

(Translation)

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**The Securities and Exchange Commission**

Notification of the Securities and Exchange Commission

No. KorNor. 14/2548

Re: Rules, Conditions and Procedures for  
Establishment and Management of Funds  
(No. 2)

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By virtue of Section 14, Section 100, Section 109, Section 117 and Section 124 of the Securities and Exchange Act B.E. 2535 (1992), Section 126(5) of the Securities and Exchange Act B.E. 2535 (1992), as amended by the Securities and Exchange Act (No. 3) B.E. 2546 (2003), paragraph two of Section 133 and paragraph one of Section 134 of the Securities and Exchange Act B.E. 2535 (1992), as amended by the Securities and Exchange Act (No. 2) B.E. 2542 (1999), the SEC hereby issues the following regulations:

**Clause 1.** (1) under Clause 13 of the Notification of the Securities and Exchange Commission No. KorNor. 30/2547 Re: Rules, Conditions and Procedures for Establishment and Management of Funds dated 10 June 2004 shall be repealed and replaced with the following:

“(1) The person so designated must be qualified to undertake securities business in the category of private fund management or derivatives business in the category of derivatives fund manager, as the case may be. In case of overseas investment management, the designated person must be authorized to undertake the aforesaid business from securities and exchange regulators that are members of the International Organization of Securities Commissions (IOSCO) and must be acceptable to the Office and”

**Clause 2.** Clause 15 of the Notification of the Securities and Exchange Commission No. KorNor. 30/2547 Re: Rules, Conditions and Procedures for Establishment and Management of Funds dated 10 June 2004 shall be repealed and replaced with the following:

“**Clause 15.** If it is necessary for the management company to temporarily manage the liquidity of any open-end fund, the management company may borrow money or enter into a repurchase agreement only when:

- (1) The counter-party is an institution;
- (2) The repayment term is short;
- (3) The ratio of such borrowing or repurchase agreement must be appropriate to the necessity of the temporary liquidity management; and

(4) The transaction of repurchase agreement shall be in conformity to the standard format as acceptable to the Office.

This shall be in accordance with the rules, conditions and procedures as specified in the notification of the Office.”

**Clause 3.** Clause 17 of the Notification of the Securities and Exchange Commission No. KorNor. 30/2547 Re: Rules, Conditions and Procedures for Establishment and Management of Funds dated 10 June 2004 shall be repealed and replaced with the following:

“**Clause 17.** The management company shall prepare the financial statements of each mutual fund in conformity to the accounting standards prescribed under Accounting Law. Such financial statements shall be subject to audit and opinion to be conducted and offered by an auditor approved by the Office as per the Office’s notification governing approval of auditors. An exception is for the mutual fund that offers all investment units to non-Thai residents (country fund). In this case, the management company shall prepare the financial statements in conformity to the accounting standards prescribed by the International Accounting Standards Committee or the American Institution of Certified Public Accountants or the Financial Accounting Standards Board. Such financial statements shall be subject to audit and opinion to be conducted and offered by an auditor authorized to undertake auditing business in the countries where the investment units are being offered. In this regard the management company shall clearly specify detail of such issue in the mutual fund scheme.”

**Clause 4.** This Notification shall come into force from 16 January 2005.

Notified on this 21<sup>st</sup> day of January 2005.

- Signature -

(Mr. Somkid Jatusripitak)

Minister of Finance

Chairman of the Securities and Exchange Commission