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Notification of the Capital Market Supervisory Board

No. TorThor. 8/2551

**Re: Rules, Conditions, and Procedures for Applying for Permission
and Granting of Permission to Securities Companies
to Establish Branch Offices**

By virtue of Section 16/6 and Section 92 of the Securities and Exchange Act B.E. 2535 (1992) as amend by the Securities and Exchange Act (No. 4) B.E. 2551 (2008) which contains certain provisions in relation to the restriction of right and liberty of person which Section 29 in conjunction with Section 33, Section 34, Section 41, Section 43, Section 44, and Section 64 of the Constitution of the Kingdom of Thailand so permit by virtue of law, the Securities and Exchange Commission acting as Capital Market Supervisory Board by virtue of Section 60 of the Securities and Exchange Act (No.4) B.E. 2551 (2008) hereby issues the following regulations:

Clause 1. This Notification shall come into force as from 1 May 2008.

Clause 2. The notification of the Office of the Securities and Exchange Commission No. KorThor. 31/2543 Re: Rules, Conditions, and Procedures for Applying for Permission and Granting of Permission to Securities Companies to Establish Branch Offices dated 24 August 2000 shall be repealed.

Clause 3. In this Notification,

“Securities company” means any company licensed to undertake securities business in the category of securities brokerage, securities dealing, investment advisory services, securities underwriting, but shall not include a financial institution under other law and later obtain a license to undertake securities business;

“Full-service Branch Office” means a securities company’s branch office in Thailand that provides services within the scope approved for such securities company.

“Online Branch Office” means a securities company’s branch office in Thailand that provides services through computer and limit its services to the scope set forth in Clause 7.

Chapter 1

Full-service Branch Office and Online Branch Office

Clause 4. It shall be deemed that the Office approves the establishment of the full-service branch office and online branch office, provided that on date the securities company start-up an operation, it meets the following qualifications;

(1) maintain a net liquid capital according to rules prescribed by the notification of the Securities and Exchange Commission governing the maintenance of financial status of a licensed securities company;

(2) shareholders' equity as shown in the latest financial statement that has been audited by an auditor approved by the Office shall be positive. In case where the securities company increase its paid-up capital after the issuance of the latest financial statement, such increasing shall be calculated in the shareholder's equity of the securities company.

(3) not being incriminated or prosecuted under the criminal lawsuit by an authority in charge by law, and has no records on offences relating to unfair securities trading, derivatives trading or mismanagement in the manner of deception, frauds or corruption during the period as prescribed by the Office, but not exceeding five years prior to the date the branch office starts its operation;

(4) not being ordered by the Capital Market Supervisory Board or the Office to restrict its business expansion or cease its operation, or in the process of rectifying its operation by the order of the Capital Market Supervisory Board or the Office under Section 141, Section 142 or Section 143 of the Securities and Exchange Act B.E. 2535 (1992).

(5) for the period of twelve months prior to the date the branch office starts its operation, it must not appear that the securities company conducts an offence relating to misleading its financial status or actual performance;

(6) have an efficient complaint handling system for the settlement of dispute, such as act in compliance with the notification of the Securities and Exchange Commission governing determination for securities company regarding complaint handling and entering into the Office's arbitration process for the settlement of dispute between the securities company and the customer.

In the case where the securities company lacks of qualification under (3) or (5), the securities company may be granted an approval from the Office only when the securities company cause the relevant executive or personnel who rendered the company into such disqualification to leave the company.

Clause 5. The securities company shall arrange for the full-service branch office to have a branch office manager and the following work units:

- (1) A securities services unit;
- (2) A securities operation unit, the securities company may arrange for the full-service branch office to share the securities operation unit with the head office or other full-service branch offices.

In case of absent of the branch office manager under the first paragraph, the securities company shall arrange to have a new manager within one month unless obtain a waiver from the Office. In the mean time, the securities company may assign an officer of the head office or the manager of other full-service branch offices to temporary acting as a manager.

Clause 6. In case where the securities company intends to share the branch manager with other full-service branch offices such securities company shall submit the application together with document evidence showing the details of management plan and supervision of the operation of the full-service branch offices managed by the same manager.

The Office shall consider and notify the result of its consideration to the securities company within thirty days as from the date of receipt of completed application and document evidence, unless there appear to be additional fact and the Office notify of such necessity to the securities company prior to the period of thirty days, the Office may extend the period for consideration as needed.

When meet the period specified in the second paragraph if the Office does not notify the result of its consideration, or does not order to the securities company, it shall be deemed that the Office grants an approval as per the securities company's request.

Clause 7. The online branch office shall perform only the following duties:

- (1) arrange to have a computer set where customer can submit a securities' trading instructions by themselves;
- (2) accept a securities trading account application and forward the application to head office or a full-service branch office for approval;
- (3) accept or deliver money or securities by electronic equipment;
- (4) undertake any other necessary duties as prescribed by the notification of the Office.

In providing services under the first paragraph, the online branch office is not allowed to give an advice concerning securities investment to customer. The securities company shall arrange to have a clearly statement that the securities company is not allowed to give an advice concerning securities investment to customer.

Clause 8. The securities company shall appoint a person responsible for managing the online branch office. Such person may be an officer from the head office or a manager from a full-service branch office.

Clause 9. The securities company shall submit the details of the establishment of full-service branch office or online branch office to the Office prior to the date the branch office starts its operation in accordance with the format set out in an electronic system of the Office.

Clause 10. The securities companies are allowed to upgrade its online branch office to full-service branch office provided that on the date the securities company upgrades its branch, it meets the qualification as specified in Clause 4 and notify the details of the upgrade to the Office in advance with the format set out in an electronic system of the Office.

Chapter 2

Branch Office in Foreign Countries

Clause 11. The securities company wishing to establish a branch office in foreign countries shall submit an application to the Office in accordance with the forms and procedures set out in electronic system of the Office.

Clause 12. The securities company to be approved to establish a branch office in foreign countries according to Clause 11 shall possess the following qualifications:

(1) possess the qualifications as prescribed in Clause 4(1) (3) (4) (5) and (6), in case the securities company lacks of qualification under Clause 4(3) or (5) the securities company may be granted an approval from the Office only when the securities company cause the relevant executive or personnel who rendered the company into such disqualification to leave the company.

(2) shareholders' equity as shown in the latest financial statement that has been audited by an auditor approved by the Office shall not less than Baht one billion, In case where the securities company increase or reduce its paid-up capital after the issuance of the latest financial statement, such increasing or reducing shall be calculated in the shareholder's equity of the securities company.

(3) demonstrate a plan for the business operation in foreign countries, such plan shall at least contain details of an efficient operational management, monitoring and supervision system, and record keeping system including readiness of personnel;

(4) have good management record as follows:

(a) for the period of one year prior to the date the securities company submits the application, no investor contact working for the securities company being imposed a probation or higher more than three cases, unless obtain a waiver from the Office. Such punishment shall not include the wrongdoing that was founded by the company and forward to the Office for proceeding.

Under the first paragraph “investor contact” means an investor contact according to the notification of the Office of the Securities and Exchange Commission governing an approval for investor contact and standard of conducts, and also means a derivatives investor contact according to the notification of the Office of the Securities and Exchange Commission governing an approval for derivatives investor contact and standard of conducts issued by virtue of the Derivatives Act B.E. 2546 (2003)

(b) for the period of three years prior to the date the securities company submits the application, it must not appears that the securities company being ordered by the Office to rectify significant fault in its internal control system, monitoring and supervision system or the record keeping system relating to work operation, unless obtain a waiver from the Office;

Clause 13. The Office shall consider and notify the result of its consideration according to Clause 11 to the securities company within thirty days as from the date of receipt of completed application and document evidence, unless there appear to be additional fact and the Office notify of such necessity to the securities company prior to the period of thirty days, the Office may extend the period for consideration as needed.

Clause 14. The securities company shall arrange for each branch office in foreign countries to have a manager who works only for such branch.

In case of absent of the branch office manager under the first paragraph, the securities company shall arrange to have a new manager within one month unless obtain a waiver from the Office. In the mean time, the securities company may assign other officers to temporary acting as a manager.

Chapter 3

The Power of the Office and Notify of the Closing of Branch Office

Clause 15. Where it appears to the Office that the operations by a full-service branch office, online branch office or branch office in foreign countries may cause damages to investors, or the securities company lacks of qualification under Clause 4 or Clause 12 (1) or (2) or such securities company does not have an efficient operational management, monitoring and supervision system, and record keeping system or readiness of personnel as specified in Clause 12 (3), as the case may be, or not able to act in compliance with rules prescribed herein for every day during which the operation of such branch office continues, the Office

shall have the power to instruct the securities company to rectify, undertake, or refrain from undertaking any act to comply with this notification, or shall have the power to revoke the approval of such branch office.

Clause 16. The securities company wishing to temporarily or permanently close the branch office shall notify the Office and publicly announced its closing at its premise in advance within reasonable time. In case of closing of full-service branch office or online branch office, the securities company shall ensure that customer can use service of head office or other branch offices or facilitate customer to use service from other securities company.

Notified this 2nd day of April 2008.

(Mr.Surapong Suebwonglee)

Minister of Finance

Chairman of the Securities and Exchange Commission

Remark: The reason for issuing this Notification is that the securities company has flexibility in operating its business, able to increase its income and expand its customer, and to prepared for the upcoming competition after the liberalization of securities business license in the future, this Notification is issued to determine the rules regarding permission to qualified securities company to establish branch offices in foreign countries so it is deemed expedient to issue this notification.