

Readers should be aware that only the original Thai text has legal force and that this English translation is strictly for reference. Thailand Futures Exchange Public Company Limited cannot undertake any responsibility for its accuracy nor be held liable for any loss or damages arising from or related to its use.

Contents

Procedures

Chapter 300 Members

	Page
305 Procedures for Admission of Members	300-1
305.01(1) Procedures for Acceptance of the Membership Application	300-1
305.01(4) Procedures for Acceptance of the Membership Application	300-2
308 Duties of Members	300-2
308.01(6) Duties of Full License Member	300-2
308.01(13) Duties of Full License Member	300-4
308.02(1) Duties with Clients for Members in Category of Full License Member	300-4
308.02(1)-1 Deposit of Initial Margin and Maintenance Margin	300-4
308.02(6) Duties as a Currency Futures Trading Agent for Customers	300-5
310 Punishment and Termination of Membership	300-5
310.01(8) Reasons for Termination of Membership.....	300-5

Procedures
Chapter 300 Members

305 Procedures for Admission of Members

***305.01(1) Procedures for Acceptance of the Membership Application**

An applicant for membership shall submit an application for membership in the form prescribed by TFEX together with at least the following documents and evidence:

(1) copies of the certification document, memorandum of association, list of shareholders and articles of association certified by the Ministry of Commerce no more than one month from the date of submitting an application for membership;

(2) copy of the applicant's license to undertake derivatives trading business as a full license member or limited license member, as the case may be, or, in the case of special trading members, a copy of the document which shows that of the applicant has been approved by its board of directors and/or related regulator.

(3) a copy of evidence of the applicant's financial status e.g., 6-month financial statement and the latest audited annual report;

(4) a copy of evidence showing that the applicant is a member of TCH or evidence showing that the applicant is in a process of submitting an application for membership of TCH, only where the applicant is or will be a member of TCH, or where the applicant is not a member of TCH, a copy of evidence showing that a member of TCH agrees to be bound to carry out the clearing for derivatives contracts to be traded on TFEX by the applicant.

(5) a copy of the applicant's derivatives business operating manual;

(6) copies of documents and evidence showing the details of the operations and business plan of the applicant;

(7) copies of documents and evidence showing the applicant's organization chart, its executives and their powers and duties;

(8) copies of documents and evidence in relation to the policies and procedures for management of credit risk, operational risk, risk of changes in prices of derivatives contracts or prices of commodities or variables underlying the derivatives contracts (market risk) as well as legal risk which can support the undertaking of a derivatives business in an efficient manner;

(9) any other documents or evidence as requested by TFEX.

*(*Rule 305.01 (1) was amended on 13 March 2012, came into force on 13 March 2012.)*

305.01(4) Procedures for Acceptance of the Membership Application

When the applicant receives a notice of the approval of membership from TFEX, the applicant shall present the following documents and evidence to TFEX no later than the date stipulated by TFEX:

- (1) evidence of payment of the initial membership fee and annual fee as prescribed by TFEX;
- (2) evidence of the deposit of asset with TCH for the security of the clearing system for derivatives contracts which are traded on TFEX, only where the applicant is a member of TCH;
- (3) report on the test of computer system and computer hardware connected with the computer system of TFEX, including other operating systems necessary for the performance of services of derivatives trading; and
- (4) other evidence showing that the applicant has complied with the additional conditions prescribed by TFEX.

308 Duties of Members

***308.01 (6) Duties of Full License Member**

The members shall deliver the reports on financial condition and the following information to TFEX in accordance with the rules, conditions and procedures prescribed by it:

- (1) Reports and reports on financial condition;
 - (1.1) Net capital report as at the last business day of each month
 - (1.2) Reports on financial condition and reports on revenue of monthly ,for the first 6-month of a financial year, and for a financial year
 - (1.3) Reports on a reduction in its net liquid capital or ratio of net liquid capital at the end of any business day less than or equal to 3 times of the minimum is required to maintain as specified by the SEC

******(1.4) Reports on the inability to maintain the net capital or the net capital ratio pursuant to the minimum criteria required to be maintained as stipulated by the SEC and submission of rectification plan for the maintenance of such net capital.

*(**Rule 308.01 (6) (1.4) was added on 14 January 2022, came into force on 1 February 2022.)*

- (2) Reports on the following events together with the reasons;
 - (2.1) A serious damage to member
 - (2.2) The member ceases its operation, in whole or in part
 - (2.3) The member change its objective or type of business

(2.4) The member amalgamate with another company or performs or is under an action of the taking over characteristics or is being taken over pursuant to Section 247 of the Securities and Exchange Act B.E. 2535 (A.D. 1992)

(2.5) Entering into an agreement which transfers part or all of the company's management power to another person

(2.6) The member's board of director resolves to increase or reduce the capital

(2.7) The member's board of directors resolves to acquire securities of any company in the amount exceeding ten percent of the total registered capital of such company

(3) Other reports as follows

(3.1) Report on the default of placement of margin by its client;

(3.2) Internal audit report, report of the audit committee and any opinion specifically on the significant parts of the derivatives contract trading system or operation, and the risk management functions of the member, including a report on the significant parts of the results of the member's performance in accordance with the recommendations of its internal auditor or audit committee;

(3.3) Report specifically on the significant parts of the compliance with the regulations, circular letters or orders of TFEX (compliance report), including a report on the significant parts of the results of the member's performance in accordance with the compliance unit's recommendations according to the regulations, circular letters or order of TFEX;

(3.4) Report on any change which has a material effect on the member's operation such as the change of the member's directors, the change of the persons having managerial power of the member, or the change of the member's operation structure.

(3.5) Report on the results of an audit conducted by the Office of the SEC or other concerned compliance unit;

(3.6) Report on the resolutions passed by the member's shareholders' meeting in order to change or amend its memorandum of association;

(3.7) Report on the first ten major shareholders as at the end of the year and as at the date of a general meeting of shareholders; and

******(3.8) Rectification plan to allow for the commencement of business undertaking and reports on the progress in relation to the compliance with such plan in case of members who lack seriousness in the undertaking of derivatives trading business.

*(**Rule 308.01 (6) (3.8) was added on 14 January 2022, came into force on 1 February 2022.)*

In the case where the member submit reports in writing, the member shall have its authorized directors, as stipulated in the affidavit issued by the Department of Business Development, Ministry of Commerce, to sign and certify the reports submitted.

(*Rule 308.01 (6) was amended on 21 April 2015, came into force on 30 April 2015.)

***308.01(13) Duties of Full License Member**

When TFEX announces the introduction of new transactions on TFEX, the member shall prove its readiness to carry out those transactions to TFEX by producing the following documents and evidence to TFEX in accordance with the rules, conditions and procedures prescribed by it before the commencement of those transactions:

- (1) the results of a test of its computer system and work systems for supporting the transactions;
- (2) the readiness of its staff;
- (3) its risk management policies relating to the execution of those transactions; and
- (4) other documents and evidence as required by TFEX.

(*Rule 308.01 (13) was amended on 13 March 2012, came into force on 13 March 2012.)

***308.02(1) Duties of Members in the Category of Full License Member**

308.02(1)-1 Deposit of Initial Margin and Maintenance Margin

The member shall require its clients to deposit assets as an initial margin and a maintenance margin for the derivatives contracts, based upon the portfolio margining approach, as follows:

Initial Margin	Maintenance Margin
<ul style="list-style-type: none"> • Not less than 1.35 times the value of the maintenance margin, calculated from the risk value as prescribed by TCH. In the case that there is an options position, the mark-to-market value of the options, as prescribed by TCH, shall be included as part of the initial margin. • If an investor only has a long position in options, an initial margin is not required. 	<ul style="list-style-type: none"> • Not less than the value of the maintenance margin calculated from the risk value, as prescribed by TCH. In the case that there is an options position, the mark-to-market value of the options, as prescribed by TCH, shall be included as part of the maintenance margin. • If an investor only has a long position in options, a maintenance margin is not required.

(*Rule 308.02 (1) was amended on 13 March 2012, came into force on 13 March 2012.)

***308.02 (6) Duties as a Currency Futures Trading Agent for Customers**

Members may act as currency futures trading agents both in relation to Baht Cross Currency Futures and non-Baht Cross Currency Futures.

In case of Baht Cross Currency Futures, members must not be agents for clients having the following characteristics:

(1) Natural persons of non-Thai nationalities without any alien identity or residence permits in Thailand or not registered in household registration;

(2) Juristic persons located outside Thailand, which shall include corporations, institutions, funds, financial institutions, entities of foreign government, and branches and agents of Thai juristic persons located outside Thailand, except for;

(2.1) Thai embassies, Thai consulates, or Thai government organizations which are located outside Thailand;

(2.2) Foreign embassies, foreign consulates, specialized agencies of the United Nations, or international organizations or institutions located in Thailand; or

(2.3) Branches and agents of foreign juristic persons located in Thailand.

Paragraph two shall not apply to members who are Baht Cross Currency Futures trading agents for clients who act as market makers in accordance with the rules and conditions prescribed by TFEX.

*(*Rule 308.02 (6) was amended on 10 October 2022, came into force 31 October 2022.)*

310 Punishment and Termination of Membership

***310.01(8) Reasons for Termination of Membership**

TFEX may pass a resolution for the membership of a Full License Member and a Limited License Member to be terminated on ground of operation which indicates lack of seriousness in the undertaking of derivatives trading business in accordance with the following rules, conditions and procedures:

(1) Member shall operate derivatives trading business during the period which TFEX opens for business.

In the case that member suspends the operation of business under paragraph one for 3 consecutive months, it shall be deemed that such member has the operation which indicates the lack of seriousness in the undertaking of derivatives trading business, unless the Board shall determine otherwise.

(2) Member shall take the action to rectify and improve in order to commence derivatives trading business on TFEX within 5 years from the date on which the member has the operation which indicates the lack of seriousness in the undertaking of derivatives trading business under (1) except where it is necessary and appropriate whereby the Board may consider extending the time period to exceed 5 years.

(3) In the case that member is unable to commence derivatives trading business on TFEX within the period as specified in (2), the Board may pass a resolution to terminate the membership of such member.

The member who has the operation which indicates the lack of seriousness in the undertaking of derivatives trading business under paragraph one (1) shall take the following actions:

- (1) Submit the reports on finance position and information to TFEX as prescribed by TFEX unless exempted otherwise by TFEX;
- (2) Submit the rectification plan to allow for the commencement of business undertaking and report on the progress in relation to the compliance with such plan pursuant to the rules and within the time period prescribed by TFEX;
- (3) Pay the membership fee to TFEX pursuant to the relevant rules;
- (4) Pay the additional fee pursuant to the rules prescribed by TFEX.

In case any member has the operation which indicates the lack of seriousness in the undertaking of derivatives trading business pursuant to Rules 310.01 (8) dated 14 December 2015 and remain unable to commence the business on the date on which the amended Rules 310.01 (8) come into force, TFEX shall combine the time period of the cessation of such member's business before the date the amended Rules come into force with the time period of the cessation of such member's business from the date the amended Rules come into force, and such member shall have the duty to comply with the amended rules *mutatis mutandis*.

(*Rule 310.01 (8) was amended on 14 January 2022, came into force 1 February 2022.)
