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Regulations

Chapter 300 Members

***301 Type of Members**

General Clearing Members are the members of TFEX in the category of derivatives agents who are permitted by TCH to use the service made available by TCH, for a Member's account, or for the account of a Member's Client, or for the accounts of other Members, for which the Member conduct Clearing on their behalf.

*(*Regulation 301 was amended on December 18, 2015, force on January 4, 2016)*

302 Membership Qualifications

302.01 General Qualifications

*(1) Having executives who are qualified and have no prohibited characteristics, in accordance with the law governing derivatives, or notifications of the SEC, or the Capital Market Supervisory Board, which specify other prohibited characteristics of personnel in the derivatives business;

(2) Having operating officers who are in charge of the back office system for derivatives trading, in an adequate number who can support the undertaking of the back office system in an efficient manner. Such officers may be the same persons who are in charge of the back office system in relation to the Commodities or Variables underlying specified in the derivatives contracts, which the Member has applied to in order to use the service, but who shall not be the same persons as the investor contacts, or authorized officers, or officers supervising trading for the Member's derivatives investment account;

(3) Having officers in charge of overseeing the compliance with TCH's stipulations, circular letters, or orders (compliance officer) in an adequate number which can support the undertaking of the back office in an efficient manner. Such officers may be the same persons as the officers in charge of overseeing the compliance with the stipulations, circular letters and the orders of the SET, the futures exchange, TSD, or the Office of the SEC;

(4) Having an internal auditor in charge of auditing the systems and operations relating to the derivatives trading back office, and risk management in derivatives transactions. Such officer may be the same internal auditor who is in charge of work of such nature, which is related to the underlying commodities or variable in derivatives;

(5) Not having been, or not being under the process of being, accused or sued under the law governing derivatives, or the law governing securities of the SET, or the laws regarding other financial transactions, with respect to acts which are unfair, fraudulent or dishonest;

**(6) Having a computer system and computer hardware which can be connected to TCH's computer system, together with other operating systems necessary for the performance of derivatives back office operations. Such system may be procured by Member or by TCH, in accordance with the rules and procedures as prescribed by TCH.;

(7) Having a system reporting on the financial conditions, which can be directly connected to the work system of TCH;

(8) Having an office and adequate office equipment which show the applicant's readiness for business operations.

The rules and procedures for submitting an application for membership shall be as prescribed by TCH.

*(*Regulation 302.01 (1) was amended on November 24, 2008, force on November 24, 2008)*

*(**Regulation 302.01 (6) was amended on May 29, 2015, force on August 24, 2015)*

302.02 Specific Qualifications of a General Clearing Member:

*(1) licensed to undertake the business of a derivatives agent in accordance with the rules prescribed by the SEC or the Capital Market Supervisory Board;

(2) be a person being in the process of submitting an application for membership of the TFEX, and later to be granted approval to become a member of the TFEX;

(3) have a Risk management officer in charge of determining the fund limit and the trading limit in the trading account of the Member, and the trading account of a Member's Client. Such officer shall not be the same person as the investor contact or Authorized trader; and

**(4) have the financial status and capitals according to the following criterion:

**(4.1) have the shareholders' equity of not less than THB 100 million

(4.2) maintain the Net Capital Rule (NCR) and/or the BIS Ratio or Capital Adequacy Ratio, or maintain any other capital similar thereto required by the Office of the SEC, or an agency in charge of overseeing the Member's business operations.

(5) have, and prove that it has, a system to check and control the Derivatives position of the Member's account and the account of the Member's Client;

(6) have, and prove that it has, a system to check and control that the Deposit of Magins by each Client will not be lower than the amount specified by TCH;

(7) have policies and procedures for the management of credit risk, operational risk, market risk arising from changes in the prices of Derivative, or prices of Commodities or Variables underlying the Derivatives, and legal risk, which can support the undertaking of the Derivatives business in an efficient manner, including controlling and monitoring measures to ensure that the operations will be as prescribed by TCH.

*(*Regulation 302.02 (1) was amended on November 24, 2008, force on November 24, 2008)*

*(**Regulation 302.02 (4) was amended on October 1, 2024, force on October 15, 2024)*

303 Membership Admission

TCH shall accept applications for membership from time to time and make an announcement thereof in general. The acceptance of membership applications by TCH shall be in accordance with the criteria prescribed by TCH.

304 Membership Admission Process

304.01 Membership Admission Process

(1) An applicant must file a membership application together with documents and evidence in accordance with the criteria prescribed by TCH;

(2) During its consideration of the application, TCH may prescribe additional conditions and summon the applicant to provide a clarification, or submit additional documents or evidence, as deemed appropriate.

(3) TCH shall notify the applicant of the result of its consideration within ninety (90) days from the date TCH receives all documents and evidence.

(4) TCH shall notify the applicant of the result of its consideration of the approval of membership, and inform the applicant to show the documents and evidence in accordance with the criteria prescribed by TCH. The applicant who is granted approval to become a Member shall pay a membership fee in the amount, and within the period of time, specified by TCH.

(5) When the applicant has fully complied with the conditions under Regulation 304.01(4), TCH will designate, and notify the applicant of, the commencement date of its membership.

TCH's consideration of the admission of membership is final.

304.02 Change in, or Revocation of, Membership Approval

TCH may change or revoke its approval of the membership of an applicant under Regulation 304.01(4) upon the occurrence of any of the following events:

(1) any fact or evidence given or submitted by the applicant to TCH, to support its consideration of the membership application, is false or untrue; and

(2) there is any circumstance, act, or ground which, in TCH's opinion, causes the applicant to be disqualified and unsuitable to be a Member.

305 Change in Membership Category

If any Member wishes to change their membership category, such Member must possess the qualifications, and submit an application for the new membership category applied for, according to Regulation 302. Such membership admission shall comply with Regulation 303.

306 Rights of a Member

306.01 Rights of a General Clearing Member

(1) to carry out a Clearing for Derivatives in the system of TCH for the Member's account, or for the account of the Member's Client, or for the accounts of other Members, for which the Member carry out a Clearing on their behalf.

(2) to receive any other services made available by TCH, provided that TCH may render different services to the Members based upon the type of Commodities or Variables underlying specified in the Derivative.

*TCH may restrict the Member's rights under (1) or (2) exclusively in relation to Derivative with any type of Commodities and Variables, as approved by TCH, on a case by case basis.

*(*The last paragraph of Regulation 306.01 was amended on November 24, 2008, force on November 24, 2008)*

***306.02 Assignment of Membership Right**

A Member's membership right is personal, and may not be assigned to any other person, unless such transfer is permitted by TCH on a case by case basis, or is in accordance with the rules prescribed by TCH.

*(*Regulation 306.02 was amended on November 24, 2008, force on November 24, 2008)*

307 Duties of a Member

***307.01 Duties of a General Clearing Member**

(1) To comply with the law regarding Derivatives, the requirements of the SEC, the Capital Market Supervisory Board, and the Office of SEC, the regulations, circular letters or orders of TCH, and to consent to TCH's punishment in the case of the Member's violation or non-compliance. The Member has the duty to cause its Clients to acknowledge and consent to comply with the rules related to the Clients.

(2) To maintain the membership qualifications at all time when the membership is still active.

In the case that the Member cannot maintain the specific qualification of a General Clearing Member regarding financial condition and net capital, TCH may consider granting relaxation as TCH deems appropriate.

(3) Not to cooperate with or assist other Members or other persons in the violation of or non-compliance with Regulation 307.01 (1).

(4) Not to undertake any acts which can be regarded or reasonably believed to be the avoidance of or non-compliance with Regulation 307.01 (1).

(5) To have an appropriate internal control system that is able to control and supervise the performance of the Executives and operating staff of the Member to ensure their compliance with Regulation 307.01 (1), and not to commit any violation or any act which can be regarded or reasonably believed to be the avoidance of or non-compliance with Regulation 307.01 (1).

The Member shall be responsible for the actions of its Executives, operating staff, agent or person designated by the Member, which violates or can be regarded or reasonably believed to be the avoidance of or non-compliance with Regulation 307.01 (1).

(6) Report the violation of or non-compliance with Regulation 307.01 (1), (2), and (3), to TCH (Self Reporting) immediately upon the Member or its Executives, employees, or operating staff, violating or failing to comply with Regulation 307.01 (1), (2), and (3).

(7) To provide cooperation in the performance of duties of TCH's employees or officers, or any persons designated by TCH, or its Disciplinary Sub-committee or Appeal Sub-Committee.

(8) On every business day, to check the accuracy of the value of the Margin and the Derivatives position of the Member or the Client of the Member, in the report delivered by TCH to the Member. If the Member finds that the value of the Margin and the Derivatives position of the Member, or the Member's Client, is incorrect or inaccurate with the data in TCH's report, the Member must notify TCH of such [inaccuracy or incorrectness] within the business day following the date the Member becomes aware of such.

**(9) To place the Margins or Delivery Deposit to TCH in accordance with the rules, procedures, and conditions prescribed by TCH.

(10) To prepare its Clients' Position accounts and Asset accounts, and keep them strictly separate from its own Position account and Asset account.

(11) To keep accurate and updated data related to the trading, settlement and Deposit of margin of the Member and its Client for the period as stipulated by the Office of SEC or as TCH consider appropriate.

(12) To submit any reports as requested by TCH, wherein such reports must be accurate, complete and up to date in accordance with the rules and conditions as prescribed by TCH. If the Member finds that any report submitted by it is inaccurate, incomplete, or out of date, the Member must amend it to ensure that it is accurate, complete and up to date, and must immediately notify TCH of such amendment together with the reasons therefor.

(13) To carry out a Clearing under the Derivatives in accordance with the rules, procedures, and conditions prescribed by TCH.

*** (14) To pay fees, other expenses and penalties as prescribed by TCH.

(15) To place property with TCH for the security of the Clearing System for the Derivative traded on TFEX, as prescribed by TCH.

(16) To cooperate and allow TCH or its designated persons to take any action to examine the Member's information, documents and evidence relating to its operations, financial condition, internal audit and risk management, including its computer system and computer devices.

(17) To consent to TCH to disclose or exchange the information of the Member or its Clients related to the Trading of the Derivatives, Clearing for Derivative, performing risk management in the Trading of the Derivatives and Clearing for Derivative and the violation or non-compliance of regulations, circular letters or the order of TCH, including to consider punishing the Member for the government or other agencies, for the purpose of supervision of the Office of SEC, Bank of Thailand, SET, TFEX, the clearing house for Commodities or Variables underlying the Derivatives and TSD, or such disclose as stipulated by law.

(18) In the case that the Member has duty to disclose its information or the information of its Client to the government, agencies having supervisory duty or such disclose as stipulated by law, and TCH has disclosed the information of the Member or its Client, it shall be deemed that such Member has performed its duties to disclose such information.

***, ** (19) Verify the Delivery capacity of Member and the Member's Clients who wish to deliver the Commodities from the Derivatives that prescribe the delivery process so that there is compliance with the rights, duties and responsibilities with respect to the delivery, and notify the Clients to ensure

compliance with such rights, duties and responsibilities with respect to the delivery in accordance with the rules and procedures prescribed by TCH.

*(*Regulation 307.01 was amended on August 21, 2015, force on August 24, 2015)*

*(**Regulation 307.01 (9), 307.01 (19) was amended on December 18, 2015, force on January 4, 2016)*

*(***Regulation 307.01 (14), 307.01 (19) was amended on September 26, 2016, force on October 3, 2016)*

308 Punishment and Termination of Membership

308.01 Penalties

If any Member is in violation or is involved in non-compliance with the law on Derivatives, stipulations, circular letters or orders of TCH, TCH may impose any of the following single or combined penalties against it:

- (1) warning;
- (2) probation;
- (3) reprimand through public announcement;
- (4) fine;
- (5) determining, limiting, and/or reducing the limit of the Derivative position holding;
- (6) ordering the Member to transfer the Derivatives position, including the margin, in the account of its client to another Member, as TCH deems appropriate;
- (7) Close out the derivatives position of the Member or its Clients;
- (8) limitation of the scope of its use of TCH's services;
- (9) temporary suspension of the Clearing service for the Derivative ;
- (10) termination of membership; and
- (11) any acts as TCH deems appropriate.

***308.02 Reasons for Termination of Membership**

TCH may terminate a Member's membership in any of the following cases:

- (1) the Member resigns by submitting a resignation letter to TCH;
- (2) the Member lacks any qualification under Regulation 302.01;
- (3) the Member lacks any qualification under Regulation 302.02, specifically for General Clearing Members;
- (4) the Member violates or fail to perform its duties under Regulation 307, which is of a severe nature;
- (5) the Member's operations or financial condition might be detrimental to the Clearing system of TCH, and/or to the country's economy.

Member's membership shall be terminated from the dated specified by TCH. In this respect, the person whose membership was terminated is still bound to pay any outstanding debts to TCH.

*(*Regulation 308.02 (6) was repealed on February 8, 2021, force on February 15, 2021)*

308.03 Announcement of the Names of Members whose Membership has been Terminated

When any Member is no longer a Member, TCH shall notify in writing to the Member whose membership is terminated, and other Members, of such termination, and shall publicly announce the name of the Member whose membership is terminated, in accordance with the method as TCH deems appropriate.

308.04 Readmission of Members whose Membership has been Terminated

Any Member whose membership has been terminated may re-submit an application for membership, if their membership was terminated according to Regulation 308.02 (1), or for not less than five (5) years from the date of termination of membership, or if there is any change in the structure of the shareholders, Executives, board of directors, or management policy of the Member company, and TCH deems it appropriate to re-admit such Member.

308.05 Return of Property to a Members whose Membership has been Terminated

When the membership of a Member has been terminated under Regulation 308.02, TCH shall return the property placed by such Member to secure the Trading of Derivative, and for the security of the Clearing System for Derivative traded on the TFEX, including the remaining benefits therefrom after the deduction of all debts that the Member owes to TCH, within the period of time prescribed by TCH.

***309 Membership Fee**

The Members have the duty to pay fees and expenses related to the provision of Clearing and Delivery services by TCH, according to the rules and procedures prescribed by TCH.

*(*Regulation 309 is amended on December 18, 2015, Forced January 4, 2016)*
