

SEC Thailand's public hearing on proposed changes to the regulatory approach on ready-to-use utility tokens and digital asset exchange supervision

The Securities and Exchange Commission, Thailand ("SEC") is seeking public comments on the proposal to strengthen the rules on the public offering of listed, ready-to-use utility token and digital asset exchange supervision.

Under the proposal, any ready-to-use token issuer that seeks to list its tokens on a digital asset exchange have to obtain an approval from the SEC Office as well as file a registration statement with a draft prospectus to the SEC Office. These newly issued, ready-to-use utility tokens are required to be offered via a SEC-approved ICO portal operator and the tokens must not to be used as a mean of payment (MOP). The proposal also provides the exemption from the SEC's authorisation, if a ready-to-use utility token will not be listed on the exchange and be qualified as a plain-vanilla or uncomplicated utility token.

In addition, the issuers of listed, ready-to-use utility token are required to disclose the information about the tokens and the projects on the ongoing basis, including the issuer's financial statement, the change of project whitepaper and the rights and benefits of token holders etc. This aims to ensure that the token traders will have the adequate information to make their investment/purchasing decision. In the case that the project provides a mechanism to stake the tokens, the issuer must clearly disclose the source of return that the token holders will receive from staking. The staking mechanism must not be used to control demand/supply and price of the tokens. Furthermore, the issuer and its affiliated person are not allowed to acquire their tokens greater than a specified percentage and unable to resell their tokens in a certain period.

Regulation on secondary market has been proposed regarding listing rule, trading rule and the supervision on market surveillance with the rules suitable for the related risk in the industry in order for digital asset exchanges to disclose information and to prevent information asymmetry among investors as well as the liquidity risk and unfair trading.

In case the utility token has been issued and whether has been listed on any digital asset exchange or not before the proposed rules have been set out, it has to comply with such proposed regulation as well.

The proposed rules will be applied to all types of digital asset businesses. This aims to enhance the supervision of utility tokens and to increase the investor protection against information asymmetry and unfair trading.

For further details of this public hearing, please visit www.sec.or.th/hearing. Stakeholders and interested parties are also welcomed to submit comments and recommendations via the SEC Thailand's website or email: thanapatk@sec.or.th, thapanee@sec.or.th, ekarit@sec.or.th or sarochac@sec.or.th

The public hearing ends on 29 June 2022