

**Application for the Program Trading Software**

Date \_\_\_\_\_

To: President of The Stock Exchange of Thailand (SET) /  
Managing Director of Thailand Futures Exchange (TFEX)

We, \_\_\_\_\_, (hereinafter referred to as the "Company"), Member No. \_\_\_\_\_, would like to implement the program trading software for trading by:

- the Company for (*Proprietary trading , Investors' port ,Market maker* )
- Company's DMA customer: (*please specify customer name and account*) \_\_\_\_\_
- Internet trading customers : (*General internet investors , Name of specified customer*) \_\_\_\_\_

The Company would like to

- apply for using the program trading software
  - by Strategy
  - with the Pre-trade Risk Management Control System
  - for the additional strategy under the existing Pre-trade Risk Management Control System authorized by SET / TFEX, approval book no. \_\_\_\_\_  
by attaching the following documents:
    - Risk Management Control (*please fill in FORM B*)
    - Functionality of the program trading software (*please fill in FORM C*)
    - The test results (Screen display) of the company's risk management control (all topics)
    - Details of network and system between program trading and company's computer system (broker's diagram)
    - User Manual
    - Details of the risk management control system which the company used for program trading in other Exchanges (if available)
- update the program trading software in the area of
  - Functionality of the program trading software
  - Connectivity of Program trading software (acting user) from \_\_\_\_\_ to be \_\_\_\_\_
  - Risk Management Control authorized by SET / TFEX, approval book no. \_\_\_\_\_, strategy name \_\_\_\_\_  
by attaching updated documents as follow:
    - Risk Management Control (*please fill in FORM B*)
    - Functionality of the program trading software (*please fill in FORM C*)
    - The test results (Screen display) of the company's risk management control
    - Details of network and system between program trading and company's computer system (broker's diagram)
    - User Manual
    - Details of the risk management control system which the company used for program trading in other Exchanges (if available)
- terminate the program trading software by attaching the Termination of the program trading software form (*please fill in FORM D*)
- Others (please specify): \_\_\_\_\_

The Company hereby warrants that the Company will comply with the term and condition that provided in this application and the order entry via such program trading operates with no conflict with, and complies with, the Rules and Regulations of SET or TFEX, and will not cause any damage to the trading system of the SET or TFEX. If this application becomes inaccurate, and/or the Company do not comply with the above term and condition, and/or the Company's trading through Program Trading without any approval by the Exchange or the program trading incurs any damage to SET or TFEX, the Company agrees to be responsible for all such damage incurred to SET or TFEX. In addition, the Company agrees that SET and/or TFEX may suspend the Company's trading through Program Trading as SET and/or TFEX deems appropriate.

\_\_\_\_\_  
( \_\_\_\_\_ )

Title

\_\_\_\_\_

Authorized Person

Company's stamp

Contact: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

Email: \_\_\_\_\_

**Risk Management Control**

We, \_\_\_\_\_, (hereinafter referred to as the "Company"), Member No. \_\_\_\_\_, would like to describe the detail of Program Trading Risk Management Control as follow:

**Basic Risk Management Control**

- Having pre-trade control to ensure that the orders are comply with the rules and regulations of SET or TFEX, such as the securities' name, order type, volume, price and tick size
- Having parameter configuring control for both customers and traders including log keeping for inspection (Please describe)  
\_\_\_\_\_  
\_\_\_\_\_
- Reviewing the program trading parameter (at least once a year required)
- Keeping record for transactions and audit trail logs
- Educating on SET's rules and regulations, program trading user manual and procedure during crisis on a regular basis
- Having customer screening e.g.
  - Credit limit control
  - Customer disclaimer on liability from using program trading
- Having control and protection from program trading software error e.g.
  - Control and protection from program error including; fat finger prevention (Please describe)  
\_\_\_\_\_
  - Prevention system or method to reduce the impact of duplicated order e.g. alert, throttle control. (Please describe) \_\_\_\_\_
- Having risk control for the problem caused by Program Trading (System malfunction) by
  - Broker's monitoring and broker's alert when the problem occurred  
Responsible Department \_\_\_\_\_  
How to handle the problem (Please describe) \_\_\_\_\_
  - Having a kill switch function which can stop all processes and auto-cancel the unmatched order sent from program trading.  
Responsible Department \_\_\_\_\_  
How to handle the problem (Please describe) \_\_\_\_\_
  - Having the manual regarding troubleshooting and crisis
  - Others \_\_\_\_\_  
\_\_\_\_\_

**Risk Management Control for Preventing False Market**

- Types of securities (SET and/or TFEX) applied \_\_\_\_\_
- Having order screening system or other systems to prevent order entry that may affect the market, or lead to false market or violate the laws and also comply with the related guideline. Such orders must be prevented in the client's ID level, not just the client's account level, such as Cash, Cash Balance or Credit Balance account.
  - Price control
    - Maximum %Change from last execute
    - Details: \_\_\_\_\_
    - Example: \_\_\_\_\_
    - Note: According to price control set for the program trading must concern regarding securities and/or contract liquidity in order to prevent order entry that may lead to false market
  - Value control
    - Maximum value per order. \_\_\_\_\_
    - Maximum value per Basket (if Basket order is available) \_\_\_\_\_
    - Details: \_\_\_\_\_
    - Example: \_\_\_\_\_
  - The Continuity of the orders prevention
    - Details: \_\_\_\_\_
    - Example: \_\_\_\_\_
  - Preventive system for Wash sale of same customer
    - Details: \_\_\_\_\_
    - Example: \_\_\_\_\_
  - Preventive system for sale securities whereby the Member or customer does not have such securities in its possession or whereby no person has authorized the sale of such securities, unless otherwise permitted by law (for SET only)
    - Details: \_\_\_\_\_
    - Example: \_\_\_\_\_
  - Others such as Orders entered and subsequently cancelled, Split orders and %Average Daily Volume (ADV), Aggressive or passive strategies. This is for consideration of Company's Risk management.
    - Details: \_\_\_\_\_
    - Example: \_\_\_\_\_

Company hereby certify that the information mentioned above is true and correct.

\_\_\_\_\_  
(\_\_\_\_\_)

Title

\_\_\_\_\_  
Authorized Person

Company's stamp

**Functionality of the program trading software**

We, \_\_\_\_\_, (hereinafter referred to as the "Company"), Member No. \_\_\_\_\_, would like to inform the functionality of program trading software as follow:

**Strategy Name** \_\_\_\_\_

- Basic Strategy<sup>1</sup>
- Other Strategies

**Objectives** \_\_\_\_\_

get approval to be used in other Exchanges (please specify)  
\_\_\_\_\_

**Examples of functionality (Please describe in details e.g. picture, graph, numerical)**

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Company hereby certify that the information mentioned above is true and correct.

\_\_\_\_\_  
( \_\_\_\_\_ )

Title

\_\_\_\_\_

Authorized Person

Company's stamp

<sup>1</sup>Basic strategy program trading is the clearly and specifically objective such as;

1. The Strategy executes an order attempting to achieve the average price such as Volume Weighted Average Price (VWAP) or Time Weighted Average Price (TWAP).
2. The strategy executes in line with market volumes/ reference price such as Volume Inline, Percentage of Volume, Price Inline, Implementation Shortfall
3. The strategy aims to slice order to the market while keeping the full size hidden in order to reduce market impact such as Reserve, Iceberg, Float, Pegging
4. The strategy aims to execute order nearly market close or call market such as Market on close.

(Refer to related Regulation/ Guideline/ Standard and Circulating Letter)

**Termination of the program trading software**

We, \_\_\_\_\_, (hereinafter referred to as the "Company"), Member No. \_\_\_\_\_, would like to terminate of using program trading as follow:

- Terminate strategies authorized by SET / TFEX, approval book no. \_\_\_\_\_
- Terminate strategies under the existing Pre-trade Risk Management Control System authorized by SET / TFEX, approval book no. \_\_\_\_\_ by
  - Terminate all strategies
  - Terminate some strategies

Details

No.	Strategy name	System Name	Acting user

Effective Date \_\_\_\_\_, onwards.

Company hereby certify that the information mentioned above is true and correct.

\_\_\_\_\_  
( \_\_\_\_\_ )

Title \_\_\_\_\_

Authorized Person

Company's stamp