



## Legal Alert

22 April 2022

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### New SET Rules on Listing in LiVEx and Post-Listing Requirements for LiVEx companies

To follow up further on our previous Legal Alert dated 21 February 2022 which we introduced the SEC's regulation to support fundraising by the small and medium enterprises ("SMEs") and Start-Ups in which saving the approval process and ease up many requirements from general public offering, we would like to update the listing rules issued by the Stock Exchange of Thailand ("SET") also issued the listing rules effective from 31 March 2022.

The listing requirements for the LiVEx companies can be summarized here:

Topics	Details
<b>Listing Conditions</b>	<ol style="list-style-type: none"> <li>Being the entity which is (i) "medium enterprise" under the SMEs law or larger<sup>1</sup>, or (ii) already invested by private equity or venture capital funds before the initial public offering</li> <li>Offering documents become effective</li> <li>Procuring all executives to pass the training courses in preparation to participate in the capital market as approved by the SEC</li> <li>No transfer restriction except in accordance with the applicable law, e.g. foreign limit under the applicable law.</li> </ol> <p>A key difference on the listing characteristic for LiVEx companies which is mainly different from main Exchange is that there is no requirement on minimum paid up capital and track record by using profit or market capitalization approach for LiVEx companies.</p>
<b>Free float Requirement</b>	No free-float requirement (a key different from the main Exchange)
<b>Silent Period</b>	Issuer shall instruct its strategic shareholders <sup>2</sup> not to sell their shares at least 55 per cent. of total paid up capital within 3 years from the first day trading in LiVEx.

	However, those strategic shareholders may gradually sell shares amounting 20% of the total lock-up shares after 1 year. After that, 20% of the total lock-up shares can be sold by the strategic shareholders after each 6-month-period lapses.
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After listing of shares in LiVEx, the LiVEx companies will have ongoing disclosure obligations via LiVEx similar to those companies listed on main Exchange. Also, the LiVEx companies are subject to Connected Transaction and Major Acquisition and Disposal requirements similar to the main Exchange companies with less requirements as highlighted below.

The relevant legislations regarding disclosures after public offering and listing of shares on LiVEx are:

- (1) **SEC:** The Notification of the Capital Market Supervisory Board No. TorJor. 75/2564 re: Post-obligations of Companies after Offering Newly Issued Shares for Listing on Live Exchange
- (2) **SET:** The Notification of the Stock Exchange of Thailand Re: Rules, Conditions and Procedures Governing the Disclosure of Financial Condition and Business Performance, Information and Other Acts of Listed Companies Having Securities Listed on “LiV Exchange” B.E. 2565 (2022)

We summarize key disclosure requirements as follows:

Requirements	Details
<b>1. Reports on Financial and Result of Operation</b>	<ul style="list-style-type: none"> <li>- <u>Financial Statements for 6 month period and at year ended (including Management Discussion &amp; Analysis - MD&amp;A)</u>: Within 90 days after the end of financial period.</li> <li>- <u>Annual Registration Statements (Form 56-1 SME One Report)</u>: Within 4 months after the end of financial period.</li> </ul>
<b>2. Material Events</b>	The listed company in LiVEx is required to disclose material events on timely manner through LiVEx once Board of Directors and/or shareholders of the company (as the case may be) have the resolution on relevant events, e.g. change of director, specifying record date, change of constitutional documents, amalgamation, etc. These disclosure requirements are similar to company listed on the main Exchange.
<b>3. Connected Transaction</b>	<p>Entry into a connected transaction with the value of the transaction exceeds the higher of (i) 3% of total net assets of the company or (ii) THB 30 million, the listed company on LiVEx needs to seek approvals not less than <math>\frac{3}{4}</math> of total voting of shareholders who attend the meeting and have right to vote.</p> <p>There are no requirements on having the financial advisor's opinions for shareholders to be included in the notice for shareholders' meeting and no additional requirements on the connected transaction having value less than aforementioned value which are applicable to the companies on the main Exchange.</p>
<b>4. Major Acquisition or Disposal Transaction</b>	<p>Entry into a major acquisition or disposal at the size more than 50% of total assets of the company, a listed company on the LiVEx needs to seek approvals not less than <math>\frac{3}{4}</math> of total voting of shareholders who attend the meeting and have right to vote.</p> <p>There are no requirements on having the financial advisor's opinions for shareholders to be included in the notice for shareholders' meeting and no additional requirements on the acquisition or disposal having value less than aforementioned value which are applicable to the companies on the main Exchange .</p>

	In addition, such Major Acquisition or Disposal Transaction shall not include transaction which is the ordinary course of business which Board of Directors of the company has considered and approved guidelines for such approval in which this exclusion is not provided for the companies on the main Exchange.
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## Takeover Rules Concerning LiVEx

Similar to requirements for main Exchange, company listed on LiVEx is subject to takeover rules (including reporting to the SEC on the acquisition or disposal by any shareholder, including his/her related person and concert party, at every 5% point under Section 246 of the Securities and Exchange Act B.E.2535 (1992), mandatory tender offer and available exemption for mandatory tender offer).

The rules for LiVEx<sup>3</sup> applies the tender offer regulations applicable to the listed company on main Exchange, mutatis mutandis, except for certain requirements which are not applicable to offeror and target, e.g. no requirement of financial advisor to prepare the tender offer documents, no requirement of independent financial advisor to provide opinion on offer to shareholders of target.

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### Sources:

<sup>1</sup> (i) **Manufacturer:** having income more than THB 100 million but not more than THB 500 million and hiring manpower more than 50 people but not more than 200 people, (ii) **Services, Wholesales and Retails:** having income more than THB 50 million but not more than THB 300 million and hiring manpower more than 30 people but not more than 100 people.

<sup>2</sup> Including directors and executives of the issuer (including their related person), major shareholder who hold more than 5 per cent. of the paid-up capital of the issuer, including his/her related person.

<sup>3</sup> Notification of the Capital Market Supervisory Board No. ThorJor. 76/2564 Re: Rules, Conditions, and Procedure on Reporting of Acquisition or Disposal of Securities, and Holding Securities for Business Takeover for the Listed Companies Having Securities Listed on "LiVE Exchange"

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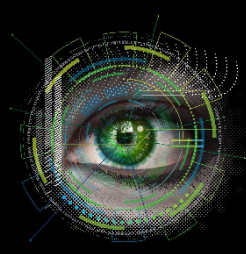
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