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**Notification of the Capital Market Supervisory Board**

**No. TorNor. 9/2553**

**Re: Rules, Conditions and Procedures for Establishment and  
Management of Property Funds for Solving Financial Institution Problems**

**(No.2)**

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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 117 of the Securities and Exchange Act B.E. 2535 (1992) which contains certain provisions in relation to 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 Capital Market Supervisory Board hereby issues the following regulations:

**Clause 1.** The provision under Clause 32 of the Notification of the Capital Market Supervisory Board No. TorNor. 21/2552 Re: Rules, Conditions and Procedures for Establishment and Management of Property Funds for Solving Financial Institution Problems dated 4 June 2009 shall be repealed and replaced with the following provision:

“Clause 32. In respect of the reduction of mutual fund’s registered capital, the management company is allowed to reduce the number of investment units and make payments to the unitholders in the forms of cash or other assets [pay in kind] pursuant to the rules set forth in Clause 32/1 and Clause 32/2 as the case may be.”

**Clause 2.** The following provisions shall be added as Clause 32/1 and 32/2 of the Notification of the Capital Market Supervisory Board No. TorNor. 21/2552 Re: Rules, Conditions and Procedures for Establishment and Management of Property Funds for Solving Financial Institution Problems dated 4 June 2009:

“Clause 32/1. To reduce registered capital and make cash payment to the unitholders, the management company shall reduce the number of investment units in proportion to the holding of each unitholder, and make payment to the unitholders whose names appear on the register book as of the closing date. In this regard, the value of investment unit shall be based on the net asset value of the mutual fund as of the closing date.

Upon completing the procedure under the first paragraph, the management company shall submit the registration of capital reduction to the SEC Office within five business days via the form provided on the SEC Office’s website. The registration form shall be signed by the authorized director on behalf of the company and in case of proxy the authorized person must hold the position of departmental director or higher, or any other equivalent position called otherwise who is responsible for the line of work relating to the establishment of such fund.

In cases where the scheme stipulates that the capital reduction shall obtain a resolution from unitholders, the management company shall proceed as follows:

(1) disseminate a notice calling for a unitholders’ meeting or a letter requesting a resolution from unitholders. Such documents shall at least contain the information as follows:

(a) the amount of registered capital and the number of investment units of each unitholder to be reduced;

(b) the plan for the capital reduction, the management company’s opinion regarding reasons and necessity of the reduction including the effects to unitholders and the net asset value subsequent to the reduction; and

(c) the book closing date;

(2) obtain the resolution by the majority of unitholders holding in aggregate more than half of the total investment units sold.

Clause 32/2. To reduce the registered capital and make payment to the unitholders, in full or in part, with other assets other than cash [pay in kind], the management company shall obtain the unanimous vote of unitholders, and reduce the number of investment units as well as transfer assets or make any cash payment (if any) to unitholders thereafter.

Upon completing the procedure under the first paragraph, the management company shall submit the registration of capital reduction to the SEC Office within five business days via the form provided on the Office's website. The application shall be signed by the authorized director on behalf of the company and in case of proxy the authorized person must hold the position of departmental director or higher, or any other equivalent position called otherwise who is responsible for the line of work relating to the establishment of such fund.

In obtaining a resolution from unitholders according to the first paragraph, a notice calling for a unitholders' meeting or a letter requesting a resolution from unitholders shall at least contain the information as follows:

- (1) the amount of registered capital and the number of investment units of each unitholder to be reduced;
- (2) the plan for the capital reduction, the management company's opinion regarding reasons and necessity of the reduction including the effects to unitholders and the net asset value subsequent to the reduction; and
- (3) the assets to be transferred, list of unitholders entitled to receive the assets, price of such assets including the acquired price, price according to the appraisal report made not more than six months before the date of reduction, and the transferred price;
- (4) the amount of money to be paid, and list of unitholders entitled to receive payment (if any);
- (5) the book closing date."

**Clause 3.** The provision under Clause 42 of the Notification of the Capital Market Supervisory Board No. TorNor. 21/2552 Re: Rules, Conditions and Procedures for Establishment and Management of Property Funds for Solving Financial Institution Problems dated 4 June 2009 shall be repealed and replaced with the following provision:

"Clause 42. In cases where the management company has acquired any assets in which the mutual funds are not allowed to invest or possess prior to 1 March 2006 by way of repayment of debts, foreclosure of mortgaged property, or purchase from public auction, the management company shall dispose of the said assets so acquired as soon as the first opportunity arises, by taking into account the best interest of unitholders, but in any case no later than 31 December 2010."

**Clause 4.** Form 117-Lor2 attached to the Notification of the Capital Market Supervisory Board No. TorNor. 21/2552 Re: Rules, Conditions and Procedures for Establishment and Management of Property Funds for Solving Financial Institution Problems dated 4 June 2009 shall be repealed.

**Clause 5.** In cases where a mutual fund engaged in capital reduction prior to the effective date of this Notification, the management company shall be allowed to comply with the provision under Clause 32 of the Notification of the Capital Market Supervisory Board No. TorNor. 21/2552 Re: Rules, Conditions and Procedures for Establishment and Management of Property Funds for Solving Financial Institution Problems dated 4 June 2009 prior to the amendment by this Notification until completion of the capital reduction.

**Clause 6.** This Notification shall come into force as from 15 March 2010.

Notified this 15<sup>th</sup> day of March 2010.

- Signature -

(Thirachai Phuvanatanarubala)  
Secretary-General  
Office of the Securities and Exchange Commission  
Chairman  
Capital Market Supervisory Board

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**Remark:** The rationale for issuing this Notification are 1) to revise the rules on capital reduction of mutual fund whereby unitholders may receive payment in the forms of cash or other assets [pay in kind], and 2) to extend the deadline for disposal of assets acquired before 1 March 2006 by way of repayment of debts, foreclosure of mortgaged property, or purchase from public auction.