

(UNOFFICIAL TRANSLATION)

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 Office of Securities and Exchange Commission

No. Sor Thor/Nor. 45/2559

Re: Rules in the Detail of Regulations Concerning the Establishment of Risk Management System for Business Continuity of Intermediaries

By virtue of *Clause 5(1)* in conjunction with *Clause 12(3)* of the *Notification of Capital Market Supervisory Board No. TorThor. 35/2556 (2013) Re: Standard Conduct of Business Operation, Management Arrangement, Operating Systems and Providing Services of Securities and Derivatives Intermediaries* dated 6 September 2556, the SEC hereby issues the following regulations:

Clause 1 In this Notification:

“intermediary” means securities company or derivatives intermediaries but shall not include the following intermediaries:

- (1) a securities company in the category of investment advisory;
- (2) a securities company in the category of inter-dealer brokerage;
- (3) a securities company in the category venture capital management;
- (4) a derivatives intermediary in the category of derivatives advisory;
- (5) a person registered to be derivatives intermediaries;
- (6) a financial institution whose core business is under direct

supervision of another regulatory agency and later obtained license to undertake securities business, provided that such regulatory agency has in place the requirements or practices under the principles similar to the rules on risk management for business continuity of intermediary pursuant to this Notification.

“critical function” means any activities related to services, transactions or any other functions of an intermediary, the disruption of which would significantly affect customers, business operation, reputation, position and results of operation of the intermediaries.

“manager” means a person who is designated by the board of directors of intermediaries to be the highest responsible supervisor in business management.

Clause 2 In order to ensure that **critical function** of **intermediaries** will continue or be restored in a timely manner in the event of disruption of its normal operations, **intermediaries** shall perform as follows:

- (1) establish business continuity management policy (Business Continuity Management: BCM) which is approved by senior management and boards of directors;
- (2) establish business continuity plan (Business Continuity Plan: BCP) which is consistent with the policy stipulated in (1) approved by senior management and board of directors or working group that is assigned in written by such board of directors.

In case of any material amendment, change or modification to such policy and plan, *intermediaries* shall comply with the requirement set out in the first paragraph (1) or (2) as the case may be.

For the purpose of Paragraph 1, the term “*senior management*” means manager, assistant manager, or a person whose position is in the same level as the aforesaid position but is otherwise entitled.

Clause 3 *Intermediaries* shall identify its *critical functions*, assess their risks of major operational disruptions, conduct business impact analysis and assess potential damages arising from major operational disruption to ensure prioritization of systems, processes and resources required for effective recovery of business operations.

Clause 4 Business continuity plan in accordance with Clause 2(2) must cover all critical functions which at minimum shall include the following components:

- (1) Operational procedures for maintaining or recovery of business operations which contain sufficient details for implementation by the personnel or person assigned to operate the business;
- (2) Information, including the roles and responsibilities, of the personnel in charge of operations in the event of major operational disruption;
- (3) Procedures for communications with relevant internal and external parties which at minimum shall include the method and channel of communications and information concerning relevant parties and personnel in charge of communications.

Clause 5 *Intermediaries* shall update information relating to the personnel in charge of operations under Clause 4(2) and the relevant parties and personnel responsible for the communication under clause 4(3).

Clause 6 In complying with business continuity policy and business continuity plan, intermediaries shall comply as follows:

- (1) allocate sufficient resources and budget to persons who relate to any operation in compliance with such policy and plan;
- (2) provide a measure to control and monitor operation under such policy and plan.

Clause 7 If critical functions are outsourced to service providers, *intermediaries* shall arrange business continuity plan to covers events of disruption of service providers except where *intermediaries* have established any arrangement to ensure that the relevant service provider is able to continue to provide the critical functions in such event of disruption.

For the purpose of Paragraph 1, the term “*service provider*” means service providers who contact or provide service to investors on behalf of *intermediaries* or service providers of critical function and of any business which is related to securities business operating or derivatives business to *intermediaries*.

Clause 8 *Intermediaries* shall carry out the following tasks at least once each year:

- (1) Testing and reviewing of business continuity plan;
- (2) Evaluation of the test results under (1) and preparation of the test evaluation report by the personnel in charge who is qualified, knowledgeable and independent;
- (3) Reporting result of the test, reviewing and evaluation under (1) and (2) to the board of directors or working group which is assigned in written by such board of directors.

In the event of changes in the organizational structure, operational systems or other events which significantly affect the operations, *intermediaries* shall take the actions required under (1) without delay.

Clause 9 In the event that a major operational disruption of *critical function* occurs, *intermediaries* shall report to the SEC the cause leading to such disruption together with relevant details at the earliest time but no later than the next business day from the date on which the disruption occurs. Once the major operational disruption ends, *intermediaries* shall notify the SEC without delay.

Clause 10 *Intermediaries* shall keep documents and evidence relating to the proceedings under Clause 8 and Clause 9 for a minimum period of two years from the preparation date thereof and in the manner, which facilitates prompt inspection by the SEC upon request.

Clause 11 This Notification shall come into force from 1 January 2018.

Notified this 21st day of October 2018.

(Mr. Rapee Sucharitakul)
Secretary-General
Office of Securities and Exchange Commission