

## REGULATIONS OF THE STOCK EXCHANGE OF THAILAND

### Re: Margin Trading of Securities, 2000

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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 Governor of the Stock Exchange of Thailand hereby issues the following regulations:

1. These Regulations shall come into force on the 18th day of September, 2000.

2. Regulations of the Stock Exchange of Thailand Re: Rules, Conditions and Procedures Concerning the Margin Trading of Securities (No.1), 1998 dated February 16, 1998 shall be repealed.

3. In these Regulations,

“Exchange” means the Stock Exchange of Thailand;

“member” means the Exchange’s members;

“Office” means the Office of the Securities and Exchange Commission;

“securities” means the listed securities;

“short sale”, “short selling” means sales of securities whereby the securities are borrowed for delivery purpose.

“customer” means a person who enters into an agreement to borrow money from a member to buy securities, or a person who enters into an agreement to borrow securities for a short sale. This shall not include a securities borrower whose status is a financial institution customer according to the Regulations of the Stock Exchange of Thailand on rules, conditions and procedures for short selling.

“margin trading” means trading of securities where a member lends customers money to buy securities or where it lends customers securities for a short sale.

“margin account” means an account which records transactions of margin trading.

\*“initial rate of margin” means the initial rate of margin under the Notification of the Office Re: Performance of Services Relating to Lending of Money for the Purchase of Securities and Lending of Securities to Non-Institutional Customer for the Purpose of Short Sale.

(\*Amended March 6, 2002)

“customer’s excessive equity” means assets of any customer which exceed the amount of money he is required to set aside by the member.

“customer’s assets” means the net value of cash, securities and other properties placed as collateral against the debt in a customer’s margin account after deducting an obligation incurred from the buying or selling securities therein.

“buying value” means the amount of money incurred from each transaction of securities’ buying in a margin account which already includes the brokerage fee and the value-added tax for such transaction.

“short-selling value” means the amount of money incurred from each transaction of short selling in a margin account which already includes the brokerage fee and the value-added tax for such transaction.

**4.** The initial margin rate for each securities allowed to buy on margin by the member shall not be lower than the rate determined by the Exchange.

**5.** If the Exchange deems that the member has accumulated an outstanding debt in margin accounts that it reaches a point where the repayment shall be enforced for it may affect the company’s financial status and stability, the Exchange may order the member to do either of the following;

- (1) Reducing the outstanding to a proper level within the deadline;
- (2) Prohibiting the member from allowing customers to trade on margin;
- (3) Setting aside adequate reserves for the outstanding;
- (4) Others as the Exchange may deem appropriate.

**6.** The member shall submit the report of margin trading in a form and within the period prescribed by the Exchange.

**7.** The member shall calculate the value of the collateral being set aside and the minimum value of collateral in the margin account as follows.

(1) The value of collateral required to set aside must equal to the value of securities and securities under the customer’s short sale multiplied by the rate the member must call from the customer as an additional collateral.

(2) The minimum value of collateral must equal to the value of securities and securities under the customer’s short sale multiplied by the rate the member must enforce for debt repayment.

The rate of money or asset the member must call from the customer as an additional collateral or the rate the member must enforce for debt repayment under the first paragraph shall not be lower than the rate determined by the Exchange.

**8.** In case the customer's asset is lower than the value of collateral required to set aside, the member must ask the customer in writing to place additional money or property as collateral or act any thing so that the customer's asset is not lower than the value of collateral required to set aside. It shall make such request within the business day following the day the customer's asset falls lower than the collateral value required to set aside.

In case the customer fails to meet the requirement in the first paragraph within 5 business days from the day the member makes the request, the member shall enforce the debt payment from the assets placed as collateral on the business day following the due date so that the customer's asset is not lower than the collateral value required to set aside.

The member must notify the customer of the enforcement of debt payment according to the second paragraph in writing within the business day following the day of the enforcement.

**9.** Assets which the customer may place as additional collateral according to Clause 7 and Clause 8 under the same assets which the customer may place as collateral determined by the Office.

**10.** In case the customer's assets decline to become equal to or lower than the minimum value of collateral, the member shall enforce debt payment from the assets placed as collateral on the business day following the day the customer's assets becomes equal to or lower than the minimum value of collateral, until his assets are higher than such value.

The member shall notify the enforcement of debt payment under the first paragraph to the customer in writing within the business day following the enforcement date.

**11.** Notifications of the Exchange issued by virtue of Clause 2 which have been in force before the date hereof shall remain in full force and effect until new rules, conditions and procedures with respect there to have been issued.

Notified on this 15th day of September 2000.

(Signed) Amaret Sila-on

(Mr. Amaret Sila-on)  
Chairman of the Board  
The Stock Exchange of Thailand