

(Unofficial Translation)

This translation is for the convenience of those unfamiliar with the Thai language.

Please refer to the Thai text for the official version

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**AIMC logo**

**Notification of the Association of Investment Management Companies**

**No. SorJorGor. 1/2562**

**Re: Code of Ethics and Standards of Professional Conduct for Investment Management**

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By virtue of Clause 25 and Clause 31 of the Regulations of the Association of Investment Management Companies (AIMC), the directors of AIMC hereby prescribe the Code of Ethics and Standards of Professional Conduct for Investment Management in addition to Clause 30 of the Regulations of AIMC, as follows:

Clause 1 The notification of the Association of Investment Management Companies No. SorJorGor. 1/2544 Re: **Code of Ethics and Standards of Professional Conduct for Investment Management** dated 23 March B.E.2544 shall be revoked.

Clause 2 Terms used in this notification, unless the contents explicitly refer to a different meaning, are as follows:

"Association" refers to the Association of Investment Management Companies) which can also be abbreviated as AIMC.

"Regulations" refer to the Regulations of the Association of Investment Management Companies.

"Board of Directors" refers to the Board of Directors of the Association of Investment Management Companies.

"Chairman of the Board" refers to the Chairman of Board of Directors of the Association of Investment Management Companies.

"Secretary General" refers to the Secretary General of the Association of Investment Management Companies.

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"Member" refers to a company that is a member of the Association of Investment Management Companies which has been licensed to operate a securities business involving the management of mutual funds and/or private funds and/or approved to manage trusts.

"Management" refers to directors, managers, and persons with management authority.

"Company staff or officer" refers to staff, employee, hired individual, and management of AIMC member company.

"Fund" refers to a mutual fund and/or private fund and/or trust.

"Customer or client" refers to a unitholder of a mutual fund, a unitholder of a trust, or an individual or group of individuals who appointed the AIMC member company to manage their private fund.

"Fund manager" refers to staff, employee and management of the AIMC member who has been authorized to make investment decisions in securities, other assets or other methods of generating financial returns, comprising the investment portfolio of the fund.

"Member's investment management staff" refers to staff of the AIMC member company whose work involves or receives exposure to information about the funds' investments, customers' data, or AIMC member company itself.

"Compliance unit" refers to the work department of the AIMC member company whose role and responsibilities are to supervise the AIMC member company's securities business operations.

"Relevant Laws and Notifications" refer to Securities and Exchange Act B.E. 2535, Provident Fund Act B.E. 2530, Derivatives Act B.E. 2546 , Trust for Transactions in Capital Market Act B.E. 2550, Notifications of the Securities and Exchange Commission, Notifications of Capital Market Supervisory Board, Notifications of the Office of the Securities and Exchange Commission, Notifications of the Stock Exchange of Thailand, Notifications of Securities Trading Exchange by virtue of the Securities and Exchange Act B.E. 2535 including relevant laws, and notifications and regulations of the Association of Investment Management Companies.

### Clause 3 Code of Ethics

The member shall monitor and ensure that its staff involved in investment management comply with the code of ethics for investment management as described in Section 8, Clause 30 as follows:

(1) The member shall conduct its business and treat its clients, prospective clients, public, peers in the investment management profession, and other participants in the capital markets with integrity, competence, diligence, professionalism, and good ethics.

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(2) The member shall treat clients with fairness, non-discrimination, and uphold the clients' best interests before the company's own.

(3) The member shall conduct its business with proper operating standards and good controls/monitors, exhibiting full use of its expertise and prudence. The member must devote proper amount of attention, operate based on reliable and sufficient information, and backed by supporting evidence and data. Work must be conducted in an independent and objective manner, in compliance with relevant laws and regulations, including regulations of the AIMC.

(4) The member shall communicate with its client through appropriate means and in a timely manner, including clearly disclosing information to the customer in circumstances where the member has a conflict of interests in a particular service or transaction, either directly or indirectly.

(5) The member is prohibited from revealing information about its client that is derived from its business operations, for data which normally should be kept confidential. However, this excludes disclosures as required by the law or when necessary to support the wellbeing of the financial system or public.

(6) The member is prohibited from engaging, assisting, or supporting wrongful acts that violate relevant laws and regulations, or fraud involving property asset or acts that threaten the economy or national security, including concealment, embezzlement or disposal of assets acquired from such misconduct.

(7) The member must report any behavior by a member which may be considered unlawful, harmful to the association, or detrimental to the business operations of fellow members, regardless of whether one is involved in that wrongdoing or not. This must be reported to the secretary general of the AIMC or chairman of the AIMC, as well as to governmental authorities, relevant institutions and regulators supervising the investment management business.

#### Clause 4 Standards for Professional Conduct in Investment Management

To ensure that investment management is conducted in accordance with code of ethics and meets international standards, the member and its staff involved in investment management must comply with the code of conduct for investment management professionals as prescribed by the AIMC below:

(1) Acknowledgment and compliance with relevant laws and notifications, including Code of Ethics and Standards of Professional Conduct in Investment Management

The member shall ensure that its staff comply with the following:

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(a) Acknowledge and strictly comply with relevant laws and notifications, and Code of Ethics and Standards of Professional Conduct in Investment Management.

(b) Refrain from engaging, assisting, or supporting wrongful acts that violate relevant laws and notifications, or fraud involving property asset or acts that threaten the economy or national security, including concealment, embezzlement or disposal of assets acquired from such misconduct.

(c) Report any behavior by a member which may be considered unlawful and break the relevant law and notifications, unethical investment management practice, or detrimental to AIMC or the business operations of fellow members, regardless of whether one is involved in that wrongdoing or not. This must be reported to the AIMC and governmental authorities and relevant regulators supervising the investment management business.

(d) Ensure that staff's private activities are carefully considered and does not create doubts about the staff's integrity or equates to the pursuit of personal gains or the running of a business that competes with the member.

(2) Investment management

(a) The member must establish an organizational structure built on operating systems that meet proper standards, consist of suitable record-keeping and good internal controls which creates an investment management operation that is well-managed and effective.

(b) The member shall establish a Compliance Unit to monitor and supervise the member's securities business operations.

(c) The member shall appoint fund managers with the competence and expertise required to handle investment management. Fund managers must meet basic qualifications prescribed by the Securities and Exchange Commission and the association. The member shall ensure that fund managers perform their investment management duties for clients with care, prudence, and proper judgement to derive at investment decisions that are justified.

(d) The member shall ensure its Fund managers maintain the level of expertise required for the role, while supporting and encouraging further development of skills and knowledge for these staff.

(e) The member shall ensure its Fund managers maintain the status and basic qualifications required by relevant laws and notifications throughout their tenure in the job position. Monitor the portfolio manager's credentials to ensure qualifications are intact; also detect significant changes or events that may cause failure to maintain those qualifications in order to promptly make any necessary adjustments to comply again.

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(f) The member shall not engage in any practice that distort prices or artificially inflate trading volume with the intention to mislead market participants.

(g) The member shall treat all customers fairly and equitably when handling investment management for clients.

(h) When managing investments for a mutual fund or trust, the member shall adhere to the investment policy, objectives and any conditions as specified in the funds prospectus of the mutual fund or trust. When the fund or trust wishes to amend its investment policy, objectives or any conditions, the member shall disclose appropriate and suitable information as required by relevant law and notification.

(i) When managing investments for a private fund, the member shall assess and ensure understanding of the investment objectives, acceptable risk level, investment horizon, liquidity requirements, investment restrictions, circumstances unique to the customer (if any), including any other information about the customer that will affect the investment policy. The member shall also assess whether the investment is suitable for the client.

(3) Obligations to the client

(a) Determine investment objectives

1. The member shall provide advice or explain the overall features of the investment, the nature of the potential financial returns and the various types of investment risks involved, so that a client can use such information to make one's investment decision or select an investment objective that matches one's status.

2. In the case of private fund client, the member must obtain sufficient information about the client to help assess the client's status and investment objectives. Such information about the client must be updated regularly. Prescribe guideline on how to regularly review the client's information and the suitability of investment objectives.

(b) Protection of the client's interests

1. The member shall ensure that the fund is managed in accordance with the fund's objectives and place its customers' interests before the interests of its staff or itself.

2. The member shall ensure that its clients receive all entitled benefits.

3. The member shall establish operating guidelines and ensure that the investment management process, allocation of securities and benefits for funds are implemented fairly.

4. The member shall not offer a compensation to its client or accept a rebate from any other person or institution that stems from the investment management business,

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except in accordance with guidelines prescribed by the members and after informing the client about such arrangement before establishing the fund management contract.

5. The member shall not burden the client by charging unnecessary costs. All expenses should comply with details described in the fund prospectus or fund management contract.

6. The member shall not trade securities excessively which result in unnecessarily high brokerage costs to the client, unless member deems that such active trading is justified and benefits the fund.

7. The member shall maintain confidentiality of the clients' information and uphold his/her interests as much as possible, as long as this does not violate relevant laws and notifications, as well as the association's code of ethics.

8. The member shall monitor information on shareholders' meetings of companies invested by the fund and should attend such meetings to protect the interests of the fund, as necessary.

(c) Independence and objectivity

The member shall decline to be involved in any business relationships or accept any gifts that may compromise its own independence, objectivity and integrity towards customers.

(4) Compliance, risk management and conflict of interest prevention.

(a) Compliance

1. The member shall establish policy and operating procedures to ensure that its operations comply with this Code of Ethics and Standards of Professional Conduct in Investment Management including relevant laws and notifications.

2. The member shall establish policy and operating procedures on customer complaint handling and delegate authority to a specific person to handle customer complaints. The member shall additionally designate its Compliance Unit to supervise whether the customer complaint handling work was conducted in accordance with the established policy and operating procedures.

3. The member shall review and ensure that investment information to be disclosed to clients is accurate and complete.

4. The member shall store relevant supporting documents for a reasonable period as required by relevant laws and notifications, in a format that is easily accessible.

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5. The member shall appoint a qualified officer and provide adequate resources to ensure the investment management process is audited and monitored effectively.

(b) Risk management

1. The member shall establish a risk management process covering the investment management of funds, including risks to the company. The process must identify, measure, monitor and manage these risks.

2. The member shall establish a Business Continuity Plan to enable the business to continue operating if an unplanned event inflicts damage or negatively impacts the capital market.

(c) Conflict of interest prevention

1. The member shall comply with regulations applicable to the prevention of conflict of interests. Make every effort to avoid any investment management activity which could present a conflict of interests.

2. The member shall establish operating guidelines and ensure that its fund/portfolio investments, staff dealing activities, and investments of funds under management do not create a conflict of interests or unfair advantage for any party.

3. If the member also operates another business apart from the investment management business and potentially pose a conflict of interests, the member shall establish operating guidelines to prevent a conflict of interests from occurring. For example, establish operating guidelines to post or remove securities from a Restricted List or Watch List, as well as operating guidelines to address insider information, or operating guidelines for communication activities, sharing or requests for data between a department and the private fund management department, etc.

(5) Member's fund/portfolio trading and staff dealing activities of staff involved in investment management

(a) Principles

1. Refrain from making short-term trades.
2. Do not trade securities ahead of funds' orders (Front Running) nor trade any securities which are in the opposite direction of funds' investments (Against Portfolio).
3. Do not subscribe to Public Offering securities which are offered as gratitude for the investment management business.

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4. Do not engage in, or encourage any person to take any action on an investment based on a significant information that is not yet disclosed to the public (Material Nonpublic Information).

5. Give priority to the investments on behalf of clients over the proprietary investments of the member or trades of its investment management staff.

6. Brokerage fee for transactions for clients' funds must only cover the items and services in the transaction, or assists the fund manager in making investment decisions for clients' funds. None of the costs must be associated with the administrative expenses in running the member's business operations.

7. Focus on transactions which are in the best interests of clients.

8. Fairly allocate securities or benefits to funds.

(b) Operating procedures

The member shall establish operating guidelines and procedures covering the member's proprietary trading and staff dealing by staff involved in investment management in accordance with principles described in Clause 5(a), including the approval process, securities trading records and securities trading audits. The minimum requirements must include:

1. Determine how the member's staff shall be notified regarding the guidelines and obligation to comply with the guidelines.

2. Establish operating procedures regarding the opening of a securities trading account and disclosure of securities holdings report. If the member is a securities broker, that member shall require its staff involved in investment management to only place staff dealing trades through itself, unless consent is received in writing from its authorized director, its head of Compliance Unit (under necessary and appropriate circumstances). If the member's staff involved in investment management opens a trading account with another securities broker, the member and that staff must establish an agreement to allow the other securities broker to disclose securities trading information to itself for supervision purposes.

3. Set guidelines for the approval or rejection of trading orders, to comply with the principles specified in Clause 5(a).

4. Establish an approval process, define the roles and responsibilities of the Compliance Unit and designate a person with the authority to monitor and approve a trade. This includes promptly notifying company directors or the chief executive officer, as appropriate, if a proprietary trade or staff dealing activity is abnormal.



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5. Determine schedule for processing trades of approved staff dealing orders and how transaction activities are reported.

(c) The member may choose to establish separated operating procedures and investment guidelines for its staff who are not involved in investment management that differ from guidelines applicable to staff involved with investment management.

(6) Presentation of investment management information

(a) Presentation of information about investment management must be in writing, as it will also serve as evidence. The disclosed information must adhere to the following principles:

1. The disclosed information must be relevant and contribute towards the investment decision of the client who may accept or decline to use a member's service. The member should avoid disclosing irrelevant information that may mislead, misrepresent or distort the purpose of such disclosure.

2. The disclosed information must be correct, clear, and understandable, with proper consideration of the fundamental knowledge of the recipient that the client should be able to easily make use of the information.

3. The disclosed information must be equally distributed. Clients with the same investment objectives should receive information on the same standards.

4. The disclosed information should be in a uniform format to ease comparison with information about other funds.

5. Regarding information disclosure, the member shall use communication or delivery channels that can provide regular and effective delivery. The method used must not prevent or delay the client from receiving the information.

(b) The member shall present performance measurements that are clear, accurate, comprehensive, and comply with the standards prescribed by the association.

(c) The member shall not present information which endorses or guarantees the investment or return, unless otherwise allowed by relevant laws and notifications.

(d) The member must provide a clear and comprehensive explanation to its client about the investment costs charged to the client, such as taxes, brokerage fees, and other expenses.

(e) The member shall disclose clear, accurate, and full information about any potential conflict of interests to its clients.

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(7) Data breach protection

The member shall establish a system to control and prevent breach of data on fund investments and clients.

Clause 5 The member shall strictly comply with this Code of Ethics and Standards of Professional Conduct in Investment Management.

Clause 6 This Notification shall be effective 1 January B.E.2563 onwards.

Announced on 6 November B.E.2562

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(Mr. Vasin Vanichvoranun)

Chairman of the Association of Investment  
Management Companies