



# กองทุนคุ้มครองผู้ลงทุนในหลักทรัพย์ Securities Investor Protection Fund

## Regulations

### Re: Membership of the Securities Investor Protection Fund

Whereas, the Board of Governors of the Stock Exchange of Thailand has granted approval for the Stock Exchange of Thailand (the “Exchange”) to establish the Securities Investor Protection Fund or SIPF under the current scope of law in order to provide protection to investors who fail to receive the return of assets or compensation for the price of assets from the member companies in the event that the member companies are adjudicated bankrupt or fail to comply with an arbitral award which require them to return the assets or compensate for the price of assets to investors, as well as to create confidence to investors who trade securities on the Exchange through the member companies. Therefore, the Exchange deems it expedient to prescribe these Regulations as mutual guidelines for the protection of investors between the Exchange and the member companies that are members of the Securities Investor Protection Fund.

## Chapter 1

### Establishment of the Securities Investor Protection Fund

1. The Exchange shall establish and own the Securities Investor Protection Fund: SIPF (hereinafter referred to as the “Fund”).

The Exchange shall provide protection to securities investors in accordance with the rules and conditions prescribed by the Exchange up to an amount of the assets owned by the Fund on the date of the resolution to approve the provision of protection to investors.

The Fund shall be established and begin providing protection to investors according to these Regulations upon there are 10 fund members or more.

2. The Fund shall be established for the purpose of providing protection to the investors who trade securities on the Exchange through the fund members and fail to receive the return of their assets or the compensation for the price of assets pursuant to their rights towards the fund members as a result of any of the following events:

- (1) a fund member is adjudicated a receivership under the law on bankruptcy; or
- (2) a fund member and an investor have had a civil dispute concerning the trading in securities on the Exchange, and the arbitrators have considered and decided that the fund

member shall return the assets or compensate for the price of assets to such investor but the fund member fails to comply with such arbitral award.

The arbitrators under this Clause and these Regulations shall mean the arbitrators appointed by the Office of the Securities and Exchange Commission or the arbitrators appointed by the Exchange according to Section 201 of the Securities and Exchange Act B.E. 2535.

3. The assets of the Fund shall consist of:

- (1) initial capital contributed by the Exchange in an amount of Baht 300 million;
- (2) admission fees and monthly fees collected from the fund members;
- (3) fruits or benefits derived from monies and assets of the Fund; and

\* (4) additional fee collected by the SET from members in case of members who lack seriousness in the undertaking of securities business.

*(\* (4) was added on 1 February 2022.)*

\*4. The amount of assets of the Fund under Clause 3(1) and (2) is not less than Baht 500 million.

*(\* Clause 4 was amended on 1 October 2012.)*

## **Chapter 2**

### **Fund Committee**

5. \*\*The Fund shall have a subcommittee consisting of 6 members as follows:

- (1) a director of the Exchange whom is appointed by the SEC;
- (2) a director of the Exchange whom is elected by the members of the Exchange;
- (3) a Fund member whom is elected by the Fund members;
- (4) the President of the Thai Investors Association;
- (5) a director and president of the Exchange or a designated person; and

(6) an executive of the Exchange not lower than the Executive Vice President responsible for member supervision.

\*The director of the Exchange whom is appointed by the SEC shall be the Chairman of the Fund Subcommittee, and the Exchange executive not lower than the Executive Vice President responsible for member supervision shall be the secretary to the Fund Subcommittee.

*(\* Paragraph 2 was amended on 1 January 2007.)*

*\*\* Paragraph 1 was amended on 1 January 2009.)*

6. The fund members shall elect the members of the Fund Committee in accordance with the rules and procedures prescribed in these Regulations.

7. The members of the Fund Committee under Clause 5(1) (2) shall hold office for each term of 1 year.

The member of the Fund Committee under Clause 5(3) shall hold office for each term of 1 year, unless his term of office is otherwise designated by the fund members.

When a member of the Fund Committee vacates his office upon expiration of the term of office, there shall be a new appointment or election within 30 days. While a new member of the Fund Committee is not yet appointed or elected, the vacating member shall remain in office until a new member is appointed or elected and assumes the duties.

8. Apart from the expiry of term of office under Clause 7, a member of the Fund Committee shall vacate his office upon:

- (1) death;
- (2) resignation;
- (3) being discharged from the position of Governor of the Exchange in case of a member of the Fund Committee who is the Governor of the Exchange;
- (4) a resolution of the fund members to remove the elected member of the Fund Committee;
- (5) being bankrupt;
- (6) being an incompetent or quasi-incompetent person; or
- (7) being sentenced to imprisonment by a final judgment, except the punishment for offence committed by negligence or petty offence.

9. In a meeting of the Fund Committee, at least one-half of the total number of members of the Fund Committee must be present to form a quorum.

10. The Fund Committee shall receive remuneration as prescribed by the Exchange.

\*11. The Fund Subcommittee shall have the power and duties as follows:

- (1) to lay down the investment policy for the assets of the Fund;
- (2) to consider and propose to the Board of Governors of the Exchange opinions concerning the compensation for assets for the purpose of providing protection to investors;
- \*\* (3) to support and provide assurance to the investors who trade in the Exchange; and
- (4) to do any other acts as assigned by the Board of Governors of the Exchange.

Approval of the provision of protection to investors shall be in accordance with a resolution of the Board of Governors of the Exchange.

*(\*Clause 11 was amended on 1 January 2009.)*

*(\*\*3) was amended on 1 October 2012.)*

### **Chapter 3**

#### **Fund Members**

12. An applicant for membership of the Fund must be a member of the Exchange.

13. A member of the Exchange who wishes to apply for membership of the Fund must submit an application in the form as prescribed and pay an admission fees stipulated to the Exchange.

14. A member of the Exchange under Clause 13 shall become a fund member as from the date the Exchange receives a full and correct admission fee from such member.

15. When any member of the Exchange becomes a fund member, the Exchange shall publicly announce the name of such fund member to the fund members and the investors via the website of the Exchange, and give a notice there of to the fund members in writing.

The Exchange shall give a certificate of membership of the Fund to each fundmember as evidence.

16. Upon occurrence of any of the following events, the Exchange may change or revoke its approval of membership of the Fund:

- (1) the Exchange fails to receive a full and correct admission fee;
- (2) a fund member fails to pay a monthly fee to the Exchange within the prescribed time; or
- (3) a fund member commits any act which, in the opinion of the Fund Committee, is inappropriate for its status as a fund member.

## **Chapter 4**

### **Rights and Duties of the Fund Members**

17. The fund members shall have the rights as follows:
- (1) to elect a member of the Fund Committee;
  - (2) to use the Fund's logo within the scope prescribed by the Exchange; and
  - (3) the investors of the fund members shall be entitled to the protection from the Fund in accordance with the rules and conditions prescribed by the Exchange.
18. The fund members shall have the duties as follows:
- (1) to strictly observe the regulations or orders issued by the Exchange;
  - (2) to pay a monthly fee to the Exchange in the amount and at the time as prescribed;
  - (3) to cooperate with the Exchange in the submission of any documents or evidence or the provision of any information necessary for its consideration to provide protection to the investors; and
  - (4) to promote and support the provision of protection to investors by the Exchange.

## **Chapter 5**

### **Admission and Monthly Fees**

\*19. The fund members who have joined the fund membership before 1 January 2012 shall have the duty to pay an admission fee to the Exchange on the date of admission and a monthly fee in accordance with the following criteria and rates:

- (1) The membership admission fee at the rate of 0.0005 percent of securities trading value of such member calculated retrospectively from 1 January 2005 to the date of admission of membership, plus 25 percent of the amount derived from such calculation. The Exchange will collect the said fee on the date of admission.
- (2) The monthly fee at the rate of 0.0005 percent of securities trading value which the Exchange will collect on a calendar monthly basis and give notice to the fund members within 15 days from the end of the calendar month for which the securities trading value is calculated. The fund members must pay such monthly fee within 15 days from the date of notice from the Exchange.

The fund members under this Clause shall have the duty to pay fees in accordance with (1) and (2) until the amount of membership admission fee and monthly fee which the Exchange has received reaches Baht 200 million in total.

*(\*Clause 19 was amended on 1 October 2012.)*

\*20. The fund members who have joined the fund membership as of 1 January 2012 shall have the duty to pay an admission fee to the Exchange on the date of admission and a monthly fee in accordance with the following criteria, rates and periods:

(1) The membership admission fee in the amount of Baht 1 million which will be collected on the date of admission by the Exchange.

(2) The monthly fee at the rate of 0.0005 percent of securities trading value which the Exchange will collect on a calendar monthly basis and give notice to the fund members within 15 days from the end of the calendar month for which the securities trading value is calculated. The fund members must pay such monthly fee within 15 days from the date of notice from the Exchange.

The fund members shall have the duty to pay for monthly fee as per (2) continuously for 5 years and 6 months from the first month of admission.

*(\*Clause 20 was amended on 1 October 2012.)*

\*21. -

*(\*Clause 21 was repealed on 1 October 2012.)*

## **Chapter 6**

### **Election of Members of the Fund Committee and Meetings of the Fund Members**

22. The Exchange may convene a meeting of the fund members as deemed appropriate.

23. The Exchange must convene a meeting of the fund members whenever the fund members representing at least one-fifth of the total number of the fund members subscribe their names in a letter of requisition for a meeting to the Exchange, provided that such letter must specify the reasons for the requisition for such meeting.

A meeting of the fund members as stated above shall be convened within seven days from the date the Exchange receives such letter of requisition, and shall be held no later than thirty days from such date.

24. In the election of members of the Fund Committee, the persons whom are deemed suitable to be the members of the Fund Committee shall be nominated to a meeting of the fund members.

25. The fund members shall elect a member of the Fund Committee from the persons nominated under Clause 24. Each fund member shall have one vote.

26. A person who receives the highest votes shall be elected a member of the Fund Committee.

27. In a meeting of the fund members, the fund members representing at least three-fourths of the total number of the fund members must be present to form a quorum.

In any meeting, if the number of fund members present is not sufficient to form a quorum, the Exchange shall convene a new meeting within thirty days from the date of the previous meeting. In this latter meeting, it shall be deemed that the total number of the fund members present shall form a quorum.

28. All meetings of the fund members shall be presided by the member of the Fund Committee whom has been elected by the fund members.

If there is no such person or such person is not able to attend the meeting, the fund members present thereat shall elect one of the fund members who are present to preside over the meeting.

29. The Exchange shall prepare and keep the minutes of all meetings, and send them to the fund members as evidence.

30. If any fund member or representative of the fund member who attends a meeting has special interest in any matter to be resolved by the meeting, such fund member shall not be present at the meeting and vote in such matter except for the exercise of vote for electing a member of the Fund Committee.

31. In casting vote in a meeting of the fund members, each fund member shall have one vote. In case of the equality of votes, the chairman of the meeting shall have another casting vote.

32. The Exchange shall, at its discretion, seeks approval in writing from each of the fund members instead of holding a meeting as the Exchange considers appropriate. If the matter for which approval is sought is not objected by any fund member within 7 days from the date of seeking approval in writing, it shall be deemed that such matter is approved by the fund members.

## **Chapter 7**

### **Termination of Membership**

33. In case that any fund member commits or takes part in committing of any violation or fails to perform any duty as prescribed herein, the Exchange shall have the rights as follows:

(1) to terminate its membership;

\* (2) to revoke the investor protection provided to such fund member, unless the cause of damage occurs before the membership of such fund member expires.

*\*(2) was amended on 15 November 2013.)*

34. The membership of a fund member shall be terminated when:

(1) it is no longer a member of the Exchange;

(2) the Exchange issues an order to terminate its membership in the following cases:

(a) failure to make more than 2 consecutive payments of any fee payable by it under these Regulations;

(b) submission of a letter of resignation to the Exchange;

(c) violation of or failure to perform any duty of the fund members which is material;

(d) any act which, in the opinion of the Exchange, is inappropriate for its status as a fund member;

(e) any other case as prescribed by the Exchange.

It shall be deemed that membership of a fund member shall be terminated as from the date prescribed by the Exchange.

35. If any person loses its status as a fund member, the Exchange shall give written notice thereof to such person as well as other fund members.

The Exchange shall generally announce the name of person who loses its status as a fund member to investors according to the method as the Exchange considers appropriate.

36. If the Exchange gives an order to terminate membership of any person, such person shall no longer be entitled to use the logo of the Fund and shall be obliged to return the certificate of membership of the Fund to the Exchange within 3 days from the date of membership termination.



## **Chapter 8**

### **Utilization of Monies of the Fund**

\*37. In the event that the Board of Governors has approved a resolution to provide a protection to any investor, the Exchange shall use monies of the Fund to protect the investor in the following order:

- (1) money which has been paid to the Fund by the fund member who causes damage to such investor;
- (2) money which is the fruits or benefits of the Fund;
- (3) money which has been paid to the Fund by other fund members; and
- (4) money which has been paid to the Fund by the Exchange.

*(\*Clause 37 was amended on 1 October 2012.)*

38. When the Exchange has used money of the Fund to provide protection to the investor according to the rules and conditions as prescribed by it, the Exchange shall exercise the claim to recover the money paid to such investor as well as the compensation for damage from the fund member pursuant to the right assigned by the investor.

\*39. In the event that the Exchange recovers the full amount of assets or money from a fund member who has caused damage, the Exchange shall return such recovered assets or money to the Fund according to the amount of money utilized.

If the Exchange partially recovers the assets or money from a fund member who has caused damage, the Exchange shall allocate such assets or money to the Fund in the following order:

- (1) the fund money belonging to the Exchange;
- (2) the money belonging to other fund members;
- (3) the money which is the fruits or benefits of the Fund; and
- (4) the money belonging to the fund member who causes damage to an investor.

*(\*Clause 39 was amended 1 October 2012.)*

## **Chapter 9**

### **Dissolution of the Fund**

\*40. If any event causing reason and necessity for the Fund to be dissolved and such dissolving of the Fund does not significantly affect the investor protection, the Exchange will dissolve the Fund by the following events:

- (1) a meeting of the fund members resolves to dissolve the Fund by the votes of more than three-fourths of the total number of fund members; or
- (2) the Board of Governors of the Exchange resolves to dissolve the Fund after consultation of the meeting of the fund members which approves such dissolution by the votes of more than three-fourths of the total number of fund members.

*(\*Clause 40 was amended on 15 November 2013.)*

41. In the event that the Fund is dissolved according to Clause 40 and still has remaining assets after deducting its assets under Clause 3(1) and (3), the fund members shall be entitled to the return of the remaining assets of the Fund after such deduction proportionately to the amount of admission fee and monthly fee that each of them has paid to the Fund except for the fund member whose membership is or might be terminated according to Chapter 7.

If any fund member has outstanding debt to the Exchange under these Regulations, such fund member shall be entitled to the return of the remaining assets under the first paragraph after the deduction of such outstanding debt to the Exchange.

42. In the event that the Fund is dissolved, the fund members shall be entitled to receive the fruits or benefits of the Fund which have arisen exclusively out of the admission fees and monthly fees that they have paid to the Fund.

The distribution of the fruits or benefits of the Fund under the first paragraph shall be in accordance with the method mutually agreed among the fund members.

43. The admission fees and monthly fees paid by the fund members whose membership has been terminated shall be added to the fruits or benefits of the Fund which other fund members are entitled to receive under Clause 42.

## **Chapter 10**

### **Transitional Provisions**

44. The Exchange shall waive an admission fee for the members of the Exchange who file an application for membership of the Fund within December 31, 2004.

The fund members who file an application according to the first paragraph shall be granted exemption of a monthly fee as prescribed under Chapter 5 until December 31, 2004.

45. During the initial period, the members of the Fund Committee under Clause 5(1) (2) shall hold office until December 31, 2005.

Securities Investor Protection Fund

The Stock Exchange of Thailand

1 October 2004