

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 Office of the Securities and Exchange Commission
No. Sor Nor. 88/2558
Re: Prospectus for Offering of Investment Units of
Retail Mutual Funds, Mutual Funds for Accredited Investors and
Mutual Funds for Institutional Investors

By virtue of Section 123 of the *Securities and Exchange Act B.E. 2535 (1992)*, the Office of the Securities and Exchange Commission hereby issues the following regulations:

Clause 1 This Notification shall come into force from 16 January 2016.

Clause 2 The following notifications shall be repealed:

(1) *Notification of the Office of the Securities and Exchange Commission No. Sor Nor. 3/2556 Re: Prospectus for Offering of Investment Units of Mutual Funds* dated 14 January 2013;

(2) *Notification of the Office of the Securities and Exchange Commission No. Sor Nor. 37/2556 Re: Prospectus for Offering of Investment Units of Mutual Funds (No. 2)* dated 14 November 2013;

(3) *Notification of the Office of the Securities and Exchange Commission No. Sor Nor. 37/2557 Re: Prospectus for Offering of Investment Units of Mutual Funds (No. 3)* dated 4 December 2014;

(4) *Notification of the Office of the Securities and Exchange Commission No. Sor Nor. 80/2558 Re: Prospectus for Offering of Investment Units of Mutual Funds (No. 4)* dated 3 November 2015.

Clause 3 In this Notification:

“prospectus” means a *prospectus* for offering of investment units of retail funds, non-retail funds or funds for institutional investors, as the case may be;

“updated prospectus” means the following *prospectuses*:

(1) *prospectus* for an *open-end mutual fund* that shall be prepared during the period specified by the *Notification of the Capital Market Supervisory Board concerning Rules on Delivery or Distribution of Prospectus and Offering for Sale of Investment Units*;

(2) *prospectus* for a *closed-end mutual fund* for offering for sale of additional investment units.

“mutual fund” means any *open-end mutual fund* and any *closed-end mutual fund*;

“closed-end mutual fund” means any *mutual fund* that does not offer redemption of investment units;

“open-end mutual fund” means any *mutual fund* that offers redemption of investment units;

“non-retail fund” means any *mutual fund* for non-retail investors according to the *Notification of the Capital Market Supervisory Board concerning Rules of Management for Retail Funds, Non-retail Funds, Funds for Institutional Investors and Private Funds*;

“complex return mutual fund” means a *mutual fund* that offers return to unit holders by calculating returns that vary according to a formula of calculation or a certain condition that is not easily understood by retail investors;

“notification on investment” means the *Notification of the Capital Market Supervisory Board concerning Investment of Funds*;

“management company” means a securities company that is licensed to undertake securities business in the category of mutual fund management;

“fund scheme” means a mutual fund investment scheme;

“obligation” means the obligation between the unit holders and the *management company*;

“selling agent” means a person who is assigned by the *management company* to sell or accept redemption of units of mutual funds, as the case may be;

“hedging” means becoming a counterparty in a derivative contract that possesses all of the following characteristics:

- (1) not aiming to seek benefits through speculation;
- (2) mitigating risks for the overall investment of funds;
- (3) mitigating general risk and specific risk for the hedged assets;
- (4) mitigating risks efficiently.

“complex investment in derivatives” means complex strategic investment in derivatives or investment in exotic derivatives;

“net exposure” means the net investment value which is derived from either direct investment in an asset or indirect exposure through investment in an instrument or a contract that offers returns from the underlying, and as a result, exposes the fund to the risks of such asset;

“association” means the *association* related to securities businesses whose establishment is approved by and registered with the SEC Office with the objective of promoting and developing securities business in the category of investment management.

Clause 4 The *prospectus* shall provide accurate, complete and adequate

information for investment decisions by having characteristics and displaying information in accordance with the following criteria:

- (1) using language that is easily understood;
- (2) not displaying language or information that is false, exaggerated, misleading or may cause misunderstanding;

In preparing the *prospectus* according to the first paragraph, the *management company* can use diagrams or other methods instead of written communication, except when there are provisions in this Notification stating otherwise.

Clause 5 The *prospectus* shall comprise three sections as follows:

- (1) Fact sheet;
- (2) Fund facts;
- (3) Certification of accuracy and completeness.

Clause 6 The particulars and information in each section of the *prospectus* under Clause 5 shall be as follows:

- (1) Fact sheet containing the particulars and information in accordance with Chapter 1 Division 1, and Chapter 3 Division 6;
- (2) Fund facts containing the particulars and information in accordance with Chapter 1 Division 2, and Chapter 2 Division 3;
- (3) Certification of Information containing particulars and information in accordance with Chapter 1, Division 3.

In preparing the fund facts for the *prospectus* in accordance with sub-clause (2) of the first paragraph, the material information of the *obligations* and the *fund scheme* which does not differ from the most recent information presented to the SEC Office shall be attached to such *prospectus* as well.

Clause 7 The *updated prospectus* shall have the particulars and information in accordance with Clause 6 which is updated and contains the particulars and additional information in accordance with the rules under Chapter 4.

Clause 8 In case where the *mutual fund* is a country fund in accordance with the *notification on investment*, the *prospectus* thereof shall have at least the information on the date of approval to establish the *mutual fund* and the fact sheet of the *fund scheme*, in which case the provisions under Clause 5, Clause 6 and Clause 7 shall not apply.

Chapter 1

Particulars and Information in the Prospectus

Division 1
Fact sheet

Clause 9 The fact sheet shall be in the first section of the *prospectus* presented via Form 123-1 attached hereto and shall contain details according to the instruction of information disclosure attached to the said Form.

The fact sheet in the *prospectus* under the first paragraph shall be printed with a font that is clear, legible and no longer than three pages of A4 paper, except for a *complex return mutual fund*, which may be up to four pages of A4 paper.

Division 2
Fund facts

Clause 10 The fund facts in the *prospectus* shall contain at least the following particulars:

(1) Fund type and investment policy of the *mutual fund* including the return on investment for investors;

(2) Frequently asked questions on the *mutual fund*;

(3) Risk factors of the *mutual fund*;

(4) Investment ratio summary of the *mutual fund* via Form 123-2 attached hereto;

(5) Total fees, **compensation** and expenses collected from the *mutual fund* and unit holders via Form 123-2 attached hereto;

(6) Warning on unit investment;

(7) Information on probable holding of investment units in excess of the unit holding limit, indicating the number of persons or group of persons who might hold units in excess of such limit, including the procedures for verifying information on the percentage of unit holding by such person or group of persons;

(8) Other facts necessary for making a decision to invest in the investment units of the *mutual fund*;

(9) Additional particulars specified by the SEC Office to be disclosed by the *mutual fund* on a case by case basis.

Clause 11 Frequently asked questions related to the *mutual fund* shall include at least the following matters:

(1) Questions and answers regarding the key characteristics of the *mutual fund*, as follows:

(a) Does the *mutual fund* specify the types of investors or classes of

investment units or not, and how? In this regard, in case of unit classification, information shall be provided on the methods of classification, benefits and risks to the unit holders according to each class of investment units;

(b) How much is the capital amount of the *fund scheme*? In case of an *open-end mutual fund*, information on the capital increase policy after registration of the pool of assets as a *mutual fund* (if any) shall be disclosed;

(c) For which type of investment is the *mutual fund* a suitable choice? And for how long should investors invest in the *mutual fund* (in case the investment period can be specified)

(d) What are the factors that would have a significant impact on the investment of investors?

(e) Is this a guaranteed *mutual fund*, a guaranteed capital and return *mutual fund* or a capital protected *mutual fund*? If so, how?

(f) What is the financial period of the *mutual fund*?

(2) Questions and answers on provisions of trading and transferring investment units, as follows:

(a) By which procedure does the *mutual fund* offer and accept redemption of investment units?

(b) In which case does the *management company* reserve the right not to offer investment units?

(c) What provisions does the *mutual fund* have on delaying the settlement of the unit redemption price, refusing to sell or accept redemption of units in accordance with the orders already received and suspension of unit dealing?

(d) What is the procedure for automatic switching of investment units?

(e) What are the procedures and restrictions on transfer of investment units?

(f) By which channel can unit holders find information concerning the net asset value, the value and the offering and redemption price of investment units?

(3) Questions and answers about the rights of unit holders, as follows:

(a) Does the *mutual fund* issue and deliver certifying documentation of rights over investment units? And how?

(b) In what cases and conditions may the rights of the *mutual fund* unit holders be restricted and how? In this regard, the information on the restriction of the voting rights in case where the unitholding exceeds the unitholding limit specified by the governing notification or in other cases (if any) shall be presented;

(c) In case where the *mutual fund* invests or holds shares of a company, there shall be additional questions and answers about the channels and procedures through which the unit holders can monitor the guidelines for exercising the voting rights and the exercising of such rights by the *management company*;

(d) Does the *mutual fund* provide channels and procedures for the investors' petitions and the policy of settling disputes by arbitration as well as the means for beginning such process, and how?

(4) Questions and answers about related persons in the operation of the *mutual fund* which shall include at least the following information:

(a) Information about the *management company* containing at least the database of the directors, independent directors and executives, the total number of *mutual funds* under management and the net asset value of the *mutual fund*;

(b) The names of the investment committee;

(c) The *mutual fund* manager's name, educational background and work experience related to *mutual fund* management, including the responsibilities of the aforementioned manager;

(d) The names of the *selling agents*, investment unit registrar and *mutual fund* supervisor, as well as the provision of a statement that in addition to the duties prescribed in the appointment contract, the *mutual fund* supervisor has the legal obligation to protect the interest of the unit holders.

(5) Questions and answers about the channels for investors to receive additional information about the *mutual fund*.

Clause 12 The particular on risk factors of the *mutual fund* shall disclose information about the risk factors connected to the *mutual fund* as well as guidelines for managing such risks arranged according to the possibility of occurrence and significance of impact from highest to lowest.

In disclosing the information about the risk factors under the first paragraph, the *management company* shall take into consideration at least the following risk factors:

- (1) The business risk of the issuer;
- (2) The credit risk of the issuer;
- (3) The market risk of the price of the instrument;
- (4) The liquidity risk of the instrument;
- (5) The exchange rate risk;
- (6) The leverage risk.

Clause 13 The particular on warnings about investing in investment units shall include at least the following information:

(1) The warning that "The review of the draft *prospectus* of the offering of investment units of the *mutual fund* does not demonstrate that the SEC Office has certified the accuracy of the information in the *prospectus* or the price or return of the investment units offered for sale."

(2) A warning in case where the *management company* has a business

transaction that may cause a conflict of interest, in which case the information on such conflict of interest shall be disclosed, for example, the *management company*'s proprietary investment which may cause a conflict of interest with the *mutual fund*, including channels and procedures for the unit holders to verify the details and obtain additional information such as the website of the *management company*.

The warnings under the first paragraph shall be printed in a font that is clear and in a text size not smaller than the other texts of the *prospectus*.

Division 3

Certification of Information

Clause 14 The certification of information shall be attached to the end of the *prospectus* and shall contain a statement that the *management company* has reviewed the information in the *prospectus* with caution as the party responsible for the management of the *mutual fund*, and the *management company* certifies that such information is accurate, complete, not false, not misleading to others, and not missing any material information that should be disclosed.

Clause 15 The certification of information of the *prospectus* shall be affixed with the signature of one of the following persons and the company's seal (if any):

- (1) A director with binding authorization of the *management company*;
- (2) A person authorized by the *management company*, who shall hold a position not lower than director or an equivalent position called otherwise, with responsibilities in the line of *mutual fund* establishment.

Chapter 2

Additional Rules with Certain Provisions or Specific Characteristics

Division 1

Mutual Fund Investing in Derivatives or Structured Notes

Clause 16 The provisions hereunder shall apply to the following *mutual funds*:

- (1) *Mutual funds* whose investment policy specifies investment in derivatives with the objective of *hedging* and the underlying asset or the variable of the

derivative is not one and the same as the asset aimed to be hedged. In this regard, the *fund facts* of the *prospectus* shall contain the particulars and additional information as specified in Clause 17;

(2) *Mutual funds* whose investment policy specifies investment in derivatives without the objective of *hedging* or investment in structured notes. In this regard, the fund facts of the prospectus shall contain the additional particulars and information as specified in Clause 18 and the following additional rules:

(a) In cases where the investment policy may cause the *mutual fund* to have the *net exposure* in the goods or the underlying of the derivatives or instrument exceeding twenty percent of the net asset value of the *mutual fund*, the *fund facts* of the *prospectus* shall contain the particulars and additional information as specified in Clause 19;

(b) In cases where the investment policy specifies investment in derivatives with foreign exchange rates as the underlying, the *fund facts* of the *prospectus* shall contain the particulars and additional information as specified in Clause 20;

(c) In cases where the investment policy specifies *complex investment in derivatives*, the *fund facts* of the *prospectus* shall contain the particulars and additional information as specified in Clause 21.

Clause 17 The *fund facts* of the *prospectus* under Clause 16(1) shall display in the list of warnings on unit investment the statement that “the *management company* uses historical data to calculate the value of the absolute correlation coefficient. As a result the *mutual fund* carry risks in the event that the goods or the underlying of the derivatives and the asset for which hedging is intended move in a direction inconsistent with the historical information, which may render dealing in derivatives not fully efficient in *hedging*.”

Clause 18 The *fund facts* of the *prospectus* under Clause 16(2) shall display in the list of questions and answers the key characteristics of the *mutual fund* with questions and answers about derivatives or structured notes containing at least the following information:

(1) What investment ratio in such derivatives or structured notes has the *mutual fund* specified?

(2) What is the negative impact, under reasonable assumptions and confidence, from investing in such derivatives or structured notes upon the *mutual fund* capital?

Clause 19 The *fund facts* of the *prospectus* under Clause 16(2)(a) shall display a list of questions and answers on the key characteristics of the *mutual fund* with at least the following questions and answers on the goods or the underlying of the derivatives or the structured notes:

(1) The name and characteristics of the goods or the underlying. In case of the underlying being an index, the following information shall also be displayed:

(a) components of the index or the source of information on such components accessible to the unit holders;

(b) investment strategy of the index in cases where the calculation of returns makes reference to such investment strategy;

(c) reason for the change of calculation method or cancellation of the index calculation and guidelines for managing the fund in case of such circumstances.

(2) Information on the price or the operating results of the goods or the underlying during at least the past three years. In cases where the underlying index has been developed for less than three years, a model of the price or the operating results for the years where the index has not been developed shall be displayed;

(3) fluctuation of the price or the operating results of the goods or the underlying to which the contract or the instrument makes a reference.

In this regard, there shall be a statement clarifying to investors that the information in sub-clauses (2) and (3) of the first paragraph is historical or model information produced only to assist the unit holders in understanding the goods or the underlying. As a result, the price, the operating results or the fluctuation of the goods or the underlying in the future may move in a direction inconsistent with such historical information.

Clause 20 The *fund facts* of the *prospectus* under Clause 16(2)(b) shall display the additional particulars and information, as follows:

(1) A list of questions and answers about the related persons in the management of the *mutual fund*, including the names, qualifications, education and experiences in foreign exchange investment of any of the following persons:

(a) the *mutual fund* manager;

(b) any other person related to the management of such fund investment (if any).

(2) A list of the risk factors of the *mutual fund* indicating information on the risk factors related to investing in derivatives with the foreign exchange rate as the underlying with the following additional information:

(1) Key information in the contract and the investment objective;

(2) The risk characteristics and the circumstances causing the risks;

(3) The possible negative impacts.

Clause 21 In case of a *complex return mutual fund* under Clause 16(2)(c), the following information shall be displayed:

(1) Whether the method of calculating the value-at-risk (VaR) is by the relative VaR approach or the absolute VaR approach, and in either case at least the following assumptions used in the calculation by such approach shall include:

- (a) The confidence interval;
- (b) The holding period of the *mutual fund*'s assets.

In case of relative VaR approach, the benchmark employed and the suitability thereof shall be indicated.

(2) The expected gross leverage according to the derivatives contract as estimated by the *management company*.

Division 2

Mutual Fund with Foreign Risks

Clause 22 In this Division, “foreign country risk” means risks from investing in assets or becoming a counterparty in a financial transaction with one or more of the following characteristics:

- (1) Risk from the issuer or the foreign counterparty, excluding the cases where the issuer or the counterparty is a branch of a foreign commercial bank licensed to engage in commercial banking in Thailand;
- (2) Risk from foreign exchange rates.

Clause 23 The provisions herein shall apply to any *mutual fund* that have or would have *foreign country risk* exceeding twenty percent of the net asset value of the *mutual fund*.

Clause 24 The *fund facts* of the *prospectus* shall display the summary of *foreign risk* factors in the list of the key risk factors. In this regard, the *management company* shall consider at least the following additional risk factors:

- (1) The exchange rate risk;
- (2) The country and political risk;
- (3) The repatriation risk.

In case of investment in the instruments of companies established and offering for sale in the Greater Mekong Subregion, with a total exceeding twenty percent of the net asset value of the *mutual fund*, the risks of investing in such subregion countries shall be disclosed (if any) such as high fluctuation in investment, low liquidity of the instrument, or possibility of market movement toward a similar direction in the subregion, in addition to the information in the first paragraph.

Clause 25 The *fund facts* of the *prospectus* shall specify a guideline for managing the foreign exchange rate risk in the particular regarding investment type and investment policy of the *mutual fund*, including the additional information, as follows:

(1) In case where the investment policy of the *mutual fund* specifies investment in derivatives that has foreign exchange rates as the underlying with the objective of *hedging*, it shall be specified whether such guideline of risk management has any of the following characteristics:

- (a) full hedging against all risks;
- (b) partial hedging against possible risks with clear specification of hedging proportion;
- (c) risk management according to the fund manager's discretion.

(2) In case where the investment policy of the *mutual fund* does not specify investment that has foreign exchange rates as the underlying with the objective of *hedging*, a statement that "hedging or risk management does not apply" shall be specified.

The guideline for managing risks under sub-clause (1)(c) of the first paragraph shall indicate the factors employed in the consideration of becoming the counterparty of derivative contract as well.

Division 3

Mutual Fund that Invests in Units of Other Funds

Clause 26 A *mutual fund* that holds or will hold investment units of other funds in the following manners shall display information as prescribed in Clause 27 or Clause 28, as the case may be:

(1) In case where the fund invests or will invest in the units of any fund established under foreign law (excluding the funds with the main objective of investing, whether directly or indirectly, in property and infrastructure assets) at a total exceeding twenty percent of the net asset value of the *mutual fund*, the information specified in Clause 27 shall be disclosed;

(2) In case where the fund invests or will invest in the units of other *mutual funds* subject to the *Notification on Investment* or the units of funds established under foreign law that have similar characteristics of investment as such other *mutual funds* at a total exceeding twenty percent of the net asset value of the *mutual fund*, the information specified in Clause 28 shall be disclosed;

(3) In case where the fund invests or will invest in the units of funds, established whether under Thai or foreign laws, with the main objective of investing, whether directly or indirectly, in property and infrastructure assets at a total exceeding twenty percent of the net asset value of the *mutual fund*, the information specified in Clause 28 shall be disclosed.

For the interest of the provisions under sub-clause (2) of the first paragraph, the *Notification on Investment* means the *Notification of the Capital Market*

Supervisory Board concerning Rules on Management of Retail Mutual Funds, Mutual Funds for Accredited Investors, Mutual Funds for Institutional Investors, and Private Funds.

Clause 27 In the cases under sub-clause (1) of the first paragraph of Clause 26, the *fund facts* of the *prospectus* shall include questions and answers about the foreign investment fund specified in the *fund scheme* in the particular regarding questions and answers about the key characteristics of the *mutual fund*, as follows;

(1) What are the investment policy, key risk factors and the operating results of the foreign investment fund?

(2) What is the fluctuation in the operating results of the foreign investment fund?

In case where investment in the units of foreign investment funds results in the fund having an investment position in derivatives or structured notes in accordance with Division 1 of this Chapter, the *management company* shall disclose information on the investment in the derivatives or structured notes of the foreign investment fund in accordance with Division 1 of this Chapter, *mutatis mutandis*.

In displaying the questions and answers under the first and second paragraphs, the *management company* shall disclose information on such foreign investment fund to the extent that the foreign investment fund has generally disclosed or the *management company* is able to access.

Clause 28 In the cases under sub-clauses (2) or (3) of the first paragraph of Clause 26, the *fund facts* of the *prospectus* shall contain a list of questions and answers about the key characteristics of the *mutual fund* including questions and answers about the investment policy and investment ratio in such cases as prescribed in the *fund scheme*.

Division 4

Mutual Fund with Investment Policy on Non-investment Grade or Non-rated Instruments

Clause 29 In case where the *mutual fund* has an investment policy that results in the *mutual fund* holding an investment position in non-investment grade instruments or instruments without credit rating at a total amount exceeding twenty percent of the net asset value of the *mutual fund*, the *fund facts* of the *prospectus* shall display a warning statement that “This *mutual fund* invests in non-investment grade instruments or instruments without credit rating. Investors may be exposed to higher risks than investing in other *retail mutual funds* such as the credit risk of the issuer or

the liquidity risk of the instrument, which may incur partial or total loss to Investors' investment, and may not receive the redemption price as specified in the details of the *fund scheme*.”

Division 5

Complex Return Mutual Fund

Clause 30 The provisions herein shall apply to *complex return mutual funds*.

Clause 31 The *fund facts* of the *prospectus* shall display questions and answers about the return settlement in the list of questions and answers about the key characteristics of the *mutual fund*, as follows:

(1) What method does the *mutual fund* use in prescribing the formula of return calculation, form of return, including related conditions. In this regard, the form of return shall be explained with the use of a pay-off diagram as well;

(2) What is the estimate of return in various situations and the possible highest loss? In this regard, such estimation shall employ reasonable assumptions and be prepared with due care;

(3) What types of prospects of investors are suitable for the *mutual fund*?

Chapter 3

Additional Rules for Mutual Funds with Special Characteristics

Division 1

Mutual Fund with Investment Policy on Money Market Fund according to the Notification on Investment

Clause 32 The provisions herein shall apply to money market funds which use bank deposits as an additional benchmark in the comparison to the returns on investment in the investment units of the *mutual fund*.

Clause 33 The *fund facts* of the *prospectus* shall display in the list of warnings for investors a warning statement that investment in the investment units of money market funds is not a bank deposit and carries investment risks which may cause investors not to receive their investment money back in full.

The warning in the first paragraph shall be displayed at all references of the deposit benchmark.

Division 2
Mutual Funds with Investment Policy on
Guaranteed Funds According to the Notification on Investment

Clause 34 The provisions herein shall apply to guaranteed funds.

Clause 35 In this Division, “*guarantor*” means a person who guarantees that the investors shall receive a payment of investment money or returns from unit redemption or sale, as the case may be, at the guaranteed amount, provided that the investors has invested in the units of the guaranteed fund for the full period specified in the *fund scheme*.

Clause 36 In case where the *mutual fund* has a policy of investing in securities or other assets of which the guarantor is the issuer, acceptor, giver of aval, endorser or guarantor, indicating that the *mutual fund* will invest in such securities or assets, the *fund facts* of the *prospectus* shall display a warning indicating the name of the guarantor, the investment ratio in such securities and assets and the amount of investment money the unit holders will receive in case of debt default by the guarantor.

Clause 37 The *fund facts* of the *prospectus* shall display a particular on the guarantee information, as follows:

- (1) type and policy of the mutual fund, providing a brief explanation of the following information:
 - (a) details of the guarantor including credit rating;
 - (b) amount of investment money guaranteed and the guaranteed return (if any);
 - (c) guarantee period and the end date of each guarantee period (if any);
 - (d) fee estimate or the total expense in arranging for a guarantor and the ratio of the estimate or expense in arranging for a guarantor in comparison to the total fee or expenses of the *mutual fund*.
- (2) The list of questions and answers about the key characteristics of the *mutual fund* shall contain the following questions and answers:
 - (a) What are the consequences of redeeming investment units prior to the end of the guarantee period and the consequences of redeeming investment units at

the end of the guarantee period in case where the investment unit value is higher than the guaranteed value;

(b) How is a new guarantor appointed, and how the *management company* proceeds in case of failure to appoint a new guarantor;

(c) Should the investors consider the risk from future credit of the guarantor or not, and how?

Division 3
Mutual Fund with Investment Policy on
Principal Protection Fund according to the Notification on Investment

Clause 38 The provisions herein shall apply to principal protection *mutual funds*.

Clause 39 In this Division, “*principal*” means the money each investor paid as the price of investment units of the *principal* protection *mutual funds*, excluding the fee for the purchase of investment units.

Clause 40 The *fund facts* of the *prospectus* shall display the following questions and answers about the key characteristics of *principal* protection funds:

- (1) How is the *mutual fund* different from a guaranteed fund?
- (2) Is there a possibility that investors may not receive the return of the *principal*, and how?
- (3) What are the terms and mechanism for protecting the *principal* of the *mutual fund*?

Division 4
Mutual Fund with Investment Policy on
Exchange Traded Mutual Funds according to
the Notification on Investment

Clause 41 This Division shall apply to exchange traded *Mutual Funds*.

Clause 42 In this Division:

(1) “*market maker*” means the *major participating investor* appointed by the *management company* to cause the trading price of the exchange traded *mutual funds* in secondary markets closely reflect the investment unit value calculated from the net asset value of the *mutual fund*.

(2) “*major participating investor*” means any investor who purchases

or offers the units of the *mutual fund* to the *management company* in an amount or value specified by the *fund scheme*, which shall be no less than ten million baht or in accordance with the waiver from the SEC Office, on a case-by-case basis;

(3) “*joint unit dealer*” means the *major participating investor* specified by the *management company* in the *fund scheme* to sell or offer the units of exchange traded *mutual funds* with the *management company*.

Clause 43 The *fund facts* of the *prospectus* shall contain the following particulars and information:

(1) A list of questions and answers about the key characteristics of the *mutual fund* including the following questions and answers:

(a) What securities index does the *mutual fund* use as the underlying and what are the components of such index?

(b) What are the top ten securities the *mutual fund* will invest in?

(c) What are the provisions concerning the declaration of the net asset value and the level of underlying index?

(d) What is the investment procedure to yield a return varying according to the change in the underlying index?

(2) A list of questions and answers about the rights of the unit holders shall contain the following questions and answers:

(a) What is the amount or value required in trading investment units directly with the *management company*?

(b) By what channels can investors receive information on unit trading and the underlying index of the *mutual fund*?

(3) A list of questions and answers about the related person to the management of the *mutual fund* shall include questions and answers about the person appointed by the *management company* to be the *market maker* and *joint unit dealer* (if any).

Division 5

Mutual Fund with Investment Policy on Gold Funds according to the Notification on Investment

Clause 44 This Division shall apply to gold *mutual funds* which invest directly in gold bullion.

Clause 45 The *fund facts* of the *prospectus* shall contain the following questions and answers about the key characteristics of the *mutual fund*:

(1) Is the gold bullion in which the *mutual fund* invests insured or not,

and how (explain)? In case of insurance, is it partial or full coverage?

(2) In case where the gold bullion is insured, under what circumstances shall the insurance cover, or not cover, the gold bullion?

Clause 46 In case the gold bullion of the *mutual fund* is not covered or partially covered by insurance, an analysis and explanation of the risks of the *mutual fund* if the gold bullion is damaged, lost, stolen or destroyed shall be included in the particular on risk factors in the *fund facts* of the *prospectus*.

Division 6

Retirement Mutual Funds Obtaining Capital Transfer from Provident Funds

Clause 47 This Division shall apply to retirement *mutual funds* which obtain capital transfer from provident funds or obtain such capital transfer continuing from other retirement funds.

Clause 48 The *fact sheet* of the *prospectus* shall display, at the top of the first page, a symbol or statement informing investors that the *mutual fund* is a retirement *mutual fund* which obtains capital transfer from a provident fund or obtains such capital transfer continuing from other retirement funds, in accordance with the guidelines prescribed by the *association*.

Division 4

Particulars and Additional Information in the Updated Prospectus

Clause 49 The *updated prospectus* shall contain the following particulars and information in the *fund facts* of the *prospectus*:

- (1) Fund size;
- (2) A list of investments and performance of the *mutual fund* in the section following the list of fees, containing at least the following information:
 - (a) details of the investments, money borrowing and obligations of the *mutual fund*, categorized by types of securities or assets or other methods of seeking return, in compliance with the investment policy of the *mutual fund*;
 - (b) performance of the *mutual fund* evaluated by the standards of the *association* or the SEC Office, as the case may be;

(3) In case where the *mutual fund* has a benchmark, the information on the benchmark shall be disclosed, including at least the following information:

(a) The performance of the benchmark;

(b) In case of change of benchmark, the reason for such change shall be disclosed;

(4) Information on unit holding in excess of the unit holding limit currently evident, specifying the number of persons or groups of persons holding investment units in excess of such limit, including channel of monitoring information on the ratio of unit holding of such persons or groups of persons also;

(5) The portfolio turnover ratio of the *mutual fund* calculated from the lower value of the total value of assets purchase and the total value of assets sale in which the *mutual fund* invested in the previous accounting period, divided by the average net asset value of the *mutual fund* in the same accounting period;

(6) In case of a *complex investment in derivatives*, the actual VaR shall be indicated and the reason why the average actual leverage is higher than the previous expected gross leverage of the *management company*.

In case there is an amendment of the *fund scheme* after the end of the accounting period and within the preparation period of the *prospectus* for the SEC Office, the *management company* shall disclose the updated information on the day of preparation of the *prospectus*.

Clause 50 Information disclosed in the *updated prospectus* shall be the updated information from the following dates:

(1) The last day of the preparation period of the *prospectus* in accordance with the *Notification of the Capital Market Supervisory Board concerning Delivery and Dissemination of Mutual Fund Prospectuses and Investment Offering*, in case of *open-end mutual fund*;

(2) Any of the thirty days before the first offering date of additional investment units, in case of *closed-end mutual fund*.

Clause 51 In case of exchange traded *mutual funds*, the *prospectus* that is prepared newly every accounting period shall be in accordance with Clause 49 and shall contain the following additional particulars:

(1) The trading code of the investment units on the Stock Exchange of Thailand;

(2) The top ten securities invested by the *mutual fund*;

(3) The amount of investment units traded on the Stock Exchange of Thailand in the past accounting period.

Division 5
Transitional Provisions

Clause 52 In case where the *management company* has correctly submitted an application for approval of establishment of a *mutual fund* to the SEC Office prior to the effective date of this Notification, the *management company* shall prepare a *prospectus* especially for the first offer for sale with the particulars and information in the *prospectus* identical to the draft *prospectus* submitted to the SEC Office.

Notified this 17th day of December 2015.

(Rapee Sucharitakul)
Secretary-General
Office of the Securities and Exchange Commission