

SEC public hearing on the amendment of rules and regulations for creating the regulatory alignment for funds and trusts which have invested in real estate and infrastructure.

The SEC is seeking public comments on proposed amendments to the rules and regulations for funds and trusts which have invested in real estate and infrastructure. The proposed rules would amend the existing of an annual general meeting, the duties of the REIT/Infra Trusts managers, and REITs income guarantee rule for income guarantor obligated to bind as a joint debtor with the lessee. These amendments are part of the Regulation Guillotine Scheme*, with aims to create the flexibility and reduce regulatory obstacles for those funds and trusts.

The Securities and Exchange Commission, Thailand (SEC) has proposed to the SEC board and the Capital Market Supervisory Board to amend the rules and regulations for Property Funds (“Type 1 Funds”), Real Estate Investment Trusts (“REITs”), Infrastructure Funds (“Infra Funds”) and Infrastructure Trusts (“Infra Trusts”). These amendments are part of the Regulation Guillotine Scheme* initiated in 2020 and the SEC has collaborated closely with the Association of Investment Management Companies (“AIMC”), with aims to create the flexibility and reduce obstacles in regulations for those funds and trusts.

The SEC has proposed to amend 3 rules and regulations to the Capital Market Supervisory Board, which approved the proposal during its meeting No. 15/2022 on December 20, 2022. The approved enhancements are as follows:

(1) Cancellation of an annual general meeting of funds and trusts. To be announced, the funds and trusts will be required to provide two-way communication channels for unitholders that allow unitholders to inquire any required information. In addition, they have to prepare a summary of questions and answers for informing the unitholders regarding the result or key finding of such communication.

(2) Revising the rules that are related to the duties of the REIT/Infra Trusts managers after the offering for sale of units trust. This revision will allow the REIT/Infra Trusts managers to perform differently from the obligations given in an application for any of the trust documents. In this case, the REIT/Infra Trusts managers have obtained the unitholders approval with counting votes not less than three-fourth of the attending unitholders with voting rights and no counting votes cast against it more than ten percent of the attending unitholders with voting rights.

(3) Amendment of REITs income guarantee rule, the compliance requirements that the income guarantor obligated to bind as a joint debtor with the lessee and tripartite agreement among the income guarantor, the lessee, and the REITs in case the income guarantor fails to comply with the contract of income which shall be deemed that lessee violates the lease contract. Both compliance requirements only apply on condition that income guarantor and the lessee are related person.

The consultation paper is available at www.sec.or.th/hearing. Stakeholders and interested parties are welcome to submit comments and recommendations via the website, or email: jirasin@sec.or.th, varinkan@sec.or.th or kittinee@sec.or.th . The public hearing ends on April 26, 2023.

*Regulatory Guillotine Scheme is the regulatory review of the existing laws and regulations which aim to create convenience for businesses. The guillotine eliminates or simplifies the laws and regulations that are no longer necessary, not consistent with current situations, or acting as obstacles to work processes in a short period at low cost, transparent and involving related multiple participants.