

(UNOFFICIAL TRANSLATION)

Readers should be aware that only the original Thai text has legal force and that this English translation is strictly for reference. The SEC, Thailand can neither undertake any responsibility for its accuracy nor be held liable for any loss or damages arising from or related to its use.

**Notification of the Capital Market Supervisory Board
No. TorKhor. 55/2552**

**Re: Rules, Conditions and Procedures for Brokerage, Dealing and Underwriting of
Investment Units**

By virtue of Section 16/6 and Section 113 of the Securities and Exchange Act B.E. 2535 (1992) as amended by the Securities and Exchange Act (No.4) B.E. 2551 (2008), Section 112, Section 114 and Section 116 of the Securities and Exchange Act B.E. 2535 (1992) which contain 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. The Notification of the Capital Market Supervisory Board No. TorKhor. 12/2551 Re: Rules, Conditions and Procedures for Brokerage, Dealing and Underwriting of Investment Units dated 16 May 2008 shall be repealed.

Clause 2. In this Notification:

(1) “securities company” means a securities company licensed to undertake securities business in the category of securities brokerage, securities dealing or securities underwriting and a securities company licensed to undertake securities business in the category of brokerage, dealing or underwriting of investment units;

(2) “brokerage company” means a securities company licensed to undertake securities business in the category of securities brokerage and a securities company licensed to undertake securities business in the category of brokerage of investment units;

(3) “investment unit dealer” means a securities company licensed to undertake securities business in the category of securities dealing and a securities company licensed to undertake securities business in the category of dealing of investment units;

(4) “investment unit underwriter” means a securities company licensed to undertake securities business in the category of securities underwriting and a securities

company licensed to undertake securities business in the category of underwriting of investment units;

(5) “investor” means a person who is interested in investing in investment units or a unitholder, as the case may be;

(6) “institutional investor” means

(a) a commercial bank;

(b) a finance company;

(c) a securities company which purchase investment units as its own assets or for management of a private fund or for management of an investment scheme established under the law on the undertaking of finance business, securities business and credit foncier business;

(d) a credit foncier company;

(e) an insurance company;

(f) a juristic person established under specific law which is not the person under (i);

(g) the Bank of Thailand;

(h) an international financial institution;

(i) a government agency and state enterprise under the law on budgetary procedures;

(j) the Financial Institutions Development Fund;

(k) the Government Pension Fund;

(l) a provident fund;

(m) a mutual fund under the law on securities and exchange;

(n) a juristic person having total securities investment of one hundred million baht or more, according to the latest audited financial statements;

(o) a juristic person having the persons under (a) to (n) aggregately holding shares of more than 75 percent of the total shares with voting rights;

(p) a foreign investor of similar characteristics as the persons under (a) to (o) *mutatis mutandis*;

(q) a juristic person approved by the Office on a case-by-case basis whose core business is in accordance with a mutual fund's investment objective as specified in the investment policy.

(7) "cold calling" means selling or solicitation made by a securities company to any person who has never been its client to purchase investment units for the first time by way of face-to-face contact or via phone which is unrequested by such person;

(8) "inside information" means any fact which is material to the change in the price of securities and has not yet been disclosed to the public and which a securities company has access during the course of business undertaking;

(9) "management company" means a securities company licensed to undertake securities business in the category of mutual fund management;

(10) "mutual fund" means a mutual fund established and managed by a management company;

(11) "prospectus" means a prospectus for an offer for sale of investment units of a mutual fund;

Clause 3. In undertaking securities business relating to investment units, a securities company shall:

(1) exercise its full capabilities to protect clients' benefits, take into account and maintain the best interest of clients and adhere to the principles of integrity and prudence;

(2) put in place a work system which can demonstrate segregation of duties and responsibilities of work units, supervision of business operation, internal control measures to prevent execution of any transaction which may give rise to a conflict of interest; measures for protecting clients' information and assets, including keeping documents and evidence relating to business operation available for inspection;

(3) supervise its personnel to perform duties in compliance with the law on securities and exchange and rules issued under such law with respect to the business undertaking of securities companies.

Clause 4. In selling or accepting redemption of investment units or giving advice for selling or accepting redemption of investment units, a securities company shall:

(1) provide an investor contact who obtains approval from the Office as per rules specified by the Office to be responsible for selling or accepting redemption of investment units or giving advice to investors other than institutional investors and shall

monitor such investor contact to comply with rules specified by the Office as well as standards of conduct and standards on giving advice;

(2) provide any information or documents necessary for making investment decisions and inform clients of their rights and shall treat all clients equally;

(3) put in place additional operational systems to ensure that a cold calling or sale of unit-linked insurance policy does not disturb privacy, cause annoyance or rush investors to make a decision;

(4) comply with the law on securities and exchange and rules issued under such law relating to the establishment and management of mutual funds only with respect to the undertaking of its business;

(5) give advice without distorting or concealing any material facts which may cause misunderstanding;

(6) refrain from trading investment units by using inside information which may take advantage of the public or disclosing inside information for other person's use;

(7) disclose clients' information only upon the clients' consent or for compliance with legal duties;

(8) take any other act as specified by the Office.

Clause 5. In undertaking custody of client assets, a securities company which is a financial institution established under other law shall:

(1) put in place a work system to ensure segregation of an independent work unit responsible for undertaking custody of client assets. There shall be operational procedures and operational control measures which include receipt or delivery of client assets, recording or amendment of information on client assets, management of information on client assets, preparation of a separate account of assets of each client, places of keeping client assets, custodian of client assets, person authorized to access information on client assets and any relevant operation which meets acceptable standards and efficiency, including system for keeping documents and evidence relating to business operation available for inspection;

(2) engage in any act which results in creating, altering, transferring, reserving or terminating rights of client assets only when it has received consent from clients prior to engaging in such act;

(3) use assets of a client for the benefit of another client or other persons or the securities company itself only when it has received consent from the client prior to such use;

(4) proceed as necessary to enable clients to obtain benefits arising from unitholder status within an appropriate time. In this regard, the securities company shall not declare its intention to use the clients' benefits without instruction or consent of the clients;

(5) submit reports on client assets to clients on a regular basis;

(6) take any other act as specified in the notification of the Office governing protection of client assets.

Clause 6. In acting as agent of an investor in trading investment units of a mutual fund, a brokerage company shall proceed as follows:

(1) in considering an application for account opening and making an agreement with a client, written evidence shall be provided and there shall be procedures for ensuring that the client is the same person as the one appears on the documents and evidence used for account opening and making an agreement;

(2) the agreement made with the client shall include the scope of services provided, rights, duties and responsibilities of the brokerage company and shall not bear any statement denying the brokerage company's responsibilities to the client for any act or omission of any act, willfully or negligently, of the brokerage company or its employees;

(3) clearly and completely disclose information to investors with respect to the undertaking of its business which is different from that specified in the mutual fund scheme.

Clause 7. In cases where a brokerage company sells or accepts redemption of investment units through an omnibus account, the brokerage company shall also:

(1) put in place an operational system to ensure that the client shall be treated with honesty and fairness with regard to preparation of the name list of omnibus account holders, segregation of client assets from the brokerage company's assets, custody of the client assets, preparation of accurate, complete and up-to-date reports as well as submission of relevant reports to the clients within an appropriate time. In this regard, the brokerage company shall notify the Office in writing of such work system in advance. If the Office does not object in writing within fifteen days from the date on which the Office is notified, the brokerage company shall be able to proceed as per such work system;

(2) in cases where the brokerage company intends to deal with the client in any issue which may give rise to unequal conditions, rights or benefits comparing with the sale or acceptance of redemption of investment units of an account which is not an omnibus account, the brokerage company shall provide evidence showing that the client

has acknowledged and accepted such unequal conditions, rights and benefits. In this regard, such action shall not be contrary to or less than those prescribed in the law on securities and exchange and rules issued under such law governing establishment and management of mutual funds.

Clause 8. In dealing of investment units, an investment unit dealer shall:

(1) determine the selling price and the redemption price in accordance with rules and procedures specified by the Office;

(2) get to know a client and at least provide identification documents of the client or the person authorized to make trading decisions in cases where the client is a juristic person;

(3) in case of being appointed by a management company as market maker for investment units of any mutual fund and the scheme of such mutual fund specifies rights and responsibilities of the market maker, the investment unit dealer shall also proceed in compliance with the details as specified in such mutual fund scheme.

Clause 9. In underwriting of investment units, an investment unit underwriter shall:

(1) underwrite investment units in compliance with rules and procedures as specified in the prospectus. In cases where the prospectus does not specify rules and procedures for underwriting of investment units, the investment unit underwriter shall prescribe details, methods, procedures for subscription, and conditions for allotment of investment units and disclose to investors prior to the underwriting of investment units and shall also proceed accordingly.

(2) deposit subscription proceeds into the offeror's subscription account or segregate subscription proceeds from the underwriter's assets account within the next business day following the date on which the underwriter can collect subscription proceeds from subscribers and shall not use such proceeds for any other purpose;

(3) return subscription proceeds to unallocated subscribers within fourteen business days from the offering closing date. In cases where the subscription proceeds cannot be returned to the subscribers within the specified time, there shall be a requirement that unallocated subscribers are entitled to receive interest at the rate of not less than seven and a half percent per annum from the date on which such period ends.

Clause 10. In addition to the specific provisions hereof, the Office shall have power to prescribe rules, conditions and procedures in detail with respect to the matters specified in this Notification to ensure practical implementation and to enable the Office to inspect such implementation.

Clause 11. 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. KorKhor. 42/2547 Re: Rules, Conditions and Procedures for Brokerage, Dealing and Underwriting of Investment Units dated 3 August 2004 which are in effect prior to the effective date of this Notification shall remain in full force to the extent that they are not inconsistent with nor contrary to the provisions of this Notification until notifications, orders and circular letters issued under or prescribing guidelines for compliance with this Notification come into force.

Clause 12. Any reference made in any other notifications to the Notification of the Securities and Exchange Commission No. KorKhor. 42/2547 Re: Rules, Conditions and Procedures for Brokerage, Dealing and Underwriting of Investment Units dated 3 August 2004 shall mean reference to this Notification.

Clause 13. 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 stipulates that the issuance of rules for securities brokerage, securities dealing and securities underwriting 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. KorKhor. 42/2547 Re: Rules, Conditions and Procedures for Brokerage, Dealing and Underwriting of Investment Units dated 3 August 2004.