

**TRANSLATED VERSION**

As of November 23, 2011

*Readers should be aware that only the original Thai text has legal force and that this English translation is strictly for reference.*

**Notification of the Securities and Exchange Commission**

**No. KorThor. 18/2554**

**Re: Principles for Undertaking Securities and Derivatives Businesses**

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By virtue of Section 14 of the *Securities and Exchange Act B.E. 2535 (1992)* as amended by the *Securities and Exchange Act (No.4) B.E. 2551 (2008)* and Section 9 of the *Derivatives Act B.E. 2546 (2003)* which contain certain provisions relating to the restriction of rights and liberty of persons which Section 29 in conjunction with Section 33, Section 34, Section 36, Section 41, Section 43, Section 44, Section 45 and Section 64 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** In this Notification:

“*intermediary*” means a securities company and a derivatives intermediary.

“*client*” means a person who uses or will use services relating to securities businesses from a securities company or derivatives business from a derivatives intermediary.

**Clause 2** In order that an *intermediary* obligates to operate its businesses properly, fairly and in compliance with codes of conduct and professional standards and in order that an intermediary’s services are reliably and trustworthy, the Securities and Exchange Commission hereby issues the principles for undertaking business as follows:

(1) honesty, fairness and integrity

An *intermediary* shall conduct its business with honesty, fairness and integrity by strongly being concerned about the market integrity as a whole;

(2) skill, care and diligence

An *intermediary* shall conduct its business with due skill, care and diligence;

(3) management and control

An *intermediary* shall take reasonable care to organise and control its affairs responsibly and effectively, with adequate risk management systems;

(4) financial prudence

An *intermediary* shall maintain substantial and adequate financial resources continuously;

(5) market conduct

An *intermediary* shall undertake business in keeping with proper standards of market conduct;

(6) competent staff readiness

An *intermediary* shall provide the competent personnel with the suitable amount for the business operation, and shall supervise its personnel to perform duties in accordance with laws, regulations, codes of conduct and relevant professional standards;

(7) conflicts of interest

An *intermediary* shall manage conflicts of interest fairly, both between itself or its personnel and its *clients* and between a *client* and another *client*;

(8) clients' interests

An *intermediary* shall pay regard to the interests of its clients and treat them fairly;

(9) know your *clients*

An *intermediary* shall compile [i] sufficient information relating to *clients* in order to identify the *clients* and [ii] other information for supporting its properly provided services;

(10) communications with *clients*

An *intermediary* shall pay due regard to the information needs of its *clients*, and communicate information to them in a way which is clear, not distortion and not misleading;

(11) clients' relationships of trust

An *intermediary* shall take reasonable care to ensure the suitability of its advice and discretionary decisions for any *client* who is entitled to rely upon its judgment of such services;

(12) clients' asset

An *intermediary* shall arrange adequate protection for clients' assets when it is responsible for them;

(13) relations with regulators

An *intermediary* shall deal with relevant regulators in utterly cooperative way, and shall disclose to or inform the SEC Office anything relating to the *intermediary* of which that would be useful or necessary to supervise it or be an order of capital market as a whole.

**Clause 3** This Notification shall come into force as from 1 December 2011.

Notified this 23<sup>th</sup> day of November 2011.

-signature-

(Nawaporn Ruangskul)

Chairman

The Securities and Exchange Commission