

SEC Thailand’s public hearing on draft regulations relating to the capital requirement for trust managers and trustee of REITs or infrastructure trusts and investment management companies of property funds or infrastructure funds

SEC Thailand had proposed regulation amendment to revise the capital requirement for investment management companies that manage property funds or infrastructure funds (both in the form of fund and trust), trust managers and trustee to ensure that the companies have sufficient capital available to maintain business operation and to cover potential liability risks arising from professional negligence. The amendments are made to align with the capital requirement regulations for investment management companies that manage mutual funds (the regulation came into force on 1st April 2018). Under the amendment, the capital requirement consist of 3 components as follows:

1. initial capital requirement: the amount of owner’s equity must be maintained at least at 20 million baht for investment management companies of property funds or infrastructure funds and 10 million baht for trust managers of REITs or infrastructure trusts;
2. additional capital requirement to maintain business operation: maintain the liquid capital amount at least equal to the company’s three months operating expenses;
3. additional capital requirement to cover for potential liability risks arising from professional negligence: maintain liquid capital amount or have professional indemnity insurance with value at least equal to 0.01% of the net asset value of the funds under management.

SEC Thailand had previously conducted a public hearing regarding the amendments stated above which was detailed in the consultation paper “aorjorkor 55/2561 Re: “Amendments to regulations relating the capital requirement for trust managers and trustee of REITs or infrastructure trusts and investment management companies of property funds or infrastructure funds”. Most of the feedback agreed with the proposed amendments. SEC Thailand therefore revised the draft regulation by taking into account of concerns and suggestions raised by the private sector.

The consultation paper is available (in Thai only) at www.sec.or.th/hearing.

The public hearing end on 30 September 2019.