

**Summary of**  
**The Securities and Exchange Act**  
**(No. 6) B.E. 2562**

# The SEA (No. 6) consists of 6 topics

- 1 Supervision of securities business
- 2 Supervision of mutual fund management and fund voting
- 3 Supervision of the Securities Exchange
- 4 Enhancing competitiveness of the capital market
- 5 Establishment of the Capital Market Development Fund (CMDf)
- 6 Effectiveness, clarity and transparency of the SEC' s operation

# 1. Supervision of Securities Business

- For flexibility of securities business supervision and supporting Financial Technology
- To promote development and competition in the capital market so that the investors will be able to access financial services with better quality of services and reasonable fees

Amendments	Details
1.1 <b>Exemption</b> of specified business undertaking <b>from securities business</b>	The SEC has power to determine the undertaking of business in any manner is not a securities business under the Securities and Exchange Act B.E. 2535 (“the SEA”).
1.2 Increasing <b>flexibility of supervision and control</b> of securities business	The SEC may exempt a securities company from undertaking or prescribe a securities company to undertake in a different manner from <u>provisions under Division 2: Supervision and Control of Chapter 4: Securities Business</u> of the SEA, in whole or in part.
1.3 <b>Paid-up registered capital</b> of securities company	The SEC has discretionary power to prescribe required paid-up capital of a securities company as the SEC thinks fit. (There is no minimum amount of required capital specified in the provision.)
1.4 <b>Conduct rules of securities business specified by the Minister of Finance</b>	Securities business additional specified by the Minister of Finance must comply with rules, conditions and procedures prescribed by the Capital Market Supervisory Board.

## 2. Supervision of Mutual Fund Management and Fund Voting

- Enhancing mutual fund management supervision for better protection of unitholders' interests
- Improving fund voting mechanism for asset management company ("AMC") to easier receive unitholders' resolution in revision or modification of mutual fund project or management procedure

Amendments	Details
2.1 Imposing <b>fiduciary duty of AMC</b> in mutual fund management	<ul style="list-style-type: none"><li>• In managing a mutual fund, the AMC must proceed with honesty and care to preserve the interests of all unitholders, using knowledge and competence as a professional.</li><li>• The AMC must have <u>a policy on prevention of conflicts of interest ("COI")</u> in managing a mutual fund as well as to <u>monitor and oversee</u> acts that may cause COI, unfair characteristic or cause unitholders to lose the interest that should be received.</li></ul>
2.2 Improving <b>fund voting mechanism</b> for revision or modification of mutual fund project or management procedure	Revision or modification of mutual fund project or management procedure shall be made through the resolution of unitholders derived from <u>the majority votes of the total investment units of the attending unitholders with the voting right</u> , unless the Capital Market Supervisory Board requires more votes than the majority votes.

### 3. Supervision of the Securities Exchange

- Enhancing supervision of the SEC on the securities exchange (the Stock Exchange of Thailand: “the SET”) as required by international standards
- The operation of the SET will be consistent with regulatory objectives and prescribed rules
- For transparent and constant operation of the SET while interests of all stakeholders in the capital market are taken into consideration

Amendments	Details
3.1 <b>Regulatory objectives and rules for operation</b> of securities exchange	<ul style="list-style-type: none"><li>• The SET shall promote and maintain <b>integrity, fairness, accountability</b> and <b>orderliness</b> in trading of listed securities, taking into consideration <b>benefits of the capital market and investor protection</b>.</li><li>• The SET must comply with <b>rules for operation of securities exchange</b> including rules relating to financial resources, systems, supervision of members, listed securities, corporate governance, prevention of conflicts of interest, dispute resolution, etc.</li></ul>
3.2 <b>Procedure for determination or revision and modification of rules and regulations</b> of the SET	In determination or revision and modification of rules and regulations other than rules and regulations regarding internal administration or as prescribed by the SEC, the SET must arrange a <u>hearing for members, investor or stakeholders</u> , and get <u>approval by the SEC</u> .

## 3. Supervision of the Securities Exchange (cont.)

Amendments	Details
3.3 <b>Composition of the board of directors</b> of the SET and appointment procedure	Board of directors of the SET (11 persons) composes of: <ul style="list-style-type: none"><li>• <u>not more than six persons</u> appointed by the SEC from the list proposed by juristic persons or groups of persons involved with the capital market;</li><li>• <u>not more than four persons</u> elected by members of the SET; and</li><li>• manager of the SET as <i>ex officio</i> board member.</li></ul>
3.4 <b>Exemption of Thai nationality</b> for the board members	In case where the operation of the SET requires certain specialized knowledge or experience of a person who does not have Thai nationality, <u>members of the SET may elect not more than two persons as directors of the SET.</u>
3.5 Extending directors' <b>term of office</b>	The directors, except manager of the SET, shall hold office for a term of <u>three years</u> and may be re-appointed or re-elected, but shall not hold office for more than two consecutive terms.

# 4. Enhancing Competitiveness of the Capital Market

- Enhancing competitiveness of the SET
- More chance for members of the SET to purchase or sell of listed securities outside the SET
- Fair competition among depository centers where scripless system can be used for all types of securities and throughout the whole process

Amendments	Details
4.1 <b>Direct access</b> of the SET	The board of directors of the SET may allow person other than securities company which is member of the SET to purchase or sell of a particular type of listed securities on the SET.
4.2 More exemptions for <b>members of the SET to purchase or sell of listed securities outside the SET</b>	No member of the SET shall purchase or sell of listed securities outside the SET, unless obtaining permission from the SET or <u>such purchase or sale is made in compliance with rules, conditions and procedures specified by the type of securities license granted.</u>
4.3 Using of <b>scripless system</b> by depository center for all types of securities and throughout the whole process	<ul style="list-style-type: none"><li>• Licensed depository center can provide service through scripless system for <u>all types of securities.</u></li><li>• Where the depositor is an issuer, <u>it shall be deemed that the issuer has prepared and delivered securities certificates to the buyers in accordance with form or procedure specified by law upon compliance with rules and procedure specified by the depository center.</u></li></ul>

# 5. Establishment of the CMDF

- Establishing CMDF as a center to promote the development of the capital market
- To separate development function from functions of the SET and allow the SET to focus on exchange function for more effective operation

## The CMDF

### 5.1 Form of the fund

The CMDF will be established as a juristic person.

### 5.2 Objectives

To promote the development of organizations, infrastructures, personnel and competitiveness of the capital market; to promote the development of knowledge and understanding of the capital market; and to support education, research, training and development of the pool of knowledge or academic work useful for the capital market

### 5.3 Fund Committee (9 persons)

- Chairman of the SET as Chairman
- Deputy Secretary-General of the SEC as Vice Chairman
- Representatives from the Ministry of Finance, the Bank of Thailand and the Office of Insurance Commission and manager of the SET
- Three experts appointed by the board of directors of the SET from the list proposed by juristic persons or groups of persons involved with the capital market
- Fund manager as a secretary (the fund manager is not a committee member)

### 5.4 Fund manager

Fund manager is appointed by the Fund Committee.

# 5. Establishment of the CMDF (cont.)

## The CMDF

### 5.5 Fund' s assets

- **Fifty-seven billion baht** transferred from the SET
- **Annual Contribution** from the SET at a rate **not less than ninety percent of the income after deducting expenses, taxes and reserves** specified by the board of directors of the SET

### 5.6 Financial support to the SET

In the case where it is necessary to increase the competitiveness of the SET or there occurs a special circumstance **and** the SET needs a financial support, the Fund Committee may consider granting a financial support to the SET and may also specify a condition as deemed appropriate.

### 5.7 Accountability

- In every fiscal year, the CMDF will prepare and submit its **financial statements** to the licensed auditor appointed by the board of directors of the SET.
- The Fund Committee appoints **the Audit Committee** comprising three to five persons to perform audit and submit the audit report to the Fund Committee.
- There will be **annual evaluation of the CMDF' s performance** by the Fund Performance Evaluating Committee which comprises of three to five persons (ad hoc committee) appointed by the board of directors of the SET. The evaluation will be reported to the board of directors of the SET and disclosed to the public .
- The CMDF will prepare and submit **annual report** showing its financial condition and operating results to the board of directors of the SET and publish the report in a manner available for public access.

## 6. Effectiveness, clarity and transparency of the SEC' s Operation

- For effectiveness, clarity and transparency of the SEC' s operation
- The operating plan of the SEC will be consistent with the National Strategy, the National Economic and Social Development Plan as well as objectives of securities regulation.

Amendments	Details
6.1 Preparation of SEC' s operating plan	To amend provision on the preparation of SEC' s operating plan that <u>the operating plan must be consistent with the National Strategy, the National Economic and Social Development Plan as well as objectives of securities regulation.</u>
6.2 Disclosure of confidential information acquired by powers and duties performed under the SEA	To amend provision on the SEC' s disclosure of confidential information acquired by powers and duties performed under the SEA in order to govern more exempted persons that such confidential information can be disclosed to, e.g., <u>regulator of auditors, regulator of underlying goods or variables of derivatives contracts, etc.</u>