

SEC Thailand Opens Public Hearing on Draft Regulations and Guidelines concerning Material Transactions (MT) and Related Party Transactions (RPT).

The Securities and Exchange Commission of Thailand (SEC Thailand) is seeking public comment on draft regulations and guidelines to revise the rules governing **Material Transactions (MT)** and **Related Party Transactions (RPT)** for listed companies. The objective is to enhance clarity, align with current circumstances, elevate investor protection, and provide practical guidance for compliance. These revisions are based on feedback gathered from stakeholders between 2023 and 2024.

Key Revisions:

1. MT Regulations

The proposed changes to MT regulations include:

1.1 Revision of procedural requirements based on transaction size.

- (1) Elimination of the requirement to circulate circulars to shareholders.
- (2) Reduction of transaction size required the shareholder approval from 50% to 25%. Transactions exceeding 50% must obtain shareholder approval while an Independent Financial Advisor (IFA) must be appointed to provide shareholders with independent opinion.
- (3) Elimination of the requirement to submit the draft shareholders' meeting notice and the draft Independent Financial Advisor (IFA) report to the SEC Thailand for review and feedback prior to distribution to shareholders (applicable to both MT and RPT).
- (4) Introducing a specific rules for transactions that may significantly impact on the financial position and operating result of listed companies; for instance, acquisition of shares of a company having negative net assets or operating losses.
- (5) Empowering shareholders holding, in aggregate, a minimum of 10% of voting rights to veto a transaction if the Audit Committee or IFA recommends shareholders should not approve the transaction. (applicable to both MT and RPT).
- (6) Requiring listed companies to report progress on transactions approved by shareholders (applicable to both MT and RPT).

1.2 Revision of calculation of aggregated transaction size: Only related transactions or those under the same project occurring within 12 months prior to the agreement date will be aggregated for the purpose of transaction size calculation to ensure that only significant transactions are subject to shareholder approval.

1.3 Revision of MT's calculation formula: Net Assets will replace Net Tangible Assets in calculation formula, and the text of the regulations will be revised for clarity and alignment with current practices.

1.4 Expansion of MT's scope: The proposed expansion includes leasing or hire-purchasing all or part of a business or assets, and providing financial assistance to others outside the ordinary course of business. This expansion aligns with Sections 89/29 (3) and 89/29 (6) of the Securities and Exchange Act.

1.5 Exclusion of certain types of transactions from MT requirements under Section 89/29 which include:

- (1) Acquisition or disposal of current assets used in normal business operations.
- (2) Investments for the purpose of liquidity management.
- (3) Transactions between a listed company and its subsidiaries, or between subsidiaries of a listed company.

1.6 Exemptions from MT requirements : Listed companies will be exempted from MT requirements in the following cases:

- (1) Transactions of their listed subsidiaries (applicable to both MT and RPT).
- (2) Disclosure of information or seeking shareholder approval prior to entering the transactions could significantly harm the listed companies or their subsidiaries.

1.7 Granting authority to SEC Thailand to determine, based on the substance of a transaction, whether a listed company must comply with the regulations (applicable to both MT and RPT).

2. RPT Regulations:

The proposed changes to RPT regulations include:

2.1 Clarifying that general commercial terms are applicable to all types of RPTs, in consistent with Section 89/12 (1) of the Securities and Exchange Act.

2.2 Revision of the definition of "Close Relatives" to avoid overlapping with the definition of "Related Persons".

2.3 Revision of Valuation Method: Net Tangible Assets in calculation formula.

2.4 Revision of calculation of aggregated transaction size to better reflect the aggregate value of RPTs with a group of related parties.

2.5 Removal of SEC Thailand Discretionary Power to determine the fairness of RPTs which is the fiduciary duty of the board of directors of the listed company.

For further details about this public hearing, please visit www.sec.or.th/hearing. Stakeholders and interested parties are welcome to submit comments through the website, or email: fundraisingpolicy@sec.or.th The public hearing process will end on 24 August 2025.