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**Notification of the Office of the Securities and Exchange Commission**

**No. SorThor. 2/2549**

**Re: Preparation and Keeping of Information Relating to Derivatives Trading**

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By virtue of Clause 11, Clause 14 and Clause 24 of the Notification of the Office of the Securities and Exchange Commission No. KorThor. 65/2547 Re: Rules for the Undertaking of Derivatives Business for Licensed Derivatives Broker dated 22 December 2004, the Office of the Securities and Exchange Commission hereby issues the following regulations:

**Clause 1.** In this Notification:

“Derivatives broker” means any person licensed to undertake derivatives business in the category of derivatives broker.

“Derivative exchange” means any derivative exchange licensed by the Securities and Exchange Commission.

“Initial margin” means the minimum amount of asset a customer must deposit to secure the performance of derivatives contract when a derivative position is initiated.

“Maintenance margin” means the minimum amount of asset a customer must maintain as long as the derivatives position is held, in order to secure the performance of derivatives contract.

**Clause 2.** Derivatives broker shall provide evidences relating to derivatives trading as follows:

(1) The evidence relating to the taking and executing of customer’s derivatives trading order, containing at least the details of transactions executed by it for the customer from the time the order is taken until the transaction is completed;

(2) Confirmation statement;

(3) The evidence of margin call in the case where the derivatives broker calls for a customer to deposit additional margin;

(4) Account of derivatives trading of each customer.

Derivatives broker must send the confirmation statement and the evidence of margin call under the first paragraph to customers by the method agreed with the customers within the next business day from the transaction date or the margin call date, as the case may be.

**Clause 3.** Derivatives broker must at the minimum represent the following information in the confirmation statement of a customer:

- (1) The name of the customer or the customer's derivatives account number;
- (2) The transaction date;
- (3) The contract specifications including contract type, type of underlying assets or variables, settlement month, etc. or the derivatives symbol assigned by a derivatives exchange;
- (4) The amount and price of a derivatives contract;
- (5) The type of transaction, such as opening or close-out of derivatives position;
- (6) Fees charged on the derivatives transaction.

**Clause 4.** Derivatives broker must show in the evidence of margin call at least the information as set out under Clause 3(1) and (3) as well as the following information:

- (1) The required amount of the initial margin and maintenance margin. If the derivatives broker require different amount of initial margin and maintenance margin in respect of any derivatives position, the amount of the initial margin and maintenance margin for such position by contract shall be indicated;
- (2) The market price of derivatives contract at the end of business day;
- (3) The loss in derivatives position and the balance amount of the margin of customer marked to market;
- (4) The amount and type of property to be deposited following a margin call by the derivatives broker to a customer.

**Clause 5.** Derivatives broker shall show in the account of derivatives trading of each customer at least the information as set out under Clause 3 and Clause 4 as well as the following information:

- (1) Customer type, whether an institutional or retail investor, and also indicate where a customer placing orders for several persons or through series of accounts in undisclosed manner (omnibus account);
- (2) Derivatives position limit of customer at any time;

- (3) Derivatives position of customer that is still open (open interest);
- (4) The amount and type of asset deposited as margin or for settlement of derivatives contract on maturity;
- (5) The profit in derivatives position and the balance amount of the margin of customer marked to market;
- (6) The amount and type of asset exceeding the amount of the maintenance margin.

**Clause 6.** Derivatives broker shall prepare the confirmation statement, the evidence of margin call and the account of derivatives trading of each customer in writing, whether in Thai or English, and either in the form of documented information or electronic information.

**Clause 7.** Derivatives broker shall keep the evidence relating to derivatives trading under the following rules:

(1) Records of advice given to customers and derivatives orders placed by customers shall be kept for at least three months from the date on which the advice is given or order is placed, as the case may be. However, should there be any customers' complaint relating to the giving of advice or placing of order whose proceeding has not been completed within such period, the record of such advice or order must be kept until the complaint has been completely dealt with;

If the giving of advice or placing of order under the first paragraph has been made via telephone or by electronics mean, a record of audio tape or electronic storage medium thereof shall be kept by the derivatives agent.

(2) Records of the details of transaction executed for its customers, confirmation statement, evidence of margin call, account of derivatives trading of each customer and analysis report or article on the value or suitability of trading in derivatives, underlying assets or variables as specified in a derivatives contract, as well as other evidence relating to customers' derivatives trading, shall be kept for a minimum period of five years from either the transaction date, the margin call date, or the release date of such analysis report or article to customers, as the case may be, and shall be readily accessible or open to inspection by the Office during the first two years of the 5-year period.

**Clause 8.** This Notification shall come into force as from 16 February 2006.

Notified this 8<sup>th</sup> day of February 2006.

(Mr. Prasong Vinaiphat)  
Deputy Secretary-General  
Acting for Secretary-General  
The Office of the Securities and Exchange Commission