

UNOFFICIAL TRANSLATION

(SEC logo and contact information)

8 August 2014

To Managers

Securities companies
Asset management companies
Derivatives intermediaries

No. Kor Lor Tor. Kor Thor. (Wor) 23/2557 Re: Risk Management to Prevent the Use of Securities Business for Money Laundering and Financing of Terrorism

Reference is made to the Anti-Money Laundering Office (AMLO)'s amendment to the *Anti-Money Laundering Act B.E. 2542 (1999)* and the SEC Office's issuance of the *Notification of the Office of the Securities and Exchange Commission No. SorThor/Nor/Yor/Khor. 3/2550 Re: Rules, Conditions and Procedures for Establishment of Risk Management System to Prevent the Use of Securities Business for Money Laundering and Financing of Terrorism* dated 1 March 2007 (*Notification No. SorThor/Nor/Yor/Khor. 3/2550*), as well as the AMLO's issuance of the *Counter-Terrorism Financing Act B.E. 2556 (2013)* and subsequent rules with details pursuant to both Acts for application to intermediaries.

The SEC Office hereby informs you that the AMLO, the core agency with a duty to supervise matters concerning money laundering, has issued rules with details whereby intermediaries are required to establish a client acceptance policy and risk management that may be related to money laundering of clients, and to undertake client due diligence upon initial transaction and periodical review until the account is closed or the relationship with the client is terminated. In this regard, the SEC Office views that the *Notification No. SorThor/Nor/Yor/Khor. 3/2550* contains details that overlap with the rules issued by the AMLO and thus has decided that intermediaries shall comply with the rules and conditions issued by the AMLO instead; however, intermediaries shall have an efficient risk management system adequate for the prevention of the use of securities business for money laundering and financing of terrorism that could damage the reputation of intermediaries.

Regarding the Know-Your-Client/Client Due Diligence (KYC/CDD) principles for contacting and providing services to clients, intermediaries remain obliged to continue following such principles, as prescribed in Clause 30(1) of the *Notification of the Capital Market Supervisory Board No. Tor Thor. 35/2556 Re: Standard Conduct of Business, Management Arrangement, Operating Systems, and Providing Services to Clients of Securities Companies and Derivatives Intermediaries* dated 6 September 2013, and other relevant rules. The SEC Office hereby recommends the name of the contact officer in this matter: Ms Lalida Chuayrak, Tel: 0-2263-6255.

Please kindly be informed and comply with the requirements accordingly.

Sincerely

-signature-
(Mr. Vorapol Socratyanurak)
Secretary-General

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