

## **SEC Thailand's Public Hearing on Drafted Regulations for the Mutual Recognition of Funds between Hong Kong Special Administrative Region of the People's Republic of China and Thailand**

The SEC Thailand is seeking public comments on the drafted regulations for Mutual Recognition of Funds between Hong Kong Special Administrative Region of the People's Republic of China and Thailand (“HK-TH MRF”) to facilitate the cross-border offerings of funds between Hong Kong and Thailand with a view to opening up new business opportunities for asset management companies and enriching the types of financial products offered to investors, following the Memorandum of Understanding concerning HK-TH MRF (“MoU”) signed by the SEC Thailand and the Securities and Futures Commission of Hong Kong (“SFC”) on 20 January 2021.

Following the public hearing on the proposed regulations to apply the same regulatory requirements on the cross-border offerings of funds under the HK-TH MRF as those applied to the ASEAN Collective Investment Schemes (ASEAN CIS) and the Asia Region Funds Passport (ARFP) during 10 July – 10 August 2020 where most of the respondents agreed to the proposed regulations, the SEC Thailand has drafted the regulations while taking the opinions of the respondents into account.

In this regard, the SEC Thailand is seeking public comments on the drafted regulations which include:

### **Inbound Regulation**

- Hong Kong Management Company must be under the supervision of the SFC and must have not been subject to any major regulatory or enforcement actions i.e. the revocation or suspension of license by the SFC;
- Hong Kong Management Company who seeks approval for a public offerings of Hong Kong fund in Thailand must comply with the requirements specified in the MoU;
- The offerings of Hong Kong fund to the public in Thailand must be done through local intermediaries who are licensed by the SEC Thailand. In addition, Hong Kong Management Company is also required to appoint a local representative in Thailand;
- Hong Kong Management Company shall submit an application to the SEC Thailand using Form 35 – HK-TH MRF, as provided on the SEC website, together with the evidentiary documents specified by the SEC Thailand. The SEC Thailand will notify the result of the application assessment within 21 days from the receipt of a duly completed application;
- Before the offerings of Hong Kong fund to the public in Thailand, a registration statement must be submitted to the SEC Thailand using Form 69 – CIS full. For the next submissions within one year from the date that the previous registration statement or Form 69 – material update, as the case may be, has come into force, Hong Kong CIS operator may use Form 69 – CIS full or Form 69 – CIS annually update as provided on the SEC website;
- The offerings of Hong Kong fund to the public in Thailand must be accompanied by an offering document which complies with the regulations specified by the SEC Thailand. That is, a Hong Kong fund shall substantially disclose information similar to a Thai fund;

- Hong Kong Management Company shall submit a Sales Report Form, as provided on the SEC website, to the SEC Thailand within 45 days after the last official day of the year that Hong Kong fund was offered in Thailand; and
- For cessation of offerings of Hong Kong Fund in Thailand, Hong Kong Management Company shall notify the SEC Thailand and Thai investors at least one month in advance in case of cessation of offerings in connection with a merger or termination of Hong Kong fund in Hong Kong OR at least three months in advance in case of cessation of offerings other than in connection with a merger or termination of Hong Kong fund in Hong Kong and the notice shall be in accordance with the requirements specified by the SEC Thailand.

### **Outbound Regulation**

- Thai Management Company must first apply for the fund to be approved by the SEC Thailand for offerings to the public in Thailand;
- Thai fund must comply with the requirements in the MoU and be assessed as eligible to be a fund under the HK-TH MRF by the SEC Thailand before it can be offered cross-border in Hong Kong;
- Thai fund must be managed in accordance with Thai laws and regulations unless there are specific requirements set out in Appendix B – I – SFC Circular of the MoU;
- Limitation on voting rights does not apply to investors in Hong Kong, who do not possess Thai nationality or invest via an omnibus account, holding more than one third of the outstanding units of the Thai fund offered under the HK-TH MRF; and
- In offerings Thai fund to the public in Hong Kong, Thai Management Company shall deliver or distribute the prospectus to investors in accordance with the requirements set out in Appendix B – I – SFC Circular of the MoU.

For further details on this public hearing, please visit

[https://www.sec.or.th/EN/Pages/PB\\_LISTVIEW.aspx](https://www.sec.or.th/EN/Pages/PB_LISTVIEW.aspx) or contact Investment Management Policy Department at 0-2263-6246 and 0-2263-6511 or [impd@sec.or.th](mailto:impd@sec.or.th).

Please submit written comment by 5 March 2021.

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