

(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 18/2563

**Re: Determination of Types of Financial Services of
Person Approved to Participate in Regulatory Sandbox to Experiment and
Develop Innovation in Support of Service Provision Related to Capital Market
Which Are Not Deemed an Undertaking of Securities Business
For Which an Approval Is Required**

By virtue of Section 4/1 of the *Securities and Exchange Act B.E. 2535 (1992)*, as amended by the *Securities and Exchange Act (No. 6) B.E. 2562 (2019)*, and Section 14 of the *Securities and Exchange Act (No. 4) B.E. 2551 (2008)*, and Section 3 and Section 9 of the *Derivatives Act B.E. 2546 (2003)*, the Securities and Exchange Commission hereby issues the following regulations:

Clause 1 The *Notification of the Securities and Exchange Commission No. Kor Thor. 7/2560* Re: *Determination of Types of Financial Services of Person Approved to Participate in Regulatory Sandbox to Experiment and Develop Innovation in Support of Service Provision Related to Capital Market Which Are Not Deemed an Undertaking of Securities Business and Derivatives Business for Which an Approval Is Required* dated 16 February 2020 shall be repealed.

Clause 2 In this Notification:

“**regulatory sandbox**” means a framework for experimenting and developing an innovation in a controlled environment to support provision of services related to capital market.

“**approved person**” means a person who is approved by the SEC Office to participate in a regulator sandbox.

Clause 3 The provision of financial services under a **regulatory sandbox** of a person who is approved by the SEC Office under this Notification shall be exempted from being regarded as securities business in the following categories during the period of such **regulatory sandbox**, but only within the units or departments providing services under **regulatory sandbox**:

- (1) securities brokerage business;
- (2) securities dealing business;
- (3) investment advisory service business;
- (4) securities underwriting business;
- (5) mutual fund management business;

- (6) private fund management business;
- (7) securities borrowing and lending business.

Clause 4 In the case where a person having the following qualifications intends to participate in a *regulatory sandbox*, the person shall submit an application for approval to the SEC Office together with accurate and complete evidentiary documentation in accordance with the Licensing Manual for the Public:

(1) offering innovative financial services that facilitate problem solving or develop services in the Thai capital market or benefit Thai investors or the Thai capital market;

(2) having readiness for participating in a *regulatory sandbox* in the following areas:

(a) having capital, work systems and personnel that can support service provision appropriately and adequately throughout the period of participating in the *regulatory sandbox*;

(b) assessing and managing potential risks from service provision;

(c) having procedures for communicating and providing services to clients with details covering the operation specified in Clause 5;

(d) having a plan to report the results of the experiment and progress of service provision to the SEC Office on a continuing basis;

(e) having a clear exit strategy in case of leaving the *regulatory sandbox* upon or before expiration.

(3) specifying a specific scope of services to alleviate material impacts or damage on investors or the overall capital market, covering the following matters:

(a) types of eligible clients;

(b) maximum number of eligible clients;

(c) maximum amount of investment money of each client and the total investment money of all clients generated from service provision (if any).

(4) specifying a period of participating in the *regulatory sandbox* to be no longer than one year as from the approval date;

(5) having the study or research results that show the possibility of providing innovative financial services;

(6) having no record of violating or failing to comply with the regulations or conditions related to participation in a *regulatory sandbox*.

The SEC Office shall consider the application for approval to participate in a *regulatory sandbox* under Paragraph 1 within sixty days from the date of receiving the application together with accurate and complete evidentiary documentation in accordance with the Licensing Manual for the Public.

Clause 5 An *approved person* shall take the following actions during the period of providing services:

(1) compile and assess the information of the service-receiving client for the following purposes:

- (a) to know the client;
- (b) to categorize the client;
- (c) to assess suitability for providing services to the client;
- (d) to consider the ability of the client to comply with the agreement for service provision.

(2) have a procedure for providing services to the client by considering the following matters:

- (a) disclosure of accurate, complete, necessary and sufficient information to the client;
- (b) protection of the client's confidentiality;
- (c) handling of the client's complaints;
- (d) risk management of various types including IT risk.

(3) notify the client that the provision of services is in accordance with the *regulatory sandbox*, which contains limitations, risks and conditions different from the provision of services by licensed securities business operators, and that the client's consent is required prior to provision of such services;

(4) make an agreement with the client related to obligations to damage that may be incurred from the provision of services;

(5) submit a report of the results of the experiment and progress of the provision of services to the SEC Office in accordance with the reporting plan specified in Clause 4(2)(d);

(6) arrange a system for custody of the client's assets under custody or management. In case of providing services in the nature of managing investment fund for the client, safekeep the client's assets with a person approved by the SEC Office;

(7) arrange a supervision to ensure that the provision of services by an *approved person* is in compliance with this Notification and the governing laws or associated regulations.

Clause 6 The SEC Office shall have the authority to revoke an approval in the following conditions:

(1) the provision of services cannot solve a problem or develop the provision of services in the Thai capital market or do not benefit Thai investors or the Thai capital market as specified in Clause 4(1);

(2) the provision of services is not in compliance with the details specified in Clause 4(2)(3) or (4), as the case may be;

- (3) the ***approved person*** fails to comply with the provisions in Clause 5;
- (4) the innovation used in the service provision causes a material impact or damage to investors or the overall capital market.

Clause 7 The approval for participation in a ***regulatory sandbox*** under this Notification shall lapse in the following cases:

- (1) expiration of the participation period of the ***regulatory sandbox*** under Clause 4(4) unless an approval is granted by the SEC Office to terminate the services prior to expiration or an extension is granted to the participation period on the condition that the ***approved person*** submits an application together with the evidentiary documentation to the SEC Office no less than thirty days before terminating the services or before the expiration date in accordance with the procedures and methods specified in the Licensing Manual for the Public.
- (2) revocation of approval by the SEC Office in accordance with Clause 6.

Clause 8 This Notification shall come into force from 16 August 2020.

Notified this 20th day of July 2020.

Pichit Akkrathit
Chairman
Securities and Exchange Commission