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**\* Procedures**  
**Chapter 400 Clearing and Delivery**

**402 Clearing Delivery through the Clearing System**

**402.01 Standards of the Member's Computer System Connected to the Clearing System**

A Member may connect its computer system to the Clearing System after obtaining a written permission from TCH. The Member's computer system must consist of computer hardware and software which are used to connect to the clearing system. The functions of the Member's computer system must meet the standards prescribed by TCH or a person designated by TCH to be a service provider.

**402.02 Connection of Computer Hardware**

(1) The Member may connect its computer hardware to the Clearing System for the purpose of recording or receiving the Clearing data from the Clearing System connected to its computer system. Such connection of computer hardware must be approved by TCH in accordance with the rules, conditions and procedures prescribed by TCH.

(2) The Member may allow any person as permitted by the Member to connect his computer hardware used in the Clearing to the Member's computer system, which is connected to the Clearing System, to enable such person to record the Clearing data into the Member's computer system directly or to allow such person to receive data from the Clearing System through such connection. The said connection of computer hardware must be approved by TCH in accordance with the rules, conditions and procedures prescribed by TCH.

(3) In any case whatsoever, the Member must be liable to any damage caused or may be caused to the Clearing System due to the connection of its computer hardware, or its permission of the connection of any person's computer hardware to its computer system that is connected with the Clearing System.

**402.03 Installation of Computer Hardware**

(1) The Member must install its computer hardware used in the Clearing which is connected to the Clearing System only at each of its offices, unless a permission is obtained from TCH in the case that the Member wishes to install such computer hardware outside its office.

(2) The Member must inform TCH of the places of installation of its computer hardware, the types and number of such computer hardware, including the department and personnel responsible therefor, as well as the policy to allow the use of its computer system within the period prescribed by TCH.

**402.04 The Use of Computer Hardware or Software that the Member use in connecting to the Clearing System**

(1) The Member may use its own computer software or that of a system developer in connecting to the Clearing System only with the permission of TCH in accordance with the following rules:

(1.1) The Member must submit the documents or media specifying details of the computer software as prescribed by TCH, and must certify that its computer system has the functions that are in accordance with, are not in contravention of the requirements of TCH, does

not cause any damage to the Clearing System and the operation of its computer shall meet the standard as required under the rule 402.06.

(1.2) In the case that the Member uses the computer system or computer software which is developed by a system developer, the Member shall cause such system developer to certify that it possesses the qualifications under (2), and that the computer software or the functions of the computer system of such Member are in accordance with, are not in contravention of the requirements of TCH, does not cause any damage to the Clearing System and the operation of its computer shall meet the standard as required under the rule 402.06.

TCH may require the Member to procure or change the person who inspects and certifies the functions of its computer system and computer software as deemed appropriate.

(1.3) The computer system and/or computer software of the Member and/or the system developer must pass the operational test in accordance with the rules, conditions and procedures prescribed by TCH.

(2) The Member's system developer must possess or maintain the qualifications in accordance with the following criteria:

(2.1) has a secured financial condition and is not exposed to any risk that may adversely affect its business operation;

(2.2) is experienced in developing and providing services related to computer software for not less than 2 years before the filing of application, or within a period as TCH deems appropriate;

(2.3) has the executives who are capable and honest, and have business ethics and experience in the business of computer system development;

(2.4) has a management system in relation to the development of computer software and provides computer software service that is acceptable according to international standards or the standards recognized by TCH;

(2.5) has a sufficient number of personnel who are knowledgeable, capable and experienced in the development of computer software and provision of computer software service related to the Clearing System.

(3) In the case that TCH is of the opinion that the Member's system developer is unable to maintain the above qualifications, or has falsely certified the functions of the computer system or computer software used in the Clearing which is connected to the Clearing System, which may cause damage to the Clearing System, TCH may prohibit the Member from using such computer system or computer software or require the Member to change its system developer or do any other acts as TCH deems appropriate.

(4) The Member must be liable for any damage that is or may be caused to the Clearing System as a result of the use of the computer software used in connecting to the Clearing System

In the case that the Member is a Member of TFEX who has been permitted to connect its computer system used in the Trading, and has submitted the documents and evidence in accordance with the rules prescribed by TFEX, TCH may consider waiving its requirement for the Member to submit the documents or media specifying the details of the computer software in accordance with the rules prescribed by TCH, or may require the Member to submit additional documents and evidence as TCH deems appropriate.

#### **402.05 Change or Modification in connection with the Member's Computer System**

(1) In the case that the Member wishes to make any change or modification in connection with its computer system as described below, the Member shall comply with the rule 402.04(1) prior to commencing the use of the changed or modified computer system:

- (1.1) change of the system developer;
- (1.2) change of technology of the computer software;
- (1.3) change of the operating function of the Member's computer system which is connected to the Clearing System;
- (1.4) other matters as prescribed by TCH.

(2) In the case that the Member wishes to make any change or modification in connection with its computer system as described below, the Member shall report to TCH in the form prescribed by TCH in accordance with the rule 402.04(1)(1.1) and (1.2) prior to commencing the use of the changed or modified computer system:

- (2.1) change of the network architecture of the Member's computer system that is connected to the Clearing System;
- (2.2) change of the site of a server of the Member's computer system that is connected to the Clearing System;
- (2.3) other matters as prescribed by TCH.

(3) In the case that the Member makes any change or modification in connection with its computer system as described below, the Member shall report to TCH in the form and within the period prescribed by TCH:

- (3.1) change of the network architecture of the computer system of the member's branch office;
- (3.2) change of the operating function of a part of the Member's computer system which is related to its Clearing other than as described in (1.3);
- (3.3) change of the site of a server of a computer system of the Member's branch office;
- (3.4) change or alteration of the management and control of the operational security systems (Security Management);
- (3.5) other matters as prescribed by TCH.

(4) The member shall have the measures to strictly control and supervise the change or alteration in connection with its computer system connected to the Clearing System as permitted by TCH so as to prevent any damage that may be caused to the Clearing System.

In the case that the Member is a member of TFEX who is required to report any change or modification in connection with its computer system used in the Trading in accordance with the rules prescribed by TFEX, TCH may consider waiving its requirement for the Member to report on any change or modification in connection with the computer system in accordance with the rules prescribed by TCH, or may require the Member to make an additional report as TCH deems appropriate.

#### **402.06 Readiness for the Use of the Member's Computer System**

The Member must be prepared for the use of its computer system as follows:

(1) The member must have in place the following management and control of the operational security systems (Security Management) which must be in accordance with the standards prescribed by TCH in the attachment hereto:

- (1.1) a physical security system in the site where its computer hardware used in the Clearing which is connected to the Clearing System is located;

(1.2) a network security system to prevent unauthorized persons from accessing to the system and acknowledging or altering data from the Clearing;

(1.3) a user authentication and privacy system to confirm that the system user is an authorized person, as well as to protect the Client's privacy;

(1.4) an information security standard;

(1.5) other matters as prescribed by TCH.

(2) The Member must have in place the backup plan and backup system for its computer system use in the connection with the Clearing System, which must be capable of immediate implementation to cope with the circumstances where the member's computer system is malfunctioning, and must arrange for a test of such backup system at least once a year. The Member must also make a report on such backup plan and backup system, as well as the outcome of the test of the backup system to TCH within the prescribed time.

(3) The Member must participate in a test of the Clearing System, the backup Clearing System and the use of backup computer system, which are provided by TCH for the Member in the case that the Member's backup system is malfunctioning, as required by TCH, and must report on the outcome of such test to TCH. Such report must be certified by the authorized signatory according to a list which the Member has given to TCH.

(4) The Member must have a sufficient number of personnel in charge of supervising its computer system that is connected to the Clearing System in order to coordinate with TCH during and outside the business hours.

(5) The Member must certify its computer system or computer software used in the connection with the Clearing System in accordance with the rule 402.04(2)(2.1) and (2.2) every two years.

## **405 Clearing**

### **405.02/1 Deferred Charge value**

TCH will calculate Deferred Charge for holding the outstanding Derivatives position that prescribes for the Delivery from postponement to tender notification request, by calculating from the amount of Derivatives position and the rate per Derivatives contract in accordance with the rules, procedures, conditions and within the period prescribed by TCH.

### **\*405.06 Clearing Schedule**

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(\*Amended January 19, 2024, Force February 1, 2024)

### **\*407 Transfer of Derivatives position**

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(\*Amended January 29, 2020, Force February 24, 2020)

## **410 Delivery**

### **410.01 Tender Notification Request**

Tender Notification Request to TCH shall be in accordance with the rules, conditions and procedures and within the time prescribed by TCH, and shall at least include the following particulars:

- (1) account number for the keeping of Derivatives position in TCH System;
- (2) amount of Derivatives position which wishes for Delivery;
- (3) series month of Derivatives which wishes for Delivery;
- (4) Derivatives position (long or short);
- (5) other particulars as prescribed by TCH.

### **410.02 Matching of Derivatives which provides for Delivery**

TCH shall match Derivatives which provides for Delivery in accordance with the wish of the buyer Member and the seller Member (Mutual Preference), or in accordance with the quantity of Delivery (Quantity), or in accordance with the time that TCH has received the notice informing the wish to make Delivery (Time), or in accordance with the delivery place (Delivery Place), or by random (Random), or other criteria as stipulated by TCH.

TCH may stipulate different matching principles for each type of Derivatives.

In matching the Derivatives, should any Member holds the contract not equaling [or less than] the full delivery unit, such Member has the duties to pay fines to TCH. If the other contract party that has been matched incurs expenses from such event, TCH may collect the expenses incurred to compensate to the other contracting party except where the contracting party agrees not to demand payment for such expenses.

### **\*410.04 Placement of Delivery Deposit**

TCH shall calculate the value of Delivery Deposit from the matched Derivatives position to accommodate any fluctuations in the price of Commodity during the period of Delivery at the minimum 99% confidence level by stipulating the type, rate, placement method, withdrawal and return in accordance with rule, procedure, condition and within the time as prescribed by TCH.

TCH shall return the Delivery Deposit after the deduction of management fees (if any), within the business day after the completion of Delivery.

\* To calculate the value under the first paragraph, TCH shall calculate the volatility by using the Exponentially Weighted Moving Average method consistent with the decay factor, and shall determine the minimum value of the volatility as prescribed by TCH. In this regard, TCH shall process the data on the change in the price of Derivatives or Underlying for at least the previous 250 business days.

*(\*Amended January 31, 2019, Force February 15, 2019)*

### **410.05 Payment of Commodity Price and Related Expenses**

TCH will calculate the price of Commodities using the Settlement Price or the Final Settlement Price or the Delivery Price, as the case may be, on the date of the notice to Tender Notification Request. The Member has the duties to make payment and receive payment of commodities and related expenses in accordance with the rules, procedures and conditions prescribed by TCH.

As for the calculation of the price of Commodities and related expenses in the first paragraph, if calculated by reference to a foreign currency and there is an adjustment of value into Baht, TCH may undertake calculation in accordance rules, procedures prescribed by TCH.

#### **410.06 Default of Delivery**

Should one of the following events happens, the Members shall be deemed to be in default in Delivery:

- (1) failure to place the Delivery Deposit either wholly or partly;
- (2) failure to submit Delivery instruction;
- (3) failure to pay the price of Commodities or related expenses either wholly or partly;
- (4) failure to make Delivery either wholly or partly in accordance with the Delivery instruction in (2) or the quality of the Commodities does not conform with the prescription in the Contract Specification;
- (5) failure to comply with duties or other obligations in relation to Delivery in accordance with the rules, procedures and conditions TCH prescribes.

The non-defaulting Member has the duties to inform TCH within the next business day following the date of default except in the case of default in (1) of the first paragraph. TCH will inform the Member party and may release the obligations in relation to the Delivery by the Member and enforce the payment of damages, management fees and actual related expenses including the fines from the Delivery Deposit in accordance with the rules, procedures, conditions and within the period prescribed by TCH, which shall not exceeding the amount of the Delivery Deposit. The calculation of such damages shall be undertaken according to the following criteria:

(1) The non-defaulting Member will determine the appropriate price of Commodities, which shall be mutually agreed between the Member parties, and shall notify such price to TCH within 3 business days following the date of default.

(2) TCH will calculate the difference between the price in (1) and Settlement Price of the date of matching the Derivatives contracts or the Final Settlement Price or the Delivery Price, and TCH will use the Delivery Deposit to settle such difference to the non-defaulting Member.

#### **410.07 Alternative Delivery Procedures**

In order to inform TCH of Alternative Delivery Procedures, one of the counterparty Members shall inform TCH of the Matching ID and any other particulars as prescribed by TCH in order for the other counterparty Member to confirm such transaction within the transaction date be in accordance with the rules, conditions and procedures and within the time prescribed by TCH.

#### **410.08 Persons Involved with Delivery**

##### **410.08 (1) Delivery Facilitator**

The Delivery Facilitator to be appointed by the Members will need to have the name on the list prescribed by TCH, and will have the duties to facilitate matters in relation to the Delivery by the Members or Members' Clients.

**410.08 (2) Delivery Agent**

The Delivery Agent to be appointed by the Members will need to have the name on the list prescribed by TCH, and will have the duties to provide services to the Members or Members' Clients in relation to deposit, withdrawal and quality inspection, and undertake any other relevant actions at least as follows:

(1) Accept the Commodities from the Members and/or Members' Clients to deposit such Commodities with the Vault Operator entrusted by the Members in accordance with Rule 410.08 (3);

(2) Withdraw the Commodities deposited with the Vault Operator entrusted by the Members in accordance with Rule 410.08 (3) pursuant to the amount notified by the Members;

(3) Inspect the quality of Commodities in accordance with (1) and (2) to conform with the Contract Specification and as prescribed by TCH before depositing or withdrawing such Commodities deposited with the Vault Operator entrusted by the Members in accordance with Rule 410.08 (3);

(4) Undertake any other relevant actions in relation to the duties of Delivery Agent in accordance with the rules and procedures prescribed by TCH.

**410.08 (3) Vault Operator**

The Vault Operator to be appointed by the Members will need to have the name on the list prescribed by TCH, and will have the duties to accept the deposit and custody of the Commodities deposited and withdraw the Commodities deposited through the Delivery Agent entrusted by the Members pursuant to the amount notified by the Members. The Members shall have the duties to prepare an account of assets of each Client deposited with the Vault Operator separately from the Members' accounts of assets.

In entrusting a person as Vault Operator of the Members to proceed in accordance with the first paragraph, TCH may arrange an agreement to prescribe duties of the Vault Operator of the Members or Members' Clients as it deems appropriate.

**410.08 (4) Assayer**

The Assayer to be appointed by the Members will need to have the name on the list prescribed by TCH, and will have the duties to provide services to the Members or Members' Clients in relation to the inspection of Commodities as prescribed in Contract Specification and prescribed by TCH in an event of objection with regard to the quality of Commodities delivered or received as the case may be.

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*(\*Amended September 26, 2016, Force October 3, 2016)*