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**Notification of the Securities and Exchange Commission
No. KorThor/Nor/Khor. 14/2551
Re: Approval for Undertaking of Derivatives Business**

By virtue of Section 9 and the third paragraph of Section 16 of the Derivatives Act B.E. 2546 (2003) which contains certain provisions in relation to the restriction of rights and liberties of persons which Section 29 in conjunction with Section 33, Section 34, Section 36, Section 41, Section 43 and Section 45 of the Constitution of the Kingdom of Thailand so permit by virtue of law, the Securities and Exchange Commission hereby issues the following regulations:

Clause 1 This Notification shall come into force as from 16 November 2008.

Clause 2 The following notifications shall be repealed:

(1) The Notification of the Securities and Exchange Commission No. KorNor. 8/2547 Re: Licensing Derivatives Business Operator in the Category of Derivatives Fund Manager dated 23 January 2004;

(2) The Notification of the Securities and Exchange Commission No. KorThor. 56/2547 Re: Licensing Derivatives Business Operator in the Category of Derivatives Broker dated 25 November 2004.

Clause 3 In the Notification:

(1) “derivatives business license type Sor-1” means a license to undertake derivatives business in various categories consisting of

- (a) derivatives brokerage;
- (b) derivatives dealing;
- (c) derivatives advisory service;
- (d) derivatives fund management;

(2) “derivatives business license type Sor-2” means a license to undertake derivatives business in various categories consisting of derivatives brokerage and derivatives dealing limited to debt-securities derivatives and derivatives advisory service;

(3) “debt securities derivatives” means derivatives whose underlying products are debt securities or variables are interest rates or any other variables as prescribed by the Office;

(4) “applicant” means a person applying for derivatives business license under this Notification;

(5) “commercial bank” means any commercial bank in accordance with law on commercial banking or law on business of financial;

(6) “securities company” means any securities company under the law governing securities and exchange;

(7) “company” means a limited company or a public limited company;

(8) “conglomerate” means a group of legal entities having relationship in respect of shareholding structure, whereby all legal entities in such group have relationship with each other as parent company or subsidiary company, or each legal entity in such group is held by the same legal entity, whether directly or indirectly, in the amount or in aggregation of exceeding fifty percent of the total number of shares with voting right of such legal entity;

(9) "parent company" means:

(a) a company holding shares of the applicant exceeding fifty percent of the total number of shares with voting right of the applicant;

(b) a company holding shares of the company under (a) exceeding fifty percent of the total number of shares with voting right of such company;

(c) a company holding shares of other companies in all upward levels of shareholding, beginning with the company holding shares of the company under (b) and shareholding in each level exceeds fifty percent of the total number of shares with voting right of such other companies;

(d) a company holding shares of the applicant, whether directly or indirectly, by itself or combining with others exceeding fifty percent of the total number of shares with voting right of the applicant;

(10) “subsidiary” means:

(a) a company whose shares are held by a parent company exceeding fifty percent of total number of shares with voting right of such company;

(b) a company whose shares are held by the company under (a) exceeding fifty percent of total number of shares with voting right of such company;

(c) a company whose shares are held by other companies in all downward levels of shareholding, beginning with the company whose shares are held by the company under (b) and shareholding in each level exceeds fifty

percent of the total number of shares with voting right of such company in the lower level; or

(d) a company whose shares are held by a parent company or other companies under (a), (b) or (c), whether directly or indirectly, by itself or combining with others exceeding fifty percent of total number of shares with voting right of such company;

(11) “major shareholder” means any shareholder or beneficial owner of shares who holds more than ten percent of the total number of shares with voting right of the applicant.

For the purpose of the provision in the first paragraph, a beneficial owner of shares includes any beneficial owner of shares prescribed under the fourth paragraph of Section 25;

(12) “Ministerial Regulation Concerning Granting of Approval for Undertaking Securities Business” means the Ministerial Regulation Concerning Granting of Approval for Undertaking Securities Business B.E. 2551 (2008) promulgated under the Securities and Exchange Act B.E. 2535 (1992);

(13) “securities business license type A” means a securities business license type A under the Ministerial Regulation Concerning Granting of Approval for Undertaking Securities Business;

(14) “securities business license type B” means a securities business license type B under the Ministerial Regulation Concerning Granting of Approval for Undertaking Securities Business;

(15) “securities business license type C” means a securities business license type C under the Ministerial Regulation Concerning Granting of Approval for Undertaking Securities Business;

(16) “securities business license in the category of investment advisory service” means a license to undertake securities business in the category of investment advisory service under the law governing securities and exchange.

Clause 4 This Notification shall apply to application for license and issuance of derivatives business licenses as follows:

- (1) derivatives business license type Sor-1;
- (2) derivatives business license type Sor-2;
- (3) derivatives business license in the category of derivatives advisory service;
- (4) derivatives business license in the category of derivatives fund manager;

The applicant under this Notification shall be a limited company or public limited company which meets the qualifications prescribed under Clause 5, Clause 6, Clause 7 or Clause 8 of Chapter 1, as the case may be.

Chapter 1

The Applicant

Clause 5 The applicant for derivatives business license type Sor-1 shall be:

(1) a securities company which obtains a securities business license type A or is in a process of applying for such license;

(2) securities companies other than the securities company under (1) which obtain a securities business license in the category of securities brokerage not limited to debt securities or investment units;

(3) a person who obtains derivatives business license in the category of derivatives broker whose shareholder is a commercial bank or the securities company under either (1) or (2) holding more than 50 percent of the total number of shares with voting right of such person;

(4) a company which is newly established for the purpose of applying for derivatives business license type Sor-1 whose shareholder is a commercial bank or the securities company under either (1) or (2) holding more than 50 percent of the total number of shares with voting right of such company;

(5) securities companies other than the securities company under (1) and (2) but not including financial institutions established by any other law which have obtained securities business license after acquiring a status as financial institution;

(6) a person who obtains derivatives business license in the category of derivatives broker limited to gold derivatives;

(7) a commercial bank;

(8) other financial institutions as prescribed by the Securities and Exchange Commission; or

(9) newly established company other than companies under (4) for the purpose of applying for derivatives business license type Sor-1.

Clause 6 An applicant for derivatives business license type Sor-2 shall be a securities company which obtains a securities business license type B or is in a process of applying for such license.

Clause 7 An applicant for derivatives business license in the category of derivatives advisory service shall be a securities company which obtains a securities business license in the category of investment advisory service or is in a process of applying for such license.

Clause 8 An applicant for derivatives business license in the category of derivatives fund management shall be a securities company which obtains a securities business license type C or is in a process of applying for such license.

Clause 9 An applicant shall be granted a derivatives business license type Sor-1 only upon meeting the following qualifications:

(1) Having paid up registered capital not less than one hundred million baht;

(2) Not having a reasonable ground to believe that the applicant has financial condition that is likely to cause damage or any other circumstances indicating the applicant's financial hardship, including not having any reasonable ground to believe that the applicant has any deficiency or inappropriateness regarding the sound business control conduct;

(3) Being able to maintain capital funds and set aside reserve capital in compliance with law establishing such legal entity or law controlling business undertaking of such legal entity;

(4) Being able to show that person who is director, manager or person with managerial authority being responsible for the applicant's undertaking of derivatives business has qualifications and does not have any prohibited characteristics under Section 24 and the notification of the Securities and Exchange Commission or the notification of the Capital Market Supervisory Board concerning qualifications and other prohibited characteristics of the derivatives business's executives ;

(5) Being able to show that person who is major shareholder does not have any prohibited characteristics under the second paragraph of Section 25 and the notification of the Capital Market Supervisory Board concerning prohibited characteristics of major shareholders of derivatives business operator, and in the case where such major shareholder is a legal entity, its director, manager and partner also shall not have any of such prohibited characteristics.

In case of application for derivatives business license type Sor-2, or derivatives business license in the category of derivatives advisory service or derivatives fund management, the applicant shall be granted such derivatives business license only upon meeting the qualifications under (2), (3), (4) and (5) of the first paragraph.

Chapter 2

Application of License and Issuance of Derivatives Business License

Clause 10 An applicant shall file an application with the Office in accordance with form and procedure together with supplementary documents as specified in the electronic work system of the Office.

Clause 11 In applying for license, the application shall be filed in the following period:

(1) In case of the applicant under Clause 5(1), (2), (3) and (4), Clause 6, Clause 7 and Clause 8, the application shall be filed from the date from which this Notification comes into force onwards;

(2) In case of the applicant under Clause 5(5), (6), (7), (8) and (9), the application shall be filed from 1 January 2012 onwards.

Clause 12 In the case where the Office considers that the applicant has properly and fully met the qualifications prescribed under Clause 9, the Office shall make proposal to the Securities and Exchange Commission for consideration of issuing a license within sixty days from the date on which the Office receives the complete application and supplementary documents, the Securities and Exchange Commission shall complete its consideration for issuance of derivatives business license within thirty days from the date of receipt of the Office's proposal.

In the case where the Securities and Exchange Commission issues the derivatives business license type Sor-2, or derivatives business license in the category of derivatives advisory service or derivatives fund management to the applicant who has not already obtained a securities business license type B, or a securities business license in the category of investment advisory service or a securities business license type C, as the case may be, the derivatives business license so issued shall become effective when the relevant securities business license has become effective.

The derivatives business license shall be in the form attached hereto.

Clause 13 The derivatives business licensee shall comply with the following conditions:

(1) The licensee shall commence operation of derivatives business in the category specified in the license only after the Office having completed its inspection, is of the view that the licensee is able to show that it has:

(a) already provided sound and effective arrangements for management;

(b) policy and effective measures for preventing conflict of interests, leaking of inside information between units and personnel, internal control and risk management for operation of derivatives business in the category to be commenced including measure for controlling and monitoring the compliance with the policy and measures set in place;

(c) operational system promptly for operation of derivatives business in the category to be commenced;

(d) human resources promptly for operation of derivatives business in the category to be commenced;

(2) The licensee shall undertake any of the categories of derivatives business specified in the license within one hundred and eighty days from the date of obtaining the license except where the licensee is a securities business which has already been undertaking securities business;

(3) The licensee shall maintain the qualifications under Clause 9 and take steps in the matter shown under (a), (b), (c) and (d) of (1) at all time during which it undertakes derivatives business;

(4) The licensee of derivatives business license type Sor-1 which is the legal entity under Clause 5(3) or (4) and obtained the license prior to 1 January B.E. 2555 shall maintain shareholding proportion by the commercial bank or securities company which obtains a securities business license in the category of securities brokerage not limited to debt securities or investment units in compliance with the requirements set out in Clause 5(3) or (4), as the case may be, until 31 December B.E. 2554;

(5) The following licensee of derivatives business license type Sor-1 shall maintain the status as a legal entity in conglomerate at all time during the period of undertaking derivatives business and in accordance with details on the most recent shareholding structure shown to the Office:

(a) The licensee being granted a waiver on the derivatives business license fee under Clause 16(3);

(b) The licensee having a legal entity in the conglomerate being a securities company obtaining a securities business license type A where the said securities company has been granted a reduction in the securities business license fee in accordance with the Ministerial Regulation Concerning Granting of Approval for Undertaking Securities Business;

(6) The licensee of derivatives business license type Sor-2, or derivatives business license in the category of derivatives advisory service or in the category of derivatives fund manager shall be the securities company which has a securities business license type B, or a securities business license in the category of investment advisory service or a securities business license type C, as the case may be, at all time during its undertaking of derivatives business.

If the derivatives business licensee fails to satisfy any condition set out under the first paragraph, the Securities and Exchange Commission may revoke its license.

Clause 14 Subject to Clause 15, Clause 16 and Clause 17, the fees for application and issuance of license for undertaking derivatives business shall be as follows:

(1) Application fee for derivatives business license shall be thirty thousand baht per application;

(2) Fee for derivatives business license type Sor-1 shall be five million baht per license.

The license fee shall be paid by the licensee on the date when it receives the license.

Clause 15 In case of simultaneous filing of application for derivatives business license and securities business license, if the applicant or a legal entity in the conglomerate of the applicant has paid the application fee for such securities business license, the application fee under this Notification shall be waived.

Clause 16 In case of applying for derivatives business license type Sor-1, the application fee under Clause 14(2) shall be waived if the applicant is one of the following legal entities:

(1) A securities company having obtained a securities business license type A;

(2) A person having obtained derivatives business license in the category of derivatives broker not limited to debt securities derivatives or gold derivatives;

(3) A licensee having a legal entity in the conglomerate being a securities company which has obtained a securities business license type A or derivatives business license type Sor-1.

Clause 17 In case of application for derivatives business license type Sor-1, if the applicant has obtained derivatives business license in the category of derivatives broker limited to gold derivatives, the license fee paid by the applicant shall be reduced in the amount equal to the amount of the license fee already paid by the applicant for the said derivatives business license.

Chapter 3

Return of Existing Derivatives Business License

Clause 18 An applicant for derivatives business license for the purpose of undertaking derivatives business in addition to the categories already licensed derivatives business license previously obtained, shall file the application as specified in accordance with Chapter 2.

In filing the application under the first paragraph, the applicant shall file the application to return the derivatives business license obtained by the applicant or the legal entity in conglomerate prior to the date of filing such application altogether in accordance with Clause 19 or Clause 20, as the case may be.

Clause 19 In case of application for derivatives business license type Sor-1, an applicant shall take steps to return the derivatives business license in the following categories:

(1) derivatives business license type Sor-2, derivatives business license in the category of derivatives brokerage, derivatives advisory service and derivatives fund management obtained by the applicant prior to the date of filing the application;

(2) derivatives business license in the category of derivatives brokerage, excluding derivative business license in the category of derivatives brokerage limited to gold derivatives obtained by the legal entity in conglomerate prior to the date of filing the application.

Clause 20 In case of application for derivatives business license type Sor-2, an applicant shall take steps to the derivatives business license in the category of derivatives advisory service obtained by the applicant prior to the date of filing the application.

Clause 21 In the case where the licensee, being required to maintain its status of legal entity in the conglomerate pursuant to Clause 13(5), is to change its shareholding structure to the extent that it is unable to maintain such status but intends to continue undertaking the derivatives business as licensed, the licensee shall file an application to return such derivatives business license with the Office prior to the date of such change of shareholding structure together with the application for license of derivative business in the category of which it intends to undertake in accordance with Chapter 2.

Clause 22 In the case where a derivatives business license has been issued to an applicant filing the application to return the derivatives business license in accordance with the second paragraph of Clause 18 or Clause 21, as the case may be, such issued license shall be effective on the date of cancellation of the returned license.

Transitional Provisions

Clause 23 Any licensee of derivatives business pursuant to the notifications of the Securities and Exchange Commission which is repealed by this Notification shall continue to undertake the licensed derivatives business under the terms and conditions of that license.

Clause 24 In respect of any application for derivatives business license having been filed with the Office pursuant to the notifications of the Securities and Exchange Commission which is repealed by this Notification, and whose supporting documents having been duly filed in full prior to the date on which this Notification comes into force, the application and approval of which shall be proceeded in compliance with the said notifications and any relevant notifications.

Clause 25 Any licensee of derivatives business pursuant to the notifications of the Securities and Exchange Commission being repealed by this Notification who does not commence the operation of the derivatives business under the licensed category shall commence the operation of such derivatives business upon inspection by the Office that the licensee has proceeded to meet with the qualifications prescribed under the said notifications except for a case where there is difference in procedures which does not result in any material change of the qualifications stated in the application.

Clause 26 Any licensee of derivatives business in the category of derivatives brokerage which is a company newly established for the purpose of applying for such license pursuant to the Notification of the Securities and Exchange Commission No. KorThor. 56/2547 Re: Licensing Derivatives Business Operator in the Category of Derivatives Brokerage dated 25 November 2004 which is repealed by this Notification shall maintain the shareholding structure by a commercial bank or securities company having obtained the securities business license in the category prescribed by the said notification in the proportion exceeding fifty percent of the total number of shares with voting right of the licensee until 31 December 2011.

Notified this

(Mr. Vijit Supinit)

Chairman

The Securities and Exchange Commission

Remarks: The reason for issuing this Notification is that it deems appropriate to modify the qualifications of applicants for derivatives business license to offer opportunity to business operators with proper qualifications and readiness in term of financial and management capability to undertake derivatives business as well as to improve the issuance of derivatives business license so as to cover a number of derivatives business categories so that licensed operators are able to offer a fully integrated services in respect of derivatives business similar to the case of issuance of license for securities business which is closely related with derivatives business.