

SEC Thailand's public hearing on the proposed regulation on the ICO governance

The Securities and Exchange Commission, Thailand (“SEC”) is seeking public comments on the proposed regulation regarding the governance of the issuer of initial coin offerings (“ICO”). The proposed regulation aims at ensuring that ICO rules have adequate and appropriate mechanisms in order to protect investors while promoting ICO issuers’ awareness and responsibility over project management for the benefit of digital token holders. Such regulation seeks to increase confidence in both fundraising and investment through ICO for sustainable growth of Thailand’s digital industry.

On 7 December 2023, the SEC Board Meeting No. 17/2566 gave its approval to the proposed regulation. The proposal contains the following essences:

(1) Requirements regarding the check & balance mechanism and the responsibilities of issuer's board of directors : ICO issuers will be required to have check & balance mechanisms and measures to prevent and manage conflicts of interest in place. Such mechanisms and measures will need to be outlined in the ICO filing. Additionally, there are specific significant matters that must be approved by issuer's board of directors so that the board of directors are committed and be responsible for decision-making and disclosure of ICO project-related information.

(2) Token holder resolutions : To improve the regulation regarding token holders resolutions and relevant procedures, SEC proposed a set of rules involving methods and reasons for requesting for token holders’ vote, how the vote is determined, and how token holder meetings are organized, etc. The proposed regulations are in line with such similar matter imposed on real estate-backed token.

(3) ICO advertisement : SEC proposed additional rules regarding ICO advertisement. Those include : advertisement must not lure or rush investors into making uncareful investment decision. Advertisement must not lead to an interpretation of guarantees of returns. There must be appropriate warnings about investment risks. If it is an advertisement using or referring to other sources of information, such information must be from a reliable source and that source must be clearly specified. Advertisement must be complied with other relevant requirements such as requirements for marketing promotions and advertising expenses deduction.

Additionally, issuers must ensure that third-party advertisers must also comply with relevant regulations.

For further details of this public hearing, please visit www.sec.or.th/hearing or <https://law.go.th/>. Stakeholders and interested parties are also welcomed to submit comments and recommendations via the SEC Thailand's website or email: kanjanachat@sec.or.th, thapanee@sec.or.th or pitchal@sec.or.th.

The public hearing ends on 6 February 2024.