

SEC Thailand's Public Hearing on proposed Regulations Relating to Term Fund

The proposal to amend the regulations relating to Term Fund ("TF") is part of SEC Thailand's ongoing efforts to enhance and refine the regulatory framework of TF and to enhance regulatory safeguards for investors in the capital market. The SEC Thailand proposes to impose (i) new requirement on the single entity limit of TF to mitigate the issuer's concentration risk and (ii) additional disclosure requirements for retail mutual fund to provide investors with sufficient information for making their investment decisions.

Hence, the SEC Thailand invites comments from interested parties on the proposed regulations, as follows:

Term Fund regulation

1. Increase diversification by decreasing the deposit limit for a single issuer from $\leq 20\%$ of NAV to $\leq 10\%$ of NAV (only for retail TF).
2. Additional risk warning statement on TF's passbook: "Investment in investment units is not bank deposits and is subjected to certain risks. Therefore, investors may receive the amount of less than the money in which the investors initially invested" to emphasize that TF has a higher investment risk than that of bank deposits.
3. Sale Process: prescribe additional set of regulation on the sale process which requires asset management companies to prepare e.g. 'checklist questions' for the selling agents to utilize at the sale point to warn the investors of the inherent risks of their investments.

Risk disclosure requirements for retail mutual fund

1. Revise the risk spectrum of retail mutual fund as follows:
 - Risk Level 4: net exposure to single country or sector $\leq 80\%$ of NAV; and

- Risk Level 5: net exposure to single country or sector $>$ 80% of NAV.
2. Additional key risks dimension to explicitly indicate the investment concentration in a single country or sector.

For further details on this public hearing, please visit www.sec.or.th/hearing or contact Investment Management Policy Department at 0-2263-6563 or impd@sec.or.th.

Please submit written comment by October 15 - 29, 2019

Investment Management Policy Department
The Securities and Exchange Commission, Thailand
333/3 Vibhavadi-Rangsit Road, Chomphon,
Chatuchak Bangkok 10900, Thailand
Email: impd@sec.or.th