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Notification of the Capital Market Supervisory Board

No. TorKhor. 56/2552

Re: Rules, Conditions and Procedures for Appointment of Representatives for Sale or Acceptance of Redemption of Investment Units and Marketing Representatives of Private 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 the second paragraph of Section 100 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) “representative” means a person appointed by a management company as representative for sale and acceptance of redemption of investment units, and in the case where the management company is a private fund management company, it shall mean a person appointed by the private fund management company as marketing representative of private funds;

(2) “marketing representative of private funds” means a person appointed by a private fund management company as representative for soliciting clients to enter into an agreement with the private fund management company;

(3) “management company” means a mutual fund management company, a private fund management company, a securities company licensed to undertake securities business in the category of securities brokerage, securities dealing or securities underwriting, and a securities company licensed to undertake securities business in the category of brokerage, dealing or underwriting of investment units;

(4) “mutual fund management company” means a securities company licensed to undertake securities business in the category of mutual fund management;

(5) “private fund management company” means a securities company licensed to undertake securities business in the category of private fund management;

(6) “client solicitation” means soliciting of clients to enter into an agreement with a private fund management company with preparing of investment plans for clients;

Clause 2. A management company may appoint a natural person or a juristic person as its representative in accordance with the following rules:

(1) In case of a natural person, the management company shall appoint a person approved by the Office pursuant to the Notification of the Office of the Securities and Exchange Commission regarding approval for investor contacts and standards of conduct;

(2) In case of a juristic person, the management company shall only appoint a marketing representative of private funds and a representative for sale or acceptance of redemption of investment units in a foreign country.

In appointing a juristic person as marketing representative of private funds under (2) of the first paragraph, the management company shall appoint a juristic person approved by the Office pursuant to the Notification of the Office of the Securities and Exchange Commission regarding approval of juristic persons as marketing representatives of private funds and standards of conduct.

In appointing a juristic person as representative for sale or acceptance of redemption of investment units in a foreign country under (2) of the first paragraph, the management company shall appoint a financial institution or a juristic person in a foreign country which has legitimacy to operate business in sale or acceptance of redemption of investment units under the law of such country and such financial institution or juristic person shall not be a representative for sale or acceptance of redemption of investment units in Thailand whether directly by itself or through its representative office.

Clause 3. In order to ensure that representatives shall render services with honesty and due care for the best interest of investors as well as provide appropriate and adequate information in line with standards of services of the management company, in appointing a representative under Clause 2, the management company shall proceed as follows:

(1) having an agreement, in writing, for appointment of a representative specifying rights and duties of the management company and the representative which are not contrary or opposed to the law on securities and exchange and relevant rules issued by virtue of such law and having a clause prescribing the representative to act and cooperate with the Office in order to comply with the rules on sale or acceptance of redemption of investment units or client solicitation;

(2) having a clause prohibiting the representative from appointing a sub-representative;

(3) overseeing the representative to comply with the clauses of the agreement and the rules on sale or acceptance of redemption of investment units or client solicitation;

(4) handling investor complaints relating to the performance of duties in sale or acceptance of redemption of investment units or client complaints relating to client solicitation arising from the performance of duties of the representative or the employees of the marketing representative of private funds in the similar manner as handling of complaints arising from the performance of duties of its employees.

Clause 4. In addition to the specific provisions hereof, the Office shall have power to issue notifications prescribing detailed rules with respect to the matters specified in this Notification to ensure practical implementation and to enable the Office to inspect such implementation.

Clause 5. In the case where the facts appear to the Office that any management company has acted in violation or non-compliance with the rules prescribed in this Notification, the Office shall order such management company to rectify, undertake or omit from any acts in order to comply with such rules or suspend the approval for appointment of representatives for the specified period or conditions or revoke the approval for appointment of representatives.

Clause 6. 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. KorKhor. 2/2548 Re: Rules, Conditions and Procedures for Appointment of Representatives for Sale or Acceptance of Redemption of Investment Units and Marketing Representatives of Private Funds dated 5 January 2005 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 7. Any reference made in any other notifications to the Notification of the Securities and Exchange Commission No. KorKhor. 2/2548 Re: Rules, Conditions and Procedures for Appointment of Representatives for Sale or Acceptance of Redemption of Investment Units and Marketing Representatives of Private Funds dated 5 January 2005 shall mean reference to this Notification.

Clause 8. 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 appointment of representatives of securities companies 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. KorKhor. 2/2548 Re: Rules, Conditions and Procedures for Appointment of Representatives for Sale or Acceptance of Redemption of Investment Units and Marketing Representatives of Private Funds dated 5 January 2005.