

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 Securities and Exchange Commission
No. Kor Thor. 17/2560
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**

By virtue of Section 14 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 222 in conjunction with Section 206 of the *Securities and Exchange Act B.E. 2535 (1992)*, the Securities and Exchange Commission hereby issues the following regulations:

Clause 1 This Notification shall apply to the application for *licenses*, the granting of *licenses* and the expiration of *licenses* under a *regulatory sandbox* as follows:

- (1) securities clearing house *license*;
- (2) securities depository center *license*;
- (3) securities registrar *license*.

Clause 2 In this Notification:

“*license*” means a license for operating a securities clearing house, a securities depository center or for providing services as securities registrar under a *regulatory sandbox*, as the case may be.

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

Clause 3 In the case where a person having the following qualifications intends to apply for a *license* under a *regulatory sandbox*, the person shall submit the application to the Securities and Exchange Commission via the License Application Form together with evidentiary documentation as specified in the Licensing Manual for the Public in accordance with the guidelines and procedures prescribed therein:

(1)¹ being a limited company, a public limited company, a commercial bank under the *Law on Financial Institution Business*, a securities trading center, an

¹ Amended by the *Notification of the Securities and Exchange Commission No. Kor Thor. 23/2562 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 (No. 2)* dated 12 November 2019 (effective from 16 November 2019).

association related to securities business or a juristic person established under a specific law;

(2) providing innovative financial services capable of solving issues or improving provision of services in the Thai capital market or benefiting Thai investors or the Thai capital market;

(3) having readiness for participating in the *regulatory sandbox* in the following areas:

(a) having capital, work systems and personnel that can support service provision appropriately and adequately throughout the period of participating in the *regulatory sandbox*;

(b) assessing and managing potential risks from service provision;

(c) having procedures for communicating and providing services to clients with details covering the operation in the part of securities clearing house, securities depository center or securities registrar under the *regulatory sandbox*, as the case may be, in accordance with the *Notification of the Capital Market Supervisory Board Re: Rules, Conditions and Procedures for Securities Clearing House, Securities Depository Center and Securities Registrar under a regulatory sandbox*;

(d) having a plan to report the results of the experiment and progress of service provision to the SEC Office on a continuing basis;

(e) having a clear exit strategy in case of leaving the *regulatory sandbox* upon or before expiration.

(4) specifying a specific scope of services to alleviate material impacts or damage on investors or the overall capital market, e.g., limitation on types of services or number of service users, etc.;

(5) specifying a period of participating in the *regulatory sandbox* to be no longer than one year as from the approval date;

(6) having the study or research results that show the possibility of providing innovative financial services;

(7) having no record of violating or failing to comply with the regulations or conditions related to the participation in the *regulatory sandbox*;

(8)¹ In case of an applicant being an association related to securities business, the applicant shall demonstrate that a fee or any other remunerations for operating a securities clearing house, a securities depository center or providing services as securities registrar shall not be charged to the service users throughout the period of participating in the *regulatory sandbox*.

Clause 4 The SEC Office shall examine the qualifications of the applicant before submitting the application to the Securities and Exchange Commission for consideration of approval and the Securities and Exchange Commission shall complete the consideration within 180 days from the date on which the SEC Office receives the application together with complete and accurate evidentiary documentation in accordance with the Licensing Manual for the Public.

The *license* under Paragraph 1 shall be in accordance with the form

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specified in the Licensing Manual for the Public, and shall be valid for a period not exceeding one year as from the date of approval.

In the case where the licensee intends to apply for an extension of operation, the licensee shall submit the application together with complete and accurate evidentiary documentation as specified in the Licensing Manual for the Public to the Securities and Exchange Commission through the SEC Office at least 90 days before the *license* expires in accordance with the guidelines and procedures specified in the Licensing Manual for the Public.

The Securities and Exchange Commission shall complete the consideration of the application for extension under Paragraph 3 within 90 days as from the date on which the SEC Office receives the application together with complete and accurate evidentiary documentation in accordance with the Licensing Manual for the Public.

Clause 5 A *license* shall expire in any of the following cases:

- (1) expiration according to the period specified in the *license* under Paragraph 2 of Clause 4 or the extension period as approved under Paragraph 4 of Clause 4, as the case may be;
- (2) discontinuation of business operation before expiration of the participation in the *regulatory sandbox* upon approval of the Securities and Exchange Commission under Clause 6;
- (3) revocation of *license* by the Securities and Exchange Commission under Clause 8.

Clause 6 In the case where a licensee intends to apply for discontinuation of business operation before the participation period of the *regulatory sandbox* expires, the licensee shall submit the application for discontinuation together with complete and accurate evidentiary documentation as specified in the Licensing Manual for the Public to the Securities and Exchange Commission through the SEC Office at least 60 days before discontinuing the operation in accordance with the guidelines and procedures specified in the Licensing Manual for the Public.

The Securities and Exchange Commission shall complete the consideration of the application under Paragraph 1 within 60 days as from the date on which the SEC Office receives the application together with complete and accurate evidentiary documentation in accordance with the Licensing Manual for the Public.

Clause 7 In the case where a licensee fails to maintain the qualifications as specified in Clause 3(3) or (4), the SEC Office shall have the authority to order the licensee to rectify within the period specified by the SEC Office.

Clause 8 The Securities and Exchange Commission may revoke a *license* in the following cases:

- (1) there is a reason to believe that the operation is incapable of solving issues or improving provision of services in the Thai capital market or benefiting Thai investors or the Thai capital market as specified in Clause 3(2);
- (2) there is a reason to believe that the innovation used in the operation may cause a material impact or damage to investors or the overall capital market;
- (3) the licensee fails to maintain the qualifications specified in Clause 3;
- (4) the licensee violates or fails to comply with the regulations for undertaking the business of securities clearing house, securities depository center or securities registrar under a *regulatory sandbox*, as the case may be, as specified in the *Notification of the Capital Market Supervisory Market Re: Rules, Conditions and*

Procedures for 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;

(5) the licensee fails to comply with the order of the SEC Office under Clause 7.

The SEC Office shall notify the order under Paragraph 1 to the licensee in writing.

Clause 9 This Notification shall come into force from 16 May 2017.

Notified this 24th day of April 2017.

(Voravidh Champeeratana)
Chairman
Securities and Exchange Commission