

(Translation)

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**Notification of the Office of the Securities and Exchange Commission  
No. SorNor. 7/2547  
Re: Application Form and Related Documents for  
Registration for the Undertaking of Derivatives Business  
in the Category of Derivatives Fund Manager**

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By virtue of Clause 5 of the Notification of the Securities and Exchange Commission No. KorNor. 9/2547 Re: Registration for Undertaking Derivatives Business in the Category of Derivatives Fund Manager dated 23 January 2005, the Office of the Securities and Exchange Commission hereby issues the following regulations:

**Clause 1.** Any juristic person intends to be registered for undertaking of derivatives business in the category of derivatives fund manager shall submit an application to the Office as per Form 16-3 attached hereto together with related documents.

**Clause 2.** This Notification shall come into force as from 1 January 2004.

Notified this 29<sup>th</sup> day of January 2005.

Thirachai Phuvanatanarubala  
(Mr. Thirachai Phuvanatanarubala)  
Secretary-General  
Office of the Securities and Exchange Commission

**Application Form for Registration for Undertaking of Derivatives Business in  
the Category of Derivatives Fund Manager**

Date.....

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Part 1: Applicant's Information

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1.1 Type of the applicant (juristic person).

- Commercial bank under the law on commercial bank.
- Finance company under the law on undertaking of finance business, securities business, and credit foncier business.
- Securities company under the law on securities and exchange.
- Life insurance company under the law on life insurance.
- A new limited company or public limited company established for undertaking of securities business in the category of mutual fund management or private fund management under the law on securities and exchange.

1.2 Type of the customer to whom services to be provided.

- Institutional investors (not a private fund for general investors).
- Private fund for general investor.

1.3 Name of applicant (Thai).....  
(English).....

1.4 Head Office.....

Telephone No.....Fax.....

E-mail.....

1.5 Paid-up registered capital.....Baht



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Part 3 : Certification and consent of the applicant.

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I hereby certify that I have the qualifications pursuant to the Notification of the Office of the Securities and Exchange Commission governing registration for undertaking of derivatives business in the category of derivatives fund manager issued under the Derivatives Act B.E. 2546 (2003), and also certify that the statements in the Application Form and related documents attached hereto are true and correct in all respects.

Signed:..... Applicant/Authorized  
(.....) Signatory of the Applicant

Position:.....

Date:.....

Affix the Juristic Person's Seal  
(if any)

Name of the applicant's contact person .....
Position.....Telephone No.....
Fax No.....

For the official in charge

Name.....

Date of consideration.....

Result of consideration

Evidence in support of the application is complete.

Evidence in support of the application is incomplete.

The following additional evidence is required:

1) .....

2) .....

3) .....

4) .....

5) .....

Remarks.....

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**Document and evidence accompany with an Application Form applying for Undertaking Derivatives Business  
in the category of Derivatives Business Capital Manager**

Name of Applicant.....

Date of giving Information.....

Consideration on the Qualifications of the Applicant	Related Information to Consideration
<p><b>I. Finance Qualification</b></p> <p>1. Having ability to undertake the derivatives business in the category as apply to register under the law controlling such business of juristic person.</p>	<p>In the case where the applicant is a Commercial Bank, Finance Company or Life Insurance Company, such applicants are required to attach (☐) and fill the form up (●) with the information as follow:</p> <p>☐ Evidence showing that the applicant having a permission to undertake business in the category of derivatives business capital manager.</p> <p>Result of the consideration.</p> <ul style="list-style-type: none"> <li>● permission with no condition.</li> <li>● permission with condition (specify).....</li> </ul> <p>.....</p> <p>.....</p>
<p>2. can maintain capital fund and make a dept reserve in accordance with the rule controlled such business.</p>	<p>In the case where the applicant is a Commercial Bank, Finance Company, Securities company or Life Insurance Company. Or in the case where the applicant is a Limited company or Public limited company established on purpose to apply for the license to undertake securities business in the category of mutual fund management or private fund management which the Commercial bank, Finance</p>

Consideration on the Qualifications of the Applicant	Related Information to Consideration										
	<p>company, Securities company and Life Insurance company holds shares more than 10% of the total shares sold of such company.</p> <p>The applicant is required to attach evidences (□) of Commercial bank, Finance company, Securities company and Life Insurance company and shall fill the form up (●) with the information as follow:</p> <p>□ Certificate from organization in charge of supervise and control the applicant to undertaking business by mean of maintaining capital fund and making a dept reserve as prescribed. ( Submit an application within 30 days from the day of the issuing the certificate. Provided that after the issuing of certification and the consideration is still in process, and it appear that the applicant can not maintain capital fund or cannot making a dept reserve anymore. The applicant shall notify to the Office in writing immediately of such matters. (Securities shall not attach such evidence.)</p> <ul style="list-style-type: none"> <li>● Information on the date of .....</li> <li>● Minimum rule to maintain capital fund and making a dept reserve.....</li> <li>● Maintenance capital fund and dept reservation.</li> </ul> <p>□ Financial statement audited by auditor with his/her opinion this fiscal year compare with last fiscal year.</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 50%;">Latest fiscal year (year...)</td> <td style="width: 50%;">Last fiscal year (year....)</td> </tr> <tr> <td>● Assets.....</td> <td>● Assets.....</td> </tr> <tr> <td>● Liabilities.....</td> <td>● Liabilities.....</td> </tr> <tr> <td>● Amount of shares of the shareholder.....</td> <td>● Amount of shares of the shareholder.....</td> </tr> <tr> <td>● Net profit/Net loss.....</td> <td>● Net profit/Net loss.....</td> </tr> </table>	Latest fiscal year (year...)	Last fiscal year (year....)	● Assets.....	● Assets.....	● Liabilities.....	● Liabilities.....	● Amount of shares of the shareholder.....	● Amount of shares of the shareholder.....	● Net profit/Net loss.....	● Net profit/Net loss.....
Latest fiscal year (year...)	Last fiscal year (year....)										
● Assets.....	● Assets.....										
● Liabilities.....	● Liabilities.....										
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Consideration on the Qualifications of the Applicant	Related Information to Consideration
<p><b>II. Criteria for readiness working system.</b></p> <p><b>Note</b> Give the related information to the consideration of the Office just in case of the applicant wishing to undertake the business in the category of derivatives business capital manager to trade with the client which is a private fund of the general investor.</p> <p>There shall be an effective working operation system showing the readiness to undertake the business in the category of derivatives business capital manager in accordance with the notification of the Securities and Exchange Commission on Rule of the Derivatives Capital Fund Management.</p> <p><b>1. Risk management supervision and control system</b></p> <p>There shall be a risk management supervision and control system reflecting the role, duty and responsibility of Board of director, executives in order to create culture on risk management of the company and also be sure that the company will push such policies to carry out effectively as follow:</p> <ol style="list-style-type: none"> <li>1. Having policy and procedure in written to manage the risk resulted from derivatives business capital management. (Specify the description of the procedure, how to let the relevant staff to acknowledge such policy, and how to implement such procedure in practice?)</li> <li>2. To assure that the procedure is proper and effective, providing to assess the policy and the procedure on the risk management regularly. (How to supervise and control the company to assess the policy and the</li> </ol>	



Consideration on the Qualifications of the Applicant	Related Information to Consideration
<p>procedure on the risk management regularly?, in the case where it appear that there is an error from an assess, the company shall have the correction of such error)</p> <p>3. Giving an approval on the important policy concerning the risk management resulted from derivatives business capital management. (Who will give an approval?, what are the factors to consider on giving an approval?)</p> <p>4. Responsibility for providing adequate policy and procedure on derivatives management for a long-term and short- term period from day to day which having line of command responsible for risk management, risk measurement, controlling the risk not exceeding the proportion as provided, an effective internal control system and providing the process and procedure on making the risk report clearly. (Who is in charge, and how to take responsible for?)</p> <p>5. An approval to enter into derivatives. Supervise staff to carry out the working operation to comply with the working procedures for derivatives capital management correctly and completely including providing an adequate system to control risk supporting such transaction. (Who is the person giving an approval and supervise, and what are the factors to consider on giving an approval?)</p> <p>6. Allocate office resource (computer, software and others appliances) and human resource having apparent knowledge in order to manage and control the risk effectively. (Who's in charge and how to allocate such resource sufficiently?)</p> <p>7. Following up and making the risk exposure of Fund/Client. (Who</p>	

Consideration on the Qualifications of the Applicant	Related Information to Consideration
<p>is the person who measuring, following up, controlling the risk?, such human resource is an investment manager or not? If so, there's anyone who inspect such acts done by the investment manager?, report to whom?, and how to report, when to report, what's the information should be reported?, what's going to be happened after the executives received such report?)</p> <p><b>2. Risk management</b></p> <p>There shall be a risk management system for each kind of risk to manage the risk occurred from the effect of derivatives capital management.</p> <p>1) Credit risk (The risk that counterparty fail to perform the obligations under the contract)</p> <p>1.1) Set up the level of an acceptable risk. (How to set up the level of an acceptable risk?, how to set up the proportion on making each derivatives contract to the counterparty?, what's the factor concerning consideration to set up the level risk?, hoe to communicate to the concerned person?)</p> <p>1.2) The risk measure by mean of calculating each derivatives management market price value properly and up date. (Which system/program to be used and how such system/program working effectively?)</p> <p>1.3) Measures/tools to reduce the risk. (In the case where it appears necessity, how're such measures/options reduce the risk?)</p> <p>1.4) Margin call between the company and the parties. (Having a working operation system supporting such matters and how</p>	

Consideration on the Qualifications of the Applicant	Related Information to Consideration
<p>it works and who's in charge?)</p> <p>1.5) Controlling risk not over the proportion as provided. (How to control the risk not over the proportion as provided?)</p> <p>1.6) Permission to manage over the proportion as provided. (Who's the person granting the permission, which are the factors to think about on consideration?, how to apply for the permission?)</p> <p>1.7) Having particular regard to an over proportion investment management situation. (How the executives having particular regard to an over proportion investment management situation?)</p> <p>2. Market risk (Risk resulted from the fluctuation of underlying asset price or interest rate.)</p> <p>2.1) Tools to measure the risk which can measure, follow up and controlling risk resulted from derivatives capital fund management. (What's the system/program to be used?, how's effective?)</p> <p>2.2) Assess and review hypothesis which is used to expect or adjust the model in order to measuring the risk. (How to assess and review?)</p> <p>2.3) Consider the effect that may occur to the derivatives situation such as underlying asset price, interest rate fluctuation. And assess ability of fund/client to handle such matter. (What's tools is use to measure an effect?, after receiving the information from the effect consideration, is there any proceeding going on and how?)</p> <p>2.4) Calculate value/proportion of derivatives effectively and up date especially in the case where rules or conditions under the</p>	

Consideration on the Qualifications of the Applicant	Related Information to Consideration
<p>derivatives may cause unlimited loss to company/client.            (What's the system/program to be used?, when to calculate?)            2.5) Risk limitation.            (How to perform the proceeding of the risk limitation?)</p> <p><b>3. Liquidity risk.</b> (There are 2 types of liquidity risk (1) Risk occurred from fund/client can not terminate the contract at the market price (unwind/offset position) because of lack of liquidity, insufficient market have not insufficient in depth, or from others crisis. (2) Risk which fund/ client is unable to performance at the day of settlement or requested to call for additional margin. (if any)</p> <p>3.1) Liquidity risk management.            (Are there any practices to manage such liquidity risk?, in the case of emergency, how to provide an supporting emergency plan?)</p> <p><b>4. Operational risk.</b> (Risk occurred from the failure or insufficient of human resource, data base system, and internal control system.)</p> <p>4.1) Allocate sufficient resource (financial and human resource) in order to manage and develop data base system supporting derivatives capital management.            (How to allocate resource and develop data base system?)</p> <p>4.2) Data base system in order to record the list and calculate the value/proportion of derivatives capital management completely and up date. Provided that such system shall be consistent with quantity of management and complexity of contract with an expectation of derivatives contract making quantity onwards. And such system shall ready to give correct and adequate information to follow up and control risk situation promptly.</p>	

Consideration on the Qualifications of the Applicant	Related Information to Consideration
<p>(What's the system/program to be used?, how's effective?)</p> <p>4.3) Clearly divide duty and responsibility between working operation line and derivatives capital management line. (Which unit in the organization having duty and responsible according to such working line?)</p> <p>4.4) Checking the entrance into the derivatives between derivatives capital management working line and working operation line. ( having the process of working operation)</p> <p>4.5) An operation risk assessment and providing emergency plan and review working procedure, data base system, emergency plan to reduce chance of failure and to improve risk control. (How to provide an operation risk assessment and emergency plan?, when to review and improve working procedures, data base system and emergency plan.)</p> <p><b>5. Legal risk</b> (Risk in which derivatives shall not be enforced by law.)</p> <p>5.1 Criteria to manage legal risk. (How to manage legal risk?)</p>	
<p><b>3. Internal control system and working operation inspection</b> Providing an internal control system and working operation inspection regularly as follow:</p> <p>1) Internal control system which support an effective derivatives, having a confidential report, and controlling to comply with the law and policy of the company. (How to set up an internal control system/working procedures?)</p>	

Consideration on the Qualifications of the Applicant	Related Information to Consideration
<p>2) Inspection on working operation under the risk management and internal control system periodically. (When to inspect and who is in charge?)</p> <p>3) Assessment of an effectiveness of the company's policy and procedure to manage risk. (Who is the one having the duty to assess, when?, in the case where it appears there is an error, what is going to do next?)</p> <p>4) Assessment on confidential and up date of information report which submit to executives and board of directors. (How to assess and who is in charge?)</p> <p>5) Controlling not enter into new type of derivatives before the relevant person (executives, investment manager including staff which taking responsible for management of the risk, internal control system, an inspection) having a good understanding in such new type of derivatives and laying down the risk measurement and control of such product. (How to control?)</p> <p>6) Assessment on the independent and effectiveness of work line which responsible for the risk management. (How to assess and who's in charge?)</p>	
<p><b>4. Assets keeping system.</b> There shall be a system to keep assets of the client as follow:</p> <p>1) Providing the contract or agreement concerning with client's assets keeping. (What kind of details should be specified in the contract?, how to make relevant staff to acknowledge such clause in the contract?)</p>	

Consideration on the Qualifications of the Applicant	Related Information to Consideration
<p>2) Staff that taking responsible for keeping client's assets should be independent and having method to keep client's assets separate from the company's assets. (Who's the staff responsible for keeping the assets of client?, independent?, how's the keeping system works?)</p> <p>3) Secure storage place. (Where's the place to keep the assets and how safe of such place?)</p> <p>4) Separate staff which responsible for keeping and making a register of assets from staff which responsible for making assets account of the client. (Who's the staff take responsible for?, same person or not?)</p> <p>5) Description in a register of assets. (What's the details to put in a register?, who's making an approval?)</p> <p>6) Deposit/withdraw of the client's assets system. (What's the deposit/withdraw system look like?)</p> <p>7) Alert and report on an unusual list matter. (Having an alert system, and how to report such unusual list to the executives?)</p> <p>8) Cross-checking and providing reconciliation of client's assets list moving. (How and when to go on proceeding?)</p> <p>9) Counting, inspecting and providing reconciliation of client's assets kept. (How and when to go on proceeding?)</p>	
<p><b>III. Qualification on readiness of personnel.</b> <b>1. Personnel adequacy.</b></p>	

Consideration on the Qualifications of the Applicant	Related Information to Consideration
<p>1) Amount of an adequate personnel to perform work operation. (How many personnel staff taking responsible for risk management, working operation? How many investment manager?, and how consistent to the policy of the company on derivatives capital management.)</p>	
<p><b>2. Knowledge and ability of the personnel.</b></p> <p>1) Investment manager had trained and entered to test as prescribed by the Office. (Personnel staff having qualifications as prescribed or not?)</p> <p>2) Personnel who have duty to manage the risk shall have clearly understanding to the risk occurred from derivatives capital management and mean to measure the risk, provided that, such personnel shall control and follow up the risk occurred from derivatives capital management. (To show that personnel having knowledge and ability to perform working operation, indicate personal background, academic qualification, work experiences, training experience)</p> <p>3) Personnel who have duty to responsible for perform work operation shall have an adequate knowledge and experiences in order to record, to list and calculate value of entering the derivatives. (To show that personnel having knowledge and ability to perform working operation, indicate personal background, academic qualification, work experiences, training experience)</p>	



**Instructions for Filling Up an Application Form for Registration for the Undertaking of Derivatives Business in the Category of Derivatives Fund Manager**

1. The application form and the supporting documents for registration for the undertaking of derivatives business in the category of derivatives fund manager form shall be filled up and prepared correctly and completely. In providing the details of the operating system as supporting information for consideration of the Office, (particularly for an applicant who intends to undertake the business of derivatives fund manager with the customer which is a private fund for general investors.) the applicant shall specify **details of operating system to be prescribed and work procedures of the company** which shall enable it to achieve the aim of **risk management guidelines**. In this regard, such system shall be practical.

2. The applicant may type his/her own application form providing that the format and content is the same as this application form.

3. The applicant shall fill up the Supporting Documents for Registration for the Undertaking of Derivatives Business in the category of Derivatives Fund Manager form completely. Where there is no information to fill up, the applicant should write "NO".

The Office shall consider the qualification of the applicant in each criteria as specified in the form.

4. The application form and relevant documents shall be signed by authorized director, as follows.

- original documents            to be signed every pages.
- copies                            to be certified every pages.

5. The applicant shall submit the application form with the relevant documents (original) together with 2 copies of them.