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Notification of the Securities and Exchange Commission
No. Sor Thor/Nor. 34/2547
Re: Operational Control and Information Technology Security
of Securities Companies

Whereas in these days securities companies widely accept information technology as an instrument for securities business operation. However, using information technology may cause certain risks arising from the operation of the securities company in various respects. Among other things, the SEC Office considers these risks to be of significance, which are: accessing to the information and computer system by an unauthorised person, an authorised person is unable to access to the information in the computer system in the part relating to his or her responsibility, incorrect and incomplete information and functioning of the computer system, failure to achieve information or utilise computer system consistently or in needed time, including the fact that the company fails to provide appropriate computer system and personnel management adequate for supporting business operation. Any of the above mentioned risks may cause damage to the operation of the securities company and customers.

Therefore, for the purpose of preventing risks arising from using information technology in the operation of the securities company and for the benefit of compliance with the order of the SEC Office, by virtue of section 141 (2) of the Securities and Exchange Act, B.E. 2535 (1992), the Office of the Securities and Exchange Commission, with the approval of the Securities and Exchange Commission hereby issues the following regulations:

Clause 1. In this Notification,

“securities company” means a company licensed to undertake securities business in the category of securities brokerage, securities dealing, securities underwriting or mutual fund management, excluding the financial institution established under other law and licensed to undertake securities business;

“Office” means the Office of the Securities and Exchange Commission.

Clause 2. A securities company shall provide policy and regulation on operational control and information technology security of the securities company in writing and have it approved by the Board or Committee of the securities company.

Clause 3. The securities company shall provide an inspection of information technology operation, either by an internal unit of the securities company or by an outsider inspector, in order to inspect all of the potential risks on information technology. In case of inspection by an internal unit of the securities company, such internal unit must be independent from the computer division of the company.

Clause 4. The securities company shall separate the division and personnel performing in the system development division from the division and personnel performing in the system administration division and shall provide a cross-check system among the personnel in such units. However, there shall not be any person taking responsibility of the entire process which may render him or her an opportunity to illegally modify or amend the information or operation of computer system.

Clause 5. The securities company shall provide a physical security system which is sufficient for preventing any unauthorised person from accessing to significant computer devices stored in the information centre and shall provide a measure on prevention of danger from the environment or any disaster arising to the significant computer devices in the information centre.

Clause 6. The securities company shall provide a measure for protecting information security and computer system and network which is sufficient for preventing an unauthorised person from accessing, acknowledging, utilizing or altering such information or system.

Clause 7. The securities company must provide a controlling measure which is sufficient for the developed or modified application software to have a correct, and complete data processing which satisfies the need of the users, and it shall communicate the development or change to all concerned persons for acknowledgement in order to be able to operate it correctly.

Clause 8. The securities company shall provide a reservation of information and computer system of the securities company which is capable of supporting the business operation continuously, efficiently and up to date.

Clause 9. The securities company shall provide an operation control measure for the regular computer operation in order to render the computer system and data processing to be capable of operating continuously, correctly and completely.

Clause 10. In the case where the securities company uses an information technology of the outsider provider, the securities company shall determine a measure for selection and consideration a suitability of provider, including control and inspect the compliance of the provider strictly in order to assure that the provider is able to comply with the regulation prescribed by this Notification.

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Clause 11. For the purpose of rendering the securities companies to efficiently comply with the regulation prescribed in this Notification with the same level of standard, the securities company shall comply with the guideline on operational control and information technology security of securities companies as prescribed by the Office.

In the case where the securities company complies with a guideline other than that prescribed by the Office, the Office shall consider that the securities company has complied with this Notification only after the securities company demonstrate to the Office that other guideline is capable of efficiently preventing risk in information technology of the securities company with an acceptable standard for operational control and information technology security of securities companies.

Clause 12. This Notification shall come into force as from 1 February 2005.

Notified this 20th Day of July 2004.

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