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Notification of the Capital Market Supervisory Board

No. TorNor. 76/2552

Re: Rules, Conditions and Procedures for Liquidation of Mutual Funds

By virtue of Section 16/6 of the Securities and Exchange Act B.E. 2535 (1992) as amended by the Securities and Exchange Act (No. 4) B.E. 2551 (2008) and Section 130 of the Securities and Exchange Act B.E. 2535 (1992) which contains certain provisions in relation to the restriction of rights and liberties of persons, which Section 29 in conjunction with Section 33, Section 34, Section 41, Section 43, Section 44 and Section 64 of the Constitution of the Kingdom of Thailand so permit by virtue of law, the Securities and Exchange Commission acting as the Capital Market Supervisory Board under Section 60 of the Securities and Exchange Act (No. 4) B.E. 2551 (2008) hereby issues the following regulations:

Clause 1. In this Notification:

“securities company” means a securities company licensed to undertake securities business in the category of mutual fund management.

Clause 2. This Notification shall not apply to the mutual fund which the notification of the Capital Market Supervisory Board has specifically prescribed rules, conditions and procedures for liquidation of such mutual fund.

Clause 3. The management company managing any mutual fund may be the liquidator of such mutual fund or may appoint other person as prescribed by the Office as the mutual fund’s liquidator only when it has obtained an approval from the Office according to rules and procedures prescribed by the Office.

Clause 4. Upon an appointment of the liquidator, the management company shall:

(1) deliver to the liquidator the mutual fund’s accounts and related documents certified by the management company, and arrange for the fund supervisor to deliver

the mutual fund's accounts and related documents to the liquidator within five business days as from the dissolution date of the mutual fund;

(2) deliver to the liquidator financial statements, as of the dissolution date of the mutual fund, which are audited and given opinions on by the auditor of the mutual fund and certified by the management company, within fifteen business days as from the dissolution date of the mutual fund;

Where it is necessary and reasonable, the Office may extend the period of time specified in the first paragraph.

Clause 5. The liquidator shall have powers and duties as follows:

(1) collecting and receiving assets of the mutual fund or assets which the mutual fund is entitled to receive from other persons;

(2) disposing of the mutual fund's assets and converting into cash, bank deposits, or promissory notes issued by commercial banks or finance companies;

(3) repaying debts on behalf of the mutual fund and paying fees, charges, compensation, including any other expenses incurred from the liquidation;

(4) distributing to the unitholders whose names appear on the register of unitholders on the dissolution date of the mutual fund money or assets remaining after the payment of debts;

(5) applying for registration of the dissolution of the mutual fund with the Office;

(6) transferring ownership of any remaining assets to the Office;

(7) undertaking any other actions as deemed necessary for the completion of the liquidation;

The liquidator may delegate the duty of disposal of the mutual fund's assets according to (2) of the first paragraph to the management company. Where there is necessary and reasonable ground that the disposal cannot be conducted justifiably, the liquidator, the management company, and the fund supervisor shall together determine an appropriate proceeding for such assets by taking into account the mutual fund's best interest;

The payment of fees, charges, and any other expenses incurred from the liquidation according to (3) of the first paragraph shall be made prior to the repayment of other debts.

Clause 6. The liquidator shall deposit the mutual fund's assets into the custody of the fund supervisor, and shall be responsible for the deposit and payment of assets or money of the mutual fund.

Clause 7. Within five business days from the date on which the accounts and related documents of the mutual fund according to (1) of the first paragraph of Clause 4 have been received, the liquidator shall proceed as follows:

(1) issue notices to the creditors whose names appear in the accounts and related documents of the mutual fund, instructing them to submit demand for debt repayment to the liquidator within ten business days from the date of receipt of the notice;

(2) issue notices to the debtors whose names appear in the accounts and related documents of the mutual fund, instructing them to repay the debts to the liquidator within reasonable time, and demand for repayments as deemed appropriate, taking into account the mutual fund's best interest.

The submission of the notices to the creditors and the debtors according to the first paragraph shall be made through registered mail with advice of delivery, or through other methods with evidence of delivery.

Clause 8. After all debts has been repaid or the money for debt repayment has been set aside, the liquidator shall distribute, proportionally to the unitholders' holding, the remaining money to the unitholders whose names appear on the register of unitholders on the dissolution date of the mutual fund. Once such process has been carried out, the liquidation shall be deemed to be completed.

In distributing money to the unitholders according to the first paragraph, the liquidator shall also submit the following documents to the unitholders:

(1) a copy of financial statements for the period from the dissolution date of the mutual fund to no more than five business days prior to the date of submitting the final proceeds to the unitholders which shall include:

- (a) a statement of revenue and expenditure;
- (b) a statement of income and expense;
- (c) a statement of unitholders' equity;

(2) a detail of the proceeds returned to the unitholders which shall be calculated in value per unit;

The statement under (1) of the second paragraph shall be audited and given opinions on by an auditor approved under the notification of the Office of the

Securities and Exchange Commission governing approval for auditors, or the notification of the Office of the Securities and Exchange Commission governing approval for auditors of securities companies and finance companies.

Clause 9. Where the creditors do not serve to the liquidator notices calling for repayment of debts, or the unitholders do not collect money or assets, or do not draw the money from the cheque paid from the distribution of the assets, the liquidator shall deposit money equal to the amount of such debts or cheques or shall deposit such assets and deposit money to secure payments of related costs at the deposit office according to the law, regulation, and rule on property deposit. The liquidator shall also submit notices to the creditors or the unitholders whose names appear in the accounts and related documents of the mutual fund notifying such deposit of money or assets through registered mail with advice of delivery, or through other methods with evidence of delivery. In this regard, the liquidator shall undertake any other actions as deemed necessary to ensure that the Office will be authorized to withdraw such deposited money or assets, if the creditors or the unitholders do not file claims within ten years from the date of receipt of the notice.

Clause 10. The liquidator shall complete the liquidation within ninety days from the dissolution date of the mutual fund. After the liquidation is completed, the liquidator shall then apply for registration of the dissolution with the Office, as well as submit a report on the liquidation results as per the form provided in the Office's electronic system within thirty days from the date on which the liquidation is completed, unless the unitholders fail to collect money or assets or fail to draw the money from the cheque paid from the distribution of the assets, in which case the liquidator shall apply for registration of the dissolution of the mutual fund after six months from the date on which the liquidation is completed but not exceeding one year from the date on which the liquidation is completed, except where it is necessary and reasonable and the Office's approval is obtained.

Clause 11. In cases where the liquidator fails to complete the liquidation within the period specified in Clause 10, the liquidator shall submit to the Office the request for extending the liquidation period indicating the reasons for such request. The Office may grant a waiver on the liquidation period and may order the liquidator to undertake any specific actions to accelerate the process of liquidation as deemed appropriate. The liquidator shall also submit to the Office a monthly report on the progress of liquidation until the liquidation is completed.

The provision under the first paragraph shall not apply to the liquidation of property funds for solving financial institutions problems and property and loan funds.

Clause 12. Where the liquidator is unable to perform its duties for any reasons, such liquidator shall without delay hand over all documents of the mutual fund as well as an updated report on the progress of liquidation to the management company, and the management company shall:

(1) appoint a new liquidator within ten business days from the date on which the liquidator is unable to perform its duties;

(2) notify the Office in writing within five business days from the date on which the new liquidator has been appointed;

(3) deliver all documents of the mutual fund to the new liquidator within five business days from the date on which the new liquidator has been appointed;

The Office may extend the time period specified in the first paragraph as deemed necessary and reasonable,

Clause 13. After the Office accepts the registration of the dissolution of the mutual fund, the liquidator shall deliver a copy of such document to the management company and the fund supervisor, and also deliver the mutual fund accounts and all related documents to the management company managing that fund. The management company shall keep such documents for at least ten years from the date of registration of the dissolution of the mutual fund.

Clause 14. All notifications of the Office of the Securities and Exchange Commission, orders and circular letters issued under or prescribing guidelines for compliance with the Notification of the Securities and Exchange Commission No. KorNor. 9/2540 Re: Rules, Conditions and Procedures for Liquidation of Mutual Funds dated 17 February 1997 which are in effect prior to the effective date of this Notification shall remain in full force to the extent that they are neither inconsistent with nor contrary to the provisions of this Notification until notifications, orders and circular letters issued under or prescribing guidelines for compliance with this Notification come into force.

Clause 15. Any reference made in any other notifications to the Notification of the Securities and Exchange Commission No. KorNor. 9/2540 Re: Rules, Conditions and Procedures for Liquidation of Mutual Funds dated 17 February 1997 shall mean reference to this Notification.

Clause 16. This Notification shall come into force as from 1 September 2009.

Notified this 3rd day of August 2009.

-Signature-
(Vijit Supinit)
Chairman

Securities and Exchange Commission

Remark: The rationale for issuing this Notification: As the Securities and Exchange Act (No. 4) B.E. 2551 (2008) stipulates that the issuance of rules on liquidation of mutual funds is under the authority of the Capital Market Supervisory Board, it is therefore deemed appropriate to issue this Notification as replacement for the Notification of the Securities and Exchange Commission No. KorNor. 9/2540 Re: Rules, Conditions and Procedures for Liquidation of Mutual Funds dated 17 February 1997.