

## CONTACT

- +662 679 6005
- +662 679 6041
- www.ilct.co.th
- law@ilct.co.th

## Sustainability-themed ICOs: Regulations Amended by the SEC

This legal summary provides an overview of new regulations outlined in SEC notifications effective from June 1st, 2024, concerning the issuance of sustainability-themed digital tokens. The summary is intended for all token issuers in Thailand looking to offer investors opportunities to invest in digital assets linked to sustainability projects.

The amended regulations aim to support Thailand's Environmental Social and Governance fund or ESG fund in investing in sustainability-related products and contributing to the national sustainability strategy, while also fostering the growth of the country's digital economy. There are four notifications amending regulations on sustainability-themed tokens, detailed as follows:

Notification of the Securities and Exchange Commission No. Kor Jor. 9/2567 Re: Initial Public Offering of Digital Tokens (No. 11):

- Adds a requirement for an independent external reviewer to:
  - Provide opinions or certify that the framework for public offerings of digital tokens meets standards equivalent to issuing debt instruments.
  - Provide opinions or certify impact reports of projects associated with the digital token.
- The independent external reviewer must possess experience, expertise, or mechanisms for evaluating or certifying related to environment, society, sustainability, or the success of sustainability indicators and goals. This includes experience with sustainability-themed debt instruments or sustainability-related digital tokens.

To sell sustainability-themed digital tokens, prospective issuers must first obtain SEC approval. Once approved, issuers must disclose information as required by SEC regulations.

In addition, during public offerings of sustainability-themed digital tokens, prospective issuers must disclose additional information outlined in the annex of this notification, in addition to the information listed within.

Before the token sale: The issuer must disclose specific sustainability-related information, such as the management and use of sale proceeds, progress reports on sustainability-related projects, investor risks, and project evaluation processes.

After the token sale: The issuer must also disclose sustainability-related information post-sale, such as progress on sustainability-related projects, opinions or certifications by an independent external reviewer, any material changes in circumstances, and the appointment of a new external reviewer.

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Notification of the Securities and Exchange Commission No. Kor Jor. 10/2567:

- Exempts application and filing fees for the following digital tokens:
  - Green tokens
  - Social token
  - Sustainability tokens
  - Sustainability-linked tokens
- This fee exemption is effective until May 31st, 2025.

Notification of the Securities and Exchange Commission No. Kor Jor. 11/2567 Re: Offering of Digital Tokens in a Private Placement (No. 3):

- The requirements in this notification are identical to those under Notification of the Securities and Exchange Commission No. Kor Jor. 9/2567, with the main distinction being that Notification of the Securities and Exchange Commission No. Kor Jor. 11/2567 pertains to token issuers intending to offer digital tokens through initial coin offering (ICO) portals.

Notification of the Securities and Exchange Commission No. Kor Jor. 12/2567 Re: Rules, Conditions, and Procedures for Granting Approval of Initial Coin Offering Portals (No. 11):

- Sets out requirements for ICO portals, specifically:
  - Requiring token issuers to disclose sustainability-related information as specified by the SEC.
  - Facilitating token issuers in these disclosures.
- ICO portals are responsible for ensuring that token issuers comply with their disclosure obligations.
- ICO portals that commenced operations before this notification came into effect have a grace period to comply.

This summary provides a brief overview of the new requirements for selling sustainability-themed digital tokens that took effect last month. Compliance with these varied requirements can be complex, and we strongly recommend seeking professional legal assistance. Feel free to contact us at [law@ilct.co.th](mailto:law@ilct.co.th) for further guidance.