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**Notification of the Office of the Securities and Exchange Commission  
SorThor. 42/2540  
Re: Operations Relating to Lending of Money for Purchasing Securities  
and Lending of Securities to Non-Institutional Clients for Making Short Sale**

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By virtue of Clause 5 of the Notification of the Securities and Exchange Commission No. KorThor. 39/2540 Re: Rules, Conditions, and Procedures for Lending of Money for Purchasing Securities dated 5 November 1997 and Clause 4(2) 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 Such Securities dated 31 July 1997, the Office of the Securities and Exchange Commission hereby issues the following regulations:

**Clause 1.** In this Notification, unless otherwise defined:

<sup>1</sup>“**securities company**” means a company licensed to undertake securities business in the category of securities brokerage, securities dealing, securities borrowing and lending, but excluding a company licensed to undertake securities business in the category of securities financing;

“**short sale**” means a sale of securities which must be borrowed for delivery;

<sup>2</sup>“**client**” means a person who enters into an agreement to borrow money from a securities company for purchasing securities, or a person who enters into an agreement to borrow securities from a securities company for making a short sale, but excluding a securities borrower being an institutional client;

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<sup>1</sup> Repealed and amended by the Notification of the Office of the Securities and Exchange Commission No. SorThor. 14/2543 Re: Operations Relating to Lending of Money for Purchasing Securities and Lending of Securities to Non-Institutional Clients for Making Short Sale (No. 3) dated 27 April 2000.

<sup>2</sup> Repealed and amended by the Notification of the Office of the Securities and Exchange Commission No. SorThor. 26/2551 Re: Operations Relating to Lending of Money for Purchasing Securities and Lending of Securities to Non-Institutional Clients for Making Short Sale (No. 9) dated 3 October 2008.

<sup>3</sup>“**institutional client**” shall have the same meaning as the definition of “institutional investor” under Section 3 of the Derivatives Act B.E. 2546 (2003) and related notifications issued by virtue of such law;

“**margin account**” means an account which keeps records of lending of money to a client for purchasing securities and lending of securities to a client for making a short sale;

<sup>4</sup>“**initial margin rate**” means a minimum rate of money to be paid or listed securities to be deposited by a client as collateral for purchasing securities, or a client’s excessive assets held in a margin account *in proportion to* the purchasing value of any securities prior to purchasing such securities, or a minimum rate of money or listed securities to be deposited by a client as collateral for making a short sale or a client’s excessive assets held in a margin account *in proportion to* the value of any short sale transaction prior to making such short sale transaction, as the case may be;

“**client’s excessive assets**” means assets of any client which exceed the amount required to be maintained as set out by a securities company;

“**client’s assets**” means the net value of cash, securities and other assets deposited as collateral for debt repayment in a client’s margin account after deducting an indebtedness incurred from purchasing or selling securities therein;

“**purchasing value**” means the amount of money incurred from each transaction of securities purchasing in a margin account including a brokerage fee for such transaction;

“**short sale value**” means the amount of money incurred from each transaction of short sale in a margin account including a brokerage fee for such transaction;

“**purchasing power**” means a maximum value of which a client may purchase securities in a margin account, at any time, including a brokerage fee;

“**short sale power**” means a maximum value of which a client may make a short sale in a margin account, at any time, including a brokerage fee;

<sup>5</sup>“**capital fund**” means the total value of:

(1) shareholders’ equity according to the Financial Status Report Form (Form Bor.Lor. 2) as at the end of the latest month. In cases where the company is in the process of preparing Form Bor.Lor. 2, the company shall be allowed to use the figure of

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<sup>3</sup> Added by the Notification of the Office of the Securities and Exchange Commission No. SorThor. 26/2551 Re: Operations Relating to Lending of Money for Purchasing Securities and Lending of Securities to Non-Institutional Clients for Making Short Sale (No. 9) dated 3 October 2008.

<sup>4</sup> Repealed and amended by the Notification of the Office of the Securities and Exchange Commission No. SorThor. 17/2545 Re: Operations Relating to Lending of Money for Purchasing Securities and Lending of Securities to Non-Institutional Clients for Making Short Sale dated 7 March 2002.

<sup>5</sup> Repealed and amended by the Notification of the Office of the Securities and Exchange Commission No. SorThor. 41/2541 Re: Operations Relating to Lending of Money for Purchasing Securities and Lending of Securities to Non-Institutional Clients for Making Short Sale (No. 2) dated 8 September 1998.

shareholders' equity according to Form Bor.Lor. 2 as at the end of the month before the latest month until the date before the date on which the company submits to the Office Form Bor.Lor. 2 as at the end of the latest month or until the 20<sup>th</sup> day of the current month, depending on which period expires earliest;

(2) issued and paid-up capital, adding shares premium or deducting shares discount, only the portion which increases or decreases as a result of the company's capital increase or decrease after the date specified in the Form under (1);

(3) proceeds received by the securities company from the issuance of share warrants of such securities company after the date specified in the Form under (1).

For a securities company which is also licensed to undertake finance business,

**“capital fund”** shall mean the total value of:

(1) shareholders' equity which has been allocated in a securities business account according to the Financial Status Report Form (segregated by type of business) (Form Bor.Ngor. 3 Segregated by Type of Business) as at the end of the latest month calculated in accordance with the rules of the Bank of Thailand. In cases where the company is in the process of preparing Form Bor.Ngor. 3 Segregated by Type of Business, the company shall be allowed to use the figure of shareholders' equity according to Form Bor.Ngor. 3 Segregated by Type of Business as at the end of the month before the latest month until the date before the date on which the preparation of Form Bor.Ngor. 3 Segregated by Type of Business as at the end of the latest month is completed or until the 14<sup>th</sup> day of the current month, depending on which period expires earliest;

(2) capital which has been allocated in a securities business account which increases or decreases according to the rules of the Bank of Thailand after the date specified in the Form under (1);

**“Notification of the SEC”** means the Notification of the Securities and Exchange Commission No. KorThor. 39/2540 Re: Rules, Conditions, and Procedures for Lending of Money for Purchasing Securities dated 5 November 1997;

<sup>6</sup>**“securities trading center”** has been repealed;

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

**Clause 2.** Prior to granting approval for lending money for purchasing securities or lending securities for making a short sale to any person, a securities company shall:

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<sup>6</sup> Repealed by the Notification of the Office of the Securities and Exchange Commission No. SorThor. 26/2551 Re: Operations Relating to Lending of Money for Purchasing Securities and Lending of Securities to Non-Institutional Clients for Making Short Sale (No. 9) dated 3 October 2008.

(1) provide sufficient information of such person to analyze the suitability of lending money for purchasing securities or lending securities for making a short sale and the debt repayment ability of such person to be taken into consideration in granting approval for lending money for purchasing securities or lending securities for making a short sale to such person. The minimum information which the securities company shall take into consideration is as follows:

(a) income, financial condition, and investment objective;

(b) knowledge and understanding in investment, investment background, and record of borrowing money for purchasing securities and borrowing securities for making a short sale;

(c) readiness and understanding in complying with the rules on borrowing of money for purchasing securities or borrowing of securities for making a short sale;

(2) examine under professional standards to ensure that the person requesting to borrow money for purchasing securities or borrow securities for making a short sale is an authorized person to make securities trading decisions and has the ability to pay debt incurred from such trading. The securities company shall not lend money for purchasing securities or lend securities for making a short sale to a person whom the company knows or should have known to be a nominee of any other person.

**Clause 3** When a securities company approves to lend money for purchasing securities or lend securities for making a short sale to any person, it shall proceed as follows:

(1) determine a maximum limit at which a client may be indebted, at any time, as a result of borrowing money for purchasing securities or borrowing securities for making a short sale, taking into account the suitability of such client. In cases where the client is approved to execute both types of transactions, the maximum limit shall be the total limit;

(2) have the client make an agreement in writing for borrowing of money for purchasing securities or borrowing of securities for making a short sale. Such agreement shall include a statement that the client gives consent to the securities company to retain securities purchased in a margin account *or* cash received from a short sale transaction as collateral for debt repayment in a margin account of such client. In cases where the client is approved to execute both types of transactions, the agreement [to be signed by the client] shall have a statement that the client gives consent to the securities company to retain securities in a margin account *and* cash received from a short sale transaction as collateral for debt repayment in the margin account of such client;

(3) notify the client and have the client sign on acknowledgement of risks involved in borrowing money for purchasing securities or borrowing securities for making a short sale, including risks arising from depositing money with the securities company where such money will not be protected by the Financial Institutions Development Fund. The securities company shall implement a reasonable measure to ensure that the client

understands the rules relating to borrowing of money for purchasing securities or borrowing of securities for making a short sale;

(4) collect the information and evidence of each client in a separate folder which shall be updated on a regular basis;

(5) review the client's limit under (1) at least once a year or upon any significant change in the client's information;

**Clause 4** A securities company shall determine the list of securities allowed for purchasing or short selling through a margin account, and the initial margin rate for each securities in writing. In determining the list of securities and the initial margin rate, the securities company shall prominently consider the liquidity, price volatility, and risk of each securities.

The initial margin rate of each securities under the first paragraph shall comply with the following rules:

(1) in case of securities purchasing, the initial margin rate shall not be lower than the rate prescribed in the notification of the Securities and Exchange Commission;

(2) in case of a short sale, the initial margin rate shall not be lower than the rate prescribed in the notification of the Securities and Exchange Commission, *mutatis mutandis*.

**Clause 5** In lending money for purchasing securities or lending securities for making a short sale, a securities company shall:

(1)<sup>7</sup> provide a margin account for each client;

(2)<sup>8</sup> have the client deposit money or listed securities in a margin account as collateral for securities trading before commencing purchasing securities or making a short sale through the margin account. The securities company shall calculate the value of listed securities deposited as collateral as per the methods prescribed in (5) *mutatis mutandis*;

(3)<sup>9</sup> not allow the client to borrow money for purchasing securities or making a short sale through a margin account in the amount exceeding the purchasing power or the short sale power calculated at any time;

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<sup>7</sup> Repealed and amended by the Notification of the Office of the Securities and Exchange Commission No. SorThor. 26/2551 Re: Operations Relating to Lending of Money for Purchasing Securities and Lending of Securities to Non-Institutional Clients for Making Short Sale (No. 9) dated 3 October 2008.

<sup>8</sup> Repealed and amended by the Notification of the Office of the Securities and Exchange Commission No. SorThor. 17/2545 Re: Operations Relating to Lending of Money for Purchasing Securities and Lending of Securities to Non-Institutional Clients for Making Short Sale dated 7 March 2002.

<sup>9</sup> Repealed and amended by the Notification of the Office of the Securities and Exchange Commission No. SorThor. 17/2545 Re: Operations Relating to Lending of Money for Purchasing Securities and Lending of Securities to Non-Institutional Clients for Making Short Sale dated 7 March 2002.

In calculating the purchasing power and the short sale power, at any time, the securities company shall take into consideration the client's excessive assets. If the client has no excessive assets but has deposited money or listed securities as collateral for each particular securities trading, the securities company shall calculate the purchasing power and the short sale power from the money or listed securities deposited for that particular trading. If, at the end of the business day when the client deposits money or listed securities as collateral, the value of executed transactions is less than the value of money or listed securities deposited as collateral, the securities company shall return the remaining money or listed securities to the client, or make a transfer to the client's margin account and record as additional money or listed securities deposited by the client, as agreed upon with the client;

(4) <sup>1011</sup> determine the types of asset which the client may additionally deposit as collateral for debt repayment in a margin account.

<sup>12</sup> In cases where the assets additionally received from the client as collateral for debt repayment in a margin account are not the following assets, financial instruments and letter of agreements, the securities company shall exclude such assets from the calculation of the client's assets under this Notification;

- (a) <sup>13</sup> cash;
- (b) <sup>14</sup> listed securities;
- (c) <sup>15</sup> investment units of an open-ended fund with daily redemption feature;
- (d) <sup>16</sup> treasury bills;

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<sup>10</sup> Repealed and amended by the Notification of the Office of the Securities and Exchange Commission No. SorThor. 41/2541 Re: Operations Relating to Lending of Money for Purchasing Securities and Lending of Securities to Non-Institutional Clients for Making Short Sale (No. 2) dated 8 September 1998.

<sup>11</sup> Repealed and amended by the Notification of the Office of the Securities and Exchange Commission No. SorThor. 26/2551 Re: Operations Relating to Lending of Money for Purchasing Securities and Lending of Securities to Non-Institutional Clients for Making Short Sale (No. 9) dated 3 October 2008.

<sup>12</sup> Added by the Notification of the Office of the Securities and Exchange Commission No. SorThor. 26/2551 Re: Operations Relating to Lending of Money for Purchasing Securities and Lending of Securities to Non-Institutional Clients for Making Short Sale (No. 9) dated 3 October 2008.

<sup>13</sup> Added by the Notification of the Office of the Securities and Exchange Commission No. SorThor. 26/2551 Re: Operations Relating to Lending of Money for Purchasing Securities and Lending of Securities to Non-Institutional Clients for Making Short Sale (No. 9) dated 3 October 2008.

<sup>14</sup> Added by the Notification of the Office of the Securities and Exchange Commission No. SorThor. 26/2551 Re: Operations Relating to Lending of Money for Purchasing Securities and Lending of Securities to Non-Institutional Clients for Making Short Sale (No. 9) dated 3 October 2008.

<sup>15</sup> Added by the Notification of the Office of the Securities and Exchange Commission No. SorThor. 26/2551 Re: Operations Relating to Lending of Money for Purchasing Securities and Lending of Securities to Non-Institutional Clients for Making Short Sale (No. 9) dated 3 October 2008.

<sup>16</sup> Added by the Notification of the Office of the Securities and Exchange Commission No. SorThor. 26/2551 Re: Operations Relating to Lending of Money for Purchasing Securities and Lending of Securities to Non-Institutional Clients for Making Short Sale (No. 9) dated 3 October 2008.

- (e) <sup>17</sup> Thai government bonds;
- (f) <sup>18</sup> Bank of Thailand bonds;
- (g) <sup>19</sup> bonds or debt instruments avaled in full or unconditionally guaranteed of the principal and interest in full by the Ministry of Finance, or bonds or debt instruments issued or unconditionally guaranteed of the principal and interest in full by the Financial Institutions Development Fund;
- (h) <sup>20</sup> debt instruments where the instrument itself or the issuer, the person who unconditionally guarantees the principal and interest of the instrument in full, the person who certifies the instrument on a perpetual basis, the person who avals the instrument in full, or the person who endorses the transfer of the instrument with full unconditional recourse obtains credit rating from BBB up or equivalent;
- (i) <sup>21</sup> certificates of deposit issued by a commercial bank or a finance company; or
- (j) <sup>22</sup> letters of guarantee issued by a financial institution deposited with the securities company as collateral for debt repayment in a margin account, whereby such financial institution gives consent to be liable as principal debtor, regardless of whether being a letter of credit or a letter of guarantee.

<sup>23</sup> The securities company shall count in the value of assets additionally received from the client as collateral for debt repayment in a margin account for the purpose of calculating the purchasing power or the short sale power only if they are asset under (a) or (b) of the above paragraph.

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<sup>17</sup> Added by the Notification of the Office of the Securities and Exchange Commission No. SorThor. 26/2551  
Re: Operations Relating to Lending of Money for Purchasing Securities and Lending of Securities to Non-Institutional Clients for Making Short Sale (No. 9) dated 3 October 2008.

<sup>18</sup> Added by the Notification of the Office of the Securities and Exchange Commission No. SorThor. 26/2551  
Re: Operations Relating to Lending of Money for Purchasing Securities and Lending of Securities to Non-Institutional Clients for Making Short Sale (No. 9) dated 3 October 2008.

<sup>19</sup> Added by the Notification of the Office of the Securities and Exchange Commission No. SorThor. 26/2551  
Re: Operations Relating to Lending of Money for Purchasing Securities and Lending of Securities to Non-Institutional Clients for Making Short Sale (No. 9) dated 3 October 2008.

<sup>20</sup> Added by the Notification of the Office of the Securities and Exchange Commission No. SorThor. 26/2551  
Re: Operations Relating to Lending of Money for Purchasing Securities and Lending of Securities to Non-Institutional Clients for Making Short Sale (No. 9) dated 3 October 2008.

<sup>21</sup> Added by the Notification of the Office of the Securities and Exchange Commission No. SorThor. 26/2551  
Re: Operations Relating to Lending of Money for Purchasing Securities and Lending of Securities to Non-Institutional Clients for Making Short Sale (No. 9) dated 3 October 2008.

<sup>22</sup> Added by the Notification of the Office of the Securities and Exchange Commission No. SorThor. 26/2551  
Re: Operations Relating to Lending of Money for Purchasing Securities and Lending of Securities to Non-Institutional Clients for Making Short Sale (No. 9) dated 3 October 2008.

<sup>23</sup> Added by the Notification of the Office of the Securities and Exchange Commission No. SorThor. 26/2551  
Re: Operations Relating to Lending of Money for Purchasing Securities and Lending of Securities to Non-Institutional Clients for Making Short Sale (No. 9) dated 3 October 2008.

(5) <sup>242526</sup> update the value of collateral and outstanding indebtedness in the client's margin account at least at the end of every business day.

In calculating the value of loaned securities for making a short sale and the value of collateral other than cash, letter of credit or letter of guarantee issued by a financial institution in Baht currency, the securities company shall use any of the following methods:

(a) <sup>27</sup> using the closing price at the end of the business day prior to the calculation date as announced by the Stock Exchange of Thailand or the reference price at the end of the business day prior to the calculation date as announced by the Thai Bond Market Association, Reuters, Bloomberg or the provider of information relating to securities trading recognized by the Office; or

(b) using the price which may reflect the current market price of each securities or collateral.

(6) charge interest from lending money for purchasing securities or the lending of securities for making a short sale from the client, or pay interest on cash which the client deposits as collateral for debt repayment in a margin account for the remaining portion unused for executing purchasing transactions at least once a month, provided that the calculation is based on the outstanding balance at the end of each day and the interest rate paid shall be at the rate as agreed upon with the client. The securities company shall be allowed to charge or pay such interest by adjusting the outstanding balance in a margin account as if the client has withdrawn or deposited cash in a margin account, as the case may be.

(7) prepare and submit reports to the client at least once a month. Such report shall provide a summary of the movement of status as debtor or creditor of the client together with the list of collateral in a margin account and the outstanding balance of borrowed securities.

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<sup>24</sup> Repealed and added by the Notification of the Office of the Securities and Exchange Commission No. SorThor. 41/2541 Re: Operations Relating to Lending of Money for Purchasing Securities and Lending of Securities to Non-Institutional Clients for Making Short Sale (No. 2) dated 8 September 1998.

<sup>25</sup> Repealed and added by the Notification of the Office of the Securities and Exchange Commission No. SorThor. 14/2543 Re: Operations Relating to Lending of Money for Purchasing Securities and Lending of Securities to Non-Institutional Clients for Making Short Sale (No. 3) dated 27 April 2000.

<sup>26</sup> Repealed and added by the Notification of the Office of the Securities and Exchange Commission No. SorThor. 71/2543 Re: Operations Relating to Lending of Money for Purchasing Securities and Lending of Securities to Non-Institutional Clients for Making Short Sale (No. 4) dated 27 December 2000.

<sup>27</sup> Repealed and added by the Notification of the Office of the Securities and Exchange Commission No. SorThor. 26/2551 Re: Operations Relating to Lending of Money for Purchasing Securities and Lending of Securities to Non-Institutional Clients for Making Short Sale (No. 9) dated 3 October 2008.



**Clause 5/1**<sup>282930</sup> The securities company shall count in any assets other than listed securities retained as collateral according to Section 195 in the calculation of the client's assets under this Notification only after pledging such assets or undertake any action according to governing law to have preferential right over such assets, except for the case prescribed in Clause 5/2 or Clause 5/3.

**Clause 5/2**<sup>3132</sup> In cases where a listed company in the Stock Exchange of Thailand makes an offer for sale of capital increase shares to existing shareholders, directors or employees of the company, or a specific group of persons (private placement) and the client has obtained rights to subscribe for such capital increase shares and deposited shares of such company as collateral for debt repayment in a margin account, the securities company shall count in the value of rights to subscribe for capital increase shares as collateral as from the date the client knows the exact amount and subscription price until the date before the client makes subscription payment, refuse the rights, or the date after the due date of subscription payment, but shall not count in the value of rights to subscribe for capital increase shares as the purchasing power or the short sale power. After the client has made payment for the subscription, the securities company shall count in the value of rights to obtain capital increase shares as collateral and purchasing power or short sale power as from the date when the securities company implements a reasonable measure to ensure that, upon the client's receipt of capital increase shares, the total amount of such shares will be pledged or undertaken by any action according to governing law to make the securities company have preferential right over such shares until the date before the issuing company issues such new shares.

<sup>33</sup> In cases where a listed company in the Stock Exchange of Thailand makes an offer for sale of capital increase shares to any persons and the client has made subscription payment, the securities company shall count in the value of rights to obtain capital

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<sup>28</sup> Added by the Notification of the Office of the Securities and Exchange Commission No. SorThor. 17/2545 Re: Operations Relating to Lending of Money for Purchasing Securities and Lending of Securities to Non-Institutional Clients for Making Short Sale dated 7 March 2002.

<sup>29</sup> Repealed and amended by the Notification of the Office of the Securities and Exchange Commission No. SorThor. 30/2545 Re: Operations Relating to Lending of Money for Purchasing Securities and Lending of Securities to Non-Institutional Clients for Making Short Sale (No. 6) dated 17 July 2002.

<sup>30</sup> Repealed and amended by the Notification of the Office of the Securities and Exchange Commission No. SorThor. 35/2547 Re: Operations Relating to Lending of Money for Purchasing Securities and Lending of Securities to Non-Institutional Clients for Making Short Sale (No. 8) dated 29 July 2004.

<sup>31</sup> Added by the Notification of the Office of the Securities and Exchange Commission No. SorThor. 30/2545 Re: Operations Relating to Lending of Money for Purchasing Securities and Lending of Securities to Non-Institutional Clients for Making Short Sale (No. 6) dated 17 July 2002.

<sup>32</sup> Repealed and amended by the Notification of the Office of the Securities and Exchange Commission No. SorThor. 26/2551 Re: Operations Relating to Lending of Money for Purchasing Securities and Lending of Securities to Non-Institutional Clients for Making Short Sale (No. 9) dated 3 October 2008.

<sup>33</sup> Added by the Notification of the Office of the Securities and Exchange Commission No. SorThor. 26/2551 Re: Operations Relating to Lending of Money for Purchasing Securities and Lending of Securities to Non-Institutional Clients for Making Short Sale (No. 9) dated 3 October 2008.

increase shares as collateral and purchasing power or short sale power as from the date when the client knows the exact amount of allocated shares and the securities company implements a reasonable measure to ensure that, upon the client's receipt of capital increase shares, the total amount of such shares will be pledged or undertaken by any action according to governing law to make the securities company have preferential right over such shares until the date before the issuing company issues such new shares.

<sup>34</sup>In calculating the value of rights to subscribe for or obtain capital increase shares as collateral and purchasing power or short sale power under the first and the second paragraph, the securities company shall use any of the following methods:

(1) <sup>35</sup> where the client has not made subscription payment, the calculation of the value of rights to subscribe for capital increase shares shall be based on the market price of such shares deducted by the subscription price and multiplied by number of shares which the client will obtain according to the rights;

(2) <sup>36</sup> where the client has made subscription payment, the calculation of the value of rights to obtain capital increase shares shall be based on the market price of such shares multiplied by the number of capital increases shares to be allocated.

**Clause 5/3** <sup>3738</sup> In cases where a listed company intends to make a tender offer to purchase securities for business takeover in concurrent with an offer for sale of its newly issued shares to the sellers according to the tender offer, and the client of the securities company intends to withdraw securities of such business which are deposited as collateral in a margin account for selling according to such tender offer, the securities company shall count in the value of shares which the client will obtain from the subscription of newly issued shares as collateral and purchasing power or short sale power as from the date when the securities company withdraws such collateralized securities from a margin account and the securities company implements a reasonable measure to ensure that, upon the client's receipt of newly issued shares, the total amount of such shares will be pledged or undertaken by any action according to governing law to make the securities company have preferential right over such shares until the date before the acquirer issues such new

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<sup>34</sup> Added by the Notification of the Office of the Securities and Exchange Commission No. SorThor. 26/2551 Re: Operations Relating to Lending of Money for Purchasing Securities and Lending of Securities to Non-Institutional Clients for Making Short Sale (No. 9) dated 3 October 2008.

<sup>35</sup> Added by the Notification of the Office of the Securities and Exchange Commission No. SorThor. 26/2551 Re: Operations Relating to Lending of Money for Purchasing Securities and Lending of Securities to Non-Institutional Clients for Making Short Sale (No. 9) dated 3 October 2008.

<sup>36</sup> Added by the Notification of the Office of the Securities and Exchange Commission No. SorThor. 26/2551 Re: Operations Relating to Lending of Money for Purchasing Securities and Lending of Securities to Non-Institutional Clients for Making Short Sale (No. 9) dated 3 October 2008.

<sup>37</sup> Added by the Notification of the Office of the Securities and Exchange Commission No. SorThor. 35/2547 Re: Operations Relating to Lending of Money for Purchasing Securities and Lending of Securities to Non-Institutional Clients for Making Short Sale (No. 8) dated 29 July 2004.

<sup>38</sup> Repealed and amended by the Notification of the Office of the Securities and Exchange Commission No. SorThor. 26/2551 Re: Operations Relating to Lending of Money for Purchasing Securities and Lending of Securities to Non-Institutional Clients for Making Short Sale (No. 9) dated 3 October 2008.

shares. In this regard, the acquirer has designated the amount of new shares that client will obtain.

<sup>39</sup>The securities company shall calculate the value of shares which the client will receive from the tender offeror under the first paragraph by using the market price of such shares multiplied by the number of shares to be allocated.

<sup>40</sup>For the purpose of this Clause, the word “business” shall mean a company whose shares are listed on the Stock Exchange.

**Clause 6** <sup>4142</sup>A securities company’s outstanding balance of lending of money for purchasing securities to any client at the end of any day shall not exceed twenty-five percent of its capital fund and the aggregate outstanding balance of lending of money for purchasing securities to all of its customers after deducting allowances for doubtful accounts at the end of any day shall not exceed five times of its capital fund.

<sup>43</sup>Lending of money for purchasing securities to any client’s related person under Section 258 shall be counted in the outstanding of lending of money for purchasing securities to the client under the first paragraph *mutatis mutandis*.

<sup>44</sup>For the purpose of calculating the outstanding indebtedness under the first paragraph, in cases where the securities company lends securities to non-institutional customers under the Notification of the Office of the Securities and Exchange Commission governing provisions relating to working system, securities borrowing and lending contract, and collateral for securities borrowing and lending transactions, the securities company shall also count in the outstanding indebtedness of securities lending as the outstanding indebtedness under the first paragraph *mutatis mutandis*.

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<sup>39</sup> Added by the Notification of the Office of the Securities and Exchange Commission No. SorThor. 26/2551 Re: Operations Relating to Lending of Money for Purchasing Securities and Lending of Securities to Non-Institutional Clients for Making Short Sale (No. 9) dated 3 October 2008.

<sup>40</sup> Added by the Notification of the Office of the Securities and Exchange Commission No. SorThor. 26/2551 Re: Operations Relating to Lending of Money for Purchasing Securities and Lending of Securities to Non-Institutional Clients for Making Short Sale (No. 9) dated 3 October 2008.

<sup>41</sup> Repealed and amended by the Notification of the Office of the Securities and Exchange Commission No. SorThor. 41/2541 Re: Operations Relating to Lending of Money for Purchasing Securities and Lending of Securities to Non-Institutional Clients for Making Short Sale (No. 2) dated 8 September 1998.

<sup>42</sup> Repealed and amended by the Notification of the Office of the Securities and Exchange Commission No. SorThor. 26/2551 Re: Operations Relating to Lending of Money for Purchasing Securities and Lending of Securities to Non-Institutional Clients for Making Short Sale (No. 9) dated 3 October 2008.

<sup>43</sup> Added by the Notification of the Office of the Securities and Exchange Commission No. SorThor. 26/2551 Re: Operations Relating to Lending of Money for Purchasing Securities and Lending of Securities to Non-Institutional Clients for Making Short Sale (No. 9) dated 3 October 2008.

<sup>44</sup> Added by the Notification of the Office of the Securities and Exchange Commission No. SorThor. 26/2551 Re: Operations Relating to Lending of Money for Purchasing Securities and Lending of Securities to Non-Institutional Clients for Making Short Sale (No. 9) dated 3 October 2008.

<sup>45</sup>The provision under the first paragraph shall not apply to the case where the outstanding indebtedness of any client or all clients altogether exceeds the specified limits as a result of any of the following reasons:

- (1) <sup>46</sup> an increase in the value of the borrowed securities;
- (2) <sup>47</sup> a collection of interest under Clause 5 (6);
- (3) <sup>48</sup> a purchase of securities for returning the securities borrowed for making a short sale;
- (4) <sup>49</sup> a decrease in the securities company's capital fund.

<sup>50</sup>In cases where the outstanding indebtedness of any client or all clients exceeds the specified limits under the first paragraph, the securities company shall not lend additional money for purchasing securities to such client until the outstanding indebtedness of such client is within the specified limit, and the business operator shall not lend additional money for purchasing securities to any client until the outstanding indebtedness of all clients after deducting allowances for doubtful accounts is within the specified limit, as the case may be.

**Clause 7** <sup>5152</sup>Repealed.

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<sup>45</sup> Added by the Notification of the Office of the Securities and Exchange Commission No. SorThor. 26/2551 Re: Operations Relating to Lending of Money for Purchasing Securities and Lending of Securities to Non-Institutional Clients for Making Short Sale (No. 9) dated 3 October 2008.

<sup>46</sup> Added by the Notification of the Office of the Securities and Exchange Commission No. SorThor. 26/2551 Re: Operations Relating to Lending of Money for Purchasing Securities and Lending of Securities to Non-Institutional Clients for Making Short Sale (No. 9) dated 3 October 2008.

<sup>47</sup> Added by the Notification of the Office of the Securities and Exchange Commission No. SorThor. 26/2551 Re: Operations Relating to Lending of Money for Purchasing Securities and Lending of Securities to Non-Institutional Clients for Making Short Sale (No. 9) dated 3 October 2008.

<sup>48</sup> Added by the Notification of the Office of the Securities and Exchange Commission No. SorThor. 26/2551 Re: Operations Relating to Lending of Money for Purchasing Securities and Lending of Securities to Non-Institutional Clients for Making Short Sale (No. 9) dated 3 October 2008.

<sup>49</sup> Added by the Notification of the Office of the Securities and Exchange Commission No. SorThor. 26/2551 Re: Operations Relating to Lending of Money for Purchasing Securities and Lending of Securities to Non-Institutional Clients for Making Short Sale (No. 9) dated 3 October 2008.

<sup>50</sup> Added by the Notification of the Office of the Securities and Exchange Commission No. SorThor. 26/2551 Re: Operations Relating to Lending of Money for Purchasing Securities and Lending of Securities to Non-Institutional Clients for Making Short Sale (No. 9) dated 3 October 2008.

<sup>51</sup> Repealed and amended by the Notification of the Office of the Securities and Exchange Commission No. SorThor. 41/2541 Re: Operations Relating to Lending of Money for Securities Trading and Lending of Securities to Non-Institutional Customer for Short Sale (No. 2) dated 8 September 1998.

<sup>52</sup> Repealed by the Notification of the Office of the Securities and Exchange Commission No. SorThor. 26/2551 Re: Operations Relating to Lending of Money for Securities Trading and Lending of Securities to Non-Institutional Customer for Short Sale (No. 9) dated 3 October 2008.

<sup>52</sup> Added by the Notification of the Office of the Securities and Exchange Commission No. SorThor. 41/2541 Re: Operations Relating to Lending of Money for Securities Trading and Lending of Securities to Non-Institutional Customer for Short Sale (No. 2) dated 8 September 1998.

**Clause 7/1** <sup>5354</sup> Repealed.

**Clause 8** A securities company shall have in place an internal control system and shall monitor its employees' performance of their work in lending of money for purchasing securities and lending of securities for making a short sale in compliance with related notifications.

**Clause 9** In cases where the outstanding balance of debt in any client's margin account has been transferred to other type of debtor accounts, the securities company shall not lend money for purchasing securities or lend securities for making a short sale to such client until all the outstanding debt is paid.

**Clause 10** If the securities company is unable to proceed for the lending of money for purchasing securities to any existing client to comply with this Notification within the effective date of this Notification, the securities company shall not lend money for purchasing additional securities to such client in the existing account and shall proceed to have such client pay all debts in the existing account within 31 December 1999.

If, at the end of the period specified in the first paragraph, there appears unpaid debts in any client's existing account, the securities company shall not lend money for purchasing securities or lend securities for making a short sale to such client both in the existing account and the margin account under this Notification.

**Clause 11** This Notification shall come into force as from 1 January 1998.

Notified this 4<sup>th</sup> day of December 1997.

-signature-

(Pakorn Malakula Na Ayudhaya)

Secretary-General

Office of the Securities and Exchange Commission

Note:

The Notification of the Office of the Securities and Exchange Commission No. SorThor. 42/2540 Re: Operations Relating to Lending of Money for Purchasing Securities and Lending of Securities to Non-Institutional Clients for Making Short Sale dated 4

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<sup>53</sup> Added by the Notification of the Office of the Securities and Exchange Commission No. SorThor. 41/2541 Re: Operations Relating to Lending of Money for Securities Trading and Lending of Securities to Non-Institutional Customer for Short Sale (No. 2) dated 8 September 1998.

<sup>54</sup> Repealed by the Notification of the Office of the Securities and Exchange Commission No. SorThor. 13/2546 Re: Operations Relating to Lending of Money for Securities Trading and Lending of Securities to Non-Institutional Customer for Short Sale (No. 7) dated 21 July 2003.

December 1997, published in the Government Gazette on 15 December 1997, Vol. 114, Special section 115Ngor.

The Notification of the Office of the Securities and Exchange Commission No. SorThor. 41/2541 Re: Operations Relating to Lending of Money for Purchasing Securities and Lending of Securities to Non-Institutional Clients for Making Short Sale (No.2) dated 8 September 1998, published in the Government Gazette on 14 September 1998, Vol. 115, Special section 81Ngor.

The Notification of the Office of the Securities and Exchange Commission No. SorThor. 14/2543 Re: Operations Relating to Lending of Money for Purchasing Securities and Lending of Securities to Non-Institutional Clients for Making Short Sale (No.3) dated 27 April 2000, published in the Government Gazette on 30 May 2000, Vol. 117, Section 43Ngor.

The Notification of the Office of the Securities and Exchange Commission No. SorThor. 71/2543 Re: Operations Relating to Lending of Money for Purchasing Securities and Lending of Securities to Non-Institutional Clients for Making Short Sale (No.4) dated 27 December 2000, published in the Government Gazette on ...

The Notification of the Office of the Securities and Exchange Commission No. SorThor. 17/2545 Re: Operations Relating to Lending of Money for Purchasing Securities and Lending of Securities to Non-Institutional Clients for Making Short Sale (No.5) dated 7 March 2002, published in the Government Gazette on 7 March 2002, Vol. 119, Special section 21Ngor.

The Notification of the Office of the Securities and Exchange Commission No. SorThor. 30/2545 Re: Operations Relating to Lending of Money for Purchasing Securities and Lending of Securities to Non-Institutional Clients for Making Short Sale (No.6) dated 17 July 2002, published in the Government Gazette on 30 July 2002, Vol. 119, Special section 71Ngor.

The Notification of the Office of the Securities and Exchange Commission No. SorThor. 13/2546 Re: Operations Relating to Lending of Money for Purchasing Securities and Lending of Securities to Non-Institutional Clients for Making Short Sale (No.7) dated 21 July 2003, published in the Government Gazette on 25 July 2003, Vol. 120, Special section 80Ngor.

The Notification of the Office of the Securities and Exchange Commission No. SorThor. 35/2547 Re: Operations Relating to Lending of Money for Purchasing Securities and Lending of Securities to Non-Institutional Clients for Making Short Sale (No.8) dated 29 July 2004, published in the Government Gazette on 6 August 2004, Vol. 121, Section 88Ngor.

The Notification of the Office of the Securities and Exchange Commission No. SorThor. 26/2551 Re: Operations Relating to Lending of Money for Purchasing Securities and Lending of Securities to Non-Institutional Clients for Making Short Sale (No.9) dated 3 October 2008, published in the Government Gazette on ...