

SEC and SET public hearing on draft regulations for supporting SMEs fundraising in capital market through public offering and secondary market “SME Board”

The Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) is conducting a public hearing on draft regulations to facilitate capital market funding access for small and medium-sized enterprises (SMEs) and startups.

The proposed regulations would allow SMEs and startups to offer shares to the public in the primary market and establish a secondary market known as “SME Board” to allow shares to be listed and traded among investors.

SMEs and startups that would like to raise funds through this channel must be a public limited company for which there is a proper shareholder protection mechanism. The SEC has reduced burdens on fundraising through various means such as not requiring the submission of an application for approval to SEC Office, not requiring a financial advisor, and waving fees. To be qualified, SMEs and startups must meet all the following requirements:

- (1) Disclose company information as required by the SEC as well as financial statements that are reviewed or audited by an auditor that is an employee of an audit firm that has been inspected by the SEC. (SME auditor);
- (2) Submit half-year and annual financial statements that are reviewed or audited by an SME auditor;
- (3) Directors and executive officers must be trustworthy and be responsible for fiduciary duty;
- (4) Shares must be sold through an intermediary that is responsible for conducting a know-your-customer screening process and recommending suitable investment accordingly.

Investing in SMEs and startups is restricted only to qualified investors with knowledge, experience and wealth who can afford more risks than others, such as institutional investors, private equity, venture capital and angel investors.

The trading on the SME Board must be done by the sending of orders through intermediaries via a matching system in the form of auction once per day. Buyers must pay the full amount in a cash account and the sellers must have sufficient

shares in their portfolio (prepaid market). Unfair activities related to securities trading must also be regulated in the same manner as those on SET and mai, etc.

For more details of this public hearing, please visit www.sec.or.th/hearing and www.set.or.th. Stakeholders and interested parties are welcome to give comments via the websites or email: tayakorn@sec.or.th or wareeya@set.or.th. The consultation period ends on 13 August 2021.
