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**Notification of the Office of the Securities and Exchange Commission
No. Sor Dor 38/2540
Re: Necessities for Securities Borrowing**

By virtue of the third paragraph of Clause 5 of the Notification of the Securities and Exchange Commission No. KorDor. 30/2540 Re: Sale of Securities by a Securities Company Which Does Not Have Possession of the Securities, dated 31 July 1997, the Office of the Securities and Exchange Commission hereby issues the following regulations:

Clause 1. In this notification:

“short sale” means a sale of securities that must be borrowed in order to complete delivery;

“central securities depository” means the central securities depository under the law on securities and exchange.

Clause 2. In the case where a securities company encounters a necessity to borrow securities or arrange for a customer to borrow securities from or through the central securities depository in order to complete delivery in a sale not designated as a short sale under the Notification of the Securities and Exchange Commission, and the securities company does not yet have possession of such securities, the securities company shall notify the central securities depository of the necessities which make it or the customer unable to deliver the sold securities within the time prescribed the clearing house under the law on securities and exchange, which must be one of the following cases:

(1) the seller has already delivered securities to the securities company within a reasonable time but such securities failed to reach the securities company within the prescribed time due to errors in the delivery process or due to any cause for which the seller is not responsible;

(2) the seller has purchased or exercised a right to purchase the same securities prior to the agreement of the buyer to sell such securities to another seller, and the seller has reasonable cause to believe that he/she is able to deliver the securities purchased on the earlier occasion to the subsequent sale within the prescribed time period, but there are circumstances for which the seller is not responsible preventing the seller from obtaining the securities to complete the subsequent delivery;

(Translation)

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(3) the securities company submit incorrect sell order and has attempted to correct such error within a reasonable period of time but was unable to do so in a timely manner;

(4) the seller or depository of the securities of the seller is subject to an seizure or attachment of properties, a prohibition of distribution, disposal or transfer of property by an order of a court or a competent official under the law, where the seller has already agreed to the sale of such securities prior to the acknowledgement of the court's order or the competent official's order under such law.

Clause 3. This Notification shall come into force as from the day following the date of its publication in the Government Gazette.

Notified this 31st day of July 1997.

(Mr.Prakorn Malakul Na Ayudhya)
Secretary-General
Office of the Securities and Exchange Commission