

TRANSLATED VERSION

As of June 3, 2014

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 Capital Market Supervisory Board

No. TorLorThor. 8/2557

Re: Rules on Personnel in the Capital Market Business

By virtue of Section 16/6 and Section 113 of the *Securities and Exchange Act B.E. 2535 (1992)*, as amended by the *Securities and Exchange Act (No.4) B.E. 2551 (2008)*, Section 100, Section 103(9) and (10), Section 109, Section 114, Section 115, Section 116 and Section 117 of the *Securities and Exchange Act B.E. 2535 (1992)*, the second paragraph of Section 133 and Section 134 of the *Securities and Exchange Act B.E. 2535 (1992)*, as amended by the *Securities and Exchange Act (No. 2) B.E. 2542 (1999)* and Section 15, Section 18, Section 23(3) and (5) and the first paragraph of Section 24 of the *Derivatives Act B.E. 2546 (2003)*, the Capital Market Supervisory Board hereby issues the following regulations:

Clause 1 This Notification shall come into force as from 1 July 2014.

Chapter 1

General Provisions

Clause 2 In this Notification, application form and the tables attached hereunder:

“intermediary” means a securities company or a derivatives intermediary.

“fund management company” means a securities company licensed to undertake securities business in the category of mutual fund or private fund management, or derivatives investment management company.

“fund” means mutual fund and private fund.

“investor” means any person interested in investing in *capital market products* including [existing] *clients* of an *intermediary*.

“institutional investor” means an *institutional investor* as specified in the *Notification of the Securities and Exchange Commission concerning the Determination regarding Definition of Institutional Investor and High Net Worth Investor*.

“client” means user of an *intermediary*’s services.

“Stock Exchange” means the Stock Exchange of Thailand.

“derivatives exchange” means the derivatives exchange established under the *Derivatives Act B.E. 2546 (2003)*.

“derivatives clearing house” means the derivatives clearing house established under the *Derivatives Act B.E. 2546 (2003)*.

“association” means:

(1) an association relating to a securities business, of which objectives is for promoting and developing securities business, having obtained an approval to establish from and having registered [such establishment] with the SEC Office;

(2) an association relating to supervision of a derivatives intermediary, of which objectives is for promoting and supervising the derivatives intermediary, having obtained an approval [for establishment] from the Securities and Exchange Commission.

“financial institution” means a financial institution under the *Interest on Loan of Financial Institutions Act B.E. 2523 (1980)*, except as specified in Chapter 7.

“capital market product” means securities and derivatives.

“general manager” means a person who is assigned by the board of directors to be the highest level responsible person in the management of a company.

“head of department” means a person responsible for the work in the departmental level of a company.

“branch manager” means a manager of the branch office or a person responsible for the operation of a branch office.

“fund manager” means a mutual fund manager or a private fund manager who performs the duty of making decisions on investment in or disposing of securities or any other asset except real estate, leasehold interest in property or seeking benefits by other methods.

“property fund manager” means a property fund manager under the *Notification of the Office of the Securities and Exchange Commission concerning Rules, Conditions and Procedures for Establishment and Management of Property Fund.*

“infrastructure mutual fund manager” means an infrastructure mutual fund manager under the *Notification of the Capital Market Supervisory Board concerning Rules, Conditions and Procedures for Establishment and Management of Infrastructure Fund.*

“derivatives investment manager” means a person who is assigned by a derivatives investment management company to make investment decisions for seeking benefits from derivatives for *clients*.

“member of fund investment committee” means a member of a committee which is appointed or assigned by a *fund management company* to consider and determine the scope of investment of mutual fund, private fund or derivatives investment management.

“investment management assistant” means a person who performs the duty of assisting decision making to invest or trade *capital market product* and could access information on investment by virtue of performing such duty, regardless by whichever name of position of such person is called.

“investment consultant” means a person providing investment consultation to investors, relating to solicitation for investment or providing consultation for trading or investing in *capital market product*, without planning or analyzing of investment.

“investment planner” means a person providing investment consultation to investors and being allowed to make an investment plan in conjunction with such consultation by incorporating in-depth information on each *client* in order to specifically plan and provide investment consultation on *capital market product* in line with the risk tolerance and the investment objective of each *client*.

“investment analyst” means a person providing investment consultation to investors and being allowed to analyze investment, relating to the value and appropriateness for trading or investing in *capital market product* whether or not the analysis is fundamental or technical, in conjunction with such consultation.

“*fundamental analysis*” means an analysis to seek an appropriate value of *capital market product* by [i] considering factors which impact on future performance, for instance, economic, financial, political, and related industrial factor, including managerial direction of an entity issuing *capital market product* and various business risks and [ii] analyzing past and present performance so as to forecast future performance.

“*technical analysis*” means an analysis by [i] using historical price and trading volume of *capital market product* or historical market activity and [ii] forecasting future performance of securities and derivatives prices or market activity from graphs, technical analysis concept and scenario test.

Clause 3 The SEC Office may announce a detailed guideline for the benefit of compliance with the requirements under this Notification. In case of having complied with such guideline, it shall be deemed that an *intermediary* has already complied with the requirements under this Notification.

Chapter 2

Appointment or Assignment of Personnel in the Capital Market Business

Clause 4 Personnel in the capital market business performing their duties in any of the following functional fields shall have the qualifications, possess no prohibited characteristics, or obtain an approval [from the SEC Office], as the case may be, as prescribed in this Notification:

- (1) managing, determining, controlling and supervising business policy of an *intermediary*;
- (2) controlling, supervising and managing business units relating to investment advice, investment planning, analysis of investment or *capital market products*, investment management or management of the *intermediary*'s branch office;
- (3) controlling, supervising and managing business units relating to operational function, compliance function, internal audit or risk management;

(4) managing investment in *capital market products*, financial instruments or other specified assets;

(5) providing analysis, advice or planning of investment for clients.

Clause 5 Personnel in the capital market business performing functions under Clause 4(1) are persons holding the following positions, excluding the person under Clause 10:

(1) director;

(2) *general manager*;

(3) person holding a position equivalent to the positions under sub clause (2) called by other names;

(4) advisor of securities company under Section 103 of the *Securities and Exchange Act B.E. 2535 (1992)*.

Clause 6 Personnel in the capital market business performing functions under Clause 4(2) are persons holding the following positions, excluding the person under Clause 10:

(1) deputy manager;

(2) assistant manager;

(3) *head of department*;

(4) *branch manager*;

(5) person holding a position equivalent to the positions under sub clause (1) to (4) called by other names.

Clause 7 Personnel in the capital market business performing functions under Clause 4(3) are persons holding the following positions, excluding the person under Clause 10:

(1) deputy manager;

(2) assistant manager;

(3) *head of department*;

(4) the highest level responsible person in the compliance unit;

(5) person holding a position equivalent to the positions under sub clause (1) to (4) called by other names;

(6) member of a committee which is appointed or assigned by an *intermediary* to perform duties relating to operational function, compliance function, internal audit or risk management, for instance, a compliance committee, a [proprietary trading] investment committee or a risk management committee, etc.;

(7) person holding a position called by any name who provides consultation or opinion to the committee under sub clause (6).

Clause 8 Personnel in the capital market business performing functions under Clause 4(4) are persons holding the following positions:

(1) *fund manager*;

(2) *property fund manager*;

(3) *infrastructure mutual fund manager*;

(4) *derivatives investment manager*;

(5) *investment management assistant* of persons holding the positions under sub clause (1) to (4);

(6) *member of fund investment committee*;

(7) person holding a position called by any name who provides consultation or opinion to the committee under sub clause (6);

(8) person who executes buying and selling orders for a *fund*.

Clause 9 Personnel in the capital market business performing functions under Clause 4(5) are persons holding the following positions, excluding the person under Clause 11:

(1) *investment consultant*;

(2) *investment planner*;

(3) *investment analyst*.

Clause 10 This Notification is inapplicable to an appointment of person to hold the positions under Clause 5, Clause 6 or Clause 7 in any of the following cases:

- (1) the appointment by an *intermediary* registered to be a derivatives intermediary;
- (2) the appointment of a person exempted under Section 103(7) of the *Securities and Exchange Act B.E. 2535 (1992)*;

Clause 11 This Notification is inapplicable to an appointment of person to be an *investment consultant, investment planner or investment analyst* in any of the following cases:

- (1) those persons appointed by an *intermediary* in the following categories:
 - (a) securities finance;
 - (b) venture capital management;
 - (c) securities borrowing and lending;
 - (d) inter-dealer brokerage.
- (2) those persons appointed to perform functions at overseas branch office or overseas representative office;
- (3) the appointment of a person, who has registered as bond trader with the Thai Bond Market Association, to be investment consultant for providing consultation on debt securities for *institutional investors* on behalf of the *intermediary* in the category of securities dealing,;
- (4) the appointing those persons for providing services relating to securities as follows:
 - (a) soliciting *clients* to trade investment units of money market fund established in accordance with the *Notification of the Office of the Securities and Exchange Commission concerning Establishment of Mutual Funds and Execution of Agreements for Private Fund Management*, of which policy is investment in domestic products;

(b) providing services of trading a government bond or a bond of which principal and interest are guaranteed by the Ministry of Finance on the condition that the holder shall be able to redeem on a fixed price or a minimum price as specified on the issuance date of such bond.

Clause 12 In order to appoint or assign any person to perform duties under Clause 4, an *intermediary* shall comply with the following rules, as the case may be:

(1) for appointing or assigning a person to hold the positions under Clause 5, such person shall meet the following criteria:

(a) having the qualifications and not possessing the prohibited characteristics according to Section 103 of the *Securities and Exchange Act B.E. 2535 (1992)* or Section 23 of the *Derivatives Act B.E. 2546 (2003)*;

(b) having the qualifications and not possessing the prohibited characteristics as specified in Chapter 3;

(c) having obtained an approval from the SEC Office prior to performing function, except for any of the following cases:

1. the *intermediary* is a financial institution established under other laws and licensed to undertake securities business as prescribed by Section 111 of the *Securities and Exchange Act B.E. 2535 (1992)*;

2. it is the appointment or assignment to be a consultant of a securities company under Section 103 of the *Securities and Exchange Act B.E. 2535 (1992)*;

(2) for appointing or assigning a person to hold the positions as prescribed in Clause 6, such person shall meet the following criteria:

(a) having the qualifications and not possessing the prohibited characteristics under Section 103 of the *Securities and Exchange Act B.E. 2535 (1992)* or Section 23 of the *Derivatives Act B.E. 2546 (2003)*;

(b) having the qualifications and not possessing the prohibited characteristics as specified in Chapter 3;

(c) having obtained an approval from the SEC Office prior to performing function, unless the *intermediary* is a financial institution established under other laws and licensed to undertake securities business as prescribed by Section 111 of the *Securities and Exchange Act B.E. 2535 (1992)*;

(3) for appointing or assigning a person to hold the positions under Clause 7, such person shall meet the following criteria:

(a) having the qualifications and not possessing the prohibited characteristics under Section 103 of the *Securities and Exchange Act B.E. 2535 (1992)* or Section 23 of the *Derivatives Act B.E. 2546 (2003)*;

(b) having the qualifications and not possessing the prohibited characteristics as specified in Chapter 3.

(4) for appointing or assigning a person to hold the positions under Clause 8 or Clause 9, such person shall meet the following criteria:

(a) having the qualifications and not possessing the prohibited characteristics as specified in Chapter 3;

(b) having obtained an approval from the SEC Office prior to performing function.

Chapter 3

Qualifications and Additional Prohibited Characteristics of Personnel in the Capital Market Business

Clause 13 Personnel in the capital market business shall be persons who [i] have ability and work experience and [ii] attend training courses or pass the examination of courses provided by the SEC Office or the organizations recognized by the SEC Office, as specified in the tables of qualifications for each category of personnel as attached to this Notification.

Clause 14 Personnel in the capital market business shall be persons who do not possess the prohibited characteristics as specified in Chapter 7.

Chapter 4
Application for Approval and Granting of Approval

Division 1
Application for Approval

Clause 15 The submission of an application for obtaining approval to be personnel in the capital market business and a renewal of such approval shall be in accordance with the rules, conditions and procedures for consideration of granting an approval as stipulated by the Notification of the SEC Office.

Division 2
Period of Approval and Renewal

Clause 16 The approval of personnel in the capital market business shall take effect accordingly:

(1) in case of personnel under Clause 5, Clause 6 and Clause 8(5) (6) (7) and (8), the approval shall last as long as such person perform duties or hold positions as specified under those clauses for an *intermediary*;

(2) in case of the personnel under Clause 8(1) (2) and (4), the approval shall last for 2 calendar years, in which case the first application for approval shall take effect as of the date when an approval is granted, but the 2-year period shall begin as from the 1st day of January of the following year. In this regard, in case of granting an approval for the person who have already obtained an approval to perform function in any position under Clause 8(1) (2) or (4), and such period of approval has not ended, the approval of all kinds shall end in concurrent with the period of the latest approval.

(3) in case of the personnel under Clause 8(3), the approval shall last as long as such person have qualified to be the *fund manager* under Clause 8(1) or the *property fund manager* under Clause 8(2), as the case may be.

(4) in case of the personnel under Clause 9, the approval shall last for 2 calendar years, in which case the first application for approval shall take effect as of the date when an approval is granted, but the 2-year period shall begin as from the 1st day of January of the following year. In case an approval to be which one of *investment analyst*, *investment consultant* or *investment planner* has been granted and the period of such approval has not ended, the following rules shall apply:

(a) in case the latter approval for such position has the scope of duties exceeding the earlier approval, the period of the previous approval shall end on the date when the latter approval takes effect;

(b) in other cases apart from sub clause (a), the period of approval of all types shall cease on the expired date of the latest approval.

Clause 17 The application for renewal of approval of personnel under Clause 8(1), (2) and (4) and Clause 9 shall be submitted as from 1 September to 15 December of the year when the approval comes to an end.

Division 3

Termination of Approval

Clause 18 The approval of personnel in the capital market business shall be terminated upon occurrence of any of the following circumstances:

(1) when such persons no longer have the qualifications or possesses the prohibited characteristics as prescribed in Clause 12. In case such persons possess the prohibited characteristics after an approval is granted, such approval shall be terminated in accordance with the rules as prescribed in Division 2 of Chapter 7;

(2) when such persons are the personnel under Clause 5, Clause 6 and Clause 8(5), (6), (7) and (8) who no longer perform duties or hold positions as specified under those clauses for an *intermediary*;

(3) when such persons are the personnel under Clause 8(1), (2) and (4) and Clause 9 who do not apply for a renewal of approval under Clause 17;

(4) when such persons are the personnel under Clause 8(3) who are unqualified to be *fund manager* under Clause 8(1) or *property fund manager* under Clause 8(2), as the case may be.

Chapter 5

Duties of Intermediary

Clause 19 An *intermediary* shall report the appointment and the discontinuation of the following persons to the SEC Office through a system prepared on the website of the SEC Office within 7 business days as from the occurrence of such circumstance:

- (1) persons under Clause 5, Clause 6, Clause 8 and Clause 9 who has to obtain approval from the SEC Office only;
- (2) the highest level responsible person in the compliance unit under Clause 7(4).

Clause 20 An *intermediary* shall prepare the information on the appointment and the discontinuation of the following persons and keep it at the company to be ready for retrieval or inspection by the SEC Office upon request.

- (1) the persons under Clause 5 and Clause 6 of the *intermediary* who is a financial institution established under other laws and licensed to undertake securities business as stipulated by Section 111 of the *Securities and Exchange Act 2535 (1992)*;
- (2) an advisor of a securities company under Clause 5(4);
- (3) the persons under Clause 7(1), (2), (3), (5), (6), and (7).

Clause 21 An *intermediary* shall conspicuously announce the names of the persons under Clause 8(1), (2), (3) and (4) at its every office, and also disclose those names on its website. In case of changing the names of persons on the displayed list, the *intermediary* shall update the list within 14 days as from the date of such change.

Clause 22 An *intermediary* shall report the SEC Office in writing in case there is a certain fact appeared that the persons appointed or assigned to perform functions [of the positions under Clause 5 to Clause 9] by the *intermediary* do not have the qualifications or possess the following prohibited characteristics within 7 business days as from the date when the *intermediary* becomes aware or should be aware of such fact:

- (1) failing to have the qualifications or possessing the prohibited characteristics under Section 103 of the *Securities and Exchange Act B.E. 2535 (1992)* or Section 23 of the *Derivatives Act B.E. 2546 (2003)*;
- (2) possessing the prohibited characteristics in Group 1 under Clause 29 or in Group 2 under Clause 30, excluding the prohibited characteristics as a result of the execution of the SEC Office.

Chapter 6

Duties of Personnel in the Capital Market Business

Chapter 23 Personnel in the capital market business shall perform duties in accordance with the following regulations:

- (1) performing duties or providing services with loyalty;
- (2) performing duties with responsibility and deliberation as a professional and treating each *investor* with fairness, carefulness and circumspection by taking into account the interest of *investors* at most;
- (3) performing duties in accordance with the *Securities and Exchange Act B.E. 2535 (1992)*, the *Derivatives Act B.E. 2546 (2003)* and the Notification issued by virtue of such laws in the part relating to the performance of their duties;
- (4) performing duties in accordance with the codes of conduct and professional standards as specified by the *associations* and approved by the SEC Office or the agencies relating to capital market business which are recognized by the SEC Office;

(5) not having a demeanor of unfair act or taking advantage of *investors* on trading or investing in *capital market product*, or participating in or supporting such acts performed by other persons.

Clause 24 In case personnel in the capital market business have breached or failed to comply with Clause 23, the SEC Office shall consider and proceed in accordance with the regulations regarding possession of prohibited characteristics in Group 3 under Chapter 7.

Clause 25 In case personnel in the capital market business are persons registered with the *Stock Exchange* or the *derivatives exchange* as an agent of a *member* who can place trading order through the system for trading *capital market products*, if such persons have breached or failed to comply with the regulations prescribed by the *Seock Exchange* or the *derivatives exchange* and such regulations is the same matter under this Chapter, and the *Stock Exchange* or the *derivatives exchange* has already imposed a penalty on such persons in accordance with their respective regulations, the SEC Office may not proceed in accordance with Clause 24 on such persons if the SEC Office deems that such persons have already been punished appropriately.

The provision under the first paragraph shall not be applicable to the case that *Stock Exchange* or the *derivatives exchange* imposes penalty of fine on them.

“*member*” under the first paragraph means member of the *Stock Exchange* or the *derivatives exchange*, as the case may by.

Clause 26 The provisions under Clause 25 shall be applicable, *mutatis mutandis*, to personnel in the capital market business who have been registered as members of the Thai Bond Market Association, in case those persons have breached or failed to comply with the regulations relating to the same matter in this Chapter and the Thai Bond Market Association has already imposed a penalty on such persons in accordance with its regulations.

Chapter 7
Prohibited Characteristics of Personnel in
the Capital Market Business

Clause 27 In this Chapter:

“financial institution” means:

- (1) commercial bank business, financing business, credit forcier business;
- (2) securities business;
- (3) derivatives business;
- (4) insurance business;
- (5) governmental financial institution established under a specific law.

Division 1
Prohibited Characteristics

Clause 28 Personnel in the capital market business shall not possess the following prohibited characteristics:

- (1) having deficiency in legal competency, being subject to legal action under the law governing supervision of capital market, or lacking trustworthiness as specified as prohibited characteristic in Group 1 under Clause 29;
- (2) having a record of legally proceeding against or being punished for management in the manner of deceit, fraud or dishonesty¹ relating to offences against property as specified as prohibited characteristic in Group 2 under Clause 30;
- (3) having a reasonable ground to believe that there is a materially inappropriate demeanor [i] affecting *clients, investors*, the company, shareholders as a whole, money market or capital market on a whole as specified as prohibited characteristic in Group 3 under Clause 31.

¹ Dishonesty defined as the dishonesty as prescribed in Section 1 of *the Criminal Code B.E. 2499 (1956)* which means doing any act in order to procure, for himself or the other person, any advantage to which he is not entitled by law.

Clause 29 The following matters shall be deemed prohibited characteristics in Group 1:

(1) being under receivership by court order or being a bankrupt;

(2) being an incompetent or quasi-incompetent person;

(3) [i] being accused by the SEC Office or being prosecuted as a result of such accusation or [ii] having been imprisoned by the final judgment of a court regardless of whether the infliction of punishment has been suspended, and having been acquitted of the imprisonment or discharged of the probation for less than 3 years. In this regard, the aforementioned action has been proceeded only for the offences under the *Securities and Exchange Act. 2535 (1992)*, the *Derivatives Act B.E. 2546 (2003)* or the *Trust for Transactions in Capital Market Act B.E. 2550 (2007)* as specified on the list attached hereunder;

(4) being a person whose name the SEC Office has been rejected to put in or has been withdrawn from the database as for directors and executives of securities issuing companies as a result of lacking trustworthiness for being director and executive of the companies thereof, as prescribed by the *Notification of the Securities and Exchange Commission concerning Determination regarding Characteristics of Lacking Trustworthiness relevant to Directors and Executives of Companies*.

Clause 30 The following matters shall be deemed prohibited characteristics in Group 2:

(1) [i] being accused by the regulator of *financial institution*, regardless of local or foreign jurisdiction or being prosecuted as a result of such complaint, or [ii] having been imprisoned by the final judgment of a court regardless of whether the infliction of punishment has been suspended, and having been acquitted of the imprisonment or discharged of the probation for less than 3 years. In this regard, the aforementioned action has been proceeded only on the ground resulting from management in the manner of deceit, fraud or dishonesty² relating to offences against property which caused damage either to the *financial institution* or its *clients*;

² Ibid. FN 1

(2) having been imprisoned by the final judgment of a court regardless of whether the infliction of punishment has been suspended, and having been acquitted of the imprisonment or discharged of the probation for less than 3 years. In this regard the aforementioned action has been proceeded only for the non-compoundable offences about management in the manner of deceit, fraud or dishonesty³ relating to offence against property;

(3) being a person whose properties have been forfeited by the court's judgment to vest in the State under the law on Counter Corruption⁴, the law on Anti-Money Laundering⁵ or other laws in a similar manner, and having been acquitted for less than 3 years as from the date when the court has sentenced thereof;

(4) being considered, by the regulator of *financial institution* or an agency empowered by law regardless of local or foreign jurisdiction, to possess prohibited characteristics of [i] director, *general manager* or person responsible for function of position under Clause 4(2) or (3), [ii] executive of a *financial institution*, [iii] person responsible for providing consultation on financial services, managing or receiving *clients'* funds. In this regard, such prohibited characteristics are only on the ground resulting from management in the manner of deceit, fraud or dishonesty⁶ relating to offence against property;

(5) being a person under the following conditions:

(a) his obtaining approval has been suspended or revoked by the SEC Office, or he possesses a characteristic which causes the approval terminated, or he has been being proceeded regarding another matter in a similar manner which causes inability to perform duty as personnel in capital market business or as a director of the *derivatives exchange* or the *derivatives clearing house*;

³ Ibid. FN 1

⁴ law on counter corruption means the *Organic Act on Counter Corruption B.E. 2542 (1999)*

⁵ law on Anti-Money laundering means the *Anti-Money Laundering Act B.E. 2542 (1999)*

⁶ Ibid. FN 1

(b) the ground of occurrence under sub clause (a) as a result of performing function in a position which impacts on the suitability for performing function in the position under consideration;

(c) the ground of occurrence under sub clause (a) being commission of offence under the *Securities and Exchange Act B.E. 2535 (1992)* or the *Derivatives Act B.E. 2546 (2003)*, and the Notifications issued by virtue of such laws regarding management in the manner of deceit, fraud, dishonesty⁷ relating to offence against property, or lacking due care, loyalty or practice on code of conduct as a professional.

Clause 31 In case there is a reasonable ground to believe that the following demeanors are committed, it shall be deemed that such demeanors are prohibited characteristics in Group 3:

(1) having a reasonable ground to believe that there is or was [i] a misconduct against duty or service with reference to loyalty and fairness, [ii] lack of responsibility or deliberation as a professional, or [iii] a collusion or supporting such demeanors of other persons;

(2) having a reasonable ground to believe that there is or was [i] an unfair act or exploitation of *investors* in trading *capital market products* or [ii] a collusion or supporting such demeanors of other persons;

(3) having a reasonable ground to believe that there is or was [I] a demeanor of [i] disclosing or distributing information or document which is false and may be misleading or [ii] concealing material facts which should be informed clearly and may have an impact on decision making of *investors*, shareholders or relevant persons, regardless of whether it is information or document submitted to the SEC Office, the Capital Market Supervisory Board, the Securities and Exchange Commission, regulators of *financial institutions* or *investors*, or [II] a collusion or supporting such demeanors of other persons;

⁷ Ibid. FN 1

(4) having a reasonable ground to believe that there is or was a demeanor of negligent act relating to reasonable supervision to prevent juristic person or business under one's management or to prevent staffs under one's supervision (if any) from doing or omitting to do any act in violation or contradiction of the *Securities and Exchange Act B.E. 2535 (1992)*, the *Derivatives Act B.E. 2546*, the *Trust for Transactions in Capital Market B.E. 2550 (2007)* or the Notifications issued by virtue of such laws, which may cause untrustworthiness of securities business, derivatives business or trust business as a whole, or injury of business reputation, financial status, business operation or its *clients*;

(5) having a reasonable ground to believe that there is or was [i] a demeanor of lacking practice on code of conduct or standard of conduct relating to securities business or derivatives business which is announced by *associations* or organizations relating to securities business or derivatives business recognized by the SEC Office, or [ii] a collusion or supporting such acts of other persons.

Division 2

Effects of Possessing of Prohibited Characteristics

Clause 32 In case a person possessing the prohibited characteristics under Division 1 is an applicant for obtaining an approval as a personnel in the capital market business, the SEC Office shall reject the application for obtaining the approval thereof.

Clause 33 In case a person obtaining an approval from the SEC Office to be a personnel in the capital market business and holding the position under Clause 5, Clause 6, Clause 8 or Clause 9 has possessed prohibited characteristics under Division 1, the SEC Office shall proceed as follows:

- (1) in case of prohibited characteristics in Group 1 under Clause 29 or prohibited characteristics in Group 2 under Clause 30 (1) to (3), the SEC Office shall revoke the approval;
- (2) in case of prohibited characteristics in Group 2 under Clause 30 (4) or (5), the SEC Office shall either suspend or revoke the approval based on the ground of possessing such prohibited characteristics;

(3) in case of prohibited characteristics in Group 3 under Clause 31, the SEC Office may either suspend or revoke the approval as deemed suitable for such case.

Clause 34 In case a person who is personnel in the capital market business and holds the position under Clause 5, Clause 6 or Clause 7 and such position is not been required obtaining an approval from the SEC Office, has possessed prohibited characteristics under Division 1, an *intermediary* shall remove such person from the position thereof for the following periods:

(1) in case of prohibited characteristics in Group 1 under Clause 29, the removal shall begin when [i] the court has made final order or judgment relating to the specified matter [in the Clause thereof], or [ii] when the SEC Office accuses such person to the inquiry official or issues a letter notifying the possession of characteristic of lacking trustworthiness, as the case maybe, until such person no longer possesses such prohibited characteristics;

(2) in case of prohibited characteristics in Group 2, the removal shall begin when there is a certain fact appeared to the SEC Office that such person has possessed the prohibited characteristics under Clause 30 and the SEC Office has notified in writing relating to the possession of such prohibited characteristics to [i] the person under consideration and [ii] the *intermediary* by which such person is appointed or assigned, until such person no longer possesses the prohibited characteristics;

(3) in case of prohibited characteristics in Group 3 under Clause 31, the removal shall begin as from the issued date of the letter of the SEC Office in order to notify the possession of prohibited characteristics as specified under Clause 31 to [i] the person under consideration and [ii] the *intermediary* by which such person is appointed or assigned, until the condition specified by the SEC Office is completed or the period specified by the SEC Office elapses.

Clause 35 [i] In order to exercise power to reject an approval under Clause 32 and suspend or revoke an approval under Clause 33(2) or (3), or [ii] for the benefit of specifying condition or period under Clause 34(3), the SEC Office is empowered to perform one or many of the following acts for the replacement of or in conjunction with such power or specifying thereof, as the case may be:

(1) specifying a period or condition regarding [i] next application for approval or [ii] removal the person from the position additionally. In case of imposing specified period thereof, the period for each considered case shall not exceed 10 years;

(2) permitting the person to resume performing duties of personnel in the capital market business in the previous position without the requirement to submit an application for approval, in case of suspension order for a period not more than the period of approval;

(3) in case the demeanor, being within the scope of prohibited characteristics in Group 3 under Clause 31, is not severe or has occurred for more than 10 years up to the date when such fact appeared to the SEC Office, the SEC Office [i] may not consider such case as a ground for rejecting an approval, suspending or revoking an approval or removing from the position, or [ii] may disclose such inappropriate demeanor for the replacement of issuing order or removal thereof.

Division 3

Consideration of Prohibited Characteristics in Group 3

Clause 36 In deliberating the severity of demeanor which is deemed to be the possession of prohibited characteristics in Group 3 under Clause 31, or in deliberating an action under Clause 35, the SEC Office shall take the following factors into consideration:

- (1) relevant roles and demeanors of persons being considered;
- (2) [other] penalty which such person has already served;
- (3) impact on or damage to *clients, investors*, company or shareholders as a whole, money market or capital market as a whole, or benefits incurred from facts or demeanors under deliberation;

(4) [i] rectification or other acts useful for *clients*, *investors*, company or shareholders as a whole, [or] money market or capital market as a whole, or [ii] amendment, remedy or prevention against repetition of such similar facts or demeanors;

(5) other demeanors of the person under deliberation which benefit or impede the proceeding of the SEC Office;

(6) record or any other past demeanor which indicates inappropriateness to be a personnel in the capital market business or director of the *derivatives exchange* or the *derivatives clearing house*.

Clause 37 The SEC Office, by obtaining an endorsement from the Capital Market Supervisory Board, shall appoint a committee to [i] consider facts and evidence as well as propose opinions to the SEC Office relating to the consideration of the grounds for removing a person from the position, suspending or revoking approval of a person being personnel in the capital market business who possesses prohibited characteristics in Group 3 under Clause 31, [ii] provide opinions to the SEC Office in any matter relating to compliance with the provisions under this Chapter or [iii] announce a guideline and give instruction for process according to the guideline to the SEC Office.

The committee under the first paragraph shall comprise not more than 5 experts in money market or capital market, who shall not be the Secretary-General or staff of the SEC Office. Additionally, those experts shall be the combination of the one as representative of *investors*, the one being securities or derivatives trading expert and the two appointed from the name list proposed by *association*.

The committee shall appoint one member as Chairman and the SEC Office shall appoint one staff of the SEC Office as secretary of the committee.

Any committee member, who has an interest in the matter under consideration in such a manner that may affect the opinions, shall notify the interest and shall not participate in the considered case.

Clause 38 In order to ensure that the exercising discretion of the SEC Office under this Chapter is transparency and due process, prior to notifying suspension or revocation order or period for removing a person from the position as a result of possessing prohibited characteristics in Group 3 under Clause 31, the SEC Office shall at least:

- (1) give a chance to the person under consideration to elucidate the facts;
- (2) deliver facts and elucidation (if any) of the person under consideration to the committee [according to Clause 37] for considering facts and evidence and proposing opinions on such matter [back to the SEC Office]. In this regard, if the committee wishes for the person under consideration to provide additional elucidation, the SEC Office shall arrange for hearing.

The performance of any act other than those specified in the first paragraph shall comply with the *Administrative Procedure Act B.E. 2539 (1996)*.

Clause 39 The SEC Office may not proceed in accordance with the first paragraph of Clause 38 if:

- (1) the elucidation of the person under consideration has ever been heard adequately by a panel which comprises of persons with knowledge and experiences in operating business in the capital market or by other relevant organizations; or
- (2) the committee has already prescribed explicitly and sufficiently a direction for considering an action in previous cases with similar facts to the case under consideration.

Chapter 8

Transitional Provisions

Clause 40 In this Chapter:

“repealed notification” means the *Notification of the Capital Market Supervisory Board* or the *Notification of the Office of the Securities and Exchange Commission* which is repealed by the following Notifications:

(1) *Notification of the Capital Market Supervisory Board No. TorLorThor. 14 /2557 Re: Repeal of Notifications relating to Directors, General Managers and Other Persons of Securities Companies and Derivatives Intermediaries dated 3 June 2014;*

(2) *Notification of the Office of the Securities and Exchange Commission No. SorNor. 12/2557 Re: Repeal of Notifications relating to Fund Manager, Property Fund Manager and Infrastructure Mutual Fund Manager dated 3 June 2014.*

Division 1

General Provisions

Clause 41 The Notifications of the Office of the Securities and Exchange Commission, orders and circular letters issued or come into force by virtue of the transitional provisions under the *repealed notifications* as defined by Clause 40, which are applicable before this Notification comes into force, shall remain in full force to the extent that they are neither inconsistent with nor contrary to the provisions of this Notification until Notifications [of the SEC Office], orders and circular letters issued in virtue of this Notification come into force.

Clause 42 Any reference made in any other Notifications to the *repealed notifications* as defined by Clause 40, shall mean reference to this Notification.

Clause 43 Any reference made in any other Notifications to personnel in the capital market business, shall mean reference to the personnel in the capital market business under this Notification.

Clause 44 Where any case has been proposed to the committee under the *Notification of the Capital Market Supervisory Board No. TorThor/Nor/Khor. 37/2553 Re: Prohibited Characteristics of Personnel in the Capital Market Business dated 15 September 2010* for considering facts and evidence relating to orders imposed on the personnel in the capital market business before this Notification comes into force, such committee may continue the consideration by using the provisions under this Notification as regulations for the consideration.

Division 2
Proceeding relating to Application for Approval and
Granting of Approval

Clause 45 In case of an application for approval which has been submitted to the SEC Office in accordance with the *repealed notification* as defined by Clause 40 or Notifications relating to such *repealed notification*, if such application and evidential documentation have been submitted completely and accurately in accordance with the forms and procedures before this Notification comes into force, the granting of approval shall continue to be in accordance with the *repealed notification* thereof and the related notifications.

Clause 46 In considering the application for approval as personnel in the capital market business for [i] holding the position of a director or a *general manager* which the application has been submitted before 1 January 2015, or [ii] holding the position of independent director which the application has been filed before 1 January 2016, the provisions related to the qualifications under the *Notification of the Capital Market Supervisory Board No. TorThor/Nor/Khor. 58/2552 Re: Qualifications and Other Prohibited Characteristics of Directors and Executives of Securities Company dated 3 August 2010* or the *Notification of the Capital Market Supervisory Board No. TorThor/Nor/Khor. 87/2552 Re: Qualifications and Other Prohibited Characteristics of Directors and Executives of Derivatives Intermediary dated 3 August 2009* which are applicable before this Notification comes into force, shall apply to the consideration of granting an approval, as the case may be.

Clause 47 Under the conditions as specified in Clause 48 and Clause 49, a person granted to be personnel in the capital market business who has obtained the approval from the SEC Office in accordance with the *repealed notification* as defined by Clause 40 shall be deemed a person who has obtained an approval to be personnel in the capital market business in accordance with this Notification, as the case may be. In this regard, it shall be deemed that the date of obtaining the approval as the person granted earlier by the SEC Office is the date of approval from the SEC Office in accordance with this Notification.

Clause 48 A person who has held the position of director or *general manager* as approved before this Notification comes into force or as approved in accordance with Clause 46 shall take a training course relating to good corporate governance within December 31, 2016.

In case the person under the first paragraph has failed to take such course within the specified period, the approval shall cease upon expiry of such period.

The provision under the first paragraph shall not be applicable to [i] the director or *general manager* of *intermediaries* which are financial institutions established under other laws and [ii] directors unauthorized to affix binding signature.

Clause 49 A person having held the position of an independent director, who has already obtained approval [i] before this Notification comes into force or [ii] under Clause 46, shall have qualifications as specified under Clause 13 within December 31, 2016.

In case the person under the first paragraph fails to have qualifications completely within the specified period, the approval shall cease upon expiry of such period.

Clause 50 A person having held the positions under Clause 6 and Clause 8(5) (6) (7) and (8) before this Notification comes into force, may continue to perform function in such positions on the condition that an *intermediary* shall submit an application for approval of such person to the SEC Office within the last business day of the month of December 2014.

In case the person under the first paragraph has failed to obtain an approval from the SEC Office within the specified period, the *intermediary* shall remove the person thereof from such position.

During the period of performing function in the positions under the first paragraph, the person thereof shall be subject to the regulations under Chapter 6 and Chapter 7 as well.

Clause 51 The following persons, who have performed duties as *investment planner* before this Notification comes into force, would be able to continue performing such duties by submitting an application for approval of *investment planner* to the SEC Office within 3 months as from the effective date of this Notification:

- (1) *investment consultant* on capital market;
- (2) *investment consultant* on securities;
- (3) *investment analyst* on capital market;
- (4) *investment analyst* on securities.

In case a person under the first paragraph has failed to obtain an approval from the SEC Office within the specified period, an *intermediary* shall remove such person from performing as *investment planner*.

During the period of performing function as *investment planner* under the first paragraph, the persons shall be subject to the regulations under Chapter 6 and Chapter 7 as well.

Notified this 3rd day of June 2014.

- Signature -

(Vorapol Socratyanurak)

Secretary-General

Office of the Securities and Exchange Commission

Chairman

Capital Market Supervisory Board

Note: please note that the contents added in brackets [...] have only been provided in the English version for clearer understanding.