



## **Office of Securities and Exchange Commission (the “SEC Office”) has public hearing on a draft of notification to prevent Thai investors from abusing Non-Voting Depository Receipt (the “NVDR”)**

The SEC Office has opened the public hearing on the Draft of SEC Office’s Notification Regarding Standards of Business Operation, Operating Structure, Working System and Service of the Securities Business Operator and Derivatives Business Operator (No. \_) (the “Draft”) from 22 January 2024 to 6 February 2024.

The SEC Office has introduced the NVDR for a very long time since the enactment of the Notification of the Capital Market Supervisory Board regarding the Offering of Non-Voting Depository Receipt by the Subsidiary of the Stock Exchange of Thailand. The purpose of this piece of legislation is clear that the legislation is to allow those who are considered as foreigners to invest in the Thai stock market without being obstructed by the foreigner limitation and enjoy monetary benefits, such as dividends, while the downside is to have no voting rights that would normally derive from such investment.

Nevertheless, the SEC Office was alerted by a growing number of Thai shareholders who have invested in NVDR, in which, in the year 2023, the number of Thai investors greatly exceeded those of foreign investors by 18,966 investors. This is not, by any means, the goal that the SEC Office wants to achieve by creating the NVDR.

Thus, to solve the problems, the SEC Office introduced the Draft as a potential solution, in

which the critical elements of the Draft are provided below:

Firstly, the Draft allows the securities business operator (the “SBO”) to provide service for the customer that wants to buy NVDR and receives NVDR or securities transfer into NVDR for foreign customers or beneficiaries of the customers only. Secondly, in case a customer of the SBO is a foreign securities business operator, the SBO must also notify such foreign securities business operators of the aforementioned restrictions and make them disclose the identity of beneficiaries to the SBO every time that a service is used.

To this end, other than to help foreign investors investing in Thailand without being subject to foreigner limitation, the SEC Office provided that the Draft was to prevent Thai investors from abusing the NVDR to circumvent related rules and hide their shareholding and also to ensure that correct and sufficient information is provided to the investors.

Should you have any question, please do not hesitate to contact us via [info@bgloballaw.com](mailto:info@bgloballaw.com)

