

SEC public hearing on proposed amendments to regulations related to securities and derivatives companies' undertaking of other businesses

The Securities and Exchange Commission, Thailand (SEC) is seeking public comments on proposed amendments to the rules for the undertaking of other businesses of securities companies and derivatives companies (business operators) to be in line with the current environment and the Regulatory Guillotine*, as well as for the benefit of investors and the overall capital market confidence.

As a result of the current situation, business operators have to self-adjust in response to technological disruption, the changing environment, and investors' changing behaviors in order to compete. One approach is to explore new lines of business other than their core securities and derivatives businesses. Such new businesses may have a higher investment value and a higher risk, or may not be associated with business operators' license and thus may have a risk that affects business operators' financial position or service system as well as investors' benefits and confidence in the capital market. Furthermore, currently business operators can carry out other businesses right away if the conditions are met, whereas TSFC Securities Public Company Limited (TSFC) must acquire prior authorization before beginning any other activity.

The SEC therefore proposes to amend the rules governing the undertaking of other businesses according to the resolution of the Capital Market Supervisory Board Meeting No. 3/2565 on 19 April 2022, to make the rules more suitable for the current environment and to ensure effective supervision, as well as to hedge risks of business operators, their clients, and the overall capital market confidence. These proposed amendments would also streamline regulations to facilitate business operators in accordance with the SEC's Regulatory Guillotine* by allowing business operators to conduct only other businesses that are related to the securities and derivatives businesses for which they have been licensed, and requiring them to comply with the specified conditions as follows:

(1) If other businesses do not have a high investment value and have systems in place to support their work and financial condition as specified, business operators may undertake such other businesses in general in compliance with the current regulations;

(2) If other businesses have a high investment value as specified by the rules, they would be classified into two categories based on their significance. For the first category, business operators may undertake other businesses in general on the condition that they provide the SEC with information regarding compliance with the SEC regulations before activating those other businesses. The second category is for higher significance whereby business operators must obtain approval in advance from the Capital Market Supervisory Board.

For further details of this public hearing, please visit www.sec.or.th/hearing. Stakeholders and interested parties are welcome to submit comments and suggestions through the website or email: thanatip@sec.or.th or kornwara@sec.or.th. The public hearing ends on 6 June 2022.

Note:

*Regulatory Guillotine is the regulatory review of the existing laws and regulations. The reviewed laws and regulations that are no longer necessary or do not keep pace with situations or remain obstacles to living or occupations will be abolished or revised to lessen burden on people. By doing so, methods used must be done with speed, transparency and low costs with participation from all related parties.