

MINISTERIAL REGULATION
ON MANAGEMENT OF MONEY OF THE NATIONAL SAVINGS FUND,
B.E. 2558 (2015)*

By virtue of section 4 paragraph one, section 42 paragraph four and section 43 of the National Savings Fund Act, B.E. 2554 (2011), the Minister of Finance hereby issues the Ministerial Regulation as follows:

Clause 1. In this Ministerial Regulation:

“bank” means a commercial bank under the law on financial institution business, a bank established by a specific law and a foreign bank;

“fund management company” means a financial institution or another juristic person assigned by the Fund to manage money of the Fund;

“securities” means securities under the law on securities and exchange and foreign law, and shall also include other properties;

“debt instrument” means a bond, a bill of exchange, a promissory note, a debenture as well as other instruments of the same nature;

“equity instrument” means an ordinary share, a preference share, a share warrant as well as other instruments of the same nature;

“hybrid instrument” means a convertible debenture as well as other instruments of the same nature.

Clause 2. With respect to the management of money of the Fund within the country or in a foreign country, the Fund may carry out the management itself or assign a fund management company to carry out the management on its behalf.

Clause 3. A fund management company under clause 2 must possess the following qualifications:

(1) a fund management company assigned by the Fund to manage money of the Fund within the country must be a person licensed to manage a private fund under the law on securities and exchange, and must possess expertise in investment, be well-prepared in respect of its work system, have personnel and management who have experience in

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investment, and have an efficient internal control system, and there is no reasonable ground to believe that its financial status may be detrimental to the Fund;

(2) a fund management company assigned by the Fund to manage money of the Fund in a foreign country must be licensed by the regulatory authority under the law of such country and possess expertise in investment in the foreign country.

The rules and procedures for selection of a fund management company shall be in accordance with those specified in a notification by the Board, provided that there must be a comparison of qualifications between not fewer than two fund management companies.

Clause 4. The expenses for management of the Fund of a fund management company shall be determined as follows:

(1) an annual remuneration for a fund management company within the country shall not exceed two point five per cent of the net asset value of the capitals managed for the Fund by such fund management company;

(2) a remuneration for a fund management company in a foreign country shall be determined in accordance with a practical guideline of the market which is internationally recognized, provided that an approval of the Board or the Investment Sub-committee shall be obtained on a case-by-case basis;

(3) fees and stamp duties shall be paid in actual amount.

Clause 5. Money of the Fund shall be invested in accordance with the following rules:

(1) investment made in the securities under clause 6 (1) shall be not less than eighty per cent, and the investment made in the securities under clause 6 (2) may be up to twenty per cent, except for an investment in a foreign country which the money invested in accordance with clause 6 (4) may be up to ten per cent;

(2) investment made in equity instruments, hybrid instruments or debt instruments, excluding bonds, bills of exchange, promissory notes or other instruments of the same nature, issued by any juristic person shall not exceed ten per cent or not exceed the amount prescribed by the Board;

The total investment made in equity instruments and hybrid instruments of all juristic persons must not exceed twenty per cent in total;

(3) investment made in immovable properties may be up to eight per cent, but the Board may prescribe rules and conditions thereon.

Clause 6. Management of money of the Fund shall be carried out as follows:

(1) It shall invest in or own one or several securities with high stability as follows:

- (a) cash, bank deposits or certificates of deposit issued by a bank;
- (b) government bonds, treasury bills or bonds of the Bank of Thailand;
- (c) debt instruments, the principal and interest of which are guaranteed by the Ministry of Finance;
- (d) debt instruments issued by a State enterprise under the law on budgetary procedure;
- (e) bills of exchange accepted, indorsed or avalized by a bank, or promissory notes indorsed or avalized by a bank without any limitation of liability;
- (f) debt instruments issued by a bank;
- (g) debt instruments under an asset securitization program issued by a special-purpose juristic person established by the law on special-purpose juristic person for securitization of assets;
- (h) debt instruments rated at the level determined by the Minister in a notification published in the Government Gazette, or debt instruments that are issued or avalized by or the principal and interest of which are guaranteed in full amount by a juristic person rated at the level determined by the Minister in a notification published in the Government Gazette, provided that such credit rating must be conducted by a credit rating institution approved by the Office of the Securities and Exchange Commission or a foreign credit rating institution recognized by the Office of the Securities and Exchange Commission.

(2) It shall invest in one or several other securities specified by the Board as follows:

- (a) certificates of deposit issued by a finance company;
- (b) equity instruments;
- (c) hybrid instruments;
- (d) debt instruments issued by a securities company which undertakes securities business;
- (e) investment units or warrants to purchase investment units;
- (f) immovable properties.

(3) It shall invest in securities under (1) or (2) specified by the Minister in a notification published in the Government Gazette; in this regard, the Board may also prescribe other rules to be followed.

(4) With respect to investment in a foreign country, the Board may prescribe that the investment in or owning of securities with high stability or other securities be different from that prescribed in (1) or (2), or may specify additional categories of securities and may also prescribe rules and procedures for management of money of the Fund in a foreign country;

In the case where a fund management company will invest money of the Fund in a foreign country, a prior approval from the Board shall be obtained before further proceeding with the investment.

(5) The Board may allow the following investment-related transactions to be carried out with due regards to the interest of the Fund and in accordance with the rules, procedures and conditions prescribed by a notification of the Board:

(a) purchase with resale agreement or sale with repurchase agreement with respect to securities as specified by the Board;

(b) borrowing or lending securities of which the Bank of Thailand is the securities registrar or securities deposited at the securities depository center under the law on securities and exchange.

Clause 7. A fund management company shall not invest money of the Fund in its own equity instruments or hybrid instruments.

Clause 8. For the purpose of executing this Ministerial Regulation, value of securities shall be recorded based upon their cost price and costs expended in the acquisition of such securities. The securities shall be evaluated at the end of every accounting period of the Fund, except for immovable properties, which shall be evaluated at least once a year. This shall be in accordance with the rules and procedures prescribed in a notification by the Board.

Clause 9. Trading of listed securities under the law on securities and exchange shall be carried out in the Stock Exchange of Thailand or as prescribed by the Board.

Clause 10. Other than the management of money of the Fund prescribed in clause 6, the Board may also require the Fund or a fund management company to undertake the following:

(1) to sell, to exchange, to sell with right of redemption, to mortgage, to release a mortgagor from a mortgage of or to transfer the right of mortgage on an immovable property or a mortgageable movable property;

(2) to create or to extinguish the whole or part of a real right in connection with an immovable property under the Civil and Commercial Code or other laws;

(3) to dispose of or to create a commitment to dispose of a right of claim intending to create or transfer a real right in land or to release the land from such real right;

(4) to let an immovable property or to let an immovable property on hire-purchase;

(5) to sell or exchange a movable property with record of ownership or document of ownership.

Clause 11. In the case where it appears that any fund management company fails to manage money of the Fund in compliance with the rules and procedures prescribed in this Ministerial Regulation, such fund management company shall make a rectification in order to comply with the rules and procedures prescribed in this Ministerial Regulation without delay but no later than thirty days from the date on which an order for rectification of management of money of the Fund from the Board is received.

Clause 12. A fund management company shall submit a monthly report showing the management of money of the Fund to the Investment Sub-committee no later than the twentieth day of the month following the month in which the report must be submitted. The submission shall be made in the form specified by the Investment Sub-committee.

Given on the 26th Day of June B.E. 2558

Sommaï Phasee

Minister of Finance

Note: - The reason for the promulgation of this Ministerial Regulation is as follows. Whereas section 42 paragraph four and section 43 of the National Savings Fund Act, B.E. 2554 (2011) prescribe that the qualifications of a person assigned to manage money of the Fund, management methods, management expenses as well as investment of money of the Fund shall be in accordance with the rules and procedures prescribed by a Ministerial Regulation in order to ensure the efficient management of money of the Fund, it is therefore necessary to issue this Ministerial Regulation.