



SEC implements rules for risk disclosures of cryptocurrency trading and prohibition of digital asset business operators from offering returns to deposit taking & lending services

The Office of Securities and Exchange Commission of Thailand (the “SEC”) has taken significant steps to enhance the disclosure of risk warnings in cryptocurrency trading for investors. The new guidelines aim to provide investors with comprehensive information about the potential risks associated with cryptocurrencies. Additionally, the SEC has introduced strict regulations prohibiting digital asset business operators from providing or supporting custody of depositors’ digital assets that promise returns to depositors, as well as engaging in lending (deposit taking & lending). These measures have been put in place to bolster investor protection and safeguard them from the potential risks associated with such services.

The SEC has taken significant steps to address both issues by officially publishing the Notification of the Securities and Exchange Commission GorThor. 6/2566 Re: Guidelines, Conditions and Methods regarding the Operating of Digital Asset Business (No. 20) in the Royal Gazette on 8 June 2023. The key points of these regulations are as follows:

1. Disclosure of risk warnings in cryptocurrency trading: (Effective from 31 July 2023) Cryptocurrency exchanges, cryptocurrency brokers and cryptocurrency dealers are required to disclose risk warnings for cryptocurrency trading. The warning message must read:

"Cryptocurrencies are high-risk. Please thoroughly study and understand the risks associated with cryptocurrencies, as you may lose your entire investment." The warning message must be prominently displayed along with the result notifications of the investment suitability test and the basic asset allocation before customers can utilize such services. Additionally, the digital asset business operators must ensure that users provide their consent and acknowledge the risks before utilizing such services.

2. Prohibition of digital asset business operators from providing or supporting deposit taking & lending services: (Effective from 30 August 2023). The key points of this prohibition can be summarized as follows:

2.1. The digital asset business operators are not permitted to accept deposits of digital assets to utilize the deposited digital assets for borrowing or investment purposes with returns paid to depositors.

2.2. The digital asset business operators are not permitted to accept deposits of digital assets in the event where the digital asset business operators offered or proposed to give returns from depositing digital assets or other returns to depositors (such as return from the company's marketing budget), except in cases of sales promotions as prescribed by the SEC notification.

2.3. Advertising, persuading the general public or engaging in any activities that support the deposit taking & lending services as stipulated under (2.1) and (2.2) by the digital asset business operators or other individuals is strictly prohibited.

Should you have any question, please do not hesitate to contact us via info@bgloballaw.com

