SIAM PREMIER
INTERNATIONAL LAW OFFICE LIMITED

Private Limited Companies can now issue Convertible Debentures (Part II)

Bancha W., Partner, Thadawan S., Associate

Following our article issued in September 2021 entitled "*Private Limited Companies can now issue Convertible Debentures*", this article will elaborate further on the qualifications and requirements for a private limited company in Thailand to be eligible to raise funds by: (i) offering newly issued shares; or (ii) offering convertible debentures ("**CD**"). In summary, such private limited company must have the following characteristics:

Business	Small		Medium	
	Employment	Income	Employment	Income
Production	Not more than 50 employees	Not more than THB 100 million	51 - 200 employees	More than THB 100 million but not exceeding THB 500 million
Trade and Services	Not more than 30 employees	Not more than THB 50 million	31 - 100 employees	More than THB 50 million but not exceeding THB 300 million

The SEC has also set out certain protections for investors by limiting the maximum investment amount and number of investors based on certain types of investors as follows:

Type of investor	Investment amount	Number of investors
SME		
(1) Institutional Investor, Private Equity, Venture Capital and Angel Investor	No limit	No limit
(2) Directors and employees of the business including SPV	No limit	No limit
Medium Enterprise		
(3) Other investors apart from investor in (1) and (2)	Not more than THB 20 million (both newly issued shares and CD) Note: It is possible that the SEC may consider the investment amount limit up to THB 50 million.	Not more than 10 investors (both newly issued shares and CD)

Moreover, on 15 September 2021, the SEC reported in its news that it expects to issue criteria to support SMEs and startup companies to raise funds by public offering (SME-PO) and establish a secondary market for the sale and purchase of shares of SMEs (SME Board) in 2021 in order to increase channels for fund raising in addition to SME private placement (SME-PP). In this regard, at the initial stage, SMEs and startup companies seeking to raise funds as SME-PO would need to convert into a public company having a mechanism to protect shareholders pursuant to Public Limited Company Act B.E. 2535 (1992). However, in the future, the SEC plans to relax its criteria both in the primary market and secondary market to support such SMEs and startup companies. In addition, it is expected the SEC may limit the types of investors in order to maintain a level of protection for investors.

For more information contact : **Bancha Wudhiprecha** (bancha@siampremier.com)
Thadawan Subhaphayak (thadawan@siampremier.com) or +6626461888