

(Translation)

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**Notification of the Office of the Securities and Exchange Commission**  
**No. SorDor. 39/2540**  
**Re: Characteristics and Material Information of**  
**Securities Borrowing and Lending Contract**

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By virtue of Clause 6 (2) of the Notification of the Office of the Securities and Exchange Commission No. KorDor. 29/2540 Re: Rules, Conditions and Procedures for Securities Borrowing and Lending 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 the selling of securities by handing on the borrowed securities;

“Margin account” means an account for recording the particular on lending of money to customer for buying securities or lending of securities to customer for selling;

“Securities trading center” means securities trading center under the law on securities and exchange;

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

**Clause 2.** Except where otherwise specified in Clause 3, the securities borrowing and lending contract for the securities borrowing and lending business shall be made in writing with, at least, the characteristics and material information as follows:

(1)<sup>1</sup> objective of securities borrowing and lending: the objective of securities borrowing and lending shall be in accordance with the notification of the Securities and Exchange Commission Re: Rules, Conditions and Procedures for Securities Borrowing and Lending.

(2) securities to be borrowed and collateral for lending: the contract shall have a determination as to whether the lender shall transfer the securities to the borrower without any preferential rights or encumbrance whereby the borrower shall deliver a collateral to the lender as security for the performance of obligation, and the lender shall return the collateral to the borrower if the borrower returns the securities to the lender.

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<sup>1</sup>As amended by the Notification of the Office of the Securities and Exchange Commission No. SorThor. 19/2542 Re: Characteristics and Material Information of Securities Borrowing and Lending Contract (No. 2) dated 4 October 1999.

The returning of the borrowed securities and the returning of securities or debt securities which is collateral shall be made by securities or debt securities issued by the same juristic person, category, series, type and equal amount.

In the case where the collateral is a Letter of Credit, the returning of collateral shall be made by canceling or decreasing the limit of deposited Letter of Credit.

(3) adjustment of the amount or value of the securities or collateral to be returned: the contract shall have clear determination on the adjustment of the amount or value of the securities or collateral to be returned if the following circumstances have occurred during undue period and such circumstance may affect rights and benefit of the borrower or lender after the returning of such securities or collateral:

- (a) the offering of subscription right to shareholders in proportion to number of shares hold;
- (b) the changing of par value which leads to an increasing or decreasing of the number of shares;
- (c) the redemption of securities;
- (d) the amalgamation, merging or making tender offer for the purpose of take over;
- (e) the payment of stock dividend;
- (f) the securities conversion; or
- (g) other similar circumstances.

(4) payment of compensation in lieu of benefits of the counterparty: the contract shall have determination on payment of compensation in lieu of benefits such as dividend or interest which may be entitled to the lender or borrower by holding such securities or collateral, as the case may be. The payment of such compensation shall not less than benefits which the issuer of the securities or debt securities has to pay to the holder of such securities or debt securities, except where otherwise agreed.

(5) determination upon default of either party or upon the circumstance that makes the debt becomes due at once: the contract shall have clear determination on rights, duties and responsibilities of the counterparty as well as clearly practices upon default of either party to the contract or upon the circumstance that makes the debt becomes due at once.

<sup>2</sup> In case where the lender is a juristic person under Clause 9/1 of the Notification of the Securities and Exchange Commission No. KorDor. 29/2540 Re: Rules, Conditions and Procedures for Securities Borrowing and Lending dated 31 July 1997 as amended by the Notification of the Securities and Exchange Commission No. KorThor. 12/2542 Re: Rules, Conditions and Procedures for

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<sup>2</sup>As added by the Notification of the Office of the Securities and Exchange Commission No. SorThor. 19/2542 Re: Characteristics and Material Information of Securities Borrowing and Lending Contract (No. 2) dated 4 October 1999.

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Securities Borrowing and Lending (No. 2) dated 26 May 1999, the lender and borrower may make an agreement upon characteristics and material information of the securities borrowing and lending contract, particularly to collateral, other than the provisions of this Notification.

**Clause 3.** The securities borrowing and lending contract for short sale through margin account shall be in accordance with the determination of the Stock Exchange of Thailand or securities trading center with an approval of the Office.

**Clause 4.** This Notification shall come into force as from the day following its publication in the Government Gazette.

Notified this 8<sup>th</sup> Day of October 1997.

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

Notes:

The Notification of the Office of the SEC No. SorDor. 39/2540 Re: Characteristics and Material Information of Securities Borrowing and Lending Contract dated 8 October 1997, published in the Government Gazette on 14 October 1997, General Issue, Volume 114, Special Section 95Ngor.

The Notification of the Office of the SEC No. SorThor. 19/2542 Re: Characteristics and Material Information of Securities Borrowing and Lending Contract (No.2) dated 4 October 1999, published in the Government Gazette on 8 October 1999, General Issue, Volume 116, Special Section 77Ngor.