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AIMC logo

Notification of the Association of Investment Management Companies

No. Sor.Jor.Kor. 1/2566

**Guidelines for the Trading of Securities and Fund Units by Employees of Securities
Companies Licensed to Operate a Fund Management Business
(Staff Dealing Rules)**

This notification establishes guidelines and standards for asset management companies to supervise the trading of securities or fund units by employees to prevent a conflict of interests and/or prevent the use of inside information for benefit of the employee and/or another person. The asset management company's policy and supervision process must receive the approval of the board of directors or designated committee or group company policy. By virtue of clause 25 of the regulation of the Association of Investment Management Companies, the board of directors of the Association of Investment Management Companies hereby sets guidelines and standards follows:

Clause 1 The notification of the Association of Investment Management Companies No. SorJorKor. Ror 4/2563 Re: Standards for the Supervision of Staff Dealing Activities for Employees of Securities Companies Licensed to Operate a Fund Management Business, dated 13 April B.E.2563 shall be repealed.

Clause 2 Glossary of terms

"Association"	refers to	The Association of Investment Management Companies.
"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, private fund management inclusive of

		private funds, provident funds, and any other businesses related to fund management.
“Securities”	refers to	securities and financial instruments listed on the Stock Exchange of Thailand, Thailand Futures Exchange, and Market for Alternative Investments, as well as fixed income. However, members may additionally list other types of securities to be covered by these guidelines.
“Fund units”	refers to	units of mutual funds under the member’s management.
“Fund”	refers to	to any type of fund under the member’s management.
“Staff or employees”	refers to	employees of the asset management company, workers hired by the business operator, including directors, executives or similar positions referred to by a different title.
“Connected person”	refers to	the staff’s spouse, either legal or a cohabiting partner, legal child or foster child under legal age, including any other person the member believes is a nominee of the staff although his/her name is not disclosed in transactions associated with that staff.
“Staff’s trading account”	refers to	a securities/mutual-fund/private-fund trading account that belongs to the employee, including such accounts where the employee has authority to make transactions either by written appointment or unofficially.
“Trading account of connected person”	refers to	a securities/mutual-fund/private-fund trading account that belongs to a person connected to the employee.
“Inside information”	refers to	facts that can significantly impact the price of securities, derivative’s underlying or fund units, which have not yet been disclosed publicly but already known by the company or employee through business operations or job position.
“Watch List”	refers to	a list of securities where transactions are being monitored.
“Restricted List”	refers to	a list of securities where transactions are prohibited.

Clause 3 Opening of trading account belonging to a staff or persons connected to the staff

Member companies are required to establish operating procedures and standards to prevent and handle conflict of interests that will enable effective supervision of trading of securities and fund units by staff. Measures must at least cover the following:

3.1 When an employee intends to open a securities trading account or a private fund account, the member company must require that employee to open the trading account or private fund account in accordance with procedures established by the member. If the employee had previously opened such account in the past, before joining the member company, the employee must stop using such account or adopt necessary actions that the member company prescribes.

For investments in the form of a private fund, the member company must prohibit the employee from being able to instruct the fund manager to make specific trades, except for conditions already specified in the investment policy.

3.2 It is the employee's duty to disclose to the member company all information about one's account or connected person's account, including all other accounts where one has a stake or has authority to manage. This must be done in writing or through other means that the member company prescribes. The member company must require the employee to confirm the information within the appropriate time frame. Any employee who fails to disclose information about one's account or connected person's account is considered to commit disciplinary violation. This includes any changes to such accounts whereby the employee must inform the member company.

3.3 Staff must not open a securities or fund trading account for oneself by using someone else's name or allow someone else to open the account on one's behalf.

3.4 Member companies must establish operating guidelines for staff who are opening securities trading accounts and private funds for oneself.

Clause 4 Obtaining approval before trading securities or fund units; submitting orders to transact securities or fund units

Member companies must establish guidelines and operating procedures for the approval of staff's transaction of securities and fund unit, as well as how orders for these transactions are submitted, where priority is to prevent conflict of interests.

Clause 5 Desired practice regarding the trading of securities / fund units by staff or their connected persons

- 5.1 Staff must not use someone's name or allow someone else to use one's own name to open an account.
- 5.2 Staff must not request to buy or sell securities / fund units under someone else's account, or accept to buy/sell/hold securities / fund units for someone else in one's own account.
- 5.3 Staff must not trade securities or fund units based on inside information, regardless of whether to benefit oneself or someone else.
- 5.4 Staff with access or exposure to inside information must not disclose such information to others. Staff must also be prohibited from trading securities / fund units appearing on the Restricted List.
- 5.5 Member companies must monitor the trading of securities / fund units appearing on the Watch List.

Clause 6 Situations when approval to trade securities / fund units by staff can be waived

Approval of trades by staff under the following circumstances can be waived by the member company. However, the member company will still be required to ensure the staff reports any acquisition, sale, switching, or transfers of securities or fund units, within the time frame that the member company prescribes.

- 6.1 Purchase of fund units previously arranged as a savings scheme with equal number or value to be invested on a regular basis based on a predetermined schedule. The member company may require the employee to seek a one-time approval at the beginning only or when the investment pattern is re-configured.

For investment in fund units as described in the paragraph above, the member company may prescribe a minimum investment period as deemed appropriate.

- 6.2 Purchase of fund units during an Initial Public Offering (IPO)
- 6.3 Trading of money market funds or long-term investment funds or tax-deducting funds, i.e. Retirement Mutual Funds (RMF) or Super Savings Funds, etc.
- 6.4 Redemption of fund units through an auto-redemption feature.
- 6.5 A switching transaction between different share class within the same fund.
- 6.6 A fund account based on an asset allocation feature whereby the employee has no investment decision input.
- 6.7 Subscription to a rights issue of securities already held.

- 6.8 Securities in a public offering that is not subjected to a quota and allocation is fair based on generally accepted methodologies.
- 6.9 ETF funds listed on the Stock Exchange of Thailand.
- 6.10 Passive Index Funds
- 6.11 Thai government debt securities

Clause 7 Holding period requirements for staff dealing

Member companies must prescribe holding period requirements for securities and fund units traded by staff. The period should be at least 30 days to ensure access to information and opportunities from the job position cannot be exploited, as well as prevent and address conflict of interests.

Clause 8 Disclosure of investment activities

The member company must require staff to report all trades of securities and fund units, including holdings of securities / fund units belonging to themselves and connected persons, within a certain prescribed time frame. The member company may prescribe reporting method and schedule as deemed appropriate.

Clause 9 Consent to permit monitoring and inspection of investment activities

The member company must obtain cooperation from staff or take steps to ensure that the member company is allowed to monitor and inspect investment activities of employees and their connected persons. For example, set procedures to require staff to submit information or documents related to investment transactions of the staff's account or connected person's account at other securities companies, etc.

Clause 10 Disciplinary Action

When an employee commits a violation or fails to comply with operating procedures, the member company must take appropriate disciplinary action that considers factors involved, such as severity of impact caused, frequency of wrongdoing, etc. This will ensure the member company can effectively manage its staff to ensure compliance with measures established.

A member company may decide to adopt measures that differ from guidelines described in this document. However, the member company must illustrate that its own methods will successfully achieve the objectives described in this document, effectively prevent staff from using one's job position to exploit inside information, prevent a conflict of interests, and meet accepted standards.

This notification shall be effective 1 December 2023 onwards.

Notification issued 1 November 2023

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(Mrs. Chavinda Hanratanakool)

Chairman

Association of Investment Management Companies