



SEC approved a resolution prohibiting Investment Company from offering new securities to investors

On 17 May 2022, the Capital Market Supervisory Board (“CMSB”) under the Securities and Exchange Commission (“SEC”) has issued a resolution to amend the guideline on offering securities to investors by disallowing securities-issuing companies and listed companies that operate as an investment company from offering new securities in order to prevent legal infringement, including regulatory arbitrage. This amendment will be open for the public hearing process.

“Investment company” can be defined as a company that allocate more than 40% of its assets to passive investment, or investing without participating in management (excluding hedging investment). Only investment for liquidity management will remain unaffected. In addition, certain financial businesses are exempted from this amendment, such as commercial banks and financial institutions.

Listed companies that have passive investments totaling more than 40% of their assets are obliged to disclose investment information in financial statements to be used for tracking. Securities-issuing companies and listed companies that fail to comply with this amendment will be prohibited from offering all types of securities to all investors as specified under the Securities and Exchange Act of 1992.