

SEC Thailand's public hearing on proposed amendments and drafted regulations on custody of clients' assets by digital asset business operators

The Securities and Exchange Commission, Thailand (SEC) is seeking public comments on the proposed amendments and drafted regulations on custody of clients' assets by digital asset business operators. The proposed amendments aim to enhance the quality and reliability of the digital asset business operators as well as to strengthen investor protection, while taking into account the cost and benefit in order to avoid excessive costs and obstacles to business operation of digital asset business operators. The proposed amendments are in line with the regulations on securities company supervision.

In the normal course of trading digital assets, most clients deposit their assets which are fiat money and digital assets with digital asset business operators. Currently, the trading volume of digital asset businesses significantly increases compared to the trading volume in December 2020. As a result, clients' assets under custody of digital asset business operators increase as well. As of June 2021, the total amount of clients' assets under digital asset business operators' custody was 43,794 million baht, consisting of 8,408 million baht of fiat money and 35,386 million baht of digital assets.

Given the current situation, the SEC is reviewing the regulations on custody of clients' assets and proposing amendments covering the following key issues:

- (1) undertaking custody of clients' fiat money including withdrawal or transfer thereof, the appointment of the person approving the withdrawal or transfer and the submission of documents to the SEC before posting an order to withdraw or transfer clients' fiat money at a specified trigger level following the principle of decentralized approval authority, multi-sign and check and balance;
- (2) prohibiting digital asset business operators from using clients' assets for the benefit of another client or other persons and requiring daily reconciliation of clients' assets with the assets recorded in the clients' accounts to ensure accurate, complete and updated records of clients' assets;
- (3) seeking benefits from clients' assets (including fiat money and digital assets) for their customers to protect clients' assets from potential risk.

For further details of this public hearing, please visit www.sec.or.th/hearing. Stakeholders and interested parties are welcome to submit comments and recommendations via the website or email: thitika@sec.or.th and korakot@sec.or.th.

The public hearing will end on 22 September 2021.
