

**Notification of the Board of Directors of the Thai Bond Market Association  
Re: Improper Practices of Members**

By virtue of Clause 20 (2) of the Articles of Association of the Thai Bond Market Association dated September 21, 2005, the Board of Directors of the Thai Bond Market Association hereby issues the followings:

**Clause 1.** This Notification shall come into effect as from March 3, 2008

**Clause 2.** The Notification of the Board of Directors of the Thai Bond Market Association Re: Improper Practices of Members dated November 10, 2005 shall be repealed

**Clause 3.** In this Notification:

“Association”	means	the Thai Bond Market Association;
“Member(s)”	means	Member(s) of the Association;
“Board”	means	the Board of the Association;
“Client”	means	the Client who trades of debt instrument with the Member;
“Trading Counterpart”	means	financial institute who obtained a license to trade securities which is debt instrument and to trade thereof with the Members;
“Trader of debt instrument”	means	debt instrument trader who has registered with the Association;
“Trading Price”	means	price or yield from trading of debt instrument;
“Trading of debt instrument”	means	activities relation to trading of debt instrument.

**Part 1**  
**General Provisions**

**Clause 4.** Member that commits any action stipulated under this Notification shall be deemed in violation of the Regulation of the Thai Bond Market Association Re: Ethics in conducting business.

**Clause 5.** The Member shall perform any action to prevent directors, executives, Trader of Debt instrument, employee, or person under its direct or indirect supervision from engaging into improper practices under this Notification.

**Part 2**  
**Trading of Debt Instrument in False Market**

**Clause 6.** The Member who trades debt instrument as broker or agent or under Member's name in a manner that may result in change or non-change in trading price, trading volume or bond index which are inconsistent with the normal market condition (False Market) unless such Member can prove that his action has not caused a mistake or misunderstanding to the general public in relation to trading price, trading volume or bond index.

Trading of debt instrument which causes false market includes the followings:

(1) Trading of debt instrument in a manner which causes significant higher or lower of trading price, trading volume or bond index comparing to those of normal market condition. (Price and volume manipulation)

(2) Trading of debt instrument by conspiracy with others for the purpose of benefits from change or non-change in trading price, trading volume or bond index. Trading of debt instrument by conspiracy shall be considered by circumstances of trading and business relationships.

(3) Continuing trading of debt instrument whether by the same person(s) or not and such change or non-change in trading price is for the benefit of accounting status or investment of any person having relationship of any kind. (Series trading)

(4) Dissemination of any false news by the Member or his conspiracy which may cause any other person to understand that trading price or volume of any debt instrument will increase or decrease.

(5) Placing a bid or an offer price for debt instrument which is not likely to be executed. (Improper bid/offer)

(6) Trading of debt instrument where the member does not have intention to actually execute by conducting a trade and then terminating thereof without reasonable ground.

(7) Reporting data of trading of debt instrument near the closing time of market with the intention to make such trade to be considered as a closing price. (Mark the close)

(8) Trading of debt instrument where buyer and seller purchase and resell the same debt instrument in one period of time without the intention of real trade but with a purpose to avoid or violate the laws or regulations of related supervisory organization such as Mark to market, Parking, etc.

### Part 3

#### Trading of debt instrument by Using Insider Information

**Clause 7.** The member who is a Trader of debt instrument, whether directly or indirectly, in a manner likely to or take advantage of other persons by using information material to changes in trading price which has not yet been disclosed to the public and to which information such Member has acknowledged or informed by insider person of such information, and whether or

not such act is done for the Member's benefit or another person's benefit, or to disclose such information to other person so that such other person shall act as aforementioned.

The information material to changes in trading price includes the followings:

(1) The Member has been known or may know or has been informed by insider of the information on credit rating determined by credit rating agency. In this relation, the Member has used such information in determining of purchase and sell of debt instrument before such credit rating agency shall notice such information to the public.

(2) A related internal unit of the bank has informed, disseminated, or disclosed the information of the borrowers of the bank who is the issuer of debt instrument to Trader of debt instrument for the purpose of Trading of debt instrument.

#### **Part 4**

##### **False Statement**

**Clause 8.** The Member who notify or disseminate or make known by other means of false statement or with intention to mislead others on the fact in relation with financial status or company business result of the issuer of such debt instrument or to mislead others that trading price of any debt instrument will increase or decrease.

#### **Part 5**

##### **Unfair and Improper Practices**

**Clause 9.** In case any Member commits any action stipulated here below, such action shall be deemed as unfair practice and improper:

(1) Preparation or report of false information relating to trading of debt instrument or non-disclosure of the necessary information affecting change in trading price of such debt instrument;

(2) Trading of debt instrument where the Member has received the information relating to such transaction from the Client or Front running;

(3) Purchasing debt instrument from the client with an excessive lower price or selling debt instrument to the client in an excessive higher price, take into consideration related factors such as type and liquidity of debt instrument, trading volume, holding limitation, credit rating of issuer or debt instrument, and market situation during transaction etc. (Excessive markup/ markdown)

(4) Making proposal or receiving of other benefits that result to a conflict of interest with the duties of the Member, employee, or representative of the Member;

(5) Trading of debt instrument for own benefit of the Member or other person by using the Client's name;

(6) Using his/her position for claiming or receiving of any wrongful remuneration for the benefits of the Member or other person;

(7) Wrongfully promise to give other benefits to others in addition to those to be received from normal trading of debt instrument.

**Clause 10.** The Member's practice in relation with the Client here below shall be deemed as unfair and improper practices in addition to those mentioned in Clause 9.

(1) Giving suggestion to Client to purchase or sell of any debt instrument without reasonable ground thereof although the Client has acknowledged or has been disclosed of financial information and purpose of investment.

(2) Giving suggestion or guidance to Client to purchase or sell of debt instrument in big volume or many times in abnormal manner or in contrary to the Client's purpose of investment (Churning).

(3) Failure to notify Client in case where the Member has significant interest in trading of debt instrument or the relationship which may cause conflict of interest unless the Member has disclosed such fact and perform reasonable action to ensure that the Client shall be treated fairly.

**Clause 11.** The Board shall have the power to add, terminate, or change the practice guideline for the purpose of this Notification.

Giving on this 5<sup>th</sup> day of February 2008

(Mr. Pakorn Malakul Na Ayudhaya)

Chairman of the Board  
The Thai Bond Market Association