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***Regulations**

Chapter 500 Margins

501 General Principles

To Deposit of margin shall be the major principles as following;

*(1) In Trading and Clearing in TFEX, the Members shall have the duties to prescribe clear and appropriate criteria in relation to Deposit of margin by the Members' Clients which shall not contravene or contradict to these Rules.

(2) To Deposit of margin by the Member with TCH, each Member must deposit a gross Margin for House Account separate from Client Account.

(3) For efficient Clearing with TCH, TCH may offset the Member's Margin against that of its defaulting Client.

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

***502 Types of Margins**

TCH has designated the types of Margins as described below in accordance with the rules, procedures and conditions prescribed by TCH.

***502.01 Maintenance Margin**

**The Maintenance margin to be collectible by TCH will be calculated by TCH pursuant to the following criteria.

(1) For the Maintenance margin of a Derivatives position in each contract month, the TCH shall calculate such Margin value required by a Member to deposit, from Derivatives position of the same type of Underlying asset, using the Margin rate according to the TCH's prescribed rules, procedures and conditions.

(2) For the Spot Month Margin, the TCH shall calculate such Margin value required by a Member to deposit, from Derivatives position of the same type of Underlying asset, on the last trading month of the Derivatives position subjected to the Delivery, using the Margin rate according to the TCH's prescribed rules, procedures and conditions.

(3) For the Inter-Month Spread Maintenance Margin, the TCH shall calculate such Margin value required by a Member to deposit, from Derivatives position of the same type of Underlying asset with risks in the opposite position, whereby the TCH may use different Inter-Month Spread Maintenance Margin Rates according to the TCH's prescribed rules, procedures and conditions.

(4) For the Inter-Commodity Spread Credit, the TCH shall calculate the such Margin value required by a Member to deposit, by deducting the Inter-Commodity Spread Credit Rate of Derivatives position of relatable Underlying asset, whereby the TCH may use different Inter-Commodity Spread Credit Rates according to the TCH's prescribed rules, procedures and conditions.

(5) For Short Option Minimum Charge, the TCH shall calculate such Margin value required by a Member to deposit, from put option position, using the minimum rate prescribed by the TCH.

For Margin call according to the second paragraph, the TCH shall make such Margin call by considering the risks from holding of a Derivatives position, as prescribed by the TCH, whereby the TCH shall use the sum of the Margin values required by a Member to deposit according to (1), (2) and (3), minus the Spread Credit Rate according to (4), according to the TCH's prescribed rules, procedures and conditions. Nevertheless, where a Member also holds a put option position, a Member shall Deposit of margin at the value not less than the value according to (5).

*(*Amended December 18, 2015, Force January 4, 2016)*

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

***502.02 Variation Margin**

At the end of every trading day within the period prescribed by TCH, TCH shall calculate the gain or loss arising from the Futures positions in the House Account or Client Account, and notify the Member to deposit a Variation Margin.

******When the Member is notified by TCH under paragraph one, the Member shall deposit cash with TCH as Variation Margin in the currency notified.

*(*Amended January 7, 2011, Force February 1, 2011)*

*(**Amended April 2, 2018, Force April 23, 2018)*

***502.03 Additional Margins**

When TCH reviews the market condition as a whole and finds that the Member has an increased risk due to its Derivatives position that may adversely affect to TCH, TCH shall notify the Member to deposit the Additional Margins as follows:

****** (1) Super Margin will be called when there is a risk that may be caused by the volatility in the price of Derivatives when TFEX does not operate for a certain continuous period of time, and that may be influenced from external factors.

(2) Concentration Margin shall be called when there is a risk that may arise due to the concentration of Derivatives positions in the House Account and Client Account.

(3) Uncovered Risk Margin shall be called when a risk from the value of damage that may arise from Derivatives position of the Member is higher than the amount prescribed by TCH when compared with the value of all Margins combined with the asset for the Clearing System protection of TCH.

TCH may prescribe additional conditions for the requirement of Additional Margins under various circumstances as TCH considers appropriate.

*(*Amended January 7, 2011, Force February 1, 2011)*

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

503 Deposit of margins

503.01 Deposit of margins

(1) The Member using the Clearing services of TCH must deposit the Margins according to the types of Margin required under its Clearing reports for the Margin accounts of the Member and the Member's Clients, based on the risk level of respective accounts and the rules, procedures and conditions prescribed by TCH.

*(2) During business day, or in cases when the market conditions or the price of the Derivatives are irregularly volatile or when there is reasonable cause to believe that such volatility may occur, the Member shall deposit Intra-day Margin in accordance with the conditions prescribed by TCH. When TCH calculates the value of the Margin to be deposited by the Member due to the Derivatives position of the Member or the Member's client, and the price of the Derivatives as at any time during the trading hours under Regulation 504.01 in comparison with the value of the Margin in the Member account and the Member's client account combined with the Assets for the Clearing System Protection which the Member has at TCH is found to be insufficient, the Member shall deposit the Margin in an amount equal to the rate or value of the Intra-day Margin calculated by TCH. The Member may have to deposit the Intra-day Margin more than once a day.

*(*Amended April 2, 2018, Force April 23, 2018)*

****503.02 Period for the deposit of Margins**

*(1) The Member with the duties to deposit the Margin according to Rule 502 shall deposit the Margin on the business day following the date on which TCH submits the clearing report. However, must be in accordance with the rules, procedures and conditions prescribed by TCH.

(2) The Member who has a duty to Deposit of margin in accordance with Rule 503.01 (2) must deposit the Intra-day Margin within the period after being notified by TCH. However, must be in accordance with the rules, procedures and conditions prescribed by TCH.

*(*Amended April 2, 2018, Force April 23, 2018)*

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

503.03 Assets Deposited as Margins

The Member must deposit the Margins in the forms of cash, government bond, treasury note or other assets according to the rules, procedures and conditions prescribed by TCH. The Margins deposited by the Member must be valid and free of defect and must not be subject to derogation of rights by any other person.

TCH shall procure a system for monitoring the change in values of the assets deposited as Margins on every business day so that the Member can maintain them according to the actual market condition in accordance with the rules, procedures and conditions prescribed by TCH.

503.04 Rates or Values of Margins

*TCH shall calculate the rates or values of Margins and change the rates or values of the respective types of Margins according to the rules, procedures and conditions prescribed by TCH. TCH shall review the rates of Maintenance margin in each quarter at least or the times as it be appropriate.

In the case that there is any change in the calculation of the rates or values of Margins, the new rates or values shall apply to all Derivatives positions in the House Account and Client Account.

*(*Amended January 7, 2011, Force February 1, 2011)*

504 Adjustment of Derivatives Value and Deposit of extra Margins

***504.01 Adjustment of Derivatives Value**

TCH shall adjust the Derivatives value so that it is consistent with the Mark-to-Market price by making the calculation based on the Derivatives position in each Member account and Client account at least at the end of every business day within the time prescribed by TCH and in accordance with the rules, procedures and conditions prescribed by TCH.

*(*Amended June 3, 2011, Force June 20, 2011)*

504.02 Deposit of extra Margins

The Member has the duty to maintain the rate or value of Margin in its House Account or Client Account in accordance with the rules of TCH.

* Any Member whose Margin in any account is lower than the rate or value of Margin required to be maintained with TCH at the end of or during the business day as the case may be, or the value of asset placed as Margin changes as result of adjustment of the asset value under Rule 503.03. Such a Member shall deposit extra Margin in order to maintain the Margin in such account at the level not lower than the rate or value and within the period prescribed by TCH.

*(*Amended April 2, 2018, Force April 23, 2018)*

505 Keeping and Management of Margins

***505.01 Keeping of Margins**

TCH shall keep the Margin in accordance with the type of assets deposited by the Member. TCH may determine the policy for Margin management in accordance with Rule 505.03, and shall record the amount of Margin by separating the Margin for the Trading of the Derivatives for House Account and the Margin for the Trading of the Derivatives for the Client Account.

*(*Amended November 5, 2010, Force November 11, 2010)*

505.02 Keeping of Margins by the Member

The Member must make records in the Margin account and keep its Margins separately from those of its Clients, and must prepare an account showing the position of its Margins separately from that of its Clients.

The Member may not setoff the Margin in its Client's Margin account against that in its Margin account.

505.03 Management of Margins

TCH or its designated person may manage the Margins received from the Members by seeking benefits there from or investing the same in accordance with the rules, procedures and conditions prescribed by TCH and by taking into account the liquidity and risks in the investment as well as the impacts that may be caused to the stability of the Clearing System of TCH; provided that TCH shall allocate the benefits derived from those Margins after deducting its management fee to the Members according to the rate and procedures prescribed by it.

506 Return of Margin

* The Member may apply for the return of the Margin which has been deposited with TCH, when consideration in accordance with the rules relating to depositing the Margin is made, and it appears that the Margin placed with TCH is higher than the rate or the value of Margin under Rule 502. In this regard, the Member may apply for the return of the part of the Margin that is in excess only. The Member shall give notice to TCH in advance, within the time specified by TCH, and TCH shall return the same type of assets that were deposited as the Margin by the Member with TCH. TCH may not grant approval to such application if it has reasonable cause, or TCH may agree with the Member, upon additional conditions, with regard to the application for the return of the Margin.

** The return of Margin under paragraph one, TCH shall return the Margin only in respect of the excess portion thereof which remains after the deduction of any debts and management fee which the Member owes to TCH according to the time and conditions prescribed by TCH.

*(*Amended November 5, 2010, Force November 11, 2010)*

*(**Amended December 18, 2015, Force January 4, 2016)*

*(*Amended October 19, 2007, Force October 29, 2007)*