

SEC public hearing on proposed amendments to PVD Act to enhance efficiency of provident funds

The Securities and Exchange Commission (SEC) is conducting a public hearing on proposed amendments to the Provident Fund Act B.E. 2530 (1987) (PVD Act) to enhance the efficiency of provident funds as an effective retirement saving and investment mechanism for documented workers.

Following an assessment of the effectiveness of the current PVD Act and a previous public hearing on a proposed amendment to the PVD Act to support the transition to the mandatory pension scheme during 26 November 2021 - 25 January 2022, the SEC has taken the public's and stakeholders' comments and suggestions into consideration to conduct another hearing to propose amendments to the PVD Act to enhance the efficiency of the existing provident funds. Essentially, the key principles of the amendments are as follows:

1. *Fund management and structure*: e.g., revising provisions to support the development of fund structure and duties of person in relation to the registration of provident fund, allowing the provident fund to have the central registrar, and enabling transfer or payment in securities or other assets instead of cash (pay in kind);

2. *Fund governance*: e.g., revising the composition, qualifications, roles and responsibilities of the fund committee, enabling employers to automatically enroll employees in the provident fund, providing the default portfolio for a member who does not make a selection, and specifying the details of accounting and recording of fund incomes and expenses;

3. *Facilitating payments out of the fund*: e.g., allowing the registrar to order dissolution of the fund including a withdrawal of one employer from a pooled fund, allowing the fund manager to make a payment to an employee in the portion of the employee's saving separately from the employer's saving, specifying the employer's duty to notify the fund manager of an employee's membership termination or the employee's right to directly notify the fund manager, and specifying the management of unclaimed money;

4. *Increasing flexibility for members to manage their money*: e.g., empowering the Minister of Finance to reduce the contribution rates of the provident fund and allow employees to receive the payment out of the fund in case of crisis, allowing an employee to temporarily suspend contribution to the fund in case of necessity, allowing an employee

to use some portion of his or her contribution as a collateral for a loan in case of necessity, increasing the employer's and the employees' contribution rates, allowing employees whose membership ends due to leaving their employment as opposed to retirement to receive installment payment from the fund, and allowing employees who meet the retirement condition but are still employed to continue contributing to the fund with or without the employer's contribution; and

5. *Supervision*: e.g., specifying the standards for fund registration regulations and guidelines, specifying the employer's duty to report information related to funds and members, specifying acceptance of electronic transactions, revising the rate of surcharge in case the employer remits the savings or the contribution into the fund later than the period specified by the law, and revising the processing time periods for the fund's various proceedings and penalties in the PVD Act.

The consultation paper is available at www.sec.or.th/hearing/. Stakeholders and interested parties are welcome to submit comments and suggestions on the website or via email: piravade@sec.or.th or thitimam@sec.or.th. The public hearing ends on 4 March 2023.
