

REGULATIONS OF THE STOCK EXCHANGE OF THAILAND

Re: Securities trading through the DMA system, 2007

By virtue of the second paragraphs (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 (SET) hereby issues the following regulations:

1. These regulations shall come into force on March 6, 2007.

Effective Date

2. In these regulations:

Definition

“trading of securities through DMA system” (direct market access) means the trading of securities through a system which has the following characteristics:

(1) The customer’s computer system is connected to the member’s computer system or that of a non-member securities company, where the customer can send trading orders to the system and an authorized officer shall not interrupt the customers’ trading orders except on the customer’s request;

(2) A computer system used for sending or receiving trading orders through the customer’s DMA system (customer order management) must be separated from computer systems used for receiving or sending trading orders through the DMA system of member or non-member securities company (order management);

(3) A computer system used for sending or receiving trading orders through the DMA system of member or non-member securities company (order management) must be separated from computer systems used for receiving or sending trading orders through the member’s authorized officers or non-member securities company’s authorized officers (front-office), and must be operating according to the standards of the Exchange;

(4) The customers shall send trading orders through the customer order management.

“foreign securities company” means a juristic person established and undertaken a securities business under foreign laws and operates a securities business in the category of securities brokerage or other category as prescribed by the Exchange.

“Basket-order trading” means the same definition of the basket-order trading according to the Notification of the Stock Exchange of Thailand Re: Basket-Order Trading.

3. The member may only allow these following types of customers to enter a trading order through the DMA system :

Types of Customer

(1) Institutional investors, as defined according to the Securities and Exchange Commission governing the application for approval and approval of the offering of newly issued shares; and

(2) Foreign securities companies which have delegated a member to be their securities trading broker or agent.

4. Trading of securities through DMA system can be made only on the main board, odd lot board and foreign board by recording a bid or offer order for the trading system to match a bid with an offer (Automatic Order Matching: AOM). **Trading method**

A bid or offer under the first paragraph shall be subject to the following SET regulations provided they are not contrary to or inconsistent with this notification:

- (1) Notifications of the Exchange re: Trading on the main board;
- (2) Notifications of the Exchange re: Trading on the odd lot board; and
- (3) Notifications of the Exchange re: Rules, conditions and procedures for trading on the foreign board.

5. Basket order trading through the DMA system shall be subject to notifications of the Exchange re: Basket order trading provided they are not contrary to or inconsistent with these regulations. **Basket-order trading**

6. A member may allow its customers to enter trading orders through the DMA system only after obtaining the permission of the Exchange. **Permission**

7. To apply for permission under clause 6, a member proceeds as follows: **Application for permission and use of computer program**

- (1) File an application, together with documents or media showing details of the computer program and the connection of computer equipment for trading through the DMA system, as designated by the Exchange, with certification from the member that this computer program and the connection of computer equipment is operating in a manner which is not in violation of, and is in accordance with, the regulations of the Exchange governing trading and will not cause damage to the trading system;

- (2) Arrange for a computer program developer or a computer program examiner to examine and certify that the computer program under (1) is operating in a manner which is not in violation of, and is in accordance with, the regulations of the Exchange governing trading and will not cause damage to the trading system;

- (3) To be ready in the use of its computer system as follows:
 - (a) having the security management and control meeting the standards of the Exchange as follows:

- (a.1) having security system in the installation site of the member's computer equipment used for providing the DMA trading service (physical and environment security);

- (a.2) having network security measures to prevent unauthorized persons or malicious software from entering the system or being able to acquire or change or destroy data from the trading (network security);

- (a.3) ensuring the system security of the member's computer system (server) in trading through the DMA system (system security);

- (a.4) having authentication measures to confirm the user's identity and privacy protection for customers (application security);

(b) having an order screening system which meets the standards of the Exchange;

(c) other matters as prescribed by the Exchange.

8. Where a member wishes to change or alter the computer system used for providing DMA trading service as prescribed below much obtain the permission from the Exchange, and the member shall file an application and documents or media giving the details prescribed by the Exchange, and certifies that the change or adjustment does neither cause the computer system operate in a manner which is in violation of and is not in accordance with, the regulations of the Exchange governing trading nor result in damage to the trading system, and also the computer system shall operate according to the standards of the Exchange;

Changes which must be permitted by the Exchange

(1) Change of computer program developer;

(2) Change of computer program technology connected with the trading system;

(3) Change of member's network architecture used for DMA trading connected with the trading system;

(4) Change of functional specifications of the member's computer system used for DMA trading and connected with the trading system (functional specification);

(5) Change of broker order management used for DMA trading;

(6) Change of installation site of the servers used for DMA trading connected with the trading system;

(7) Change or alteration of the security management, or

(8) other matters as prescribed by the Exchange.

Other than as stated in the first paragraph, where a member computer's system or computer programs used for DMA trading are developed by a system developer, the member must arrange for the system developer or an examiner to examine and certify that changes or alterations does neither cause the computer program to operate in a manner which is in violation of, and is in accordance with, the regulations of the Exchange governing trading, nor result in damage to the trading system, and it must be operating according to the standards of the Exchange.

If a member changes or alters the computer system other than as stated in the first paragraph, the member shall report this to the Exchange within one month of the change or alters.

9. The member may allow a non-member securities company to connect its computer equipment with the member's computer system, which is connected to the trading system, to allow the non-member securities company's customer to trade through the DMA system.

Linking of non-member securities company

The member shall have the non-member securities company agree to and comply with clauses 6, 7, 8, 10 and 12 through 15, and the member shall be liable to any damage incurred to the trading system caused by the non-member securities company's computer equipment or computer programs, or by direct entry of bids or offers into the member's computer system.

<p>10. Trading of securities through DMA system shall be made in accordance with the rules as follow: :</p> <p>(1) not use a computer program which is able to automatically create and make bids or offers except as approved by the Exchange;</p> <p>(2) not use the speed of recording of the bid and offer in excess of the rate prescribed by the Exchange.</p>	<p>Recording of bid or offer</p>
<p>In recording a bid or offer, the member shall indicate the following particulars:</p> <p>(1) customer ID; and</p> <p>(2) designated trader ID.</p>	
<p>11. In all cases, the member is liable for any damage caused to the trading system due to its client entering a bid or offer order into the member's computer system.</p>	<p>Liability of the member</p>
<p>12. Where the client's trading order is in violation of, or does not in accordance with the regulations of the Exchange, the resolutions of the Board of Governors of the Exchange or its circular letters governing trading, the member must:</p> <p>(1) inform the customer not to enter such a trading order into the trading system;</p> <p>(2) cancel the customer's trading order;</p> <p>(3) suspend the provision of DMA trading service to the customer.</p>	<p>Steps taken by the member in case of the violation of the Exchange's regulations by customers</p>
<p>13. In order to supervise the use of the computer system according to clause 7, the Exchange may:</p> <p>(1) inspect the computer equipments or computer programs;</p> <p>(2) require the member to change or modify its computer programs or computer system; or</p> <p>(3) prohibit the member from using its computer programs or computer system for a period that the Exchange considers appropriate.</p>	<p>Supervision of the use of computer system</p>
<p>14. In order to supervise the recording its customers' trading orders through the DMA system, the member must:</p> <p>(1) ensure measures to protect the customers' confidentiality;</p> <p>(2) establish systems or measures to examine and control the customers' trading orders before they constitute the bids or offers in the trading system;</p> <p>(3) store records of customers' trading orders in accordance with the standards of the Exchange, and deliver these records to the Exchange when requested;</p> <p>(4) ensure that customers acknowledge and comply with the Exchange's regulations, the resolutions of the Board of Governors and circular letters governing recording trading orders through DMA system, including the prohibitions regarding recording of improper trading orders.</p>	<p>Supervision of the entry of trading orders by customers</p>

15. In the case of necessity that may be caused to the trading system or overall securities, the Exchange may order the member to suspend trading of securities through DMA system.

Temporary suspension of DMA trading

16. In order that trading of securities through DMA system under these Regulations are executed in an orderly and proper manner, the Exchange shall prescribe the DMA trading standards for adherence by the members insofar as they are not contradictory to or inconsistent with these Regulations.

Issuance of standards of operation of the members

17. The provisions in the regulations of the Exchange re: Trading, clearing and settlement of securities in the Exchange, the resolutions of the Board of Governors, and related circular letters apply to the purchase and sale of securities by customers who are trading through DMA system insofar as they are not contradictory to, or inconsistent with, these regulations.

Application of provisions mutatis mutandis

Notified on this 9th day of January 2007.

(Signed) Vijit Supinit

(Mr. Vijit Supinit)
Chairman of the Board
The Stock Exchange of Thailand

Rationale of the Regulations: The Exchange deems it appropriate to permit member to service its institution invertors for trading securities through the DMA system in order to increase the channel of trading and enhance the efficiency of management of trading order, with the view to regulating of the trading securities through such system and ensuring the security of trading system. Hence, it is advisable to issue these Regulations.