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**Notification of the Capital Market Supervisory Board**

**No. TorThor. 93/2552**

**Re: Rules for Undertaking Derivatives Brokerage Business Overseas  
for derivatives Brokers  
(codified)**

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By virtue of Section 18 of the Derivatives Act B.E. 2546 (2003) which contains certain provisions relating 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 Capital Market Supervisory Board hereby issues the following regulations:

**Clause 1.** In this Notification:

(1) the terms “foreign securities” and “allocated quota” shall have the same meanings as such definitions as specified in the Notification of the Capital Market Supervisory Board concerning rules, conditions and procedures for brokerage and dealing in foreign securities issued under the law on securities and exchange;

(2)<sup>1</sup> “derivatives broker” means entity licensed to undertake derivatives business in the category of derivatives brokerage which is securities company in the category of securities brokerage or securities dealing not limited to debt securities or investment units;”

(3) “derivatives” means derivatives under law on derivatives and any other similar contracts;

(4) “foreign derivatives exchange” means juristic person established under foreign law which is capable of providing derivatives exchange service under law of such jurisdiction and is under supervision of authority or agency having duty to supervise derivatives;

(5) “foreign derivatives business operator” means juristic person established under

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<sup>1</sup> As amended by the Notification of the Capital Market Supervisory Board No. TorThor. 25/2555  
Re: Rules for Undertaking of Derivatives Business Overseas for Derivatives Brokers (No.2)  
dated 12 May 2012

foreign law which capable of providing derivatives brokerage service under law of such jurisdiction and is under supervision of authority or agency having duty to supervise derivatives;

(6) “Association of Securities Companies” means Association of Securities Companies licensed and registered with the SEC Office under law on securities and exchange.

**Clause 2.** This Notification shall be applicable to providing derivatives brokerage service overseas by using allocated quota, providing that provision in Clause 4 of the Notification of the Capital Market Supervisory Board No. TorThor. 80/2552 Re: Rules on Undertaking of Derivatives Business for Licensed Derivatives Brokers dated 3 August 2009 shall be applicable with such service.

In case of providing off-exchange derivatives brokerage service overseas, derivatives broker shall provide service related to derivatives as specified by the SEC Office only.

**Clause 3.**<sup>2</sup> Derivatives broker, by itself or by assigning overseas derivatives business operator as agent, may provide client with service of submitting derivatives trading order in overseas derivatives exchange.

**Clause 4.** In providing service under Clause 3, derivatives broker shall undertake the followings:

(1) arranging to have process to ensure that customer acknowledge risks associated with derivatives trading on foreign derivatives exchange and at least prepare disclosure document indicating risk associated with derivatives trading on foreign derivatives exchange which at least contains particulars and substances under the guideline for risk disclosure document specified by the Association of Securities Companies with approval of the SEC Office;

(2) notifying customer of detailed procedures for submission of trading order, placing of collateral, payment of debt under derivatives and any other details related to such procedures as well as compliance with foreign derivatives exchange rules for derivatives trading;

(3) complying with procedures, rules and any other practices related to providing derivatives brokerage service on foreign derivatives exchange specified by the Association of Securities Companies with approval of the SEC Office.

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<sup>2</sup> As amended by the Notification of the Capital Market Supervisory Board No. TorThor. 25/2555 Re: Rules for Undertaking of Derivatives Business Overseas for Derivatives Brokers (No.2) dated 12 May 2012

**Clause 5.** When derivatives broker receives customer's order to trade derivatives on foreign derivatives exchange, derivatives broker shall examine allocated quota available for such customer to ensure that each derivatives trading will not exceed the allocated quota.

**Clause 6.** Provisions in Clause 3, Clause 4 and Clause 5 shall be applicable to providing off-exchange derivatives brokerage service overseas, *mutatis mutandis*.

**Clause 7.** This Notification shall come into force as from 1 November 2009.

Notified this 15<sup>th</sup> day of October 2009.

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(Vijit Supinit)

Chairman

Securities and Exchange Commission

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**Remark:** The rationale for issuing this Notification is to specify rules and to extend the scope of derivatives brokerage service provided to general customers either on or off-foreign derivatives exchange for the purpose of managing risks associated with such customer's investment in foreign securities.