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Regulations

Chapter 300 Members

***301 Membership Categories**

TCH membership categories are as follows:

- (1) General Clearing Member
- (2) Direct Clearing Member

In an event a General Clearing Member undertakes the Securities clearing and settlement for the SET's members, other Members or other Members' clients, it shall proceed in accordance with the rules, conditions and procedures prescribed by TCH.

Any Member who is a Member of TCH before the date the rules under paragraph one comes into force, such Member shall notify TCH in writing of its desired membership category within the period prescribed by TCH whereby the Member shall possess the qualifications applicable to the membership category specified in Regulation 302. In this regard, Regulation 304 shall apply to the consideration of qualifications and notification of intention by Members of each membership category *mutatis mutandis*.

*(*Regulation 301 was amended on July 24, 2020, force on August 3, 2020)*

***302 Membership Qualifications**

302.01 Qualifications of a General Clearing Member:

- (1) be a juristic person licensed to operate the businesses in the category of securities brokerage or securities dealing, or other person as prescribed by TCH;
- (2) have the shareholders' equity of not less than THB 500 million;
- (3) have a net capital according to the criteria prescribed by the SEC;
- (4) be a securities depositor at a securities depository center prescribed by TCH; and
- (5) be a member of the Clearing Fund set up by TCH.

302.02 Qualifications of a Direct Clearing Member

- (1) be a juristic person licensed to operate the businesses in the category of securities brokerage or securities dealing, or other person as prescribed by TCH;
- (2) have the shareholders' equity of not less than THB 400 million;
- (3) have a net capital according to the criteria prescribed by the SEC;
- (4) be a securities depositor at a securities depository center prescribed by TCH; and
- (5) be a member of the Clearing Fund set up by TCH.

*(*Regulation 302 was amended on July 24, 2020, force on August 3, 2020)*

303 Membership Application

303.01 Membership Application Process

(1) 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 with management authority:

(1.1) 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 three (3) months before the date of submitting a membership application;

(1.2) a copy of the applicant's business license;

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

(1.4) the copies of the applicant's reports on 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 seven (7) consecutive business days, or the periodical reports, as required by an agency in charge of overseeing the Member's business operations, for the seven (7) consecutive periods, before the date of submitting a membership application;

(1.5) the copies of the documents or evidence relating to the applicant's risk management policies and system;

(1.6) the copy of the contingency plan which clearly describes the nature of the circumstances which are emergency situations; and

(1.7) other evidence as specified 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) If TCH is of the view that the applicant is fully qualified, TCH shall notify the applicant of the result of its consideration, wherein TCH may also prescribe any conditions for the applicant to comply with before the approval of its membership.

(4) When the applicant has fully complied with the conditions under Regulation 303.01(3), TCH will designate, and notify the applicant of, the commencement date of its membership.

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

303.02 Change in, or Revocation of, Membership Approval

TCH may change or revoke its approval of the membership of an applicant under Regulation 303.01(3) 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.

***304 Change in Membership Category**

If any Member wishes to change its membership category, such Member shall possess all the qualifications pursuant to the desired membership category in accordance with Regulation 302 as the case may be, and such Member shall proceed in accordance with the following procedures and conditions:

(1) If a General Clearing Member wishes to change its membership category to a Direct Clearing Member, it shall notify TCH of its intention in writing to change its membership category, and in case such change may affect the Securities clearing and settlement by the SET's members or other Members, such Member shall comply with the rules, conditions and procedures prescribed by TCH.

(2) If a Direct Clearing Member wishes to change its membership category to a General Clearing Member, it shall submit an application to be a General Clearing Member to TCH together with any relevant documents in accordance with Regulation 303.01.

In considering the notification of intention or the application of the Member under paragraph one, TCH may prescribe additional conditions or request the Member to provide clarification or additional documents and evidence as it deems appropriate.

If TCH has considered and is of the view the Member possesses all the qualifications pursuant to the desired membership category and/or such change in membership category does not affect the Securities clearing and settlement by the SET's members or other Members, TCH will notify the Member of the approval whereby TCH may prescribe any conditions for the Member to comply with before approving such change in membership category.

*(*Regulation 304 was amended on July 24, 2020, force on August 3, 2020)*

305 Transfer of Membership Right

A Member's membership right is personal, and may not be transferred 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. A transferee of such right must also possess the qualifications under Regulation 302.

***306 Rights of a Member:**

** (1) to use the Securities clearing and settlement services in TCH's system whereby TCH may render different services to the Members based upon their membership categories.

(2) to receive any other services made available by TCH, provided that TCH may render different services to the Members based upon their membership categories.

*(*Regulation 306 was amended on June 15, 2012, forced on July 1, 2012)*

*(**Regulation 306 (1) was amended on July 24, 2020, force on August 3, 2020)*

307 Duties of a Member

***307.01 General Duties:**

(1) To comply with the law on securities and exchange, the requirements of the SEC and the Capital Market Supervisory Board, 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 client 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 qualification regarding shareholders' equity and the Net Capital Rule, TCH may consider granting relaxation as TCH deems appropriate.

(3) To prepare its clients' asset accounts, and keep them strictly separate from Members' asset account.

(4) To take steps for risk management and placement of collateral in accordance with the rules, procedures, and conditions prescribed by TCH.

(5) To carry out the clearing and settlement of securities in accordance with the rules, procedures, and conditions prescribed by TCH.

(6) To keep accurate and updated data related to the clearing and settlement of securities of the Member and its client for the period as stipulated by the Office of the SEC or as TCH considers appropriate.

(7) To submit any information or reports as requested by TCH, wherein such information or 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 information 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.

(8) 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.

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

******(10) To pay contribution to the Clearing Fund established by TCH.

(11) To pay the fees, penalties, or other expenses as prescribed by TCH.

(12) To consent to TCH to disclose or exchange the information of the Member or its clients related to securities trading, clearing and settlement of securities in the clearing and settlement of securities system, performing risk management in the clearing and settlement of securities system 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 the SEC, Bank of Thailand, SET, TFEX, the clearing house for derivatives contracts and TSD, or such disclosure as stipulated by law.

(13) 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 disclosure 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.

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

*(**Regulation 307.01 (10) was amended on July 24, 2020, force on August 3, 2020)*

***307.02 Availability of System Connected to TCH's System**

To use the securities clearing and settlement services for traded securities, including other related services, the Member must have a computer system and computer hardware that are compatible with, and connectable to, TCH's system. Such system may be provided by the member or by TCH, in accordance with the rules and procedures as prescribed by TCH.

*(*Regulation 307.02 was amended on May 29, 2015, forced on August 24, 2015)*

308 Punishment and Termination of Membership

308.01 Penalties

If any Member is in violation by failing to comply with the law on securities and exchange, or the regulations, circular letters or orders of TCH, TCH may impose any of the following single or combined penalties against it:

- (1) warning;
- (2) probation;
- (3) fine;
- (4) limitation of the scope of its use of TCH's services;
- (5) temporary suspension of the provision of TCH's services;
- (6) termination of membership; and
- (7) any acts as TCH deems appropriate.

TCH may notify the SET of the foregoing act as TCH deems appropriate.

****308.02 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 who is disqualified under Regulation 302
- (3) the Member's operations or financial condition might be detrimental to the clearing and settlement of securities.

The Member's membership shall terminate on and from the date designated by TCH. The person whose membership is terminated shall remain obliged to make full payment of any debts, damages, fees, or expenses owed to TCH.

*(*Regulation 308.02 (2) was amended on July 24, 2020, force on August 3, 2020)*

*(**Regulation 308.02 (4) was repealed on February 8, 2021, force on February 15, 2021)*

***308.02-1 Operation Which Indicates the Lack of Seriousness in the Undertaking of Business**

*(*Regulation 308.02-1 was repealed on February 8, 2021, force on February 15, 2021)*

309 Fees

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