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## **Guidelines on Derivatives Contracts Trading Procedures**

Pursuant to Clause 405 and Clause 411 of the TFEX Regulations and Clause 401.1 and Clause 407.1 of the TFEX Procedures, TFEX will establish guidelines on derivatives contracts trading procedures regarding the recording of trading orders and trading, stipulation of the maximum derivatives position limit and derivatives position report, operation of members in relation to computer system used in trading, and amendment of trading particulars.

For the smooth running of trading in TFEX which includes trade in derivatives contracts through authorized officer, internet system, and Direct Market Access system (DMA) and to prevent risks which may arise from trade in derivatives contracts, TFEX requires the members to comply with the following guidelines:

### **1. Recording of Trading Orders and Trading**

1.1 When recording the trading orders or block trading in the trading system, there must be at least the following particulars:

- (1) Abbreviation of the derivatives contracts;
- (2) Bids or offers or buy or sell for block trading;
- (3) Bidding and offering price or block trading price;
- (4) Bids and offers volume or block trading volume;
- (5) Types and conditions of trading orders (in case of recording of trading orders via automatic order matching method (Electronic Trading Transaction));
- (6) Trading account number;
- (7) Types of sellers and buyers which shall be classified as follows:
  - (7.1) Investment for members' account (Principal);
  - (7.2) Foreign clients (Foreign);
  - (7.3) Clients who are asset management companies, banks, finance companies, non-life insurance companies, life insurance companies, juristic persons listed as corporations, private funds, government pension fund, including provident fund, or other similar juristic persons with the same characteristic (Institution); and
  - (7.4) Other clients apart from items (7.1) – (7.3)
- (8) Open Position or Close Position;
- (9) Members ID;
- (10) Identification number of authorized trader;
- (11) Clearing Member ID;
- (12) Bids and offers methods for orders using automatic orders matching method (Electronic Trading Transaction) or method for recording trading by way of Block Trading Transaction; and
- (13) Other particulars prescribed by TFEX.

When recording the block trading in the trading system, members may advertise the bids or offers in the trading system. However, such advertisement does not bind the members to agree to buy or sell as advertised.

1.2 In each recording of trading orders, there must be bid and offer volume of at least one contract.

In case of recording via automatic order matching method (Electronic Trading Transaction), the highest volume of bid and offer shall not exceed the followings:

<b>Derivative Contract</b>	<b>Maximum Bid or Offer Volume</b>
Sector Futures 50 Baht Gold Futures 10 Baht Gold Futures Gold-D Futures Gold Online Futures RSS3 Futures RSS3D Futures 5 Year Government Bond Futures 3M BIBOR Futures	Not exceeding 100 contracts
Silver Online Futures Japanese Rubber Futures	Not exceeding 200 contracts
SET50 Index Futures SET50 Index Options Single Stock Futures	Not exceeding 500 contracts
Baht/USD Futures EUR/USD Futures USD/JPY Futures	Not exceeding 1,000 contracts

1.3 Each recording of an Iceberg Order shall contain the Shown Quantity of at least 10 contracts

1.4 Each recording of a Combination Order shall contain the maximum increase or decrease of the bid or the offer prices, as a result of the differences between the Daily Settlement Price on the previous day of the Series that comprise such Combination Order, and (not exceeding) the minimum value of the followings:

1.4.1 The differences between the Daily Price Limit, calculated from the Series that comprise such Combination Order, and

1.4.2 The following prescribed maximum increase or decrease of the bid or the offer prices:

Derivatives Contracts	Prescribed Maximum Variation of the Trade Offer Price*
SET50 Index Futures	Not exceeding $\pm 10$ points
Sector Futures <ul style="list-style-type: none"> <li>ENERG Index Futures <small>และ</small> COMM Index Futures</li> <li>FOOD Index Futures</li> <li>BANK Index Futures <small>และ</small> ICT Index Futures</li> </ul>	<ul style="list-style-type: none"> <li>Not exceeding <math>\pm 400</math> points</li> <li>Not exceeding <math>\pm 200</math> points</li> <li>Not exceeding <math>\pm 10</math> points</li> </ul>
Single Stock Futures	Not exceeding $\pm 10$ Baht
50 Baht Gold Futures	Not exceeding $\pm 200$ Baht
10 Baht Gold Futures	
Gold-D Futures	Not exceeding $\pm 30$ USD
Gold Online Futures	Not exceeding $\pm 30$ Baht
Silver Online Futures	Not exceeding $\pm 1$ USD
5 Year Government Bond Futures	Not exceeding $\pm 1.5$
3M BIBOR Futures	
Baht/USD Futures	Not exceeding $\pm 3$ Baht
EUR/USD Futures	Not exceeding $+0.15$ USD
USD/JPY Futures	Not exceeding $+15$ JPY

\* Trading which is matched under Combination Order may have trading price which is outside of Daily Price Limit of Combination Order or Daily Price Limit of each of the Series which form the Combination Order.

1.5 Types and terms of a bid and offer not permitted for recording during each trade session

Derivatives Contracts	Pre-open Session	Morning / Afternoon / Night / Open Session
SET50 Index Futures	<ul style="list-style-type: none"> <li>Market Order type with Day, Fill or Kill, Good till Date or Good till Cancel condition</li> </ul>	<ul style="list-style-type: none"> <li>Market Order with Day, Good till Date or Good till Cancel condition</li> </ul>
Sector Futures		
Single Stock Futures	<ul style="list-style-type: none"> <li>Limit Order type with Fill or Kill condition</li> </ul>	<ul style="list-style-type: none"> <li>Trading order with Stop Order condition and Day, Good till Date or Good till Cancel condition</li> </ul>
50 Baht Gold Futures		
10 Baht Gold Futures	<ul style="list-style-type: none"> <li>Market to Limit Order type</li> </ul>	<ul style="list-style-type: none"> <li>Combination Order type placed with Market Order or Stop Order type with Day, Good till Date or Good till Cancel condition</li> </ul>
Gold-D Futures*		
Gold Online Futures	<ul style="list-style-type: none"> <li>Trading order with Stop Order condition and Day, Good till Date or Good till Cancel condition</li> </ul>	
RSS3 Futures*		
RSS3D Futures*	<ul style="list-style-type: none"> <li>Combination Order type placed together with Limit Order or Market Order type</li> </ul>	
5 Year Government Bond Futures		
3M BIBOR Futures		
Baht/USD Futures		
SET50 Index Options*		
Silver Online Futures		

Derivatives Contracts	Pre-open Session	Morning / Afternoon / Night / Open Session
Japanese Rubber Futures* EUR/USD Futures and USD/JPY Futures	<ul style="list-style-type: none"> <li>• Combination Order type placed with Stop Order type with Day, Good till Date or Good till Cancel condition</li> </ul>	

\* Gold-D Futures, RSS3 Futures, RSS3D Futures, SET50 Index Options and Japanese Rubber Futures are not permitted to record trading order under Combination Order type during all trading sessions

Furthermore, where there is an adjustment of a Single Stock Futures in case of Corporate Action, any outstanding orders in the trading system at the end of the business day before such adjustment of the Single Stock Futures shall be automatically cancelled

Bids or offers under Good till Cancel type or Good till Date type will remain in the trading system for no longer than 255 days.

1.6 Members must verify the correctness of the recording of trading orders and trading made by the authorized traders of the members or clients before sending into the trading system of TFEX as follows:

1.6.1 Members must ensure that there is a verification system to verify the correctness of the recording of trading orders and trading made by the authorized traders of the members or clients which must have the particulars listed in item 1.1. The “identification number of authorized trader” shall be recorded as follows:

□ For trade through an authorized trader or a market maker: The order shall be recorded with such authorized trader’s or market maker’s identification number provided by the TFEX, e.g. DXXXX (D followed by 4 characters/digits), etc.

□ For trade through the internet:

- The order shall be recorded with I1111 (I followed by digits 1111) for trades by general investor, or
- The order shall be recorded with I9999 (I followed by digits 9999) for trades by institutional investor:

□ For trade through the Direct Market Access (DMA):

- The order shall be recorded with D1111 (D followed by digits 1111) for trades by general investors, or
- The order shall be recorded with D9999 (D followed by digits 9999) for trades by institutional investors.

1.6.2 A member shall arrange a verification of the recording of orders made through an authorized trader and the internet, in order to prevent any member’s procedural errors. Especially, when the change in the bid or offer price against the Last Execution Price exceeds the following TFEX’s prescribed rate, a member shall verify the accuracy make an enquiry on a member’s client’s intention, for a member’s client to re-confirm such trade transaction, before executing such transaction.

Derivative Contract	TFEX's Rate
SET50 Index Futures Sector Futures Single Stock Futures 50 Baht Gold Futures 10 Baht Gold Futures Gold-D Futures and Gold Online Futures	±5 % of the Last Execution Price.
Silver Online Futures Japanese Rubber Futures	±5 % of the Last Execution Price.
SET50 Index Options	±5 % of the SET50 index's closing price on the previous business day.
RSS3 Futures RSS3D Futures	±1.5 % of the Last Execution Price.
5 Year Government Bond Futures	±1 % of the Last Execution Price.
3M BIBOR Futures Baht/USD Futures EUR/USD Futures USD/JPY Futures	±0.5 % of the Last Execution Price.

## 2. Amendment or Cancellation of Trading Orders or Recording of Trading

2.1 Members may amend or cancel trading orders only before such trading orders are matched and only in case client requests to amend or cancel its trading orders or the members fail to make correct trading orders according to the received trading orders.

Amendment of the trading orders by members can be done only to the following particulars:

- (1) Bidding and offering price;
- (2) Volume of bids and offers;
- (3) Conditions of trading orders;
- (4) Trading account number;
- (5) Types of buyers and sellers;
- (6) Open Position or Close Position; and
- (7) Other particulars as prescribed by TFEX.

Amendment of bidding and offering price or increase in the volume of bids and offers will change the trading order priority according to the time of amendment.

2.2 Members may amend or cancel recording of block trading only before such recording is confirmed in the trading system and only in case the client requests to amend or cancel its recording or the members fail to correctly record the trading according to the received trading order.

**3. Amendment of Trading Particulars**

For an amendment of trading particulars by a member, a member shall report and specify the reasons for such amendment to the TFEX. Such report shall be in accordance with the Thailand Clearing House's prescribed form and timeframe.

**4. Holding of Derivative Positions and Reporting of the Number of Positions Held**

Where a member opens, or a member's client opens with a member, several derivatives trading accounts, including accounts for trading through the order submission system provided by a member, a member shall be responsible for monitoring, verifying and reporting the number of the derivatives position held by a member or a member's client. Whereby a member shall comply with the TFEX's Rule 411, including circular letters, procedural guidelines and orders relevant to the holding of such derivatives position

**5. Procedures of a Member for Trade Through the Internet**

A member shall: arrange for a letter or other written documents, demonstrating that a member's client has acknowledged and accepted of the conditions for internet trading of derivative contracts; and be responsible for storage of, and prevention of access by other persons, the information in connection with a member's User Name, Password and identification number e.g. PIN ID, etc. including risks from negligent use of such information.

**6. Procedures of a Member for Trade Through the DMA**

A member shall undertake the following procedures before granting of an approval for a member's client to trade through the DMA:

6.1 Prescribe, in writing, clear policies and procedures for consideration of an approval for a member's client to trade through the DMA.

6.2 Arrange personals to contact and co-operate with the TFEX, in connection with trade through the DMA.

6.3 Seek the approval of the TFEX according to the TFEX's prescribed format and procedures.

The TFEX hereby prescribes that this Procedural Guideline shall be effective from 8 May 2023 onwards.

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