

REGULATIONS OF THE STOCK EXCHANGE OF THAILAND

Re: Rules and Procedures Relating to Securities Trading in Cash

By virtue of the second paragraph (8) and (9) of Section 170 of the Securities and Exchange Act B.E. 2535 (A.D. 1992), the Board of Governors of the Stock Exchange of Thailand hereby issues the following Regulations:

1. The following shall be repealed:

(1) The Regulations of the Stock Exchange of Thailand Re: Rules and Procedures relating to the Securities Trading in Cash dated May 29, 1995;

(2) The Regulations of the Stock Exchange of Thailand Re: Rules and Procedures relating to the Securities Trading in Cash (No. 2) dated January 12, 1996;

(3) The Regulations of the Stock Exchange of Thailand Re: Rules and Procedures relating to the Securities Trading in Cash (No. 3) dated June 26, 1996.

2. In these Regulations:

“Exchange” means the Stock Exchange of Thailand;

“securities” means the securities listed on the Exchange;

“member” means a member of the Exchange;

“customer” means a person who assigns a member to act as a broker or an agent in the securities trading;

“non-member securities company” means a securities company which is licensed to conduct securities business under the securities brokerage category but not a member.

“clearing house” means a limited company established by the Exchange to operate as a clearing house.

“depository center” means a limited company established by the Exchange to operate as a securities depository center.

*“financial institution” means a financial institution under the law on interests on loans of financial institutions.

(* Added May 17, 2004)

*“institutional investor” means an institutional investor under the Notification of the Securities and Exchange Commission governing the Submission and Exemption from Submission of Filing (Prospectus).

(* Added May 17, 2004)

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(* Repealed March 17, 2008)

*“securities in the category of equity” means shares, investment units, warrants on shares, warrants on investment units, transferable subscription right certificate, derivative warrants and any other similar securities.

(* Added November 13, 2003)

*“securities in the category of debt instruments” means treasury notes, bonds, debentures, convertible debentures, short-term debentures, debentures under a securitization scheme, warrants on debentures or any other securities similar thereto.

(* Amended July 25, 2005)

*“gross clearing report” means a report on the clearing and settlement of securities based on amounts of respective trading transactions which is prepared by the Clearing House to show the transactions of clearing and settlement of securities of the Clearing House member and of all customer of the Clearing House member for whom the Clearing House member has the duty to execute the clearing and settlement of securities to the Clearing House.

(* Added July 25, 2005)

*“Buy-In Transaction” (Buy-in) means the purchase of securities by the Clearing House for the purpose of delivery in the case where its member is unable to deliver the securities traded to the Clearing House within the time prescribed by the Clearing House.

(* Added October 2, 2006)

*“Cash balance account” means an account in which the customer places the full purchase price of securities with the member before trading securities, or having the terms which allows the member to debit the customer’s bank account for the total purchase price before trading securities, or to which the customer transfers payment for purchase of securities.

(* Added December 10, 2006)

*“trading of securities by means of net settlement (Net Settlement)” means the securities trading transactions where there is a sale of the same securities from the portion purchased on the same day and payment is made at the net amount of the purchasing price and selling price of such securities.

(* Added November 27, 2003)

3. When conducting securities trading in cash for customers, a member shall strictly comply with these Regulations.

4. A member shall require its customer to execute a contract with material terms as follows:

***(1)** Where the customer assigns a member to purchase securities and fails to pay the purchase price of the securities within the period under Clause 6(1), the member shall be immediately able to sell the securities that the customer ordered to purchase and the customer agrees to pay any damages arising from the purchase of such securities ;

(* Amended July 9, 1997)

(2) Where the customer assigns a member to sell securities and fails to deliver the securities within the period under Clause 7(2) or the second paragraph of Clause 13, as the case may be, the member may immediately purchase such securities for delivery on behalf of the customer and the customer agrees to pay any damages arising from the selling of such securities.

5. A member shall prescribe a limit for the amount of money for securities trading by each customer which is suitable for his financial position and debt payment capability and shall monitor the purchase orders of the customer so that the purchase at a certain time does not exceed this limit.

In the event that the customer fails to pay for the purchase price of the securities or the difference of the set-off between the purchase price and the sale price of the securities within a prescribed period, the member shall not allow the customer to purchase any additional securities until the payment of the purchase price of the securities or the difference of the set-off between the purchase price and the sale price has been made in full or until the member has sold the securities pursuant to the contract made with the customer under Clause 4(1), as the case may be.

***5/1** Before the trading of securities in cash, a member shall require the customer to place asset as collateral at the rate not less than 15 per cent of the amount at which the customer may transact the purchase, provided that such amount does not exceed the limit prescribed by the member under Clause 5.

**Collateral
Provision**

The Exchange may consider granting relaxation on the requirement for a customer to place asset as collateral under the first paragraph in case of necessity for the interest of the operation of a member or the understanding of customers and may require a member to consider granting relaxation of the above requirement in case a member consider that the securities trading of customer has a low risk.

The type and method of computation of value of asset which must be placed by a customer as collateral for the payment of debt in respect of the trading of securities in cash shall be in accordance with the notification of the Securities and Exchange Commission governing procedures relating to securities borrowing and lending and securities lending to non-institutional customers for short sale mutatis mutandis.

The exchange may prescribe types of assets which must be placed by a customer as collateral other than the types of assets pursuant to the third paragraph.

*(*Added March 17, 2008)*

***5/2** The provisions under Clause 5/1 shall not apply to the customers having the characteristics as follows:

(1) Being a person licensed to undertake securities business in the category of private fund management, but only in respect to the trading for the purpose of managing a private fund;

(2) Being a company in which a member directly or indirectly holds shares not less than 90 percent of its paid up capital, but only in respect to the trading for which such member acts as a broker or agent;

(3) Being a company which directly or indirectly holds shares in a member not less than 90 percent of its paid up capital, but only in respect to the trading for which the member acts as a broker or agent;

(4) Being the financial institution or the institutional investor;

* (5) Being the listed company which is in the process of eliminating the grounds for delisting, or in process of reorganization under bankruptcy law;
(*Added March 17, 2008)

(6) Being other juristic person as prescribed by the Exchange.
(* Added May 17, 2004)

*6. When a customer assigns a member to purchase securities, the member shall proceed as follows:

(1) The member shall require the customer to pay the purchasing price of securities within the period of time as follows:

(a) for securities in the category of equity, within the third business day following the date of purchase;

(b) for securities in the category of debt instruments , within the second business day following the date of purchase, except in case of the clearing and settlement under a gross clearing report where the member shall require the customer to pay the purchasing price of securities within the period of time as follows:

(b.1) within the date of purchase and before the time that the Clearing House requires the member to pay the purchasing price of securities under a gross clearing report in case where the member has the duty to execute the clearing under a gross clearing report within the date of purchase,

(b.2) within the date of purchase in case where the member has the duty to execute the clearing under a gross clearing report within the first business day following the date of purchase,

(b.3) within the first business day following the date of purchase in case where the member has the duty to execute the clearing under a gross clearing report within the second business day following the date of purchase.

(c) for securities in the category of Buy-in, within the date of purchase.

*Where the customer paying for securities is a juristic person, the member shall require the customer to pay the securities' purchase price by automatically debiting the customer's bank account [using the automated transfer system (ATS)] or cash balance account, by a crossed cheque payable to the member's account, by money transfer to the member's bank account, or as otherwise prescribed by the Exchange.

Where a customer is a juristic person pays for securities by cheque, it shall be deemed that payment for the securities is made on the date that the bank clears the customer's cheque.

Where a customer is a natural person, the member shall require the customer to pay for securities by automatically debiting the customer's bank account [through the automated transfer system (ATS)] or the cash balance account.

(* Amended December 19, 2006)

(2) The member shall deliver the securities to the customer within the period of time as follows:

(a) for securities in the category of equity, within the fourth business day following the date of purchase;

(b) for securities in the category of debt instruments, within the third business day following the date of purchase, except in case of the clearing and settlement under a gross clearing report where the member shall require the customer to deliver the securities within the period of time as follows:

(b.1) within the date of purchase in case where the member has the duty to execute the settlement under a gross clearing report within the date of purchase,

(b.2) within the first business day following the date of purchase in case where the member has the duty to execute the settlement under a gross clearing report within the first business day following the date of purchase,

(b.3) within the second business day following the date of purchase in case where the member has the duty to execute the settlement under a gross clearing report within the second business day following the date of purchase.

(c) for securities in the category of Buy-in, within the date of purchase.

In case where the member transfers the securities through the securities depository account provided by the depository center for the deposit, withdrawal or transfer of securities to the customer, or when the member keeps in its custody as ordered by the customer the securities which the customer assigns the member to purchase, it shall be deemed that the member has already delivered the securities to the customer pursuant to (2).

(* Amended July 25, 2005)

*7. When the customer assigns a member to sell securities, the member shall proceed as follows:

(1) The member shall pay the selling price of the securities to the customer within the period of time as follows:

(a) for securities in the category of equity, on the third business day following the date of sale except in case where the member trades securities on the big lot board which securities' value calculated with the price agreed by the buyer and the seller is greater than fifty million baht per each transaction and such member has a duty to execute the clearing under a gross clearing report and complies with the rules conditions and procedures prescribed by the Exchange, the member must pay the selling price of the securities to the customer within the third business day following the date of sale;

(* Amended June 2, 2006)

(b) for securities in the category of debt instruments, on the second business day following the date of sale except in the following cases:

(b.1) in case where the member has the duty to execute the clearing under a gross clearing report on the date of sale, the member must pay the selling price of the securities to the customer on the date of sale,

(b.2) in case where the member has the duty to execute the clearing under a gross clearing report on the first business day following the date of sale, the member must pay the selling price of the securities to the customer on the first business day following the date of sale.

In case where the customer sells the securities which have been purchased without having yet paid the purchasing price thereof, the member shall require the customer to pay the purchasing price of the securities before making payment of the selling price to the customer; except that where the customer is a non-member securities company or in the case under Clause 8, the member may set-off the purchasing price against the selling price.

*(c) for securities in the category of Buy-in, within the first business day following the date of sale.

*(*Amended October 2, 2006)*

*In paying the selling price of securities to a customer who is a juristic person, the member shall make payment by automatically debiting the member's bank account [through the automated transfer system (ATS)], by a crossed cheque payable to the customer, by money transfer to the customer's cash balance account, by a promissory note issued by a finance company naming the customer as the payee, or as otherwise prescribed by the Exchange.

Where a customer is natural person, the member shall pay the selling price of securities to the customer by automatically debiting the member's bank account [automated transfer system (ATS)] or by money transfer to the customer's cash balance account

(Amended December 19, 2006)*

(2) The member shall require the customer to deliver the securities to the member by 12.00 hours of the first business day following the date of sale, except in the following cases:

(a) in case where the customer is a non-member securities company, the member shall require the customer to deliver the securities, except the securities under (b), to the member within the second business day following the date of sale,

(b) in case where the member sells securities in the category of debt instruments and has the duty to execute the clearing and settlement under a gross clearing report, the member shall require the customer to deliver the securities to the member within the period of time as follows:

(b.1) within the date of sale and before the time that the Clearing House requires the member to deliver the securities under a gross clearing report in case where the member has the duty to execute the settlement under a gross clearing report within the date of sale,

(b.2) within the date of sale of securities in case where the member has the duty to execute the settlement under a gross clearing report within the first business day following the date of sale,

(b.3) within the first business day following the date of sale in case where the member has the duty to execute the settlement under a gross clearing report within the second business day following the date of sale.

*(c) for securities in the category of Buy-in, a member shall require the customer to deliver such securities free from any pledge, right derogation or any encumbrances to the member within the date of sale.

*(*Amended October 2, 2006)*

In case where the customer transfers the securities through the securities depository account provided by the depository center for the deposit, withdrawal or transfer of securities to the member, or when the customer orders the member to deliver the customer's securities which are kept in custody by the member, it shall be deemed that the customer has already delivered the securities to the member pursuant to (2).

(Amended July 25, 2005)*

***8.** When a customer who is not a non-member securities company is required to pay the purchasing price of securities to a member and the member is required to pay the selling price of securities to such customer on the same day, the member may set-off such purchasing price and selling price of the customer whereby the member or the customer shall pay the net amount of the purchasing price and selling price of securities to the other party on the date the purchasing price or selling price of securities is required to be paid.

(Amended November 27, 2003)*

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*(** Repealed May 17, 2004)*

***8/1** A member shall prepare a report on the trading of securities by means of net settlement (Net Settlement) and submit it to the Exchange according to the form and procedures prescribed by the Exchange.

(Amended May 17, 2004)*

***8/2 -**

(Repealed May 17, 2004)*

***8/3 -**

(Repealed May 17, 2004)*

9. In case where a non-member securities company or a mutual fund management company is a member of the clearing house and able to directly pay for and deliver the securities traded on the Exchange, the provisions of these Regulations shall not apply to the customer which is a non-member securities company or a mutual fund management company, as the case may be.

***10.** In case that a bank or financial institution which provides securities custodian services is a member of the clearing house that can directly execute the clearing and settlement of securities traded on the Exchange, the provisions in these Regulations shall not apply where a customer is a non-resident customer or is other juristic person as prescribed by the Exchange and has assigned such bank or financial institution to execute the clearing and settlement of securities on its behalf.

(Amended May 17, 2004)*

11. The provisions of these Regulations shall not apply to the case where the customer is “Thai Trust Fund Management Company Limited”.

***11/1** The provisions in these Regulations shall not apply to the case where a client is a limited company which the Exchange has established and holds the shares therein not less than 99 per cent of the total shares sold for the purpose of the offering for sale of non-voting depositary receipts under the Notification of the Securities and Exchange Commission governing the offering of non-voting depositary receipts by a subsidiary company of the Exchange.

(Added May 18, 2001)*

Transitional Provisions

***12.** -

(Repealed July 9, 1997)*

13. The provisions of the first paragraph of Clause 7(2) shall not apply to the following cases but instead the second paragraph of this Clause shall be complied with, as the case may be:

(1) The customer is a mutual fund management company and the clearing house has not yet provided services for the mutual fund management company to be able to directly pay for and deliver the securities traded on the Exchange; or

(2) The customer is a non-resident who has assigned a bank or financial institution which provides securities custody services to pay for and deliver securities on his behalf and the clearing house has not yet provided services for the bank or financial institution providing securities custody services to be able to directly pay for and deliver securities traded on the Exchange.

In case where the customer assigns the member to sell securities, the member shall cause the customer to deliver the securities to the member within 3 business days following the selling date.

These Regulations shall come into force on the 23rd day of January 1997.

Notified on this 14th day of January 1997.

(Signed) Kovit Poshyananda

(Mr. Kovit Poshyananda)
Chairman of the Board
The Stock Exchange of Thailand