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**Procedures**

**Chapter 300 Members**

**304 Membership Application Process**

**304.01 (1) Membership Application Process**

An applicant must file a membership application in the form prescribed by TCH, together with at least the documents listed below, which are certified to be correct copies by the Member's person who has management authority:

(1) the evidence of the applicant's registration with the Ministry of Commerce, or the copies of its certification document, memorandum of association, list of shareholders, and articles of association, which are certified by the Ministry of Commerce no earlier than 3 months before the date of submitting a membership application;

\*(2) copies of the general clearing member applicant's license to undertake Derivatives trading business as a Derivatives agent, in accordance with the rules prescribed by the SEC or the Capital Market Supervisory Board, or the evidence which shows that the general clearing member applicant is in the process of applying for a license from the SEC or the Capital Market Supervisory Board;

(3) copies of the evidence which shows that the applicant is a Member of the TFEX, or of the evidence which shows that the applicant is in the process of submitting an application for membership of the TFEX, only for the applicant who has applied for general clearing member;

(4) copies of the evidence which shows that the applicant has an operating officer, i.e. an officer in charge of overseeing the compliance with TCH's stipulations, circular letters, or orders (compliance officer), an Internal auditor, and a Risk management officer, in accordance with the rules prescribed by TCH, or the copies of the evidence which shows that the applicant is in the consideration process of recruiting any persons to perform such work, in accordance with the rules prescribed by TCH;

(5) copies of the evidence relating to the applicant's financial condition, such as their latest semi-annual financial statement and annual report, which have been audited by their auditor, etc.;

(6) copies of the applicant's reports regarding the calculation of Net Capital or Net Capital Ratio and/or BIS Ratio or Capital Adequacy Ratio, or on the maintenance of any other capital similar thereto, which are the daily reports of 7 consecutive business days, or the periodical reports, as required by an agency in charge of overseeing the Member's business operations, for the 7 consecutive periods, before the date of submitting a membership application;

(7) copies of the documents or evidence in relation to the applicant's risk management policy or system;

(8) copies of the contingency plan, which clearly describes the nature of the circumstances which are emergency situations;

\*\* (9) copies of evidence showing the readiness of the applicant's computer system, and computer hardware which can be connected to the computer system of TCH, including other operating systems necessary for the Derivatives back office operations, which are procured by the Member or TCH;

(10) copies of the evidence which shows the readiness of the system reporting the financial condition of the applicant, which can be directly connected to the work system of TCH;

(11) copies of the evidence which shows that the applicant has an office and adequate office equipment, which can show that the applicant is ready for business operations; and

(12) other documents and evidence, as specified by TCH.

*(\*Clause (2) of Regulation 304.01 (1) was amended on November 24, 2008, force on November 24, 2008)*

*(\*\*Clause (9) of Regulation 304.01 (1) was amended on May 29, 2015, force on August 24, 2015)*

### **307 Duties of a Member**

#### **\*307.01 (2) Action to be taken in the case that the general clearing member cannot maintain the qualification regarding financial position and Net Capital Rule**

##### **307.01 (2)-1 Maintenance of Financial Condition**

(1) In the event that the shareholders' equity of a Member is less than the amount prescribed by TCH under Chapter 300 (Regulations Re: Members), TCH may consider granting relaxation whereby the Member shall proceed as follows:

(1.1) Inform TCH of such event in writing within 5 business days from the date the Member submits the report on financial condition to TCH.

(1.2) Submit the report of net capital calculation to TCH pursuant to Rules 307.01 (12) (2) (2.1).

(1.3) Submit a plan to rectify the shareholders' equity to TCH within 60 days from the date the Member is unable to maintain the shareholders' equity or within the time period TCH deems appropriate, except where the Member can maintain the shareholders' equity according to the criteria prescribed by TCH within the following monthly period.

(1.4) Report on the progress on the plan to rectify the shareholders' equity to TCH within 90 days from the date the Member is unable to maintain the shareholders' equity.

(1.5) Maintain the shareholders' equity not less than the amount prescribed by TCH pursuant to Chapter 300 (Regulations Re: Members) within 120 days from the date the shareholders' equity of the Member is less than the prescribed amount or within the time period TCH deems appropriate.

In an event the Member has the duty to submit any notice, report or document under (1) of paragraph one, the Member shall proceed in accordance with the procedures prescribed by TCH.

(2) During the period the shareholders' equity of Member is less than the amount prescribed by TCH pursuant to the Chapter 300 (Regulations Re: Members), TCH may consider limiting the Member's transaction volume in its House account.

In case the Member whose transaction volume is limited pursuant to (2) of paragraph one wishes to request to place the collateral instead of having its transaction volume in the House account limited, the Member shall inform its intention to TCH and proceed to place the collateral for the purpose of risk management in accordance with the procedures prescribed by TCH.

In this regard, during the period the shareholders' equity of Member is less than the amount prescribed by TCH, TCH may enforce the collateral placed by Member with TCH pursuant to (2) of paragraph two for the purpose of paying any obligations or damages that arise.

(3) Upon an occurrence of any of the following events in relation to the Member:

(3.1) The Member fails to submit the plan to rectify the shareholders' equity to TCH within the period prescribed by TCH or the relaxation period specified by TCH;

(3.2) The Member is unable to rectify the shareholders' equity within the period prescribed by TCH or the relaxation period specified by TCH;

(3.3) The shareholders' equity of Member is below zero;

(3.4) The Member takes any action or there exists any event which may give rise to risks in relation to the payment of obligations by TCH;

TCH may consider taking any one or several of the following actions with the Member in relation to whom an event under (3) of paragraph one exists:

(a) Limit the Member's transaction volume in the House account and the Client account;

(b) Temporary suspension of the provision of TCH's services;

(c) Terminate the membership;

In case TCH temporarily suspends the provision of services to the Member under (3) of paragraph two (b) in relation to clearing services for Derivatives, TCH may request the TFEX to consider taking any actions to suspend the Derivatives trading of such Member in the TFEX as the TFEX deems appropriate.

**\*\* (4)** In an event any Member is able to rectify the shareholders' equity pursuant to the criteria prescribed by TCH but is unable to maintain the shareholders' equity throughout 12 monthly periods from the latest month in which the shareholders' equity of the Member is less than the TCH's prescription, TCH may consider that the Member shall make contribution to the Clearing Fund at the rate of 2 times the rate of variable contribution as notified by TCH pursuant to the Chapter 700 (Regulations Re: Assets for the Clearing System Protection) until the Member is able to maintain the shareholders' equity pursuant to criteria prescribed by TCH.

### **307.01 (2)-2 Maintenance of Capital**

(1) In the event that the Member is unable to maintain its net capital according to the criteria prescribed by the SEC or the Capital Market Supervisory Board, TCH may consider granting relaxation whereby the Member shall proceed as follows:

(1.1) Inform TCH of such event in writing within the following business day from the date the Member is unable to maintain its net capital;

(1.2) Submit the report of net capital calculation to TCH pursuant to Rules 307.07 (12) (2) (2.2).

(1.3) Submit a plan to rectify its net capital to TCH under the criteria and period of time as prescribed by the SEC or the Capital Market Supervisory Board or within the relaxation period as specified by the Office of the SEC (as the case may be) or within the period TCH deems appropriate.

(1.4) Rectify its net capital under the criteria and time period prescribed by the SEC or the Capital Market Supervisory Board or within the relaxation time period specified by the Office of the SEC (as the case may be) or within the time period TCH deems appropriate.

In an event the Member has the duty to submit any notice, report or document under (1) of paragraph one, the Member shall proceed in accordance with the procedures prescribed by TCH.

(2) During the period the Member is unable to maintain its net capital according to the criteria prescribed by the SEC or the Capital Market Supervisory Board, TCH may consider limiting the Member's transaction volume in its House account.

In case the Member whose transaction volume is limited pursuant to (2) of paragraph one wishes to request to place the collateral instead of having its transaction volume in the House account limited, the Member shall inform its intention to TCH and proceed to place the collateral for the purpose of risk management in accordance with the procedures prescribed by TCH.

In this regard, during the period the Member is unable to maintain its net capital according to the criteria prescribed by the SEC or the Capital Market Supervisory Board, TCH may enforce the collateral placed by Member with TCH pursuant to (2) of paragraph two for the purpose of paying any obligations or damages that arise.

(3) Upon an occurrence of any of the following events in relation to the Member:

(3.1) The Member fails to submit a plan to rectify its net capital to TCH under the criteria and period of time as prescribed by the SEC or the Capital Market Supervisory Board or within the relaxation period as specified by the Office of the SEC (as the case may be) or within the period TCH deems appropriate;

(3.2) The Member is unable to rectify the net capital under the criteria and time period prescribed by the SEC or the Capital Market Supervisory Board or within the relaxation time period specified by the Office of the SEC (as the case may be) or within the time period TCH deems appropriate;

(3.3) The net capital of Member is below zero in excess of 5 consecutive business days;

(3.4) The Member takes any action or there exists any event which may give rise to risks in relation to the payment of obligations by TCH;

TCH may consider taking any one or several of the following actions with the Member in relation to whom an event under (3) of paragraph one exists:

- Client account;
- (a) Limit the Member's transaction volume in the House account and the
  - (b) Temporary suspension of the provision of TCH's services;
  - (c) Terminate the membership;

In case TCH temporary suspends the provision of services to the Member under (3) of paragraph two (b) in relation to clearing services for Derivatives, TCH may request the TFEX to consider taking any actions to suspend the Derivatives trading of such Member in the TFEX as the TFEX deems appropriate.

*(\*Regulation 307.01 (2) was amended on July 15, 2022, force on August 1, 2022)*

*(\*\*Clause (4) of Regulation 307.01 (2)-1 was amended on December 16, 2022, force on January 3, 2023)*

**\*307.01 (12) Duties of a Member in Submission of Reports**

The Member shall submit reports in accordance with the following criteria:

(1) The Member must submit the required types of reports, within the periods of time, as specified below to TCH, in the form of a hard copy and/or through a computer system connected to TCH's system:

(1.1) reports of net capital calculation that the Member submits to the Office of the SEC as follows:

(1.1.1) a report of daily net capital;

(1.1.2) a report of monthly net capital calculation on the last business day of each month;

the Member shall submit the reports under paragraph one within the period of time as prescribed by the Office of the SEC or within the relaxation period as specified by the Office of the SEC, as the case may be;

(1.2) a report on its financial condition and operating results that the Member submits to the Office of the SEC as follows:

(1.2.1) for a monthly period, the reports shall be submitted within the period of time as prescribed by the Office of the SEC or within the relaxation period as specified by the Office of the SEC, as the case may be;

(1.2.2) for the first 6-month period of an accounting year, the reports shall be submitted within three (3) months of the end of such accounting period; and

(1.2.3) for an accounting year, the reports shall be submitted within four (4) months from the end of such accounting year;

(1.3) an internal audit report and any opinion on the Member's back office system or operations, as well as the Member's risk management, specifically with respect to the parts that are material, including a report on the results of the Member's significant acts as recommended by

an internal auditor, shall be submitted once a year;

(1.4) a report on the compliance with TCH's stipulations, circular letters, or orders (compliance report), specifically with respect to the parts that are material, including a report on the results of the Member's significant acts, as recommended by its Compliance officer in charge of overseeing the compliance with TCH's stipulations, circular letters, or orders, shall be submitted once a year.

TCH may grant an exemption for the Member from submission of report regarding financial position or any other report as TCH deems appropriate.

(2) The Member must report to TCH any of the following circumstances that may adversely affect its Derivatives transactions, together with the supporting reasons;

(2.1) In an event the Member's adjusted equity is less than or is equal to 1.1 times the shareholders' equity that the Member has the duty to maintain pursuant to the criteria prescribed by TCH in Chapter 300, the Member must submit the report of net capital calculation to TCH every day as from the business day following the date the Member submits the reports under (1) (1.2) until the Member completely rectifies such event or within the time period TCH deems appropriate.

In this regard, in calculating the adjusted equity under paragraph one, TCH shall not take into account unrealized gain from investment.

(2.2) In an event the Member's net capital at the end of any business day drops to a level below, or equivalent to, three (3) times the minimum threshold that must be maintained, as prescribed by the SEC or the Capital Market Supervisory Board, wherein the Member must submit a report of net capital calculation to TCH every day as from the business day following the date of occurrence of such circumstance, until it can maintain the net capital according to the prescribed criteria. Such report shall cover a period of seven (7) consecutive business days, or a period as designated by TCH.

(2.3) In an event there is a significant change in the company operations of the Member, such as a change of a director, manager, or a person with management authority, a merger, a change in operational structure, or a change in the shareholding ratio of a major shareholder representing more than 25 percent of its total shares, such event shall be reported within the business day following the date such event occurs.

(2.4) Any other circumstances that may adversely affect the Member's operations, financial condition, and liquidity, such event shall be reported within the business day following the date such event occurs.

(3) The Member shall submit any report which certified by its authorized directors, as per the certificate of partnership or company registration issued by the Department of Business Development, the Ministry of Commerce.

For the purpose of overseeing and examining the Clearing, financial conditions, and the operations of a Member, TCH may notify the Member to submit other reports and designate the time of such submission as it deems appropriate.

*(\*Regulation 307.01 (12) was amended on June 15, 2020, force on July 1, 2020)*

**\*308 Punishment and Termination of Membership**

*(\*Regulation 308 was repealed on February 8, 2021, force on February 15, 2021)*

**\*309 Membership Fee**

TCH shall collect the payment of fees and expenses in relation to services provided by TCH from Members at the following rate:

(1) membership admission fee at the rate prescribed by TCH from time to time;

(2) annual fee at the rate of Baht 300,000 per annum, which shall be paid annually in advance, in accordance with the calendar year, by the end of the 15th day of January of every year. Where the membership of the Member commences during any calendar year, the Member is still required to pay for the full year's fee; and

**\*\***(3) fees and expenses in relation to Clearing and Delivery services at the rate prescribed by TCH for each type of Derivatives.

*(\*Regulation 309 was amended on December 18, 2015, force on January 4, 2016)*

*(\*\*Clause (3) of Regulation 309 was amended on September 26, 2016, force on October 3, 2016)*

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