

Ex-sum (english)

The SEC is seeking second round of public comments on an amendment to its regulations of debt securities, aims to enhance investor protection mechanism and foster debt securities market development that can facilitate growth of the economy.

The SEC would like to propose the following key amendments.

1. Type of investors eligible for a PP-10 placement will be revised to only include the institutional investors and the investors related to the issuer (director and management of issuer, shareholder holding 10% or more of issuer's equity, issuer's affiliates)
2. An additional qualification requirement for issuers who offer debt securities to high net worth investors will be imposed to improve investor protection. Applying the same requirement as for a public offering basis, issuers must not default on a principal or interest payment of debt securities or on a loan payment of any financial institution.
3. Only the investment grade bond can be offered on a medium-term note scheme (MTN) since the subsequent issue under MTN requires minimal scrutiny.
4. Registration statement and prospectus shall be emphasized on the information which is material or specific to the issuers and the securities offered, especially issuer's capital structure and financial situation. In addition, the disclosure shall be made on the topic of the detailed use of process and the company's debt liability such as bond issuance, loan from financial institution.
5. Issuers will be required to file financial reports sooner and more frequently, so that investors can have access to issuers' most recent financial information.
6. Factsheets will be revised to be more precise and in shorter length as the readers tend to dismiss reading a 10-page document. The risk scale will be determined to facilitate risk comparison across different issues. It will also include the average financial ratio of the industry and the return of those with similar risk profile to enable simple comparison. The disclosure of risk section will focus more on risk specific to that issuers rather than the general risk.

7. Post-default processes will be determined to help and support investors such as issuers and registrars will be required to file the default report to the SEC and bondholders' representatives.

In addition, the SEC has reduced filling form from 32 to 13 forms to facilitate the usage and the searching. The section with similar issuer information will be consolidated and the remaining special character of bond will be put in the appendix.

The consultation paper is available at www.sec.or.th/hearing. Stakeholders and interested parties are welcome to submit comments through the website, or contact Bond Department via email: debt@sec.or.th. The public hearing ends on 13 March 2020.

* an offer to not more than 10 investors in any four-month period.