

(UNOFFICIAL TRANSLATION)

Readers should be aware that only the original Thai text has legal force, and that this English translation is strictly for reference.

Notification of the Securities and Exchange Commission

No. Kor Thor. 3/2561

Re: Maintenance of Capital of Mutual Fund Management Companies, Private Fund Management Companies, Securities Brokers and Dealers, and Underwriters Limited to Investment Units and Derivatives Fund Management Companies

By virtue of Section 14 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 97 of the *Securities and Exchange Act B.E. 2535 (1992)* and Section 9 and Section 49 of the *Derivatives Act B.E. 2546 (2003)*, the Securities and Exchange Commission hereby issues this Notification with details as follows:

Clause 1 The *Notification of the Securities and Exchange Commission No. Kor Nor. 20/2552 Re: Maintenance of the Capital Adequacy of Management Company* dated 3 August 2009 shall be repealed.

Clause 2 In this Notification:

“*intermediary*” means the *intermediary* under Clause 3;

“*mutual fund management company*” means a mutual fund management company, notwithstanding whether it also operates as the derivatives fund manager;

“*private fund management company*” means a private fund management company, notwithstanding whether it also operates as the derivatives fund manager;

“*maintenance of capital*” means maintenance of capital adequacy or financial condition of the *intermediary*;

“*shareholders’ equity*” means the *shareholders’ equity* shown in the most recent financial statement adopting the calculation method in accordance with the financial report standard stipulated by the Accounting Standards-Setting Committee under the *Law on Accounting Professions*¹;

“*provident fund*” means the *provident fund* under the *Law on Provident Fund*².

Clause 3 This Notification shall apply to the following *intermediaries*:

- (1) *mutual fund management company*;
- (2) *private fund management company*;

¹ The Law on Accounting Professions means the *Accounting Professions Act B.E. 2547 (2004)*.

² The Law on Provident Fund means the *Provident Fund Act B.E. 2530 (1987)*.

(3) securities company engaging in securities brokerage, securities dealing or underwriting of investment units, certificates of trust having characteristics similar to the mutual fund or other securities stipulated by the SEC as securities with investment characteristics similar to investment units, but not including the aforesaid *intermediaries* which possess any of the following characteristics:

- (a) investing in or holding securities for investment by itself;
- (b) trading securities listed on the Stock Exchange of Thailand for its clients through a member of the Stock Exchange of Thailand.

Clause 4 This Notification shall not apply to the following *intermediaries* under Clause 3(3) and Clause 5(2):

- (1) the *intermediary* being subject to the regulation of financial condition under other laws;
- (2) the *intermediary* having the duty to maintain the net capital under the *Notification of the Securities and Exchange Commission concerning Maintenance of Net Capital*;
- (3) the *intermediary* having obtained approval from the SEC Office to suspend its business and having been suspending its business as approved.

Clause 5 The *maintenance of capital* of the *intermediaries* shall be in accordance with the following criteria:

- (1) in case of the management company engaging in one or several businesses as follows, the provision of Clause 6 shall apply:
 - (a) having management of the following mutual funds:
 - 1. Property fund;
 - 2. Property fund for resolving financial institution problems;
 - 3. Mutual fund for resolving financial institution problems;
 - 4. Property and loan fund;
 - 5. Infrastructure fund.
 - (b) acting as the trustee or the trust manager for the real estate or infrastructure investment trust.
- (2) in case of the management company not engaging in any business under (1) (a) or (b), it shall maintain the capital in accordance with the criteria and conditions stipulated in the document relating to *maintenance of capital* of *intermediaries* under the notification concerning the *maintenance of capital* Table 1: *Maintenance of Capital* of Management Company under Clause 5(2) of the notification concerning the *maintenance of capital* annexed to this Notification;

(3) in case of the *intermediary* under Clause 3(3), the capital shall be maintained in accordance with the criteria and conditions stipulated in the document relating to *maintenance of capital of intermediaries* under the notification concerning the *maintenance of capital* Table 2: *Maintenance of Capital of Intermediaries* under Clause 3(3) of the notification concerning the *maintenance of capital* annexed to this Notification, except for the *intermediary* which has all of the following characteristics the capital of not less than Baht 100,000 shall be maintained:

(a) engaging only in securities brokerage of investment units, certificates of trust having characteristics similar to the mutual fund or other securities stipulated by the SEC as securities having investment characteristics similar to investment units;

(b) not holding the clients' assets in its possession;

(c) being qualified and having given notice of intention to the SEC Office in accordance with the *Notification of the Capital Market Supervisory Board concerning Provisional Criteria for Conduct of Business by Securities Companies and Specific Categories of Derivatives Intermediaries*.

Clause 6 The management company under Clause 5(1) shall maintain the capital as follows:

(1) in case of the management company not being subject to regulation of financial condition under any other law and not having the duty to maintain the net capital under the notification of the Securities and Exchange Commission regarding the maintenance of net capital, the *shareholders' equity* as at the end of the last day of each month shall be maintained in accordance with the following criteria:

(a) in case of the *mutual fund management company*, the *shareholders' equity* of not less than Baht 20 million shall be maintained;

(b) in case of the *private fund management company* not being the *mutual fund management company* and having management of the *provident fund*, the *shareholders' equity* of not less than 20 baht million shall be maintained;

(c) in case of the *private fund management company* not being the *mutual fund management company* and not having management of the *provident fund*, the *shareholders' equity* of not less than Baht 10 million shall be maintained;

(2) in case of the management company being subject to the regulation of financial condition under any other law or being required to maintain the net capital under the notification of the Securities and Exchange Commission regarding the maintenance of net capital, the capital or financial condition of not less than the criteria of such law or notification, as the case may be, shall be maintained.

Clause 7 For compliance with this Notification, the SEC Office shall be empowered to:

(1) clearly stipulate in detail the the criteria of the provisions under this Notification to ensure the *intermediaries*' corresponding compliance with this Notification, provided that the determination of such criteria may be based on the categories of the *intermediaries*;

(2) stipulate in detail the guideline for the provisions under this Notification for use as the guideline which is appropriate to and in consistent with this Notification and upon its compliance with such guideline, the intermediary shall be deemed as having complied with the stipulations of this Notificaiton in relation to the guideline.

Clause 8 This Notification shall come into force from 1 April 2018.

Notified this 17th day of January 2018.

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(Mr. Voravidh Champheeratana)
Chairman
Securities and Exchange Commission