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Notification of the Capital Market Supervisory Board

No. TorNor. 73/2552

**Re: Rules, Conditions and Procedures for Establishment and Management
of Mutual Funds for Foreign Investors [Thai Trust Fund]**

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 the 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 Securities and Exchange Commission acting as the Capital Market Supervisory Board under Section 60 of the Securities and Exchange Act (No. 4) B.E. 2551 (2008) hereby issues the following regulations:

Clause 1. In this Notification:

- (1) “mutual fund” means an open-ended fund established and managed by a management company for foreign investors;
- (2) “management company” means a securities company licensed to undertake securities business in the category of Thai Trust Fund management;
- (3) “fund supervisor” means a mutual fund supervisor;
- (4) “listed company” means a company whose shares are listed on the Stock Exchange and which enters into an agreement allowing a mutual fund to invest in or hold its shares as assets of the mutual fund;
- (5) “Stock Exchange” means the Stock Exchange of Thailand;
- (6) “investor” means a foreign investor;
- (7) “securities underwriter” means a securities company licensed to undertake securities business in the category of securities underwriting which underwrites shares of a listed company;

(8) “brokerage company” means a securities company licensed to undertake securities business in the category of securities brokerage.

Clause 2. In submitting an application for establishment of all mutual funds under the same mutual fund scheme, the management company shall submit to the Office the following documents:

- (1) details of the mutual fund scheme;
- (2) draft commitment between the unitholders and the management company;
- (3) draft agreement for appointment of the fund supervisor;
- (4) draft prospectus;
- (5) a copy of agreement between the management company and the listed company which is certified by authorized directors of the management company;
- (6) a copy of minute of the shareholders’ meeting of the listed company passing a resolution to permit the mutual fund to invest in or hold its shares at the specified percentage which is certified by authorized directors of the listed company;

The agreement between the management company and the listed company referred to in (5) of the first paragraph shall specify the percentage of shares which the listed company voluntarily allows for the mutual fund’s investment or holding.

Clause 3. On the date of filing the application for establishment of the mutual fund to the Office, the management company shall also submit to the Stock Exchange an application for listing of investment units of such fund..

Clause 4. Once the application for establishment of the mutual fund has been filed and approved by the Office, the management company shall prepare and submit to the Office the prospectus in Thai language prior to the initial public offering. However, the management company may distribute or disseminate to the public the prospectus prepared in other languages provided that it contains details identical to those of the Thai version.

Where there is an amendment to the details in the mutual fund scheme of which are also contained in the prospectus, whether such amendment is made upon the resolution of the majority of the unitholders who aggregately hold more than half of all the mutual fund's investment units sold or upon the approval of the Office, the management company shall amend the details of the prospectus accordingly and deliver the updated prospectus and the mutual fund scheme to the Office within fifteen days from the date on which the amendment has been made.

Clause 5. The management company shall not amend or permit the amendment of the agreement between the management company and the listed company to reduce the percentage of shares which the listed company voluntarily allows for the mutual fund's investment or holding, unless such amendment has been clearly stated in the mutual fund scheme or upon the approval of the Office.

In obtaining an approval from the Office for the amendment of the percentage specified in the mutual fund scheme according to the first paragraph, the management company shall submit an application for the amendment of the mutual fund scheme together with a copy of minute of the shareholders' meeting of the listed company passing a resolution to amend such percentage which is certified by authorized directors of the listed company.

Where the amendment of the percentage according to the first paragraph may be made, the management company may reserve its right to sell investment units to investors who make orders to purchase investment units of such mutual fund until the holding proportion of the mutual fund in the listed company is reduced to less than the amended percentage.

Clause 6. In managing each mutual fund, the management company shall invest in or hold shares of only one listed company as assets of such mutual fund.

Clause 7. When investors subscribe for investment units of any mutual funds through the securities underwriter or make orders to purchase or redeem investment units of any mutual funds through the brokerage company and the management company has been informed of the subscription by the underwriter or of the purchase or redemption orders by the brokerage company, the management company shall:

(1) in cases where investors subscribe for investment units of the existing mutual fund or the newly approved mutual fund for investment in shares of the listed company through the securities underwriter, the management company shall designate the securities underwriter to subscribe for the shares on behalf of the mutual fund, and once the shares have been allotted to the mutual fund and the change of the paid-up capital of such listed company has been registered, the management company shall then sell new investment units to the purchasers in the amount equal to such shares.

If the securities underwriter is unable to subscribe for the shares of the listed company, the management company shall designate such securities underwriter to return the proceeds for subscription of investment units to investors, or if the listed company fails to file an application for listing of the shares within the period prescribed by the Stock Exchange, or the Stock Exchange refuses to list such shares, the management company shall proceed with a forced redemption of investment units in the amount equal

to the investment units received from subscription in accordance with the procedures set forth in the mutual fund scheme.

(2) when investors subscribe for investment units of any mutual funds through the brokerage company and the management company has been informed of such subscription by the brokerage company, the management company shall purchase the listed company's shares through such brokerage company, and once the brokerage company has purchased the listed company's shares, the management company shall then sell investment units to the purchasers in the amount equal to the listed company's shares which have been purchased.

When investors redeem investment units of any mutual funds through the brokerage company and the management company has been informed of such redemption by the brokerage company, the management company shall sell the listed company's shares through the brokerage company, and once the brokerage company has sold the listed company's shares, the management company shall accept redemption of investment units in the amount equal to the listed company's shares which have been sold.

3) when investors subscribe for investment units of any mutual funds for the mutual fund's purchase of shares as big lot transaction according to the rules of the Stock Exchange of Thailand governing trading, settlement, and delivery of securities in the Stock Exchange and the management company has been informed of such subscription by the brokerage company, the management company shall purchase the listed company's shares on the big lot board through the brokerage company, and once the brokerage company has purchased the listed company's shares, the management company shall then sell investment units to the purchasers in the amount agreed upon.

(4) when investors make orders to purchase or sell investment units of any mutual funds as big lot transaction according to the rules of the Stock Exchange of Thailand governing trading, settlement, and delivery of securities in the Stock Exchange, the management company shall arrange for investors to make trading through the brokerage company and shall undertake any proceeding in relation to the investment units and the listed company's shares in the same manner as the proceeding for the trading of listed securities on the big lot board, *mutatis mutandis*. Once the management company has been informed of the proceeding in relation to such investment units and shares, the management company shall cancel investment units of the seller and issue new investment units for the purchaser in the amount agreed upon.

In making orders to purchase or sell shares according to (2), (3), and (4) of the first paragraph, the management company shall make orders through the trading system on the main board, the odd lot board, or the big lot board of the Stock Exchange,

or any other boards of the Stock Exchange as approved by the Office, except for the sale of shares under the tender offer according to notification issued by virtue of Section 247.

Clause 8. Where all mutual funds under the management of the same management company collectively hold shares of any listed company up to the amount resulting in an obligation to file a report on acquisition of listed company shares according to the notification of the Securities and Exchange Commission No. KorChor. 58/2545 Re: Rules and Procedures for Report on Acquisition or Disposal of Securities dated 27 December 2002, the management company shall prepare a report on the holding of investment units of such mutual fund specifying the names of unitholders, the number of units, and the acquisition dates and submit to the Office together with the report on acquisition of listed company shares prescribed in the said notification.

Clause 9 In selling investment units, the management company shall issue the certificate of entitlement of investment units, upon request, in substitute of the certificate of investment units according to the procedures and within the period of time specified in the mutual fund scheme. Such certificate of entitlement shall be subject to the restriction of distribution, disposal, transfer or creating encumbrances over the investments units.

The certificate of entitlement of investment units shall at least contain followings particulars:

- (1) name of the mutual fund;
- (2) name of the unitholder;
- (3) number of investment units;
- (4) date of issuance of the certificate of entitlement of investment units;
- (5) name and address of the management company; and
- (6) signature of an authorized person designated to be a person who can certify the statements or particulars in the certificate of entitlement of investment units on behalf of the management company.

Clause 10 The unitholder shall make payment of investment units in full and shall not offset the position with the management company, unless an approval of the Office is obtained.

Clause 11 In accepting redemption from unitholders for any case other than the case specified under Clause 16, the management company shall make payment to unitholders within the same period as the period prescribed by the Stock Exchange on its members to make payment for the sale of securities to clients.

Clause 12 In determining the purchasing and selling price of the mutual fund's investment units, the management company shall:

(1) in case of sale of investment units: the selling price of investment units shall be the price of the listed company's shares purchased plus related fees as indicated in the mutual fund scheme and prospectus;

(2) in case of redemption of investment units: the redemption price of investment units shall be the price of the listed company's shares sold deducting related fees as indicated in the mutual fund scheme and prospectus.

Clause 13 The management company shall specify the rate and collection method of related fees, expenses, or any other compensations to be charged to the purchasers or the unitholders in the mutual fund scheme.

Clause 14 When the mutual fund receives any financial benefit from investment in or holding of the listed company's shares, the management company shall:

(1) in cases where the financial benefit is dividend, the management company shall make dividend payment in the same amount to the unitholders of the mutual fund which invests in or holds the shares of such listed company whose names appear in the register of unitholders on the date *before* the date the Stock Exchange posts the XD (Ex-Dividend) sign which means the shareholders of such listed company will not be entitled to receive dividend upon such book closing. In this regard, the management company shall pay dividend to the unitholders in proportion to their holding within the business day following the date the mutual fund receives such financial benefit and in accordance with the procedures set forth in the mutual fund scheme;

(2) in cases where the financial benefit is the right to purchase shares of the listed company, which grants the unitholders of the mutual fund which invests in or holds shares of such listed company the right to subscribe for new investment units, the management company shall notify the unitholders whose names appear in the register of unitholders on the date *before* the date the Stock Exchange posts the XR (Ex-Right) sign which means the shareholders of such listed company will not be entitled to the right in subscribing for newly issued shares upon such book closing, thereby the unitholders are able to notify their intention to subscribe for additional investment units within the period in accordance with the period during which the mutual fund will exercise the right in purchasing shares. In this regard, the management company shall specify such procedures and periods in the mutual fund scheme.

Where the unitholders notify their intention to subscribe for additional investment units according to (2) of the first paragraph, the management company shall exercise the right to purchase shares of the listed company as assets of the mutual fund in

the amount equal to the investment units which the unitholders intend to purchase. The management company, upon receipt of the shares, shall sell the investment units to such unitholders in the same amount as the listed company's shares purchased.

(3) in case of other financial benefit, the management company shall act in accordance with the details specified in the mutual fund scheme.

Clause 15. In cases where the listed company adjusts the par value of its shares which results in an increase or decrease in the number of shares, the management company shall adjust the number of investment units of each unitholder in accordance with the adjusted proportion of shares.

Clause 16. In cases where there is a tender offer to purchase the listed company's shares invested in or held by the mutual fund from the public, the management company shall notify the unitholders the details of the tender offer, thereby the unitholders are able to notify their intention to redeem the investment units within the period in accordance with the period of the tender offer.

If the unitholders intend to redeem the investment units according to the first paragraph, the management company shall:

(1) notify its intention to sell the listed company's shares to the tender offeror in the same amount as the investment units which the unitholders wish to redeem;

(2) accept redemption of investment units from the unitholders in the same amount as the number of shares sold by the management company. The management company shall accept the redemption on the same day that the tender offeror purchases the listed company's shares from the mutual fund;

(3) make payment to the unitholders within the next business day from the date on which the management company receives payment from the sale of shares.

In cases where the tender offer to purchase the listed company's shares under the first paragraph is made as a consequence of the approval of the Stock Exchange to allow the listed company to delist its shares and some unitholders fail to notify their intention to redeem investment units before the last date prior to the expiry date of the tender offer, the management company shall proceed a force redemption of investment units in order to notify intention to sell the remaining shares of the listed company to the tender offeror, the management company shall proceed with a forced redemption of investment units held by such unitholders and make payment to such unitholders within the next business day from the date on which the management company receives payment from the sale of shares, except where otherwise permitted by the Office.

Clause 17 The management company shall appoint a fund supervisor who possesses qualifications as specified in the notification of the Office of the Securities and Exchange Commission governing qualifications of mutual fund supervisor.

By any reasons, the change or the replacement of the fund supervisor shall be made upon the approval of the Office.

In cases where the fund supervisor lacks any qualifications and fails to rectify the disqualification within the specified period, the management company shall make a request for the change of such fund supervisor to the Office within fifteen days from the expiration date for rectification period. The management company shall, upon obtaining approval, immediately appoint a new fund supervisor.

Clause 18 The management company may dissolve the mutual fund upon the occurrence of any of the following events:

(1) in case of dissolving any mutual fund, when such mutual fund no longer holds or invests in the shares of the listed company;

(2) in case of dissolving all mutual funds which invest in or hold shares of the same listed company, when all mutual funds no longer holds or invests in such shares and such listed company wishes to disallow the mutual funds to invest in or hold its shares;

(3) in case of dissolving all mutual funds which invest in or hold shares of the same listed company, when all mutual funds have the combined number of shares of such listed company of less than half a percent of the total number of outstanding shares for no less than two consecutive years;

(4) other cases prescribed by the Office.

Clause 19 The management company shall dissolve the mutual fund upon the delisting of such listed companies.

Clause 20 In cases where the management company intends to dissolve the mutual funds in accordance with Clause 18(1) or (3), the management company shall publish the notification of the dissolution in a prominent place at the office of the management company and the contact place of the fund supervisor, and notify the dissolution to the Office in writing within the date the management company set as the dissolution date.

According to the dissolution referred in the first paragraph, the management company may reserve its right to sell investment units to investors subscribing for investment units of the mutual fund to be dissolved when such mutual fund no longer

invests in or holds shares of the listed company, or when all mutual funds have combined number of shares of such listed company of less than half a percent of the total number of outstanding shares for no less than two consecutive years, as the case may be. The management company shall publish the notification of the reservation of right to sell investment units of such mutual fund at the office of the management company and the contact place of the fund supervisor within the date on which the management company commences the right reservation.

Clause 21 In cases where the management company intends to dissolve the mutual fund under the event referred in Clause 18(2), the management company shall:

(1) announce its intention to dissolve all mutual funds when all mutual funds no longer invests in or holds shares of the listed company by making the notification in writing to the Office and the Stock Exchange for disclosure to the investors and the public. Such announcement shall be made only when the listed company's shareholders meeting passes a resolution to disallow the mutual fund to invest in or hold its shares;

(2) announce the reservation of right to sell investment units to investors when all mutual funds have combined number of shares of such listed company of less than half a percent of the total outstanding shares by publishing the notification of the right reservation in a prominent place at the office of the management company and the contact place of the fund supervisor, and also making the notification in writing to the Office and the Stock Exchange for disclosure to investors and the public;

(3) notify the Office of the dissolution in writing within the date on which the management company and the listed company set to be the dissolution date.

Clause 22 The management company shall notify the Office in writing of the dissolution of the mutual fund as referred in Clause 19 within three business days from the date on which the board of governors of the Stock Exchange passes the resolution to delist the shares of such listed company.

The dissolution of the mutual fund shall be deemed to occur on the date on which the board of governors of the Stock Exchange designates that the delisting shall take effect.

Clause 23. The notification of the Capital Market Supervisory Board governing rules, conditions and procedures for establishment and management of funds and the notification of the Office of the Securities and Exchange Commission governing rules, conditions and procedures for appointment and performance of duty of fund managers shall not apply to management of mutual funds for foreign investors [Thai Trust Fund].

Clause 24. For the benefit of mutual fund management, the Office shall have power to grant a waiver on the compliance with Clause 20, Clause 21 and Clause 22 as deemed necessary and reasonable.

Clause 25. All notifications of the Office of the Securities and Exchange Commission, orders and circular letters issued under or prescribing guidelines for compliance with the Notification of the Securities and Exchange Commission No. KorNor. 20/2539 Re: Rules, Conditions and Procedures for Establishment and Management of Mutual Funds for Foreign Investors [Thai Trust Fund] dated 12 October 1996 which are in effect prior to the effective date of this Notification shall remain in full force to the extent that they are neither inconsistent with nor contrary to the provisions of this Notification until the notifications, orders and circular letters issued under or prescribing guidelines for compliance with this Notification come into force.

Clause 26. Any reference made in any other notifications to the Notification of the Securities and Exchange Commission No. KorNor. 20/2539 Re: Rules, Conditions and Procedures for Establishment and Management of Mutual Funds for Foreign Investors [Thai Trust Fund] dated 12 October 1996 shall mean reference to this Notification.

Clause 27. This Notification shall come into force as from 1 September 2009.

Notified this 3rd day of August 2009.

-Signature-
(Vijit Supinit)
Chairman

Securities and Exchange Commission

Remark: The rationale for issuing this Notification: As the Securities and Exchange Act (No. 4) B.E. 2551 (2008) stipulates that the issuance of rules on mutual fund management is under the authority of the Capital Market Supervisory Board, it is therefore deemed appropriate to issue this Notification as replacement for the Notification of the Securities and Exchange Commission No. KorNor. 20/2539 Re: Rules, Conditions and Procedures for Establishment and Management of Mutual Funds for Foreign Investors [Thai Trust Fund] dated 12 October 1996.