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## **Standard of Trading of Securities through Trading System**

Whereas Clause 6 of the Notification of The Stock Exchange of Thailand Re: Procedures on Trading, Clearing and Settlement of Securities in the Exchange B.E. 2560 (2017) provides that a member shall arrange for a Broker Front Office System whose operation and security management meet the standards prescribed by the Exchange,

The Exchange hereby prescribes the standard for Broker Front Office System as follows:

### **Part 1 : Connection to Trading System**

#### **1. Connecting Broker Front Office System to Trading System**

Broker Front Office System connected to Trading System shall be subject to the following rules:

- 1.1 Members shall keep and maintain activity records of their Broker Front Office System and such records shall be immediately available for examination upon the Exchange's request.
- 1.2 Members shall manage and control the security of information technology and adequate operation and security management system that meet the security standard of the systems connected to the Trading System.

#### **2. Connecting Internet Trading**

Internet Trading is conducted through the systems, and is subject to the following rules:

- 2.1 Member shall allow clients to submit Trading Orders through Broker Front Office System;
- 2.2 Members shall keep and maintain activity records of their Broker Front Office System and such records shall be immediately available for examination upon the Exchange's request.
- 2.3 Members shall manage and control the security of information technology and adequate operation and security management system that meet the security standard of the systems connected to the Trading System.
- 2.4 Members shall arrange the clients' Trading Order examination system or procedure before submission into Trading System.
- 2.5 In case a member allow clients to submit Trading Orders more than one Trading Order per screen, members must control the maximum number of orders to be submitted each time not exceeding the limit determined by the Exchange, and arrange a proper risk control system.

The Trading of securities via mobile phones or similar equipment is considered Internet Trading as well, and as such is subject to the structure as mentioned above.

### **3. Connecting DMA**

Trading of securities via DMA is conducted through the systems, and is subject to the following rules:

3.1 Trading Orders shall be submitted from the client's system to the member's system before submission into Trading System, and such Trading Orders shall undergo the Trading Order examination system over which the member has the power to control and manage.

3.2 The system of member which provides trading of securities via DMA shall keep and maintain activity records of their Broker Front Office System such as Order Log and Message between systems that meet the standard prescribed by the Exchange, and such records shall be immediately available for examination and submitted upon the Exchange's request;

3.3 There shall be in place the Trading Order examination system before submission into Trading System, and there shall be examination of at least the following matters:

- (1) Credit / Exposure limit
- (2) Maximum value per order
- (3) Maximum volume per order
- (4) Order price check.

3.4 Members shall manage and control the security of information technology and adequate operation and security management system that meet the security standard of the systems connected to the Trading System.

### **4. Connection for Sub-Brokers**

Members who allow sub-brokers to connect their computer devices with its Broker Front Office System shall comply with the following rules:

4.1 Members shall arrange adequate and secure system to manage Trading Orders received from any sub-broker that meet the security standard of the systems connected to Trading System.

4.2 The system to manage Trading Orders shall have the capability to identify and categorize orders and trading transactions of sub-brokers and those of members. The activity records of Broker Front Office System shall be kept and be immediately available for examination upon the Exchange's request.

4.3 Members shall arrange the system to monitor the submission of Trading Orders by sub-brokers.

4.4 Members shall arrange the system / function that can immediately stop the submission of new Trading Orders and cancel Trading Orders which have been submitted where necessary (Kill switch).

4.5 In case a sub-broker is permitted to be broker to trade certain types of securities according to the law, members shall arrange the system to prevent such sub-broker from trading securities other than those permitted to trade.

## **Part 2 : Security Standard of Systems Connected to Trading System**

The main objective of maintaining security management for systems connected to Trading System is to focus on appropriate management under the following principles:

- Confidentiality means keeping confidential the information technology and data properly, including the authorization and authentication.
- Integrity means the information technology, and data shall be correct and complete such as not being modified without permission, altered or falsified; or lost for no reason.
- Availability means the information technology and data shall be ready and available for use according to the necessity and requirements of the user.

The Exchange stipulates that members shall have in place the security standard for systems connected to Trading System pursuant to the Notifications of the Office of the Securities and Exchange Commission regarding the establishment of information technology system<sup>1</sup> or Notifications in relation to such matter that may be amended or announced in the future.

In addition to complying with the security standard for systems connected to Trading System as mentioned above, members shall arrange additional Application Security as follows:

1. Limitation of access to data, information and functions of applications only to authorized persons and access shall be categorized by types of users (User Role), as well as having in place setting up appropriate application activity record system (Audit Trail Log).
2. User verification shall be applied to all users to ensure that they are authorized persons (KYC - Know Your Customer). There must be adequate security for access to the system via various techniques or technologies such as user ID and password, one-time password (OTP) or session control, etc.
3. In submitting Trading Orders through Trading System, a client must be verified before submitting order by implementing any identification technique or technology such as PIN ID, etc. The length of such PIN ID should be consistent with the service provision and possess adequate security.
4. There must be clear and complete warning notice given to system users of risks arising from their acts (Agreement/Disclaimer) including proper storing of information that indicates the acceptance of those risks.
5. Members shall have measures to control proper use of program or application so as to ensure fair trading and not to cause any loss or damage to the trading as a whole.
6. There must be adequate and safe steps for the delivery of user ID and password available. Users shall be informed that their passwords must be kept confidential for security reason such as suggesting them to use complex or hard-to-guess password; not to disclose passwords to other persons, to log out from the system every time, either not using temporarily or no longer using the system; to notify them the risks of recording passwords on the computer or in the system, etc.

On this basis, members must be able to submit information on their security standard to the Exchange immediately upon request.

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<sup>1</sup> Notification of the Office of the Securities and Exchange Commission No. Sor Thor. 37/2559 Re: Rules in Detail on Establishment of Information Technology System and Notification of the Office of the Securities and Exchange Commission No. Nor Por. 3/2559 Re: Guidelines for Establishment of Information Technology System.