

SEC Thailand's public hearing on the proposed amendments to digital assets investment rules of Thai mutual funds and private funds

The Securities and Exchange Commission, Thailand (SEC) is seeking public comments on the proposed principles and draft regulations related to the investment of mutual funds and private funds in digital assets, including investment tokens and crypto assets, following the resolution of the SEC Board and the Capital Market Supervisory Board. The proposed principles aim to level playing field between Thai brokerage companies and asset management companies and to facilitate investors with a wide variety of investment products, summarized as follows:

(1) Broadening eligible assets of Thai mutual funds and private funds to cover investment tokens

Investment tokens have key risks and features similar to traditional securities, such as debt securities. Therefore, the funds will be allowed to invest in investment tokens subject to current investment limits of traditional securities, such as single entity limit, group limit, and concentration limit.

(2) Allowing Thai mutual funds and private funds to invest in crypto assets with certain investment limits pursuant to investors' risk tolerance

(2.1) The funds offering to institutional and ultra-high-net-worth investors who have high risk tolerance will be allowed to invest in crypto Exchange Traded Funds (ETFs) with no investment limit. Additionally, the funds will be allowed to invest in crypto assets and crypto asset derivatives not exceeding 20% of net asset value (NAV) for asset allocation.

(2.2) The funds offering to retail investors will be allowed to indirectly invest in crypto assets through ETFs and foreign collective investment schemes for investment diversification. The total crypto asset exposure is limited to 5% of NAV. The qualified funds are as follows:

(a) establishing after the regulations are effective. However, the existing funds investing in crypto assets prior to the effective date shall comply with new investment limit rules within 90 days as from the effective date; and

(b) actively managed funds, excluding tax privileged funds, which are labelled as equity fund, alternative investment fund and mixed fund (with asset allocation).

(3) Revising other relevant rules related to establishment and management, to ensure investor protection such as enhancing disclosure related to digital assets to ensure that investors have sufficient information for decision making.

The consultation paper is available at [SEC website](#). Stakeholders and interested parties are welcome to submit comments and suggestions via the website or email: thanunya@sec.or.th, chavisa@sec.or.th, or pattarav@sec.or.th. The public hearing ends on November 8, 2024.
