

(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. SorJorKor. Ror. 1/2555

Re: Rules and Procedures for Determining the Fair Value of a Foreign ETF Invested in A Single Ultimate Underlying Whereby the Ultimate Underlying's Price and Indicative NAV are Widely and Clearly Disclosed, for Calculating the Net Asset Value of a Foreign Investment Fund That is a Feeder Fund

The Securities and Exchange Commission has issued a letter No. SEC. JorTor. 228/2555 Re: Guidelines for the Calculation of NAV of Thai Fund Investing in a Foreign ETF, dated 28 February B.E.2555, whereby the Association of Investment Management Companies shall issue a notification, with consent of the Securities and Exchange Commission, following their joint discussion on 17 February B.E.2555 to determine the rules and procedures for determining the fair value of a foreign ETF invested in a single ultimate underlying whereby the ultimate underlying's price and indicative NAV are widely and clearly disclosed, for calculating net asset value of a foreign investment fund that is a feeder fund. An example is a gold fund. By virtue of clause 25 of the Regulations of the Association of Investment Management Companies, the board of directors of the Association of Investment Management Companies hereby issues regulations as follows:

Clause 1 In this Notification,

(1) "Association" refers to the Association of Investment Management Companies.

(2) "Member" refers to a company which is a member of the Association of Investment Management Companies licensed to operate a securities business involving mutual fund management.

(3) "Foreign ETF" refers to a Foreign Exchange Traded Fund (ETF) whose manager handles the buying and selling of investment units with high-value investors and maintains an

organized market for other investors to trade the units. The ETF manager also designates a market maker to provide liquidity for the fund units.

(4) "Goods or securities or reference (underlying)" means goods, securities or reference comprising the investment of the foreign ETF.

(5) "Indicative Net Asset Value (INAV) or Intraday Indicative Value (IIV)" refers to the NAV per unit of the foreign ETF which is calculated and reported to an investor to consider before buying or selling units. This INAV or IIV will be calculated from the underlying of that foreign ETF according to the last traded price minus estimated liabilities and divided by the total number of investment units of the foreign ETF.

(6) "Foreign investment fund that is a feeder fund" refers to either open-end fund or closed-end fund with a policy to invest the money mobilized to purchase units of a foreign ETF, averaging at least 80% of fund NAV during the accounting year. The target foreign ETF would be invested in just one single ultimate underlying, whereby the underlying's price and INAV are widely and clearly disclosed.

(7) "Business day" refers to a day in which the member is open for normal business operations.

(8) "Trading days for investment units" refers to business days when investors may trade fund units as stated in the fund scheme.

(9) "Last traded price" refers to the price when the securities were last transacted, as reported by the respective stock exchange.

(10) "Call market" refers to a batch order matching process performed by the stock exchange's trading system to match orders automatically (single price auction). Investors can place an order during trading hours before the market closes, just as a normal order but the trading system will not yet execute the order despite the presence of a corresponding bid or offer at that price. Instead, the system will list orders according to price and time, on the same principle as a continuous order matching process. Once a designated time is reached, the trading system will begin matching all those trades according to price and time priority, matching trades at prices that will yield the largest volume of successful matches. The executed price may match the price specified in the order, or an even better price.

(11) "Average trading price before call market" refers to the weighted average price of all transactions of those securities occurring within the last 15 minutes before the call market on a day when with transactions made on that stock exchange. However, if there is insufficient trading data for those securities to determine a weighted average price, use a simple arithmetic average.

(12) "Fair value" shall be interpreted according to generally accepted accounting standards Re: Accounting for Investment Entities.

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(13) "Main bourse" refers to the main foreign stock exchange where the units of the foreign ETF are listed to trade and where the foreign investment fund which is a feeder fund invests.

(14) "Forward pricing method" refers to determining a fair value based on the value or price of investment units whereby an investor will not be able to know the value or price (as applicable) of the foreign ETF used to calculate the net asset value of the foreign investment fund, when the investor is placing an order to buy or sell units of the foreign investment fund during trading hours.

Clause 2 When determining the fair value of a foreign ETF invested by a foreign investment fund which is feeder fund, pursuant to this Notification, members shall comply as follows:

(a) Use the last traded price on the main bourse where the mutual fund is traded, or the last traded price in the market specified in the fund scheme, to calculate the net asset value of the mutual fund. The last traded price must be based on forward pricing method too.

(b) If the price according to (a) is significantly different from INAV of the foreign ETF at that time, members shall use INAV of the foreign ETF to calculate the net asset value of the mutual fund.

(c) In the absence of INAV of foreign ETF for comparison, members shall compare the price according to (a) with the average trading price of the foreign ETF before call market. If the price according to (a) is significantly different from the average trading price of the foreign ETF before the call market, members shall use the average trading price of the foreign ETF before call market to calculate the net asset value of the mutual fund.

Clause 3 This Notification shall be effective from 17 September B.E.2555 onwards, without retroactively effecting the calculation of net asset value based on an accounting standard in use prior to this date. Members shall strictly comply.

Announced on 10 September B.E.2555

-Signature-

(Dr. Somjin Sornpaisarn)

Chairman

Association of Investment Management Companies