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9 June 2010

To Manager:

All securities companies licensed to undertake securities business in the category of mutual fund management/private fund management

All mutual fund supervisors

All private fund custodians

President of the Association of Provident Funds

President of the Association of Investment Management Companies

No. Nor. (Wor) 19 /2553 Re: Delivery of Notifications and Clarification Notes

The Office of the Securities and Exchange Commission has issued three notifications as follows:

1. Notification of the Office of the Securities and Exchange Commission No. SorNor.14/2553 Re: Establishment of Mutual Funds and Execution of Agreements for Management of Private Funds (No.3) dated 13 May 2010 (“SorNor. 14/2553”) issued to amend the Notification of the Office of the Securities and Exchange Commission No. SorNor. 22/2552 Re: Establishment of Mutual Funds and Execution of Agreements for Management of Private Funds dated 28 July 2009. (“Notification Re: Establishment”)

2. Notification of the Office of the Securities and Exchange Commission No. SorKhor/Nor.15/2553 Re: Rules, Conditions and Procedures for Management of Funds (No.3) dated 13 May 2010 (“SorKhor/Nor. 15/2553”) issued to amend the Notification of the Office of the Securities and Exchange Commission No. SorKhor/Nor.23/2552 Re: Rules, Conditions and Procedures for Management of Funds dated 28 July 2009. (“Notification Re: Management”)

3. Notification of the Office of the Securities and Exchange Commission No. SorBor. 16/2553 Re: Determination of Fees for Filing, Registration and Other Applications (No. 22) dated 13 May 2010 (“SorBor. 16/2553”) issued to amend the Notification of the Office of the Securities and Exchange Commission No. SorBor. 28/2547 Re: Determination of Fees for Filing, Registration and Other Applications dated 7 July 2004. (“Notification Re: Fees”)

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To ensure that business operators have common understanding and act in compliance with the Notifications, the SEC Office hereby clarifies the substances of the notifications and relevant procedures as follows:

1. Approval for establishment of mutual fund.

1.1 Repeal of shelf registration (Clause 1 and Clause 3 of SorNor. 14/2553). However, should the management company whose application for mutual fund establishment has been approved by or has been submitted to the SEC Office prior to the effective date of this Notification, the management company may proceed with the establishment of such fund under shelf registration in accordance with the preceding rules (within one year from the date when the SEC Office notifies the result of its consideration).

1.2 Classification of methods for submission of mutual fund establishment application to the SEC Office into two categories:

1.2.1 Applications for normal approval of mutual fund establishment (Clause 9 – Clause 12 of the Notification Re: Establishment), the management company shall obtain an approval for establishment of mutual fund if:

(1) details of the fund scheme and supporting documents comply with prescribed rules and the management company is not being temporarily suspended from submission of applications for establishment of mutual fund;

(2) the SEC Office will consider the application for mutual fund establishment within 45 days as from the date when the SEC Office receives complete application and supporting documents;

(3) the SEC Office may not grant an approval for the establishment of mutual fund if the SEC Office has a reasonable ground to suspect that the true objective of such establishment of mutual fund is to avoid compliance with provisions under the law on securities and exchange.

1.2.2 Applications for automatic approval of mutual fund establishment (Clause 13 – Clause 16/5 of the Notification Re: Establishment)

(1) the submission of automatic approval application shall be made through the SEC Office's OFAM System of which the procedures will be as specified in the operating manual for automatic approval attached hereto;

(2) the mutual fund eligible to obtain automatic approval shall be a non-complex fund with the following characteristics:

(a) It shall not be a feeder fund;

(b) If the fund invests in foreign countries, it shall have a policy to reduce or fully hedge foreign exchange risk;

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- purpose;
- (c) It shall not invest in derivatives except for hedging
- (d) It shall not invest in structured notes;
- units;
- (e) There shall be no classification of investment
- simple;
- (f) The term on return payment is straightforward and
- (g) Such fund does not possess any characteristics for which an approval or a waiver from the SEC Office is needed;

(3) Additional requirements for automatic approval include:

(a) the mutual fund scheme and draft commitment between unitholders and the management company shall contain a provision indicating that if the management company violates or fails to comply with the rules for automatic approval for establishment of mutual funds and such violation or failure to comply causes damage to investors, the management company shall remedy such damage without delay and in the event of any dispute between the management company and investors, the management company will voluntarily settle the dispute through arbitration;

(b) the management company shall arrange to have a representation that the information contained in the application and supporting documents complies with the automatic approval criteria and such representation shall be signed by authorized directors of the company or in case such authority is delegated, the delegatee shall hold the position of department director or higher or any equivalent position called otherwise who is responsible for overseeing mutual fund establishment. In this regard, such persons shall also subscribe for electronic certification for using digital signature (the details appear in the operating manual for submission of automatic approval application);

(4) It shall be deemed that the approval for establishment of mutual fund has been granted after the SEC Office receives complete and accurate application and supporting documents and the management company has paid related fee. In this regard, automatic approval applications submitted via the SEC Office's system within 3.30 p.m. will be deemed approved on the date of submission and applications submitted after 3.30 p.m. will be deemed approved on the next business day whereby the SEC Office will notify the result of the applications to the applicants via email on the date of approval.

2. Scheme amendment

As some management companies have established a practice of obtaining approvals for mutual fund establishment without any actual plan or intention to offer for sale at such time, but later request for several amendments to the schemes prior

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to actual offerings of such funds, resulting in duplicate work for the SEC Office in reviewing such fund schemes, to ensure that management companies have considered and reviewed relevant information before submitting applications for mutual fund establishment, the SEC Office hereby revises the fees for scheme amendment based on the items listed in the system for submission of application to establish mutual funds as follows:

2.1 Management companies shall pay a fee for scheme amendment at a specified rate (Baht5,000 per item¹) except in the following cases: (Clause 16/9 of the Notification Re: Establishment, Clause 45/1 of the Notification Re: Management, and Clause 18(9) of the Notification Re: Fees)

- (1) fast track amendment²;
- (2) scheme amendment by unitholders' resolution;
- (3) scheme amendment for changing of fund supervisor;
- (4) scheme amendment for reduction of the mutual fund's fees or expenses;
- (5) scheme amendment for the fund which is under the SEC Office's consideration for approval of fund establishment;

In this regard, the management companies shall not charge scheme amendment fees to the fund.

2.2 The SEC Office may not accept a request for material scheme amendment which may affect key features of such previously approved mutual fund and shall request the management company to resubmit a new application; (Clause 16/10 of the Notification Re: Establishment)

2.3 Scheme amendment during IPOs shall be prohibited as such amendment may affect investors' decision making; (Clause 16/9 of the Notification Re: Establishment)

2.4 The SEC Office shall notify the management company the result of its consideration within 30 days as from the date when the SEC Office receives complete application and supporting documents, except in case of fast track amendment, which shall be deemed approved when the SEC Office receives such complete request and supporting documents. (Clause 45/1 and Clause 46 of the Notification Re: Management)

¹ Details of the fees for the scheme amendment as prescribed in Clause 18(9) of the Notification No. SorBor. 16/2553.

² Fast track can be done if the amendment is deemed to be beneficial to the unitholders of a mutual fund or for compliance with rules and regulations provided that a representation by the fund supervisor is obtained. When the SEC Office receives a complete and accurate request and supporting documents, it shall be deemed that the SEC Office has granted an approval to such scheme amendment.

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3. Extension of the period for carrying out IPO of investment units after obtaining an approval from the SEC Office: such period has been extended from one to *two years*. (Clause 19 of the Notification Re: Establishment)

4. Fees (the Notification Re: Fees)

The SEC Office has revised the fees in accordance with its operating costs, as well as set out the fees relating to the applications for automatic approval of mutual fund establishment as follows:

4.1 Application for establishment of funds (Clause 18(1) – (2));

Types of Application	Current (Baht)	New
Application for normal approval	50,000	100,000
Application for automatic approval	-	25,000

4.2 Request for scheme amendment (Clause 18(9)), Baht5,000 per item;

4.3 Request for a waiver in case the management company submits an application for automatic approval that does not comply with the rules and conditions prescribed by the Notification shall be as follows:

(1) Waiver request fee: Baht100,000 per request (Clause 18(10))

(2) Payment of the Baht75,000 difference between the fees of applications for normal approval and automatic approval (Clause 16/2 the second paragraph (2) of the Notification Re: Establishment)

4.4 Revision on fees for property funds (Clause 18(3) and Clause 18(7)(c))

Consideration of applications for establishment or capital increase of property funds consume more resources and time than other types of mutual funds. In addition, raising capital through property funds is quite similar to raising capital through public offerings of debentures³ and usually with a longer period of utilization (for example, a property fund may have 30-year leasehold right, comparing to long-term debenture of which the maturity is usually no longer than 10 years). After taking into

³ 0.01% of issue size, minimum of Baht30,000 and maximum of Baht500,000

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consideration the above facts, the SEC Office hereby revises the fees for property funds as follows:

Fee	Property Fund	
	Current (Baht)	New
Application for establishment	75,000	100,000
Request for capital increase	-	100,000
Fee for capital registration	2,000 for every 100 million (0.002% of registered capital) minimum 20,000 maximum 150,000	10,000 for every 100 million (0.01% of registered capital)

5. Effective date

From 16 June 2010 onwards.

Please be informed and comply accordingly.

Yours sincerely
(Prakid Punyashthiti)

Director

Investment Management Supervision Department
For Secretary-General

Enclosure:

1. Notification of the Office of the Securities and Exchange Commission No. SorNor. 14/2553 Re: Establishment of Mutual Funds and Execution of Agreements for Management of Private Funds (No.3) dated 13 May 2010;

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2. Notification of the Office of the Securities and Exchange Commission No. SorKhor/Nor. 15/2553 Re: Rules, Conditions, and Procedures for Management of Funds (No.3) dated 13 May 2010;
3. Notification of the Office of the Securities and Exchange Commission No. SorBor. 16/2553 Re: Determination of Fees for Filing, Registration and Other Applications (No. 22) dated 13 May 2010;
4. Operating manual for submission of automatic approval application.

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