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**Notification of the Office of the Securities and Exchange Commission
No. OrThor. 7/2549
Re: Guidelines and Conditions for Securities Company Relating to
the Using of Back Office Service from Service Provider**

Whereas the securities company may reduce the expenditure for undertaking its business by using back office service from service provider and due to the criteria for undertaking securities business of securities company has prescribed securities company to have efficient internal control system, adequate securities system that is adequate for preventing unauthorized person to know or amend information concerning operation of securities business of the securities company, and risk management system to prevent damage from all risk in undertaking securities business in order to be in the level that has no effect on businesses of securities company. In this case, in order to increase confidence of using back office services from service provider, the duties of securities company in arranging for these system shall not be effected, which increase the efficiency in managing its cost. The Office, therefore, has amended the prescription concerning working procedures and conditions for securities company on using back office service from service provider as follows:

Clause 1. The Notification of the Office of the Securities and Exchange Commission No. OrThor. 7/2546 Re: Guidelines and Conditions for Securities Company Relating to the Using of Back Office Service From Service Provider dated 23 July 2003 shall be repealed.

Clause 2. In this Notification:

“Securities company” means a company licensed to undertake securities business in the category of the securities brokerage, securities dealing, securities underwriting, securities borrowing and lending or securities finance business;

“Service provider” means a person who provide back office service for securities company;

“Back office” means operation, accounting and finance, information technology concerning to client information, internal audit, compliance or other similar supporting services;

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

Clause 3. Except as provided by Clause 5, a securities company may use back office service from any service providers, such service providers shall have financial stability with capability and readiness to provide service and comply with rules specified by the SEC or the Office and code of conduct specified by derivatives broker. Such conduct shall specify at least include internal control system, information security system to prevent access from unauthorized person, and effective Chinese Wall among each departments and staffs as well as having measures for emergency cases whereby procedures and responsible persons should be clearly prescribed.

Clause 4. Derivatives broker who wishes to use back office service from service provider as prescribed in Clause 3 shall submit an application to the Office along with documents and details as follows:

- (1) Scope of back office service from service provider;
- (2) Documents and evidence showing that the service provider has sufficient qualifications as specified in Clause 3.

The Office of the Securities and Exchange Commission shall consider and notify, the result of its consideration to derivatives broker within thirty days as from the date of receipt of complete application and supporting documents except for the case that the system for inspection and further consideration are needed, and the Office notifies such necessities to derivatives broker before the date of expiration of the thirty –day period. The Office may extend the consideration process as necessary.

In case where the period of time as specified in the second paragraph expires but the Office has not yet notified or made any orders to securities company. It shall be deemed that the Office grants permission to such securities company to use back office service as its request.

Clause 5. It shall be deemed that the securities company have the permission in using back office service from the Office, if the service providers are as follows:

- (1) The Stock Exchange of Thailand or;
- (2) Limited company or public limited company established by the Stock Exchange of Thailand and hold shares not less than seventy-five percent of the total sold shares of certain company, whereby such company obtains a permission from the SEC to undertake business in the category of back office service as specified in Section 153 (3) of the Securities and Exchange Act B.E. 2535 (1992).

A Securities company which use such service as specified in the first paragraph shall notify details relating to scope of using back office service to the Office not less than fifteen days before the using such service.

Clause 6. The securities company shall arrange a written contract with service provider, that should cover the following matters:

(1) Duties and responsibilities of service provider including responsibility for securities company and its clients from any act or omission of any act, willfully or negligently, of the service provider;

(2) Conditions and procedures for the termination of contract or suspension of service;

(3) Service fees rate.

Clause 7. In order to assure the capability of the securities company in undertaking securities business continuously, the securities company shall set up implementation plan or measures in the case where securities company or service provider terminates contract or the service provider can no longer provide service for securities company .

Clause 8. Securities company shall require service provider to keep, complete and update documents and evidence of service provider. Such keeping shall be readily available at any time for securities company to examine or inspect promptly, and also for the Office and auditor of securities company to examine as requested.

Clause 9. In compliance with Securities company shall supervise service provider to perform its operation in compliance with rules prescribed by the Securities and Exchange Commission or the Office and the guidelines provided by securities company. In case where the Office see appropriate, securities company shall arrange for the Office to examine an operation of service provider, in part that involves with the securities company.

Clause 10. In the case where it appears later to the Office that securities company violates or fails to perform in compliance with this notification or the service provider does not have qualification as specified in Clause 3, the Office may order such securities company to rectify, do or refrain from any act related to the using of back office service from service provider.

Clause 11. Securities company having obtained an approval or deemed to be obtained approval from the Office to use back office service from service provider prior to the effective date of this notification, shall continue to engage service with the same service provider and the same scope of service and shall be required to comply with the notification of the office which was repealed by Clause 1.

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Clause 12. This notification shall come into force as from 16 May 2006.

Notified this 8th Day of May 2006.

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