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**Notification of the Office of the Securities and Exchange Commission**  
**No. KorThor. 43/2543**  
**Re: Rules, Conditions and Procedures for Dealing of Debt Securities**

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By virtue of Section 14 and Section 114 of the Securities and Exchange Act B.E. 2535 (1992), the Securities and Exchange Commission hereby issues the following regulations:

**Clause 1.** This Notification shall come into force from the day following the date of its publication in the Government Gazette except Clause 16 shall come into force from 1 January 2002. (see note attached hereto)

**Clause 2.** The followings shall be repealed:

(1) Notification of the Office of the Securities and Exchange Commission No. KorThor. 21/2540 Re: Rules, Conditions and Procedures for Dealing of Debt Securities dated 17 May 1997.

(2) Notification of the Office of the Securities and Exchange Commission No. KorThor. 2/2543 Re: Rules, Conditions and Procedures for Dealing of Debt Securities (No. 2) dated 4 January 2000.

(3) Notification of the Office of the Securities and Exchange Commission No. KorThor. 7/2543 Re: Rules, Conditions and Procedures for Dealing of Debt Securities (No. 3) dated 31 January 2000.

**Clause 3.** In this notification:

“securities” means securities which are debt Securities;

“securities company” means a company licensed to undertake securities business in the category of securities dealing;

“counter trader” means a person who trade securities with securities company;

“client” means a counter trader which is not a securities company, Bank of Thailand or licensed to undertake securities business in the category of securities trading under the foreign law;

“Institutional client” means the following customers:

- (1) commercial banks;
- (2) finance companies;
- (3) securities companies;
- (4) credit foncier companies;

- (5) insurance companies;
- (6) juristic persons but not include any juristic person as prescribed in (8);
- (7) international financial institutions;
- (8) government agencies and state enterprise under the law on budgetary procedure;
- (9) the Financial Institutions Development Fund;
- (10) the Government Pension Fund;
- (11) provident funds;
- (12) mutual funds;
- (13) juristic persons having amount of an investment from one hundred million baht of the latest financial statement which audited by the auditor;
- (14) juristic persons having shareholder being person as prescribed in (1) to (13) combining hold shares exceed 75% of share which entitle to vote;
- (15) foreign investors having qualifications as the investor prescribed in (1) and (2)

“retail client” means client other than an institutional client;

“inside information” means any information which substantial to the change of price of the securities which is not reveal to public and the securities known by its business operation;

“investor contact”<sup>1 2</sup> means a person who contact, solicit, giving advice or prepare an investment plan to the investor or to client of securities company undertaking securities business. Investor contact are divided into two categories: Category A investor contact who can analyze securities investment and Category B investor contact who cannot analyze securities investment;

“investment advice”<sup>3</sup> means any direct or indirect advice made related to the value of securities or appropriate of investment in such securities or any other securities;

“securities investment analysis”<sup>4</sup> means an analysis on information in connection with securities in order to make an advise or to disclosure such analysis directly or indirectly about the value or an appropriate of investment in such securities;

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<sup>1</sup> Amended by Notification of the Securities and Exchange Commission No. KorThor. 42/2545 Re: Rules, Conditions and Procedures for Dealing of Debt Securities (No. 5) dated 9 July 2002.

<sup>2</sup> Amended by Notification of the Securities and Exchange Commission No. KorKhor. 19/2548 Re: Rules, Conditions and Procedures for Dealing of Debt Securities (No. 9) dated 28 February 2005.

<sup>3</sup> Amended by Notification of the Securities and Exchange Commission No. KorThor. 42/2545 Re: Rules, Conditions and Procedures for Dealing of Debt Securities (No. 5) dated 9 July 2002.

<sup>4</sup> Added by Notification of the Securities and Exchange Commission No. KorKhor. 19/2548 Re: Rules, Conditions and Procedures for Dealing of Debt Securities (No. 9) dated 28 February 2005.

“general advice”<sup>5</sup> means an investment advice given to any person without considering of investment objective, financial status or individual needs;

“specific advice”<sup>6</sup> means an investment advice given to any person that suitable to investment objective, financial status or need of such person;

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

## **Chapter 1**

### **Operation Control**

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**Clause 4.** Securities company shall have an effective internal control system, risk management system, and a system protecting conflict of interest and shall prescribe rule and procedure of such systems in written with an approval of Board or Executive Board of securities company.

**Clause 5.** Securities company shall prescribe a measure protecting internal data access between organization and worker of securities company's. Such measure shall, at least, having measurement protecting to access internal information between organization and worker who have opportunity to know any information about company issued securities and between organization and personnel having opportunity to take benefit from such information.

**Clause 6<sup>7</sup>.** Securities company shall separate work unit and personnel responsible for contacting, soliciting or giving advice on securities investment for client from work unit and personnel responsible for proprietary trading.

**Clause 7.** Securities company shall separate work unit and personnel responsible for securities dealing (front office) from work unit and personnel responsible for post-trade operation (back office). And shall arrange for the personnel responsible for securities dealing to submit a report of securities dealing to work unit responsible for post-trade operation within reasonable period of time in order for the securities company to acknowledge and be able to report the result

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<sup>5</sup> Amended by Notification of the Securities and Exchange Commission No. KorThor. 42/2545

Re: Rules, Conditions and Procedures for Dealing of Debt Securities (No. 5) dated 9 July 2002.

<sup>6</sup> Added by Notification of the Securities and Exchange Commission No. KorThor. 42/2545  
Re: Rules, Conditions and Procedures for Dealing of Debt Securities (No. 5) dated 9 July 2002.

<sup>7</sup> Amended by Notification of the Securities and Exchange Commission No. KorThor. 37/2545  
Rules, Conditions and Procedures for Dealing of Debt Securities (No. 4) dated 5 June 2002.

of securities dealing in accordance with related rules and the work unit responsible for post-trade operation can immediately confirm the securities trading with its counter trader.

**Clause 7/1.<sup>8</sup>** A securities company shall be a member of Thai Bond Market Association.

The provision under the first paragraph shall not apply to the case where securities company cease the business as debt securities dealing or cease to execute debt securities dealing transactions provided that the securities company had notified to the Office the ceasing of business operation or the ceasing of transaction execution.

**Clause 8.<sup>9</sup>** Securities company shall provide evidence and document about securities trade completely and up date, and keep it for at least five years as from the trading date, of which evidence and document of the latest two years must be available for the Office's request or inspection.

## **Chapter 2 Securities Trading**

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**Clause 9.** Securities company shall notify its counter trader whether such offering price is a firm quotation or an indicative quotation.

**Clause 10.** In case where securities company offer a firm quotation, such securities company shall;

(1) Purchase or sell with such offering price and shall making a clearly understanding with counter trader about the expiry date of such offering price end:

(2) In case where the price being offered with conditions, securities company shall clearly notify such conditions to the counter trader, and the securities company may refuse to purchase or sell within the conditions agreed provided that the securities company clearly explain the ground of refuse to the counter trader.

**Clause 11.** The securities company shall not mislead counter trader about the essential details of securities trading, by refrain from information disclosure, distort information, or give false information to counter trader.

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<sup>8</sup> Amended by Notification of the Securities and Exchange Commission No. KorYor. 56/2548  
Re: Rules, Conditions and Procedures for Dealing of Debt Securities (No. 10) dated 16 November 2005.

<sup>9</sup> Amended by Notification of the Securities and Exchange Commission No. KorYor. 26/2549  
Re: Rules, Conditions and Procedures for Dealing of Debt Securities (No. 11) dated 25 October 2006.

**Clause 12.** Securities company shall not purchase or sell any securities by using inside information which is likely to have an advantage against third person. And shall not disclose inside information for any personal gain.

**Clause 13.** Securities company shall make an affirmation on securities trading to their counter trader in writing in due time after making a deal.

**Clause 14.**<sup>10</sup> Securities company shall report securities trading information to Thai Bond Market Association as rules prescribed by the Office.

**Clause 15.**<sup>11</sup> Securities company shall appoint a person, registered with the Thai Bond Market Association, who responsible for securities trading.

### **Chapter 3**<sup>12</sup>

#### **Contacting, Soliciting or Giving Advice to Client**

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**Clause 16.**<sup>13 14 15</sup> In contacting, soliciting, or giving advices relating to securities investment to investor or the client of securities company, or in analyzing a securities investment, such securities company shall arrange to have the investor contact category A or B, as the case may be, who obtains an approval from the Office as prescribed by the notification of the Office. The securities company shall act in compliance with rules prescribed by the Office and shall also supervise the investor contact to act in compliance with such rules.

A Securities company may appoint any person who is not an investor contact to contact, solicit, or give any advices about securities investment or securities investment analysis in the following cases:

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<sup>10</sup> Amended by Notification of the Securities and Exchange Commission No. KorYor. 56/2548  
Re: Rules, Conditions and Procedures for Dealing of Debt Securities (No. 10) dated 16 November 2005.

<sup>11</sup> Amended by Notification of the Securities and Exchange Commission No. KorYor. 56/2548  
Re: Rules, Conditions and Procedures for Dealing of Debt Securities (No. 10) dated 16 November 2005.

<sup>12</sup> Amended by Notification of the Securities and Exchange Commission No. KorKhor. 19/2548 Re:  
Rules, Conditions and Procedures for Dealing of Debt Securities (No. 9) dated 28 February 2005.

<sup>13</sup> Amended by Notification of the Securities and Exchange Commission No. KorThor. 37/2545 Re:  
Rules, Conditions and Procedures for Dealing of Debt Securities (No. 4) dated 5 June 2002.

<sup>14</sup> Amended by Notification of the Securities and Exchange Commission No. KorThor. 42/2545 Re:  
Rules, Conditions and Procedures for Dealing of Debt Securities (No. 5) dated 9 July 2002.

<sup>15</sup> Amended by Notification of the Securities and Exchange Commission No. KorKhor. 19/2548 Re:  
Rules, Conditions and Procedures for Dealing of Debt Securities (No. 9) dated 28 February 2005.

(1) Provide service for the institutional client where the securities company appoint a person who make a decision for proprietary trading account to perform such duties;

(2) Provide service for client relating to trading of government bond or bond that principal and interest are guaranteed by the Ministry of Finance with regulations prescribe the holder can redeem at the certain price or at the minimum price determined on the issuing date, by the securities company that is a selling or redemption agent of such bonds, in this regard such securities company shall:

(a) Provide information on risks and description of bond with one or more of the following methods;

(1) Arrange to have staff at the premise of the securities company who can provide information for client;

(2) Arrange to have system that the client can communicate with the securities company's staff at the premise of the securities company;

(3) Arrange to have call center in order to give information to the client, such call center shall at least provide a service through out the office hour of such securities company;

(b) Promote or publicize to the client of the operation according to (a);

(c) Disclose the repurchase price to the client;

(d) Ensure that responsible staff provides correct information to the client;

(3) Provide service for client relating to trading of bills that are securities which are endorsed with the right of recourse by a financial institution, or avaled the drawer or the issuer in full amount, or accepted to maturity until 15 September 2006.

To clarify the provision under the first paragraph (3) "Financial Institution" means:

(a) Commercial banks, branches of foreign bank licensed to undertake full branch commercial bank business in Thailand under the law on commercial bank;

(b) Finance companies, Credit Foncier companies under the law on undertaking of Finance Business, Securities Business, and Credit Foncier Business;

(c) Financial Institutions established under specific law which is a financial institution under the law on loan interest rate of financial institution.

**Clause 16/1.**<sup>16 17</sup> A securities company shall get to know its client, by arrange to have documents which can identify its client or the authorized officer of client in case of juristic person.

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<sup>16</sup> Amended by Notification of the Securities and Exchange Commission No. KorKhor. 19/2548 Re: Rules, Conditions and Procedures for Dealing of Debt Securities (No. 9) dated 28 February 2005.

<sup>17</sup> Amended by Notification of the Securities and Exchange Commission No. KorYor. 29/2549 Re: Rules, Conditions and Procedures for Dealing of Debt Securities (No. 11) dated 25 October 2006.

The provision in the first paragraph shall apply to the counter trader which is a securities company or any person licensed to undertake securities business in the category of securities dealing under foreign law.

**Clause 17.**<sup>18 19 20</sup> Repealed.

**Clause 18.**<sup>21 22</sup> Repealed.

**Clause 19.** Securities company shall keep the record on a securities investment advice and securities investment negotiation of the client for at least one month as from the day of giving an advice or as from the day of having negotiation. In case where the consideration of the complaint about the securities investment advice or securities investment negotiation is not finished within specified period of time, the securities company shall keep all related documents until the handling of such complaint was completed.

In case where an advice or a negotiation is made by means of telephone or via electronics, the securities company shall keep such record into recording tape or electronics recording appliance.

**Clause 19/1.**<sup>23 24 25</sup> In dealing with retail client, a securities company shall arrange to have documents or evidence showing that the client had received general advice, specific advice or had not received any advice on investment.

**Clause 20.** A securities company shall ensure its staff act in compliance with this notification and the regulation prescribed by the securities company under this notification.

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<sup>18</sup> Amended by Notification of the Securities and Exchange Commission No. KorThor. 37/2545  
Re: Rules, Conditions and Procedures for Dealing of Debt Securities (No. 4) dated 5 June 2002.

<sup>19</sup> Amended by Notification of the Securities and Exchange Commission No. KorThor. 42/2545  
Re: Rules, Conditions and Procedures for Dealing of Debt Securities (No. 5) dated 9 July 2002.

<sup>20</sup> Amended by Notification of the Securities and Exchange Commission No. KorKhor. 19/2548  
Re: Rules, Conditions and Procedures for Dealing of Debt Securities (No. 9) dated 28 February 2005.

<sup>21</sup> Amended by Notification of the Securities and Exchange Commission No. KorThor. 37/2545  
Re: Rules, Conditions and Procedures for Dealing of Debt Securities (No. 4) dated 5 June 2002.

<sup>22</sup> Amended by Notification of the Securities and Exchange Commission No. KorKhor. 19/2548  
Re: Rules, Conditions and Procedures for Dealing of Debt Securities (No. 9) dated 28 February 2005.

<sup>23</sup> Amended by Notification of the Securities and Exchange Commission No. KorThor. 37/2545  
Re: Rules, Conditions and Procedures for Dealing of Debt Securities (No. 4) dated 5 June 2002.

<sup>24</sup> Amended by Notification of the Securities and Exchange Commission No. KorThor. 42/2545  
Re: Rules, Conditions and Procedures for Dealing of Debt Securities (No. 5) dated 9 July 2002.

<sup>25</sup> Amended by Notification of the Securities and Exchange Commission No. KorThor. 19/2548  
Re: Rules, Conditions and Procedures for Dealing of Debt Securities (No. 9) dated 28 February 2005.

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**Clause 20/1** In addition to the provisions prescribed in this notification, the Office shall have the power to issue any rules, conditions and procedures in details concerning the provision of this notification to ensure the clarity of practices and to facilitate the inspection process of the Office.

**Clause 21.** In case where it appears to the Office that the securities company violates or fails to act in compliance with this notification or the regulation prescribed by the securities company under this notification or having improper manner on securities dealing, the Office may order such securities to amend, to act or to refrain from any act in compliance with this notification.

Notified this 26<sup>th</sup> day of September 2000.

(Tharin Nimmanheminta)  
Minister of the Ministry of Finance  
Chairman of the Securities and Exchange Commission

Note:

Notification of the Securities and Exchange Commission No. KorThor. 43/2543 Re: Rules, Conditions and Procedures for Dealing of Debt Securities dated 26/09/2000. Published in the Government Gazette on 05/10/2000, Vol. 117, Special section 102 Ngor.

Notification of the Securities and Exchange Commission No. KorThor. 7/2544 Re: Rules, Conditions and Procedures for Dealing of Debt Securities (No. 2) dated 15/02/2001. Published in the Government Gazette on 23/02/2001, Vol. 118, Special section 18 Ngor.

Notification of the Securities and Exchange Commission No. KorThor. 29/2544 Re: Rules, Conditions and Procedures for Dealing of Debt Securities (No. 3) dated 14/09/2001.

Notification of the Securities and Exchange Commission No. KorThor. 37/2545 Re: Rules, Conditions and Procedures for Dealing of Debt Securities (No. 4) dated 05/06/2002. Published in the Government Gazette on 14/06/2002, Vol. 119, Special section 52 Ngor.

Notification of the Securities and Exchange Commission No. KorThor. 42/2545 Re: Rules, Conditions and Procedures for Dealing of Debt Securities (No. 5) dated 09/07/2002. Published in the Government Gazette on 10/07/2002, Vol. 119, Special section 63 Ngor.

In arrangement for staff who contact with client to register with the Office as prescribed in Clause 16 of the Notification of the Securities and Exchange Commission No. KorThor. 43/2543 Re: Rules, Conditions and Procedures for Dealing of Debt Securities dated 26/09/2000 as amend by this notification shall come into force as follow:



(1) Since the 1 July 2002: for all types of debt securities with a service area of Bangkok and surrounding, except the service as specified in (2).

(2) Since the 31 March 2003: for debt securities in the category of treasury bills, government bonds, Bank of Thailand bonds and bonds whose principal and interest are guaranteed by the Ministry of Finance, no matter the services had provided in the area of Bangkok and surrounding or not and for other debt securities with a service area of outside Bangkok and surrounding.

Notification of the Securities and Exchange Commission No. KorThor. 3/2546 Re: Rules, Conditions and Procedures for Dealing of Debt Securities (No. 6) dated 01/06/2003. Published in the Government Gazette on 12/06/2003, Vol. 120, Special section 54 Ngor.

Notification of the Securities and Exchange Commission No. KorThor. 16/2546 Re: Rules, Conditions and Procedures for Dealing of Debt Securities (No. 7) dated 11/07/2003. Published in the Government Gazette on 25/07/2003, Vol. 120, Special section 80 Ngor.

Notification of the Securities and Exchange Commission No. KorThor. 37/2547 Re: Rules, Conditions and Procedures for Dealing of Debt Securities (No. 8) dated 15/06/2004. Published in the Government Gazette on 25/06/2004, Vol. 121, Special section 70 Ngor.

Notification of the Securities and Exchange Commission No. KorKhor. 19/2548 Re: Rules, Conditions and Procedures for Dealing of Debt Securities (No. 9) dated 28/02/2005. Published in the Government Gazette on 04/04/2005, Vol. 122, Special section 29 Ngor.

Notification of the Securities and Exchange Commission No. KorYor. 56/2548 Re: Rules, Conditions and Procedures for Dealing of Debt Securities (No. 10) dated 16/11/2005.

Notification of the Securities and Exchange Commission No. KorYor. 26/2549 Re: Rules, Conditions and Procedures for Dealing of Debt Securities (No. 11) dated 25/10/2006.