

SEC Thailand's public hearing on the proposed amendments to investment rule for Thai mutual fund

The Securities and Exchange Commission, Thailand (SEC) is seeking public comments on the proposed principles and draft regulations regarding breach of investment limits and product limit on deposits or debt instruments, following the approval of the Capital Market Supervisory Board 3/2566 on March 21st, 2023. The proposed principles and draft regulations aim to enhance investment rule to be in accordance with international standards and provide flexibility for the management company, summarized as follows:

(1) Improving investment rule regarding breach of investment limits:

(1.1) amending the principle of passive breach to include situations which management companies invest in assets for the funds and breach investment limits in the same day caused by uncontrollable external factors as such as an appreciation or depreciation in the value of the scheme's underlying investments, and massive redemption of units.

(1.2) enhancing the process of extension period to rectify passive breach by repealing the discretion power of the management companies to extend rectification period. The proposed amendments require management companies to obtain consent from the trustee or the PVD committee, as the case may be. Additionally, such extension shall be subject to monthly review by the abovementioned persons.

(2) Amending investment rule regarding product limit on deposits or debt instruments:

Currently, mutual funds do not have tax privileges from the investment in deposits or debt instruments. Therefore, the SEC considers to amend product limit on deposits and debt instruments issued by Thai juristic persons in order to increase flexibility for management companies and to be in accordance with international standards. Notably, mutual funds investing in deposits or debt instruments shall comply with current investment rules applied to other investment assets, such as single entity limit, group limit, and concentration limit.

The consultation paper is available at www.sec.or.th/hearing. Stakeholders and interested parties are welcome to submit comments and suggestions via the website or email: chavisa@sec.or.th or pattarav@sec.or.th The public hearing ends on July 6th, 2023.