

(UNOFFICIAL TRANSLATION)

*Readers should be aware that only the original Thai text has legal force and that this English translation is strictly for reference.*

**Notification of the Office of the Securities and Exchange Commission**

**No. Or Thor. 21/2543**

**Re: Guidelines for the Operating Control of Brokerage and  
Dealing of Securities That Are Not Debt Instruments**

---

For the purpose of standardizing the operating control of brokerage and dealing of securities that are not debt instruments, the SEC Office hereby issues the following preliminary common guidelines for securities companies to apply to such operating control:

**Clause 1** In this Notification:

“*securities company*” means a company licensed to undertake securities business in the category of securities brokerage or securities dealing which is not limited to debt instruments.

**Clause 2** A *securities company* should arrange a risk management system according to the following guidelines:

(1) determining a policy and an operational procedure clearly with regard to granting a consent to a designated person to act on behalf of the *securities company* or to approve any action that will create an obligation for the *securities company* by taking into account the appropriateness and acceptable risk level. The *securities company* should specify the details on the designation or approval for such action clearly in writing, and monitor to check whether the work performance of such designated person is within the scope of power, duties and responsibilities;

(2) determining clearly the rules concerning consideration for approval of increase or decrease of credit limit suitable for clients’ repayment ability, and updating clients’ information and reviewing each client’s credit limit at least once a year;

(3) appointing a committee to oversee the operation related to important matters such as an audit committee, a credit limit consideration committee and an investment committee to allow such committees to screen and give recommendations regarding key issues and report directly to the executive board or the board of directors;

(4) reviewing the risk management system to ensure that it is always current and up-to-date.

**Clause 3** A *securities company* should arrange an information management system according to the following guidelines:

(1) putting in place an efficient information management system that is capable of processing accurate and up-to-date information;

(2) putting in place a reporting system for the information important to the company's work management, such as financial and non-financial information and operational risk, for the management's acknowledgment and application of such information to ensure efficient and up-to-date management;

(3) putting in place an early warning system for maintenance of financial position to give the *securities company* sufficient time for preparing or taking any action to allocate fund or solve an issue of maintaining the financial position possibly arising from operational risk.

**Clause 4** A *securities company* should arrange an information security system according to the following guidelines:

(1) putting in place a secure and efficient system for safekeeping information, evidentiary documentation and reports as well as a backup system and an emergency plan for recovering information stored in an electronic form;

(2) determining a password to access information stored in an electronic form and limiting disclosure of such password to the relevant authorized staff only;

(3) determining a control system for drawing or using hardcopy forms relating to securities trading or reimbursement such as cheque, transaction confirmation slip, receipt and clients' asset statement. In case of cancelling any such form, a cancellation stamp on the form should be clearly visible;

(4) prohibiting staff, clients or any irrelevant person from entering the area for executing trading transaction orders.

**Clause 5** A *securities company* should specify a code of conduct clearly in writing, whose contents should include acceptance of asset or compensation from a client or other persons as a result of duty performance.

**Clause 6** A *securities company* should arrange a compliance system according to the following guidelines:

(1) determining a compliance plan and operational procedures clearly, which should cover the overall business operation upon approval of the board of directors or the executive board. In this regard, the compliance report should be submitted to the board of directors, the executive board or any designated committee;

(2) improving the operation according to the suggestions or issues detected by the compliance unit or the internal audit unit promptly and following up on such improvement.

Notified this 11<sup>st</sup> day of October 2000.

- Signature -

(Mr. Prasong Vinaiphath)  
Deputy Secretary-General  
Acting Secretary-General

Office of the Securities and Exchange Commission