

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. Tor Thor. 37/2560
Re: Rules, Conditions and Procedures for Operation of Securities Clearing House,
Securities Depository Center and Securities Registrar under
Regulatory Sandbox to Experiment and Develop
Innovation in Support of Service Provision
Related to Capital Market

By virtue of Section 16/6 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 223 of the *Securities and Exchange Act B.E. 2535 (1992)*, the Capital Market Supervisory Board hereby issues the following regulations:

Clause 1 This Notification shall come into force from 16 May 2017.

Clause 2 In this Notification:

“*operator*” means any business operator under Clause 3.

“*regulatory sandbox*” means a framework for experimenting and developing an innovation in a controlled environment to support provision of services related to capital market.

“*executive*” means a manager, deputy manager, assistant manager, departmental director or person holding an equivalent position called otherwise, including a person entering an agreement to hold managerial power in whole or in part only within the unit or department operating a securities clearing house, securities depository center or providing services as securities registrar under a *regulatory sandbox*, as the case may be.

Clause 3 This Notification shall apply to the following *operators*:

(1) a licensee for operating a securities clearing house, securities depository center or providing services as securities registrar, as the case may be, in accordance with the *Notification of the Securities and Exchange Commission Re: Rules, Conditions and Procedures for Applying for Licenses and Granting Licenses for Operating Securities Clearing House, Securities Depository Center and Providing Services as Securities Registrar under Regulatory Sandbox to Experiment and Develop Innovation in Support of Service Provision related to Capital Market*;

(2) an *operator* approved by the SEC Office only with regard to the operation of a securities clearing house, securities depository center or the provision of services as securities registrar under a *regulatory sandbox*, as the case may be.

Clause 4 In operating under a *regulatory sandbox*, an *operator* shall proceed in compliance with the regulations prescribed herein and shall be exempted from proceeding in compliance with other regulations issued by virtue of Section 223 of the *Securities and Exchange Act B.E. 2535 (1992)* in the part related to operating a securities clearing house, securities depository center or providing services as securities registrar under the *Notification of the Securities and Exchange Commission, the Notification of the Capital Market Supervisory Board, the Notification of the Office of the Securities and Exchange Commission*, including guidelines issued in accordance with such Notifications.

Clause 5 For the interest of complying with this Notification, the SEC Office shall have the power to:

(1) issue detailed regulations in accordance with the provisions under this Notification to provide sufficient clarity for *operators* to comply with this Notification in a consistent manner. In this regard, such regulations may be determined in consideration of the types of *operator* or the types of product in the capital market;

(2) issue detailed guidelines in accordance with the provisions under this Notification to ensure appropriateness and consistency with this Notification. In this regard, an *operator* who has complied with the detailed guidelines shall be deemed to have complied with the regulations prescribed herein with regard to the matters specified in such guidelines;

(3) order an *operator* to submit a report or present any documents according to a specific period or periodically to the SEC Office within a period specified by the SEC Office in order for the SEC Office to monitor the *operator's* compliance with the regulations prescribed herein.

Chapter 1 General Provisions

Clause 6 An *operator* shall arrange a consistent operation at least in the following matters:

(1) gathering and evaluating the information of service users in a manner suitable for the type of operation, covering at least the information related to the asset value of service users related to such operation;

(2) having an operating process and internal control system, covering at least the following matters:

(a) managing, gathering and processing information in a secure, accurate and thorough manner by considering the reliability of the characteristics or methods used for creating, storing or communicating data, provided that such data shall not be changed, and that the sender and receiver of data shall be identifiable and;

(b) disclosing accurate, complete, necessary and sufficient data to service users;

(c) maintaining confidentiality of service users;

(d) receiving and handling complaints of service users;

(e) managing information technology risk and cyber risk sufficiently by giving an importance to confidentiality of important information, integrity of data and IT system and availability of the implemented IT system;

(f) preventing *operators, executives* and employees of *operators* from seeking unlawful gains by virtue of performing respective duties.

(3) having directors and *executives* who have integrity, capabilities and experiences beneficial for business operation;

(4) notifying service users that the operation is under a *regulatory sandbox* which is subject to restrictions, risks and conditions different from the operation of the same nature that does not participate in the *regulatory sandbox*, and that prior consent of service users is required;

(5) having an agreement with every service user which shall cover at least the following matters:

(a) a scope and conditions of operation shall be clearly specified and there shall not be any provision that restricts, obstructs or deprives the service users of their rights without a reasonable cause;

- operation;
- (b) responsibility of the *operator* for potential damage from the operation;
 - (c) guidelines or procedures for managing the assets of the service users only in the part related to the operation (if any);
 - (d) guidelines or procedures for notifying the service users of the discontinuation of the operation and channels for communicating with the *operator*.
 - (6) submitting a report of the results of the experiment and progresses in the operation to the SEC Office in accordance with the presented reporting plan.

Clause 7 An *operator* shall proceed in accordance with the exit strategy that has been presented by primarily considering the benefits of the service users and the impacts on the overall capital market.

Chapter 2
Additional Provisions for Operating Securities Clearing House and
Securities Depository Center

Clause 8 A securities clearing house shall arrange to have efficient work systems as follows:

- (1) a clearing and settlement system in the form of delivery versus payment (DVP) whereby the finality of settlement shall also be specified;
- (2) a cautious system for managing, gathering, processing, storing and retrieving data related to securities clearing and settlement.

Clause 9 A securities depository center shall arrange to have efficient work systems as follows:

- (1) a system for accepting deposit, withdrawal and transfer of securities to ensure that such activities shall be done and updated accurately, completely and cautiously according to facts, and that the securities can be used within an appropriate period of time;
- (2) a system for managing, gathering, processing, storing and retrieving data related to accepting deposit, withdrawal and transfer of securities and any other data related to the functions of securities depository center;
- (3) a system for verifying the person ordering a transaction related to securities in a service user's account is truly the service user or the person authorized by the service user.

Notified this 25th day of April 2017.

(Rapee Sucharitakul)
Secretary-General
Office of the Securities and Exchange Commission
Chairman
Capital Market Supervisory Board