who has interest in the investment in real estate or leasehold right.

In cases where related person under the first paragraph is a person prescribed under Clause 20(1)(a)(b)(c)(d)(e)(f)(g), the mutual fund management company shall enclose inspection and certification documents made by the mutual fund supervisor pursuant to Clause 15/2 with the letter requesting for resolution or the notice calling a unitholders’ meeting as stipulated under the first paragraph.

In considering whether persons are of the same group with regards to the first paragraph, the Notification of the Office of the Securities and Exchange Commission governing establishment of mutual funds and execution of agreements for management of private funds shall be observed.

**Clause 15/2.** When investing in real estate or leasehold right after the initial investment with related person under Clause 20(1)(a)(b)(c)(d)(e)(f)(g), the mutual fund management company shall arrange to have the mutual fund supervisor inspect and certify in writing that such investment is an at arm’s length transaction under Clause 13(2).”

**Clause 5.** The provision in (b) of (3) of Clause 20 of the Notification of the Office of the Securities and Exchange Commission No. SorNor. 29/2549 Re: Acts that may Create Conflicts of Interest on Fund Management and Protective Rules dated 19 July 2006, shall be repealed.

**Clause 6.** This Notification shall come into force from 1 August 2008.

Notified this 14<sup>th</sup> day of July 2008.

-Signature-  
(Mr. Prasong Vinaiphat)  
Deputy Secretary-General  
Acting Secretary-General  
The Office of Securities and Exchange Commission

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**Remark:** The reason for issuing this Notification is to clearer determine the characteristics of transaction which the mutual fund is allowed to make with related person and to specify the rules for prevention of conflicts of interest between the property fund and related person in cases where the property fund intends to invest in real estate or leasehold right of the mutual fund management company or of any related person of the mutual fund management company.