

SEC public hearing on proposed amendments to Repo service regulations to better suit investor types

The Securities and Exchange Commission (SEC) is seeking public comments on proposed amendments to the regulations governing securities selling or buying with an agreement to buying or selling back (Repo) to ensure proper protection for ordinary persons in the category of institutional investor and consistency with the types of investor.

Currently, the regulations related to provision on Repo grant an exemption or prescribe flexible conditions for business operators that provide services or engage in transactions with institutional investors. This is because institutional investors have the capacity to take care of themselves. However, the definitions of “institutional investor”^{*} have been revised in accordance with the resolution of the SEC Board to include ordinary person investors in the “institutional investor” category. The revision to the definitions of the term will become effective as from 1 October 2022. This may cause ordinary persons categorized in the institutional investor group to not receive appropriate protection when engaging in Repo transactions with business operators.

The SEC is therefore proposing to amend the regulations governing provision of Repo transactions as approved in principle by the SEC Board’s Meeting No. 2/2565 dated 15 February 2022. The proposed amendments would require business operators who provide Repo service to ordinary persons categorized as institutional investor to proceed in the same manner as with non-institutional investors. For example, securing a risk management system related to collateral placement, selection of securities, data processing and data reporting to the management, agreement with investors and additional conditions in the case where business operators have the duty to deliver securities according to the agreement. These proposed amendments aim to ensure proper protection for ordinary persons in the institutional investor group.

The consultation paper is available

at https://www.sec.or.th/TH/Pages/PB_Detail.aspx?SECID=825 . Stakeholders and interested parties are welcome to give comments and suggestions via the website or email:

thanatip@sec.or.th or kornwara@sec.or.th. The public hearing ends on 26 August 2022.

Remark: *Pursuant to the Notification of the Securities and Exchange Commission No. Kor Jor. 39/2564 Re: Determination of Definitions of Institutional Investor, Ultra High Net Worth Investor and High Net Worth Investor, dated 24 December 2021.