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**Notification of the Capital Market Supervisory Board**  
**No. TorThor. 25/2552**  
**Re: Rules, Conditions and Procedures for**  
**Lending of Money for Purchase of Securities**

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By virtue of Section 16/6 and Section 102 of the Securities and Exchange Act B.E.2535 (1992) as amended by the Securities and Exchange Act (No. 4) B.E. 2551 (2008) which contain certain provisions in relation to the restriction of rights and liberties of persons 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 the Capital Market Supervisory Board under Section 60 of the Securities and Exchange Act (No. 4) B.E. 2551 (2008) hereby issues the following regulations:

**Clause 1.** In this Notification:

(1) “**securities company**” means a company licensed to undertake securities business in the category of securities brokerage or securities dealing, but excluding a securities company licensed to undertake securities business in the category of brokerage or dealing of investment units;

(2) “**client**” means a person who makes loan agreement with a securities company for purchase of securities;

(3) “**margin account**” means an account which keeps records of lending of money to clients for purchase of securities or lending of securities to clients for selling;

(4) “**initial margin rate**” means a minimum rate of money which a client shall pay or listed securities which a client shall deposit as collateral for purchase of securities or a client’s excessive assets which a client shall have in a margin account in proportion to securities purchase value prior to making such purchase;

(5) “**client’s excessive assets**” means assets of any client in excess of the amount required to be maintained as set out by a securities company;

(6) “**client assets**” means the net value of cash, securities and any other assets deposited as collateral for debt repayment in a margin account of any client after deducting for indebtedness incurred from purchase or sale of securities therein;

(7) “**purchase value**” means the amount of money incurred from each transaction of securities purchase in a margin account including a brokerage fee for such transaction;

(8) “**Stock Exchange**” means the Stock Exchange of Thailand.

**Clause 2.** A securities company shall lend money only for purchase of the following securities:

(1) listed securities, but excluding share warrants, bond warrants, derivative warrants, and non-voting depository receipts of share warrants;

(2) shares issued for capital increase by companies listed on the Stock Exchange, provided that such shares have not yet been listed on the Stock Exchange.

A securities company shall set an initial margin of not less than fifty percent or at a rate set by the Stock Exchange, whichever is higher.

**Clause 3.** A securities company shall put in place an operation in relation to lending of money for purchase of securities at least as per the rules, conditions and procedures specified by the Office.

**Clause 4.** In cases where the Office has found that any securities company may face damage from violation or non-compliance with Clause 2 or Clause 3 or from decrease of collateral value to lower than liabilities in a margin account or from lack of good internal control system or risk management system relating to lending of money for purchase of securities, the Office shall have power to order such securities company to proceed as follows:

(1) cease lending of money for purchase of securities to new clients or cease additional lending of money for purchase of securities to existing clients;

(2) return money or listed securities which a client deposits in a margin account as collateral for purchase of securities in a portion which is left from the full amount of money or the value of listed securities after deducting indebtedness incurred from purchase or selling of securities in the margin account to such client;

(3) rectify, take or omit from actions relating to lending of money for purchase of securities.

In making orders under the first paragraph, the Office may prescribe rules and periods of time for proceeding of a securities company.

**Clause 5.** All notifications of the Office of the Securities and Exchange Commission, orders and circulars issued under or prescribing guidelines for compliance with the Notification of the Securities and Exchange Commission No. KorThor. 39/2540 Re: Rules, Conditions and Procedures for Lending of Money for Purchase of Securities dated 5 November 1997 which have been in effect prior to the effective date of this Notification shall remain in full force to the extent that they are neither inconsistent with

nor contradictory to the provisions of this Notification until notifications, orders and circulars issued under or prescribing guidelines for compliance with this Notification come into force.

**Clause 6.** Any reference made in any other notifications to the Notification of the Securities and Exchange Commission No. KorThor. 39/2540 Re: Rules, Conditions and Procedures for Lending of Money for Purchase of Securities dated 5 November 1997 shall mean reference to this Notification.

**Clause 7.** This Notification shall come into force as from 16 August 2009.

Notified this 20<sup>th</sup> day of July 2009.

-Signature-  
(Vijit Supinij)

Chairman  
Securities and Exchange Commission

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Remark: The rationale for issuing this Notification: As the Securities and Exchange Act (No. 4) B.E. 2551 (2008) stipulates that the issuance of rules, conditions and procedures for lending of money for purchase or sale or exchange of securities is under the authority of the Capital Market Supervisory Board, it is therefore deemed appropriate to issue this Notification as replacement for the Notification of the Securities and Exchange Commission No. KorThor. 39/2540 Re: Rules, Conditions and Procedures for Lending of Money for Purchase of Securities dated 5 November 1997.