

SEC Thailand's public hearing on proposed amendments and drafted regulations on mutual fund's use of liquidity management tools and liquidity risk management guideline

The SEC is seeking public comments on the amendments of regulations and drafted regulations on mutual fund's use of liquidity management tools and liquidity risk management guideline. This aims to improve liquidity risk management standards and provide asset management companies a wider range of tools in line with international standard to manage liquidity risk.

SEC has proposed liquidity management tools that asset management companies are able to select and use when dealing with events or factors that cause investors to panic-sell or redeem their investment units en masse, which would be unfair to investors who opt to hold on to their investments because the only assets left in the fund portfolio would be of low quality and they would have to bear the costs associated with the asset sales.

The SEC has therefore offer liquidity management tools including good governance structure, initial product design assessment, risk monitoring, liquidity management tools and stress test in order to increase the fund management efficiency and reduce systemic risk, which could impact the whole economy.

The consultation paper is available at www.sec.or.th. Stakeholders and interested parties are welcome to submit comments and suggestions via the website or email impd@sec.or.th or the Investment Management Policy Department, the Securities and Exchange Commission, Thailand 333/3

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The public hearing ends on 10 April 2021.