

**Summary of Rules on Mutual Recognition of Funds
between Hong Kong Special Administrative Region of
the People's Republic of China and Thailand (HK-TH MRF)**

1. Offerings for sale of Hong Kong Covered Funds under HK-TH MRF in Thailand (Inbound)

1.1 Applicant

The Hong Kong Covered Management Company or its local representative¹ shall file an application for an offering for sale of the Hong Kong Covered Fund under HK-TH MRF with the Securities and Exchange Commission of Thailand (SEC).

1.2 Approval rules

The Hong Kong Covered Management Company and the Hong Kong Covered Fund under HK-TH MRF shall have the characteristics specified in the governing rules. For example:

- The Hong Kong Covered Management Company is regulated by the Securities and Futures Commission of Hong Kong (SFC), which is the home regulator, and is not currently under suspension or revocation of its licence;
- The Hong Kong Covered Fund under HK-TH MRF is offered for sale to the public in Hong Kong and is not currently under trading suspension;
- The Hong Kong Covered Management Company shall appoint a local intermediary² responsible for the sale of the Hong Kong Covered Fund under HK-TH MRF in Thailand and shall appoint a local representative to coordinate matters such as information disclosure and delivery of documents and so forth.

1.3 Filing of application

The applicant shall file an application together with complete supporting documents as prescribed by the SEC. In this regard, the applicant may examine the list of the required documents for the SEC's consideration in Form 35 – HK-TH MRF: Checklist for Mutual Recognition of Funds between Hong Kong Special Administrative Region of the People's Republic of China and Thailand (HK-TH MRF) Application Form. The Application Form is available on the SEC website at www.sec.or.th.

1.4 Notice of the application result

The SEC will notify the result of its consideration of the application to the applicant within 21 calendar days from the date of receiving complete documents according to the Licensing Manual for the Public.

¹ Local representative means an entity that has obtained securities licence of all types from the SEC and the representative office under Section 93 of the Securities and Exchange Act B.E. 2535 (1992) (SEA).

² Local intermediary means an entity licensed to undertake securities business in the category of securities brokerage, including a securities company licensed to undertake securities business in the category of securities brokerage, securities dealing or underwriting of investment units.

1.5 Filing of the registration statement and draft prospectus

- Offering for sale of Hong Kong Covered Funds to the public in Thailand is eligible after the Hong Kong Covered Management Company has filed the registration statement and draft prospectus with the SEC and the registration statement has become effective.³ If the Hong Kong Covered Management Company files the registration statement and draft prospectus together with the application at the same time, it shall be deemed that the filed registration statement is supporting document of the application under 1.3. The registration statement are as follows:

Registration Statement	Details
1) Form 69 – CIS full	Filing together with the application for offering for sale of a Hong Kong Covered Fund without restriction on the number of offering periods, but in any case, the offering shall be within one year from the effective date of Form 69 – CIS full.
2) Form 69 – CIS annually update	The Hong Kong Covered Management Company who wishes to offer for sale of a Hong Kong Covered Fund under HK-TH MRF to the public in Thailand for more than one year but does not wish to file a new Form 69 – CIS full shall file Form 69 – CIS annually update within one year from the effective date of the previous Form 69 – CIS full or Form 69 – CIS annually update.
3) Form 69 – CIS material update	Filing within 10 business days – not counting Hong Kong public holidays – from the date of material changes to the information.

- The filing of information or preparation of documents shall be made in Thai and/or English;

- The registration statement and draft prospectus shall contain at least the required information under Section 69 of the SEA;

- Draft prospectus shall be prepared in the format available on the SEC website at www.sec.or.th or the prospectus of the Hong Kong Covered Fund filed with the SFC may be used, *mutatis mutandis*.

- The filing fee for Form 69 – CIS full is 100,000 baht/application (no filing fee in case of filing Form 69 – CIS annually update or Form 69 – CIS material update).

³ The effectiveness shall be in accordance with the following criteria: (1) the Hong Kong Covered Management Company has been approved to offer for sale of a Hong Kong Covered Fund under HK-TH MRF to the public in Thailand, (2) the applicant has paid for the filing fee in full, and (3) the SEC has received draft prospectus and the registration statement according to the specified conditions.

1.6 Ongoing disclosure of financial position and performance information

The Hong Kong Covered Management Company is required to prepare and submit a report on financial position and performance results of the Hong Kong Covered Fund under HK-TH MRF. If the Hong Kong Covered Management Company has submitted such report in accordance with the SFC's regulations to the SFC and has made such information accessible to Thai investors using an appropriate channel generally known to Thai investors, such as publishing the information on the Hong Kong Covered Management Company's website, it shall be deemed that the Hong Kong Covered Management Company has already prepared and delivered such information to the SEC.

1.7 Report on the sale of units

The Hong Kong Covered Management Company shall report the sale of units of the Hong Kong Covered Fund under HK-TH MRF to investors in Thailand to the SEC within 45 days from the last official day of the year that such offerings occurred and such reporting shall be in the format provided on the SEC website.

1.8 Auditor

An authorised auditor under the Hong Kong Law who is allowed to audit and affix signature to express an opinion on the audited financial statements of the Hong Kong Covered Fund under HK-TH MRF shall be deemed an auditor approved by the SEC without the need to obtain approval.

1.9 Requirements for offerings of Hong Kong Covered Funds

- Before offering for sale of a Hong Kong Covered Fund under HK-TH MRF, a local intermediary shall deliver/provide the specified information to investors such as factsheet and annual report (if any), and shall provide supporting documents for the offering for sale of the Hong Kong Covered Fund which the Hong Kong Covered Management Company has prepared and distributed in Hong Kong. Such documents shall be available at the office or the website of the local intermediary;
- In providing services related to selling, repurchasing and redeeming units of the Hong Kong Covered Fund under HK-TH MRF, the Hong Kong Covered Management Company and the local intermediary shall comply with the regulations specified in the Notification on Standard Conduct of Business unless the Notification on Rules on Cross-Border Offerings of Covered Funds between Hong Kong Special Administrative Region of the People's Republic of China and Thailand prescribes specific requirements otherwise;
- The local intermediary is allowed to offer for sale only the Hong Kong Covered fund under HK-TH MRF which has been approved by the SEC;
- Information on fund performance of the Hong Kong Covered Fund in comparison with other mutual funds with similar investment policy (peer performance) is not required to be presented to Thai investors;
- Before agreeing to act as a local intermediary of a Hong Kong Covered Fund, the local intermediary shall arrange to have a written agreement with the Hong Kong Covered Management Company regarding delivery of information to the local intermediary such as information with material impacts on investors, etc. If the Hong Kong Covered Management

Company fails to comply with such agreement, the local intermediary shall not make any additional offerings of the Hong Kong Covered Funds under HK-TH MRF that such Hong Kong Covered Management Company is managing.

1.10 Notice on cessation of fund offering in Thailand

In case of a merger or termination of a Hong Kong Covered Fund under HK-TH MRF in Hong Kong or the Hong Kong Covered Management Company no longer wishes to offer the Hong Kong Covered Fund under HK-TH MRF to the public in Thailand, the Hong Kong Covered Management Company shall notify the matter to the SEC and Thai investors in advance according to the following criteria:

Cause of offering cessation in Thailand	Notice period	Required information
1) Merger or termination of the Hong Kong Covered Fund in Hong Kong	At least one month in advance	(a) The reason for the merger or termination of the Hong Kong Covered Fund in Hong Kong; (b) Relevant provisions under the constitutive documents that enable such merger or termination; (c) Consequences of the merger or termination and their effects on existing investors; (d) Any other actions as deemed necessary for the interest of the unitholders; (e) Estimated costs or expenses and the entity expected to bear them (if any).
2) In case of cessation of offerings other than in connection with a merger or termination of a Hong Kong Covered Fund	At least three months in advance	(a) The reason for the cessation of offerings; (b) Consequences of the cessation of offerings and their effects on existing investors; (c) Any proposed changes in the operation of the Hong Kong Covered Fund and their effects on existing investors; (d) Any other action as deemed necessary for the interest of the unitholders; (e) Estimated costs or expenses and the entity expected to bear them (if any).

2. Offering for sale of Thai Covered Funds in Hong Kong under HK-TH MRF (Outbound)

2.1 Application for establishment of a Thai fund under HK-TH MRF

A Thai asset management company shall submit an application for establishment of a Covered Fund for the SEC's consideration under a normal track. An application for establishment of fund via 'auto approval' track is not permitted.

2.2 Offering for sale and investment restrictions of a Thai Covered Fund under HK-TH MRF

A Thai Covered Fund shall have the characteristics as specified under the Memorandum of Understanding between the Securities and Futures Commission of Hong Kong and the Securities and Exchange Commission of Thailand Concerning Mutual Recognition of Covered Funds and Covered Management Companies and related Cooperation (HK-TH MRF MoU).

In this regard, the Thai Covered Asset Management Company shall manage the investment of the Thai Covered Fund in accordance with the rules specified by the SEC under the Notification on Investment of Funds unless the specific provisions of Appendix B - I - SFC Circular under HK-TH MRF MoU prescribe otherwise. The Eligibility Requirements for a Covered Fund can be summarized as follows:

(1) Eligible types of mutual fund for offering for sale under HK-TH MRF are:

- General equity fund
- Bond fund
- Mixed fund

Also eligible are unlisted index funds and ETFs, of which the investment policy aims to generate returns for investors according to the index price movement, price of a group of securities, price of investment unit of mutual funds or group of financial instruments of which the underlying securities are equities and debt securities under passive management. These shall include ETFs whose investment policy aims to generate returns for investors according to the price movement of physical gold bars (Gold ETF) or through investment units of Gold ETF⁴;

(2) Eligible fund types of Thai Covered Funds classified by Thai laws and regulations which have not been approved for offering for sale under HK-TH MRF are as follows:

- Alternative fund (except Gold ETF)
- Money market fund
- Capital protected fund
- Guarantee fund
- Country fund
- Vayupak fund
- Tax saving fund

In addition, HK-TH MRF still does not allow Covered Funds to invest directly in virtual assets such as digital tokens⁵, virtual commodities and crypto assets⁶ and engaging in a physical short sale transaction is also prohibited. However, a Covered Fund may borrow or engage

⁴ The prospectus shall specify the characteristics of the physical gold bars to be invested by such Gold ETF. Such physical gold bars shall be certified by an independent agency and possess a standard and fineness recognized by the London Bullion Market Association whereby the physical gold bars shall have 99 percent purity.

⁵ Examples of digital tokens are digital currencies, utility tokens and security/asset-backed tokens.

⁶ Covered Funds under HK-TH MRF may invest in virtual assets indirectly through investment in underlying funds at the total amount not exceeding 20 percent of the net asset value of the fund.

in repurchase transactions (repo) on a temporary basis for the purpose of liquidity management, subject to an aggregate limit of not exceeding 10 percent of the net asset value of the fund.

In this regard, the SEC will provide directly to the SFC a certificate confirming that the Thai Covered Fund has met the Eligibility Requirements under (1) and (2) as a supporting document for the Thai Asset Management Company when applying for authorisation of offering for sale of the Thai Covered Fund in Hong Kong.

2.3 Limitations on exercise of the voting right

The regulations which normally apply to a Thai fund relating to limitations on the exercise of the voting right are exempted for the Thai Covered Fund under HK-TH MRF. That is, in case where a unitholder holds more than one third of the total investment units sold under HK-TH MRF, the unitholder is allowed to exercise her voting rights. However, this exemption only applies to the person investing in the investment units of the Thai Covered Fund under HK-TH MRF who is not Thai nationality or is investing through an omnibus account in Hong Kong.

2.4 Redemption payments

The Thai Covered Asset Management Company shall distribute the redemption payments to unitholders under HK-TH MRF within the time period specified in Appendix B - I - SFC Circular on HK-TH MRF MoU, which shall not exceed one month, including public holidays in Thailand.

2.5 Prospectus

Prospectus of the Thai Covered Fund under HK-TH MRF shall be prepared in accordance with the regulations governing Thai mutual funds (without specific regulations). However, when offering for sale of the Covered Fund in Hong Kong under HK-TH MRF, the Thai Covered Asset Management Company shall deliver and distribute prospectus in accordance with the requirements specified in Appendix B – I – SFC Circular of the HK-TH MRF MoU.