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**Notification of the Capital Market Supervisory Board
No. TorKhor. 68/2552**

**Re: Rules, Conditions and Procedures for Undertaking of Investment Advisory
Business and Appointment of Investment Advisory Agent**

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), the second paragraph of Section 100, Section 109 and Section 115 of the Securities and Exchange Act B.E. 2535 (1992) which contain 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:

(1) “investment advisory company” means a securities company licensed to undertake securities business in the category of investment advisory service;

(2) “investment advisory agent” means a natural person who is not a director or an employee of an investment advisory company and appointed by the investment advisory company as agent for giving advices;

(3) “investor contact” means a person who performs duties in contacting, soliciting, giving advice or planning investment for investors or clients of a securities company. There are two categories of investor contacts which are category A investor contact who is allowed to conduct analysis of securities investment and category B investor contact who is not allowed to conduct analysis of securities investment;

(4) “client” means a person who agrees to receive advisory services from an investment advisory company;

(5) “giving advice” means giving of advice, whether directly or indirectly, concerning the value of securities or the suitability of investing in such securities, or the purchase or sale of any securities;

(6) “general advice” means giving of advice to any person without taking into consideration investment objectives, financial position and needs of such person;

(7) “specific advice” means giving of advice to any person which is suitable for investment objectives, financial position and needs of such person;

(8) “collateral” means a collateral for compensation of damage to a client arising from incorrect or incomplete performance of duties of an investment advisory company, including :

(a) insurance policy of an insurance company;

(b) letter of guarantee of a commercial bank, a finance company, or a financial institution established under specific law;

(c) any other collateral as specified by the Office.

(9) “liquid assets” means the following assets which are free from encumbrance:

(a) cash and bank deposit;

(b) certificate of deposit or promissory note issued by a commercial bank, a bank established under specific law, a finance company or a credit foncier company;

(c) treasury bill, government bond, state enterprise bond, Bank of Thailand bond, Financial Institutions Development Fund bond and bond or debt instrument issued by the Ministry of Finance;

(d) any other liquid assets specified by the Office.

(10) “mutual fund rating” means giving of advice or opinion regarding the value or suitability of investment in mutual funds in a comparative manner in which a sign or any other symbol may be given to support such opinion;

(11) “person with power of management” means a person responsible for a line of work relating to providing of investment advisory service, ranked from the level of department director to manager;

(12) “department director” means a person responsible for internal operation of a department of a company;

(13) “manager” means a person appointed by the board of directors of an investment advisory company to assume the highest responsibility in management of the investment advisory company, regardless of which title is called;

Clause 2. In providing investment advisory service, an investment advisory company shall at least undertake the following actions. In cases where the investment advisory company intends to arrange mutual fund rating, it shall also comply with Clause 3.

(1) putting in place work systems ready for undertaking investment advisory business as approved by the Office, which include an internal control system in respect of giving advice, and a system for monitoring investment of the investment advisory company, persons with power of management, investor contacts and investment advisory agents;

(2) providing a compliance supervisor of the investment advisory company to be responsible for the issuance of rules on prevention of conflict of interest and internal control of such investment advisory company, as well as supervise investor contacts and investment advisory agents to comply with law, related notifications and professional standards;

In cases where the investment advisory company intends to change the work systems as approved by the Office under the first paragraph, it shall give a prior notice in writing to the Office. Unless the Office gives an objection in writing within fifteen days from the date of receiving the notice, the investment advisory company may change such work systems.

Clause 3. An investment advisory company shall arrange mutual fund rating only after obtaining an approval from the Office in accordance with the following rules:

(1) having work systems ready for undertaking mutual fund rating business and being able to demonstrate that the criteria used in mutual fund rating are based on academic principles which can reflect the purpose of mutual fund rating without causing misunderstanding in material information of such mutual fund rating;

(2) having shareholding structure, organizational structure, scope of business operation, directors, managers, department directors and persons with power of management, based on reasonable grounds, having no interest which may cause the lack of independency in arranging mutual fund rating, and being able to operate business impartially and fairly.

The investment advisory company shall submit an application for approval to the Office as per the form provided in the Office’s electronic work system.

The Office shall complete the consideration of the application for approval within forty-five days from the date of receiving the application together with correct and complete documentary evidence.

Clause 4. In providing investment advisory service, the investment advisory company shall maintain either collateral or liquid assets or both in adequate value as specified by the Office, and calculate and report the maintenance of collateral and liquid assets adequacy in accordance with rules and procedures specified by the Office.

The provisions under the first paragraph shall not apply to an investment advisory company licensed to undertake other category of securities business prior to the date of filing an application for a securities business license in the category of investment advisory service and shall not apply to an investment advisory company which is any of the following juristic persons:

- (1) a commercial bank or a finance company under the law on financial institution business;
- (2) a life insurance company under the law on life insurance; and
- (3) a financial institution established under specific law.

Clause 5. Without imposing limitation on the power of the Capital Market Supervisory Board under Section 143 to give an order otherwise, an investment advisory company under Clause 4 which is unable to maintain adequate collateral and liquid assets as specified by the Office shall take the following actions:

- (1) preparing a report on the inadequacy of collateral and liquid assets as per the form provided in the Office's electronic work system and submit to the Office within the following two business days;
- (2) making rectification to maintain collateral and liquid assets adequacy for a period of not less than seven consecutive business days, within thirty days from the date on which it is unable to maintain such adequacy, and inform the Office of the rectification within two business days from the date of rectification.

Clause 6. During the period in which the investment advisory company under Clause 4 is unable to maintain collateral and liquid assets adequacy or in the process of making rectification to maintain the adequacy under Clause 5(2), the investment advisory company shall not undertake the following acts until it is able to maintain the adequacy in accordance with the prescribed rules:

- (1) providing services for a new client;

- (2) extending the period of providing services to existing clients;
- (3) undertaking any other act as specified by the Office.

Clause 7. In giving advice, an investment advisory company shall comply with rules specified by the Office and shall provide category A investor contacts approved by the Office as per rules specified by the Office to perform such duty, and shall supervise such category A investor contacts to comply with rules specified by the Office.

In cases where the investment advisory company intends to appoint an investment advisory agent, it shall make an appointment agreement in writing. The appointment agreement shall determine the rights and duties of the investment advisory company and the investment advisory agent which is not inconsistent with nor contrary to this Notification and other relevant notifications. The investment advisory company shall supervise the investment advisory agent to comply with the agreement, this Notification and relevant notifications.

Clause 8. An investment advisory company shall not allow its investment advisory agent to appoint a sub-agent.

Clause 9. An investment advisory company shall prepare the following documentary evidence correctly, completely and up to date, and shall keep them for not less than two years from the date of preparing such documentary evidence:

- (1) client information supporting the giving of advice;
- (2) evidence showing the delivery of documents of acknowledgment of the correctness and completeness of client information which has been changed;
- (3) analysis report and documentary evidence supporting the analysis which the investment advisory company deliver to clients;
- (4) advice given to clients, except where a tape recorder is used for recording the giving of advice, such tape record shall be kept for the period of not less than two months from the day of recording. In cases where there is a client complaint relating to such tape record during such period of two months, it shall be kept until the process of complaint handling is completed;
- (5) document showing the calculation of remuneration received from clients, whether directly or indirectly;
- (6) documentary evidence relating to client complaint;
- (7) information on the purchase, sale or holding shares or share warrants of the investment advisory company, persons with power of management, investor

contacts or investment advisory agents in cases where the purchase, sale or holding shares or share warrants causes such persons to hold shares or share warrants in the amount exceeding five percent of the total sold shares or share warrants of such company, provided that shares and share warrants held by a spouse and a minor child of such persons shall also be included in the calculation.

In cases where the investment advisory company arranges mutual fund rating, the information relating to mutual fund rating and the information supporting such rating shall be kept for not less than two years from the date of disseminating such information.

Clause 10. In rating mutual funds, an investment advisory company shall comply with the following rules:

(1) using information to support mutual fund rating which comes from reliable and referable sources;

(2) rating mutual funds and publishing information on mutual fund rating with honesty, fairness, impartiality, independence and due care, primarily taking into account information recipients;

(3) indicating the objective, criteria and explanation relating to the information on mutual fund rating, as well as the warning statement of risk arising from the use of the information on mutual fund rating. The document prepared for disseminating the information on mutual fund rating shall contain material content of warning that the information on mutual fund rating is only one source of information used for supporting investment decisions and investors should make thorough study before making investment decisions;

(4) providing knowledgeable and expert personnel to explain the information on mutual fund rating upon inquiry;

(5) in case of using a sign or other symbol in rating mutual funds, such sign or symbol shall not be inconsistent with law or public morals;

(6) in cases where the investment advisory company intends to change the criteria of mutual fund rating and the sign or other symbol used in rating mutual fund, it shall notify the Office in writing prior to the change thereof. Unless the Office gives an objection within thirty days from the date of receiving the notice of changing the criteria or fifteen days in case of changing the sign or other symbol, the investment advisory company may change the criteria, sign or symbol used in rating mutual funds;

(7) the investment advisory company shall not arrange mutual fund rating if the company, director, manager, department director or person with power of management involves or has interest, whether directly or indirectly, in such mutual fund

or management company in such a manner that may cause unfairness, non-impartiality and non-independence in arranging mutual fund rating;

(8) the investment advisory company shall not undertake any improper act which may cause damage to information users, mutual funds, asset management companies, or confidence in securities business or capital market as a whole.

Clause 11. An investment advisory company shall submit reports or present documents relating to mutual fund rating on a periodical or occasional basis as prescribed by the Office. In this regard, the Office may also request for explanation or clarification of such reports or documents.

Clause 12. In cases where an investment advisory company violates or fails to comply with Clause 3, Clause 10, or Clause 11 or does any improper act which may cause damage to information users, mutual funds or confidence in securities business or capital market as a whole, the Office shall have power to order the investment advisory company to act, amend or refrain from any act.

In cases where the investment advisory company is unable to act, amend or refrain from any act ordered by the Office under the first paragraph, the approval under Clause 3 shall be terminated.

Clause 13. In cases where any investment advisory agent is employed by more than one investment advisory companies, the investment advisory agent shall, prior to giving advice, declare to clients that such advice is given in its capacity as agent of which investment advisory company.

Clause 14. Prior to giving general advice for the first time, an investment advisory company shall notify the client that securities investment may encounter both return and risk, regardless of using the advice of the investment advisory company or not, and that general advice is given without taking into consideration specific characteristic of each individual, therefore, prior to adopting the advice, the client should consider whether such advice is suitable for the investment objective, financial position and risk tolerance of the client.

Clause 15. In giving specific advice, an investment advisory company shall also act as follows:

(1) distributing a handbook of investment advisory service providing which is prepared in accordance with Clause 16 to the client prior to giving advice to the client for the first time, provided that there shall be evidence showing the distribution of such handbook;

(2) preparing the client's profile, in writing, containing the particulars as specified by the Office and having the client sign for certification of the correctness of

such information. The client's profile shall be updated at least once a year or upon significant change of information, and the updated version shall be sent to the client to sign for certification of the correctness of the updated profile. Unless the client opposes within thirty days from the date on which the investment advisory company delivers the updated profile to the client, such updated profile shall be deemed correct, complete and up to date;

(3) giving suitable advice for the client, taking into account various factors of the client, such as the investment objective, knowledge and understanding about risk and investment, investment experience, financial position, financial obligation, needs and limitation of investment etc.

Clause 16. In preparing the handbook of investment advisory service providing for distribution to the client, plain language and updated information shall be used and the date of making such handbook shall be specified without any statement of advertisement. There shall be at least the following details:

(1) name, address, and license number of the investment advisory company, including other business operation of the company (if any), where only type of other business shall be indicated;

(2) name, address, experience and identification number of the person who performs the duty of giving advice to the client;

(3) statement indicating that the advice is given on behalf of the investment advisory company and the investment advisory company shall be responsible for the advice given to the client;

(4) statement indicating fundamental rights of the client including:

(a) right to be informed of any behavior which may cause conflict of interest;

(b) right to inspect own personal information including the advice that the client received which are kept by the investment advisory company under Clause 11;

(c) right to receive advice suitable for the investment objective, financial position and specific need of each individual client;

(d) right to receive information relating to fundamental factors and risk of recommended securities, including investment strategy;

(5) characteristics of general and specific advice;

(6) measures for prevention of conflict of interest provided by the investment advisory company;

(7) procedures and sources of information used in giving advice to the client;

(8) procedures and basis for calculating fees, including methods of payment of fees or other benefits to the investment advisory company;

(9) procedures for filing complaint, name, address, telephone number of the person or work unit responsible for accepting complaint;

(10) statement of "Securities investment may encounter both return and risk regardless of using the advice of the investment advisory company or not. The advice is given by taking into account the client's profile given to the investment advisory company." contained in a rectangle with the letters of not smaller in size than those of general content:

Clause 17. The provisions of Clause 2 and Clause 9(7) shall not apply to an investment advisory company licensed to undertake securities business in the category of investment advisory service prior to the effective date of this Notification, if the investment advisory company notifies the Office in writing within fifteen days from 1 March 2002 that it does not intend to provide the advisory service at the moment.

If the investment advisory company under the first paragraph intends to resume the advisory service, it shall give prior notice in writing to the Office, for not less than sixty days before resuming the advisory service, and show evidence that it is able to comply with the rules prescribed in this Notification.

Clause 18. 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. 23/2544 Re: Rules, Conditions and Procedures for Undertaking of Investment Advisory Business and Appointment of Investment Advisory Agent dated 14 September 2001 which are in effect prior to the effective date of this Notification shall remain in full force to the extent that they are not 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 19. Any reference made in any other notifications to the Notification of the Securities and Exchange Commission No. KorNor. 23/2544 Re: Rules, Conditions and Procedures for Undertaking of Investment Advisory Business and Appointment of Investment Advisory Agent dated 14 September 2001 shall mean reference to this Notification.

Clause 20. 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 stipulates that the issuance of rules, conditions and procedures for undertaking of investment advisory business and appointment of investment advisory agent 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. 23/2544 Re: Rules, Conditions and Procedures for Undertaking of Investment Advisory Business and Appointment of Investment Advisory Agent dated 14 September 2001.