

## Process dealing with companies engaged in investment management business (Investment Company)

### ■ The definition of an Investment Company<sup>1</sup>

Investment Company means investments in securities, derivatives or digital assets in one or more of the following manners at a collective total exceeding 40 percent of the total assets as per the most recent financial statements or the consolidated financial statements.

(1) Investments in shares in another company which is not, or will not become, a subsidiary or an associate, except for the investment in companies that cooperate or support businesses, or an affiliated company under the same parent company, or a network company that can demonstrate a policy or direction of cooperation or support for mutual operations.

(2) Investments with the objective of generating returns from increases in capital gain or other returns exempted investment in government bonds, debt instruments issued by the Ministry of Finance with an unconditional, full guarantee of principal and interest and units in money market funds or units in general fixed income funds.

The calculation of the proportion of such investments includes the investments in securities, derivatives or digital assets of subsidiary which is a non-financial institution and the investments in shares which are issued by an associate and engaged a non-financial institution.

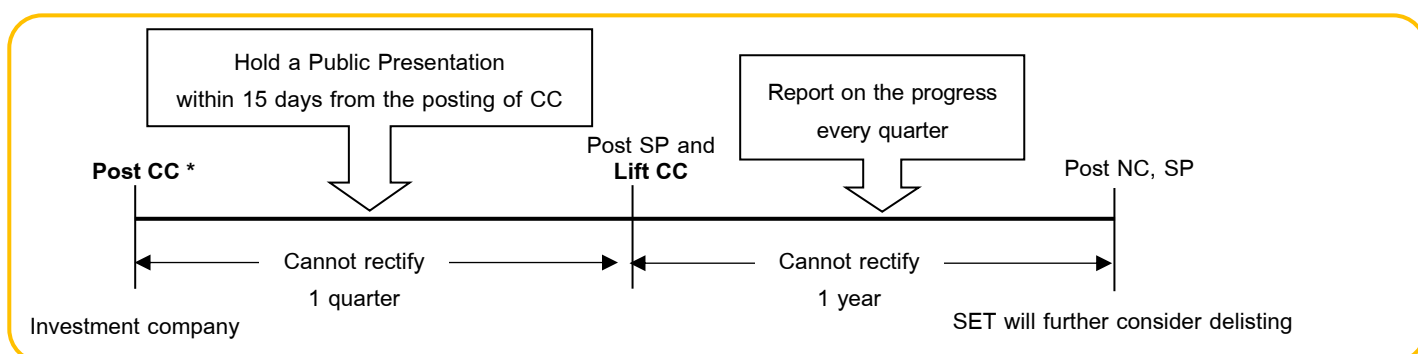
### ■ Regulatory Criteria for Listed Companies

1. The listed company shall not be an Investment Company in accordance with the Notification of the Capital Market Supervisory Board. SET will consider the Investment Company from its financial statements ending from August 1, 2024, onwards.

2. In case of being an Investment Company, SET will proceed as follows;

- CC (Non-compliance) sign will be posted in order to inform that the company has an event of non-compliance with the prescribed criteria. The company must rectify this event within one (1) quarter.
- After CC sign posted for 1 quarter and the company cannot rectify this event, SP (Suspension) sign will be posted instead of CC sign.
- After SP sign posted for 1 year and the company cannot rectify this event, SET will consider delisting of the securities.

**Example** The listed company is the Investment Company for the first time.

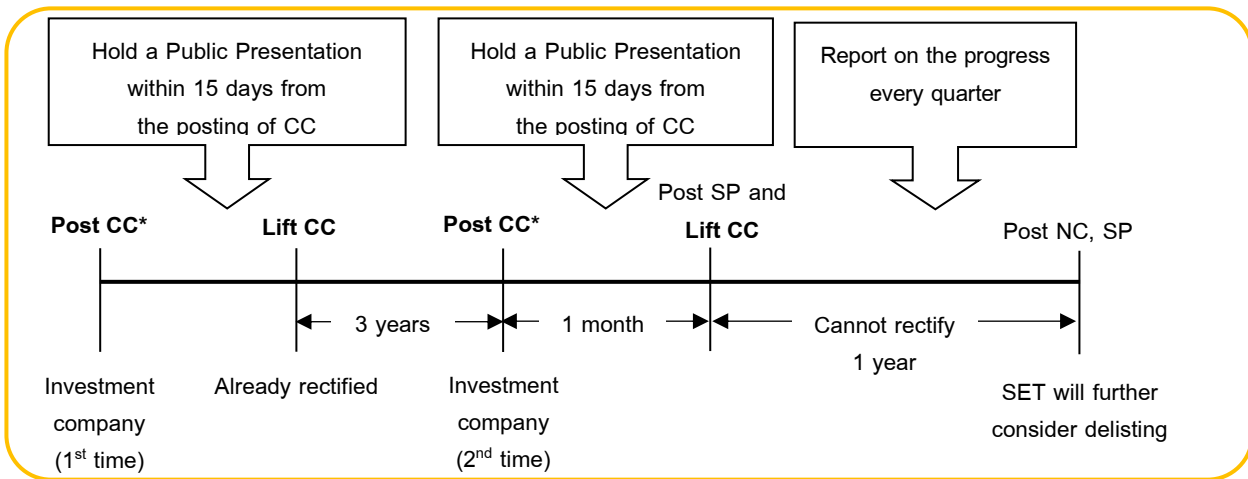


3. In case the company had ever been the Investment Company and returns to be the Investment Company again within 3 years from the date of rectification, SET will strictly enhance the measure as follows;

- CC (Non-compliance) sign will be posted.
- After CC sign posted for 1 month, SP (Suspension) sign will be posted instead of CC sign.
- After SP sign posted for 1 year and the company cannot rectify this event, SET will consider further delisting of the securities.

<sup>1</sup> Investment Company refers to Notification of the Capital Market Supervisory Board No. Tor Jor. 39/2559: Application for Approval and Granting of Approval for Offering of Newly Issued Shares (Codified)

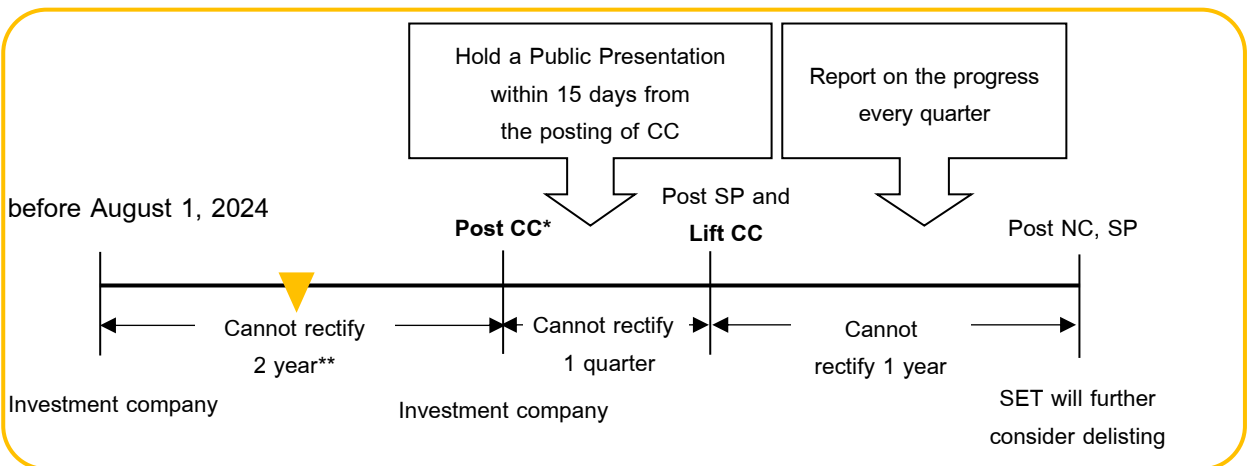
**Example** The listed company is the Investment Company again within 3 years.



4. In case the company has been the Investment Company, which will be considered from financial statements ending before August 1, 2024, SET will proceed as follows;

- Given a grace period for 2 years from the due date of submission of financial statements to SET.
- The grace period will be ended when the company increases the proportion of investment or reduces the proportion of investment until the company is not the Investment Company.
- After 2 years and the company cannot rectify this event, SET will proceed as No. 2.

**Example** The listed company has been the Investment Company before August 1, 2024.



\* Investors shall purchase such securities by means of cash balance account.

\*\* The grace period for rectification will be ended when the company increases the proportion of investment or decreases the proportion of investment until the company is not the Investment Company.

■ **Procedures for the Consideration of the Investment Company**

1. How a listed company can be considered as having the characteristics of Investment Company?

**Answer** A listed company will be classified as an Investment Company if its investments in securities, derivatives, or digital assets, as per the most recent financial statements or consolidated financial statements (whichever is applicable), exceed 40 percent of its total assets. However, this does not apply to investments made in companies that either cooperate with or support other businesses, are affiliated under the same parent company, or are part of a network that can demonstrate a policy or direction of cooperation or support for mutual operations, also known as Synergy.

2. What period of financial statements will be considered when determining if a company being an Investment Company?

**Answer** For companies filing an application, the consideration period will commence from July 1, 2024 (the effective date).

For listed companies, SET will start considering from the financial statements ending from August 1, 2024, onwards. This includes the financial statements ending on August 31, 2024 or September 30, 2024 or October 31, 2024.

3. How should a listed company do in case of being classified as an Investment Company?

**Answer** A listed company is required to manage its operations to avoid being classified as an Investment Company. If it does become an Investment Company, it must rectify this status within one quarter. During this rectification period, SET will post a CC (Non-compliance) sign to alert investors and shareholders of the company's non-compliance with the criteria and the associated risks, including potential suspension or delisting.

If the company fails to rectify its status within the given period, SET will post an SP (Suspension) sign, suspending its trading and providing the company with one year to rectify the situation. If the company still fails to rectify its status, it will be considered for delisting from the listed securities.

However, if the listed company reverts to being an Investment Company within three years, SET will enhance its measures by posting a CC (Non-compliance) sign for one month. After this period, SET will post an SP (Suspension) sign, suspending its trading and providing the company with one year to rectify the situation. If the company still fails to rectify its status, it will be considered for delisting from the listed securities.

4. In case the company has been classified as an Investment Company and posted SP (Suspension) sign for three months, will SET allow the trading of securities for one month or not?

**Answer** SET will not allow the trading of securities for one month because the CC sign has already been posted in order to alert the investors in advance.

5. The company which is classified as an Investment Company before the effective date, how will the company do and will CC (Non-compliance) sign be immediately posted?

**Answer** For companies that are classified as Investment Companies before the effective date, SET will announce their names via its information dissemination system. These companies are given a grace period of two years from the due date of submission of their financial statements to SET to rectify their status. If these companies are unable to rectify their status after this grace period, they will be subject to the normal process as outlined in point No. 3.

6. If a company, which is given a grace period as per point No. 5, manages to rectify its status and is no longer considered an Investment Company before the end of the two-year grace period, but then increases its investment proportion and becomes an Investment Company again, will the grace period been given or not?

**Answer** The grace period will not continue. This is because the grace period ends once the company has rectified its status. If the company becomes an Investment Company again, the CC (Non-compliance) sign will be posted according to the criteria.

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