

(Translation)

Regulations

Thai Bond Market Association

The Thai Bond Market Association is an association dealing with securities business. The Association was founded by virtue of the provisions of The Securities and Exchange Act B.E. 2535 (A.D.1992) and supervised by the Office of the Securities and Exchange Commission.

Section I

General Provisions

1. The Association is named “Thai Bond Market Association”
2. The Association is located at 29 Vanissa Building 21st FL., Soi Chidlom, Ploenchit Rd., Lumpini, Patumwan, Bangkok.
3. The insignia of the Association is shown as



4. In these Regulations:

“Regulations”	Means	The regulations of the Thai Bond Market Association;
“Association”	Means	The Thai Bond Market Association;
“Member(s)”	Means	Member(s) of the Thai Bond Market Association;
“Securities Company”	Means	A juristic person licensed to engage in the trading of securities business;

“Board”	Means	The Board of the Thai Bond Market Association;
“Director(s)”	Means	Director(s) of the Thai Bond Market Association;
“Managing Director”	Means	The managing director of The Thai Bond Market Association;
“Registered Debt Instrument”	Means	A debt instrument registered with the Thai Bond Market Association;
“Office of the SEC”	Means	The office of the Securities and Exchange Commissions;
“The SEC”	Means	The Securities and Exchange Commission;
“Executive Officer”	Means	An executive of a Member appointed to act as representative of the Member;
“Compliance Officer”	Means	The executive of a Member having supervisory power to ensure compliance by Member in their performance;
“Trader”	Means	A Member’s personnel appointed to act as a trader in debt instruments and registered with The Association;
“Trading”	Means	Buying or selling of the debt instruments;
“Trading Price”	Means	Price or yield from the trading of the debt instruments;
“Client”	Means	Client who trades debt instrument with the Member;

“Trading Counterpart”	Means	The financial institution having the debt instrument trading license who trade debt instruments with the Members;
“Major Shareholder”	Means	Any person who directly or indirectly owns more than 10% of shares with voting right of the Member company;
“Order of Punishment”	Means	Order of punishment resolved by the Managing Director and the Committee resulting in punishment to the persons breaching or involving in breaching the rules and regulations of the Association;
“Procurement”	Means	Acquisition of materials for the office or hiring of services as the case may be;
“Material”	Means	Office supplies, furniture, office decoration, equipment, vehicles and maintenance or material for repairing, books, announcement and printing forms required to conduct normal business of the Association;

“Services”	Means	Acquisition of custom made service, hiring of labor, renting or acquiring a package deal but excluding the hiring of regular Association employees.
“Special Project”	Means	Any projects performed by the Association under the financial support of the government or private sectors.

Section II Objectives

5. Objectives of the Association are:
- (1) To be Center of information of debt instrument market and providing services of such information;
 - (2) To promote and develop debt instrument market, to conduct debt instrument business;
 - (3) To promote, develop and prescribe standard of procedures in conducting debt instrument business;
 - (4) To supervise Members to comply with the rules and regulation, ethics and standard of procedures in the debt instrument market;
 - (5) To promote and foster the research education regarding debt instruments including providing professional views of the related subjects as well as to publicize and disseminate the information concerning the debt instrument market to the public;
 - (6) To promote the relationship and cooperation among Members;
 - (7) To compromise and resolve the dispute over conducting the debt instrument business between Members or between Members and the third parties;
 - (8) To carry out activities for public benefits or work on other activities to satisfy the Association’s foregoing objectives. The foregoing objectives are all non-political.

Section III Members and Membership

6. The Thai Bond Market Association shall have Members consisting of the Securities Companies which are founding members of the Association and the Securities Companies which are admitted as Members by the Board pursuant to these regulations. Members can be categorized into 3 types as follows:

(1) Ordinary Member is Securities Company licensed to engage in the trading of debt instruments;

(2) Extraordinary Member is Securities Company licensed to be Inter-dealer Broker;

(3) Associate Member is Securities Company licensed to engage in the trading of debt instruments in accordance with (1) but limiting to those who have outright debt instrument trading value at the average of less than one hundred million (100,000,000) Baht per month for the past calendar year.

When the outright trading value reaches at least one hundred million Baht per month for the past calendar year, the Associate Member shall pay the balance of the admission fee according to Article 116(1)(c). The Associate Member shall thereby be changed its status to be Ordinary Member.

7. A Securities Company possessing the qualification prescribed in Article 6 wishing to apply for membership shall submit an application therefore to the Association in the forms pursuant to the rules, terms and condition and procedure as prescribed by the Association.

8. After the Association checked and verified the qualification of the applicant and deems that it is complete and correct, the Association shall submit the application to the next Board meeting for consideration and approval.

9. In considering and approving a membership application, the Board may make the following requests:

(1) that the applying Securities Company submits additional evidence, documents, and information;

(2) that the executives of the applying Securities Company attend an interview to be conducted by the Board, the Managing Director or any other person assigned by the Board.

10. When the Board resolves to approve and admit an applying Securities Company as a Member, the Association shall notify the applying Securities Company in writing of the approval and shall set the time within which the applying Securities company shall pay the membership admission fee or the membership transfer fee, as the case may be, the annual fee and other service fees at the rate and within the periods set by the Association.

11. After the Association has received the membership admission fee or the membership transfer fee, as the case may be, the annual fee, and the services fees under Article 10, the applying Securities Company shall be deemed to be a Member as of the date of receipt in full by the Association of such fees or any date specified by the Board of which shall not be later than the date the applicant has paid the fee in full. The Association shall then announce the name of the new Member to the other Members.

12. If it appears that:

- (1) the facts or other evidence notified or submitted by the applying Securities Company to The Association for consideration in connection with the application differs from the truth; or
- (2) the applying Securities Company fails to pay the membership admission fee, annual fee or the membership transfer fee, as the case may be, to the association within the period specified by the Board pursuant hereto;

the board may modify or cancel its resolution having had admitted the applying Securities Company as a Member.

13. A Member may transfer its membership to another Securities Company pursuant to the rules, terms and conditions and procedure prescribed by the Board. The provision of article 6 to 12 shall apply, mutatis mutandis, to the transferee Securities Company.

Section IV

Rights and Obligations of Members

14. The Member shall have the following rights:

- (1) To participate in the meetings, debate and express his views in the general meetings of the Association;
 - (2) To submit the request to register the debt instruments with the Association pursuant to the terms and conditions and procedure prescribed by the Association;
 - (3) To propose the opinions or recommendation to the Association and the Board concerning the Association's business;
 - (4) To use the services made available by the Association pursuant to the rules, terms and conditions and procedure prescribed by the Association.
15. The Member shall be obligated to do the following:
- (1) To strictly comply with the rules and regulations of the Associations, disciplines, ethics, and standard procedure of the bond market, resolution of the membership meetings and resolutions of the Board;
 - (2) To appoint an Executive officer and a Compliance Officer and a Trader to represent the Members. The Member shall supervise them to ensure their compliance with the ethic and good practices and standard of procedure of the debt instruments market, and rules and regulations of the Association;
 - (3) To report trading prices and information relating to the trading of debt instruments pursuant to the terms and conditions and procedures prescribes by the Association;
 - (4) To prepare and keep the records of documents and evidence including accounting records of the trading of debt instruments for the benefits of auditing pursuant to the terms and conditions and procedure prescribed by the Association;
 - (5) To be accountable for the performance of his Director, personnel or employees involved in the trading of debt instruments;
 - (6) To submit reports and financial statements on the forms and pursuant to the terms and conditions and procedure prescribed by the Association;
 - (7) To pay the membership admission fee or membership transfer fee, as the case may be, the annual fee and the service fees to the Association in accordance with the rules and regulations prescribed by the Board;
 - (8) To maintain the honor, benefits and interests of the Association;

- (9) To promote and support the activities of the Association, as well as to participate in research and education and to express views beneficial to the development of debt instrument market in general;
- (10) To notify the Association upon having knowledge that any other Members breach or fail to comply with sub-clause (1).

Section V

Board of Directors of the Association

16. There shall be a board of directors consisting of not more than 11 directors elected by the Ordinary and Extraordinary Members, of whom not less than 3 directors shall be independent directors.
17. The independent directors under Article 16 shall not be executive, director, managing director, person having day-to-day managerial powers, personnel, employees or major shareholders of the Ordinary or Extraordinary Member.
18. The Directors shall jointly elect a Chairman of the Board, Vice – Chairman, Auditing Committee, Managing Director, Chairman of the Audit Committee and any other officers as the Board deems appropriate.
Any director elected to be Managing Director shall not be counted as an independent director.
Qualification, obligation, responsibility and number of Auditing Committee are prescribed by the Board.
Additionally, the chairman of the Auditing Committee shall be an independent director.
19. Whenever there is change in Directors, the Association shall notify the new name and position to the Office of the SEC to register the change within 30 days of the change.
20. The Board shall have the following duties:
 - (1) To set out policies to manage the Association;
 - (2) To issue rules, regulations, announcement, orders of the Association;
 - (3) To prescribe the ethics for the Association;
 - (4) To consider the admission and termination of a Member;
 - (5) To consider the taking of disciplinary action against any Member who braches the rules, regulation, notifications, orders and ethics of the Association;
 - (6) To appoint Committees and advisors to the Association.

21. A Director shall possess the qualifications and shall not subject to the restrictions as follows:
 - (1) Being of Thai Nationality;
 - (2) Not being or having been a bankrupt person except having been relieved from bankruptcy not less than three years;
 - (3) Not being an incompetent person or quasi-incompetent person;
 - (4) Not having been punished with imprisonment by a final judgments, except a punishment for an offence committed with negligence or for a petty offence.

22. In electing the Directors, the Ordinary Members and/or Extraordinary Members shall nominate persons who are qualified and are not subject to the restrictions under Article 21 and who are suitable in the opinion of the Members to be appointed as Directors for the consideration at the meeting of Members, each nominee is to be seconded by not less than two other Ordinary or Extraordinary Members.
The nomination in the first paragraph shall have the prior consent of the nominee. If the nominee is not present at the meeting, his consent in writing shall be obtained.

23. The Members shall elect such number of Directors as are then required from among the nominees pursuant to Article 22.

24. The persons to be elected Directors shall be those who receive the highest number of votes in descending order. If there is more than one person receiving the next highest number of votes, it shall be decided by drawing lots.

25. The casting of votes for the election of Directors shall be made by means of an open vote unless a confidential vote is requested by the Board or by any Member present at the meeting.

26. A Director, except the Managing Director, shall be in office for a term of three years each, but initially upon the lapse of one year, the Directors, except the Managing Director, shall retire from office by one-third or closest to one-third in number by drawing lots. The second one-third of Directors, shall retire from office in the second year by drawing lots except that the directors themselves shall reach other agreement otherwise. For the third and the following years the Directors who have

hold the office the longest shall retire next. The Directors so retiring by drawing lots shall be deemed to have retired by rotation.

The Directors to replace those retiring under this Article may be elected equal in number to the retiring Directors in relation to which the provisions of article 16 shall apply *mutatis mutandis*.

27. When the Directors retire from office by rotation, new Directors will be elected within sixty days [of retirement from office of the previous Directors]. The retiring Directors shall continue in office until such time as the new Directors assume duty.

A Directors retiring by rotation may be re-elected, but he may hold his office for not more than two terms consecutively.

The Managing Director shall be in office for a term of four years, and may hold his office for more than two terms consecutively.

28. Besides retirement from office by rotation, a Director shall be vacated upon:

- (1) death;
- (2) resignation;
- (3) lack of qualifications or possession of prohibited characteristics under Article 21
- (4) removal by the resolution of the SEC;
- (5) removal by the resolution of the meeting of Members.
- (6) lack of qualifications or possession of prohibited characteristics under Article 17 (6), this clause is only applied to the Independent Directors.

29. The election and removal of the Board pursuant to the resolution of the meeting of Members shall be decided by a majority votes of Ordinary and Extraordinary Members present at the meeting. The votes shall be accounted for in two parts, as follows:

Part 1 (75%) counting shall be made of the votes of Ordinary and Extraordinary Members, each of whom shall have one vote; and

Part 2 (25%) counting shall be made of votes of Ordinary and Extraordinary Members by reference to each Member's outright trading value during the period of one (1) year ended on the date 30 days prior to the voting.

The trading value of the Extraordinary Member to be counted shall be ten percent of the one way transaction value of that Extraordinary Member.

30. When a Director vacates his office before the expiration of his term, the remaining Directors may appoint a new Director to replace the vacating Director, provided the number of Directors shall be as stipulated in Article 16, and the Director so appointed shall retain his office during such time only as the vacating Director was entitled to retain the same.

31. The Meeting of the Board shall be held at least once every quarter.
In case that the Chairman of the Association, Managing Director, or not less than one-third of Directors deem appropriate, a special Board meeting may be called.

32. Not less than one-half of the total number of Directors must be present at their meeting to constitute a quorum.

At the meeting of the Board, if the Chairman of the Board is not present or is unable to perform the duty at the meeting, the vice-chairman, if there is one, shall be the chairman of the meeting. If there is no vice-chairman, or if the vice-chairman fails to attend the meeting, the Directors at the meeting shall elect one of the Directors presented at the meeting to preside over the meeting.

33. The resolution of the meeting of Directors shall be decided by a majority vote. Each Director shall have one vote. In case of a tie vote, the Director presiding over the meeting shall have an additional vote as a casting vote.

In the resolution for order of punishment on termination of membership, the resolution shall be approved by at least three-fourth of the Board excluding Directors who have a conflict of interest. Each Director shall have one vote. A Director who has a conflict of interest in such matter shall not participate in the decision of that resolution.

34. A Director who has an interest in any resolution shall not participate in the decision of that resolution.

35. The Board shall appoint various committees as follows:

(1) *Market Practice Committee*; to consider and provide recommendation on standard of practices in the bond market in various aspects in order for the market to be efficient, appropriate and be on par with international standard. The Committee shall consist of representatives of Members, Board, the SEC, Bank of Thailand, Federation of Accounting Professions, The Association of Investment Management Companies, Mutual Fund Supervisors and honorary committees from various sectors;

(2) *Market Regulation Committee*; to consider and provide recommendation to establish and expand the roles of the Association as Self Regulatory Organization, as well as recommending ways to promote ethics and standard of good practice of the bond market and traders. The Committee shall consist of representatives of Members, Board, the SEC, Bank of Thailand, Federation of Accounting Professions, The Association of Investment Management Companies, and honorary committees from various sectors;

(3) *Market Information Committee*; to consider and recommend ways to promote and expand the roles of the Association as the information center for debt instruments and to promote efficiency in bond information management to be able to cope with the needs of the market participants. The Committee shall consist of Members, the Board, the SEC, Bank of Thailand, TRIS, the Association of Investment Management Companies, and honorary committees from various sectors.

Qualification, duty and responsibility and numbers of the Committees shall be determined by the Board.

36. The Board may appoint advisor(s) and additional committees to those stipulated in Article 35 to consider and provide recommendation involving any Association's activities designated by the Board. The advisor(s) and the committees shall have a specific term of office and shall receive the remuneration determined by the Board.

Quorum and resolution of the subcommittees pursuant to this Article, if the Board has not prescribed otherwise, Article 32, 33 and 34 shall apply *mutatis mutandis*.

37. The Managing Director must:
- (1) be a Director elected by the Ordinary and Extraordinary Members;
 - (2) possess qualifications and not be subject to the restrictions stipulated in Article 21;
 - (3) be able to work on a full-time basis for the Association.
38. The managing Director has the duty to manage the operation of the Association in accordance with the policy and the rules and regulations of the Association and has authority over the officers and employees of the Association. The Managing Director shall in the management of operation of the Association be responsible to the Board.
39. The Board represents the Association in any business dealing with a third party, and for this purpose, the Board may delegate his power in writing to the Managing Director to undertake any activity on the Board's behalf, provided that such delegation of power does not contrary to the rules or regulations prescribed by the Board.
40. When the Managing Director position has become vacant or when the Managing Director is unable to fulfill his or her duty, the Board shall appoint a Director or personnel of the Association temporarily to act as Managing Director. In this regard, the acting Managing Director shall have the same power and duty as the Managing Director.
41. The chairman, the vice-chairman, and the Directors shall be entitled to receive such remuneration as specified at a meeting of Members.
- The chairman, the vice-chairman, and the Directors who work for the Association on the full-time basis or upon the condition of time prescribed by the Board shall be entitled to receive such salaries and other remunerations as specified by the Board.

Section VI

Ethics of Conducting Business

Chapter 1 Ethics of the Members

42. Members shall strictly comply with the ethics requirements. The Members shall cause directly or indirectly its directors, executives, personnel or any persons under its control to strictly comply with the etiquette requirements.
If any such person breaches or fail to comply with the ethics requirements, that Member shall be deemed to be in breach of the ethics.
43. **Honesty as a Professional**
Members shall conduct their business honestly and ethically in dealing with clients or general public and securities companies as well as with other Members.
44. **Fairness and Knowledge**
Members shall deal with their clients or trading counterparts fairly and non-discriminately and provide them with services dedicatedly with skills, knowledge, prudence, sufficient information and well-referenced documents.
45. **Conflict of Interest**
Members shall devise measures to efficiently prevent conflict of interest by disclosing information, declining to provide services or taking other appropriate measures. If such conflicts arise despite preventive measures, Members must treat their clients fairly and equitably. Members shall refrain from taking advantage of clients.
Members shall disclose to their clients / counterparts if the Members have direct or indirect conflict of interest in the services to be provided.
46. **Independence**
Members shall conduct their business independently by not promising to offer nor receive compensation or benefits that conflict with the duties of Members, employees or their representatives to their clients in the conduct of business.
47. **Prevention of Illegal Transaction**

Members shall be prohibited to assist or encourage any persons to engage in illegal activities that violate securities and securities market laws or to commit dishonest acts involving assets or to engage in any acts endangering the national security or economy, as well as to conceal or take part in embezzlement or disposal of such assets.

48. Responsibilities to Clients

(1) Service agreement and responsibilities to clients.

In preparing service agreements or juristic acts to provide investment details on their service, Members shall provide adequate details on their service principles to clients. Members shall not produce any letters or contracts that cancel or restrict the Members' responsibilities to clients according to applicable laws and regulations of the regulators;

(2) Undertake to provide proper and best prices to clients.

In trading debt instruments for and with clients, Members shall adequately ensure that the executed prices for clients shall be fair, best and proper under the prevailing market situation by considering various factors, such as, liquidity of the market and debt instruments, volume and types of transactions, source and quantity of quoted prices at the time.

(3) Discontinuing of services

Should Members wish to discontinue doing business with any counterparts or clients, Members shall ensure that outstanding tasks are either completely done or smoothly transfer to other companies.

49. Confidential Information of Clients/Counterparts

Members shall keep information relating to clients and counterparts in strict confidence. Members shall not disclose personal information, trading information or financial data of clients/ counterparts obtained by dealing business and such confidential information should not be disclosed to public in normal practice except that the disclosure is done to comply with the law or with consent from involving parties.

50. Business Dealing with Clients/ counterparts

(1) Business dealing

In business dealing, Members shall execute clients/counterparts' orders fairly. When deals are concluded, Members shall immediately act on such agreements.

(2) Control of trading limits

At all times, members shall manage to strictly control bond traders to keep track of their trading value to stay within their responsible trading limits and strictly control and manage associated risks when trading with each client/counterpart.

51. Characteristic of Wrongdoing

Members shall refrain from wrongdoing in accordance with the regulations prescribed by The Association

52. Communication and Investment Recommendation

(1) Members shall assign the personnel to be responsible for contacting and providing recommendation to clients in accordance with rules and regulations prescribed by the SEC and shall supervise such personnel to comply with rules and regulations prescribed by the SEC.

(2) In providing recommendations or presentation of information or dissemination of investment information about any debt instruments, Members shall exercise reasonable diligence, knowledge and expertise based on logics and academic explanation. Members shall not provide recommendations or information that may mislead the clients in the material investment facts.

(3) Members shall get to know their clients / counterparts by at least preparing documents showing the existence of the clients / counterparts or their authorized personnel who make trading decision, if the clients / counterparts are juristic persons

(4) In communicating with retail clients, Members shall disseminate the information, prepare necessary documents, and provide investment recommendation in accordance with rules and regulations prescribed by the SEC.

53. Public Interest

Members shall cooperate in any activities of public interests as a matter of priority over their own interests.

54. Relationship Towards Business Partners

Members shall refrain from spreading damaging accusation against other Members or engaging in any activities to create division or conflicts among business partners except that such activities engaged or business conducted by the counterparts are deemed to breach the rules and regulation, illegal or against ethics requirement. In such cases the Members shall immediately report the incidents to the regulatory bodies.

55. Relationship with the Regulators

(1) Cooperation

Members shall cooperate and provide detailed information to regulators who are authorized to monitor the Members' operations and trading of debt instruments, and investigate complaints made by their counterparts.

(2) Information Disclosure

Members shall inform their regulatory bodies without delay if there is any information on law-violated conduct that qualifies for disclosure.

56. Organization structure and Internal Control

(1) Organization Structure

Members shall organize and manage their organization to facilitate productivity, strict internal controls, efficient recording of information, and proper measures of protections of accessing departmental confidential information from other departments or unauthorized personnel or Members (Chinese wall).

Members should have sufficient and capable human resources in operating business and have operational guidelines that are in accordance with relevant rules and regulations and shall supervise their bond traders to conform to such rules and regulations.

(2) Authorization of Power and Responsibility

Members shall appoint and authorize appropriate management and staff of bond traders to carry out operations on behalf of the company; such appointment and authorization must be made in writing. Members are held accountable for the actions of their authorized management and traders.

(3) Maintenance and Classification of Client's Assets

Members shall maintain and protect client's assets appropriately and classify them clearly.

(4) Control of Client Accounts

Members shall not allow clients to trade beyond their means or account limits. There shall be reviews to determine the proper account limits on regular basis.

57. Compliance with Laws, Rules and Regulations

(1) Operation in complying with Laws, Rules and Regulations

Member shall operate in accordance with Laws, Rules and Regulations. Members shall not take part or assist others to violate laws, rules and regulations

(2) Recording and Collecting Information

Members shall keep sufficient and comprehensive records and shall make them available for examination by regulators.

(3) Receipt of complaints made by Clients/ Counterparties

Member shall establish procedures on handling complaints from counterparts and clients, and shall notify these parties of the alternatives they have under existing laws and regulations to resolve disputes.

(4) Registration of Debt Instrument Traders and Ethics Training

Member shall appoint debt instrument traders who have registered with the Association pursuant to the rules and procedures prescribed by the Association, and shall organize training on ethics for bond traders on an on-going basis.

(5) Accuracy of Financial Reports

Members shall prepare updated, accurate and complete financial reports. Members shall disclose or disseminate the financial reports prescribed by the regulatory bodies.

58. Financial Stability

(1) Capital Sufficiency

Members shall maintain sufficient capital for conducting business and dealing with risks that may arise from operations.

(2) Liquidity and quality of assets

Members shall ensure that assets earned from the business operation are sufficiently liquid and of good quality.

59. Contingency Plan

Members shall establish and implement contingency plans for the treasury operations of both their front and back offices to ensure that these operations will continue with minimal disruption in the event of disaster or crisis. The plan should be reviewed regularly to keep it updated and relevant.

60. Extraordinary Members shall observe ethics requirement in this sub-section *mutatis mutandis*; but will be exempted from the provisions of Article 52 and Article 57(4).

Chapter 2 Ethics for management and Debt Instrument Traders

61. The management and bond traders shall observe the same sub ethics requirement for the Members set forth in chapter 1 as well as other related ethics requirement *mutatis mutandis*.

62. Entertainment, Gifts And Favors

(1) Management shall formulate guidelines to limit excessive or too frequent offering or receiving of gifts or any benefits from outside parties.

(2) Traders shall notify their management when they are offered unusual or excessive entertainment, gifts, favors, or other benefits.

63. Professional standards of operation

Management and Traders shall behave professionally by not committing or involving with any activity that appear unfit for a professional, such as gambling, or consume alcoholic drink during office hour, etc.

64. Dealing for Personal Account

Management shall carefully consider whether or not they should allow heir traders to trade for their own account. If this practice is allowed, management must ensure that adequate guidelines and regulations are established to prevent abuse or insider

trading in any form. Traders shall strictly adhere to their employer's established guidelines on dealing for personal account.

65. Market Terminology

Traders shall use clear and unambiguous language when dealing to prevent misleading and to ensure that market terminology and convention are observed.

66. Disputes with counterparts or clients

If the counterpart/ clients refuses to execute a trade as previously agreed or there is any other dispute related to debt instrument trading, traders shall inform management immediately and prepare related reporting documents.

67. Wrongful benefits

Bond traders shall not utilize their position to wrongfully benefit themselves.

Section VII

Disciplines and Sanction of the Members

68. Should the Members breach or fail to comply with its obligations as prescribed by The Association, the Board may resolve to take any disciplinary actions against the Member as follows;
- (1) Warning;
 - (2) Probation;
 - (3) Fine;
 - (4) Barring from any rights conferred to Members;
 - (5) Revocation of membership pursuant to Article 110 (3).
69. Should the Members breach or fail to perform duties of Members as prescribed by The Association and the Board considers and deems that the said charge was committed or taken part by directors, personnel or employees of the Members, the Board may order such Members to punish those directors, personnel or employees of the Members as the Board deems appropriate.

Chapter 1 Disciplinary Procedures and Actions

70. The Board shall appoint one or more Disciplinary Committees to consider the wrongdoing and mete out punishment and shall perform duty prescribed by this Regulation.
71. A Disciplinary Committee shall consist of 5 members consisting of one Director representing the Association and at least 3 members from non-member companies comprising of one expert in securities business and one expert in law. The Managing Director shall be member in the Disciplinary Committee by position.
- The Board shall appoint a chairman from the Committee pursuant to the first paragraph.
- The Managing Director shall appoint at least one employee of the Association to act as secretary of the Committee to gather relevant facts and evidences, examine and present his/her views, facts and relevant and applicable laws to the Disciplinary

Committee as well as to perform other activities as needed to fulfill the duty prescribed by this Article.

72. The Disciplinary Committee shall be in office for a term of two years except for the Managing Director. When the Disciplinary Committee members retire from the office when their term of office expires, the Board shall appoint new Disciplinary Committee members. In the interim, the retiring Disciplinary Committee shall continue in office until such time as the new Committee members assume duty.
73. Besides retirement from office when term expires, the Disciplinary Committee members shall retire from office upon:
- (1) death;
 - (2) resignation;
 - (3) final judgment of receiving order;
 - (4) being an incompetent person or quasi-incompetent person;
 - (5) having been punished with imprisonment by a final judgment except a punishment for an offence committed with negligence or for a petty offence;
 - (6) removal by the resolution of the Board.
 - (7) lack of the qualifications under Article 71;

In the event that the Committee member vacates his office before the expiration of his term, the Board may appoint other person to replace the vacating Committee member to serve the remaining term.

74. For the meeting quorum and resolution of the Disciplinary Committee, article 32, 33 and 34 shall apply *mutatis mutandis*. Additionally, if any Disciplinary Committee member has dissenting opinion, such opinion shall be written with supporting reasons in the meeting minutes. Such Disciplinary Committee member may also present his dissenting opinion in writing.
75. The Disciplinary Committee shall have the power to consider the charge and mete out punishment to the Ordinary, Extraordinary Members and bond traders who committed or took part in the breach of rules and regulations of the Association except for the following:
- (1) revocation of the membership;

(2) other cases as prescribed by the Board.

76. Should it appear that the said charge or doubt leads to believe that rules and regulations of the Association were breached, the Managing Director shall consider the relevant facts and information

(1) If the Managing Director deems that there is reasonable reason ground to believe the charge, shall gather and collect the facts, relevant evidence and prepare his opinion with supporting reasons and the relevant and applicable laws presented to the Disciplinary Committee and shall notify the charge to the accused in writing.

(2) If the Managing Director deems that it is groundless, the Managing Director shall order to stop the consideration and shall report to the Disciplinary Committee. If the Disciplinary Committee does not agree with the decision, it may order to continue the consideration in accordance with (1).

If it appears that the case under consideration is beyond the jurisdiction of the Disciplinary Committee in accordance with Article 75(1) or (2), The Disciplinary Committee shall render opinion and forward the case to Appeal Committee with in 15 days for consideration and proceeding according to Article 97.

77. Letter of notification shall compose the following:

(1) Name and address of the accused;

(2) The description of disputed accused actions as well as circumstances in connection therewith;

(3) Identify and refer to the applicable rules and regulations of the Association to be breached;

(4) Period to clear up the charge shall not exceed sixty (60) days.

78. To proceed according to the provision of this Rule, the accused may act on his own motion or delegate his right to other persons to do on his behalf.

79. Proceedings shall be expediently carried out and completed. However, the accused shall be given full opportunity to clear the accusation and present his side of supporting witnesses and documents as evidence in support of his contentions.

The clarification and explanations, according to the first paragraph, shall be made in writing except that the Disciplinary Committee may permit the accused to answer therefor orally before the Disciplinary Committee.

To clarify and answer orally according to the second paragraph, the secretary shall record the proceedings and shall be signed by the accused as written evidence.

80. The accused at his discretion, may or may not make and answer to the Disciplinary Committee. The secretary shall then report to the Disciplinary Committee after such period set forth in Article 77 lapsed in order to set the date to begin the proceeding. The Disciplinary Committee is authorized to proceed the consideration of the charge and render decision in the absence of such answer.

81. The Disciplinary Committee shall conclude the proceedings within 90 days after the first day of the proceeding.

During the proceeding the Disciplinary Committee may summon in writing the accused to appear before the Disciplinary Committee for questioning, or may order the accused to submit to the same additional documents within a specified period.

Time as set forth in the first paragraph, shall not start counting until the Disciplinary Committee who rendered the decision or order in accordance with the second paragraph, has received additional documents, evidence or explanation in full and complete.

82. To specify the time set forth in this section the Disciplinary Committee shall be empowered to grant a reasonable time extension to the accused, if it is deemed appropriate after obtaining the approval of the Board.

83. After the Disciplinary Committee has meted out the punishment, the Managing Director shall notify the accused in writing, the Board and the SEC of the decision in a timely basis. The notification, at the minimum, shall include:

- (1) Date of the order of punishment;
- (2) Name and address of the accused;

- (3) Causes and facts of the accusation;
- (4) Contents and reasons of the order;
- (5) Effect of the order.

Chapter 2

Appeal Procedures and Decision

84. The Board shall appoint an Appeal Committee of 5 persons consisting of one Director and at least 3 qualified professionals who shall not be representatives from the Member companies. The qualified professionals shall each be law, finance, accounting and securities business expert.
- The Appeal Committee set forth in the first paragraph shall be approved by the Office of the SEC.
85. The Appeal Committee shall be in office for a term of 2 years. When the Appeal Committee members retire from office when the term of office expires, the Board shall appoint new Appeal Committee members. In the interim, the retiring Appeal Committee members shall continue in office until such time as the new Appeal Committee members take office.
86. Besides retirement from office when the term expires the Appeal Committee member shall retire from office upon:
- (1) death;
 - (2) resignation;
 - (3) final judgment of receiving order;
 - (4) being an incompetent person or quasi-incompetent person;
 - (5) having been punished with imprisonment by a final judgment except a punishment for an offence committed with negligence or for a petty offence;
 - (6) removal by the resolution of the Board.
87. The meeting, quorum and resolution of the Appeal Committee, Article 32, 33 and 34 shall apply *mutatis mutandis*.
88. The punished Members and affecting persons may file a petition to appeal with the Appeal Committee by themselves or delegate, in writing, other persons to do same on their behalves.

89. The appellants shall file their petition of appeal to the Appeal Committee within 15 days from the date of having received the order of punishment.
- Petitions to appeal shall be in writing signed by the appellants or their legal representatives as the case may be, with the statement of decision on the order of punishment that cause the petition of appeal, including facts relevant and applicable laws and reasons of contention of dissent orders.
- The appellants shall attach any relevant documents and evidence submitted as supporting contentions as the appellants deem beneficial to the defense of the proceedings.
90. The Managing Director shall appoint at least one employee of the Association to act as secretary of the Appeal Committee to gather relevant acts and evidences, review the case and documents and present his views and supporting facts and relevant and applicable laws as well as any work done to comply with the provision of this chapter to the Appeal Committee.
91. To file a petition of appeal pursuant to Article 89, the petition shall be filed at the Association. The Association upon receipt of the petition shall issue the receipt of the appeal petition. The receipt shall at least include the date of the filing and name of the appellant. The secretary shall send a written notification in respect of the appeal to the Office of the SEC.
92. Upon the receipt of the petition of appeal, the secretary shall consider and do the following:
- (1) In case that the petition of appeal was filed after the lapsed period set forth in the provision in Article 89 the secretary of Appeal Committee shall dispose of the case and report the decision to the Appeal Committee, and shall notify in writing in respect of the disposal of the petition to the appellant;
 - (2) In case that the secretary deems that the petition is not correctly filed or filed with incomplete requirement as set forth with the provision of the rules and regulation prescribed by the Association, the secretary shall notify in writing to the appellant of such error or deficiency, and specifying time limit to correct the error or make good the deficiency and refile the petition of appeal.

In case that the appellant fails to correct the error and file the correct petition of appeal within the specified period, the provision in (1) shall apply. In case that the appellant corrects the error and file the complete petition of appeal within the specified period, it shall be considered that the appellant has complied with the provision of Article 89.

- (3) In case that the secretary deems that the petition of appeal is correct and complete, the secretary shall render his opinions with supporting reasons and relevant and applicable laws to present to the Appeal Committee in a timely basis.

93. The Appeal Committee shall complete the appeal proceedings within 30 days from the date of the proceeding commenced. In the event that the proceedings cannot be concluded within the specified time, the Appeal Committee may extend the time not to exceed another 30 days.

The Association shall thereby notify the appellant in writing of the extension prior to the time of proceeding expires.

During the proceedings of appeal, the Appeal Committee may summon the appellant in writing to answer the questioning or to provide additional documents or evidence or to clarify matter regarding appeal within the specified time.

Clarification pursuant to the second paragraph shall be done in writing, except that the Appeal Committee may permit to answer the questions orally before the Appeal Committee.

In case of oral clarification, pursuant to second paragraph the secretary shall record such clarification and shall be signed by the Appellant to be used as evidence.

The time between the Board issues the order pursuant to the second paragraph and the time the Appeal Committee has received the additional documents, evidence or clarification in full and complete shall not be counted as time elapses in accordance with the first paragraph.

When the Appeal Committee has concluded the consideration, the Secretary shall prepare the report recording the opinions and recommendation of punishment with supporting reasons of the Appeal Committee to present to the Board to reach the decision pursuant to Article 94.

94. After the Appeal Committee has concluded and rendered the decision, the Association shall notify in writing such decision to the Appellant and the Office of the SEC with supporting reasons in a timely manner.

In consideration and rendering decision, if the Board considers and renders decision different from the opinions suggested by the Appeal Committee pursuant to Article 93, the Board shall state the supporting reasons.

The consideration and decision of the Board shall be final.

95. Filing appeal shall not be ground for stay of the execution of decision, but the appellant may attach the respite of execution with the petition of appeal. In such respite the appellant shall state the reasons to request the Appeal Committee to respite the execution. A copy of such decision of order of punishment shall be attached.

When the filing of the respite of execution is correct, the Secretary shall consider the said petition in an urgent manner and render opinions and present the same to Appeal Committee in a timely basis.

96. In case that the Appeal Committee has deemed that it is an urgent manner and the request for respite of the execution is justified, the Appeal Committee may issue an order to stay in part or in all the execution with conditions or with other warranty deemed appropriate. The secretary shall notify the appellant and the issuer of the decision in writing.

In case that the Appeal Committee has deemed that the respite of execution shall not be granted, the secretary shall notify the appellant in writing in a timely manner. The decision pursuant to the first and the second paragraph of the Appeal Committee shall be final.

97. In consideration of Appeal Committee with regard to removal of membership or other cases pursuant to second paragraph of Article 76, then Article 87, 90, 93 and 94 shall apply *mutatis mutandis*. The resolution for such cases shall be adopted by a vote of not less than three-fourth of the number of all Appeal Committee.

Section VIII
General Meeting

98. The Board shall summon the ordinary general meeting of the Association once a year within 120 days of the end of the accounting year.

Any other meeting of members shall be called an extraordinary meeting.

99. The Board shall fix the summoning of the ordinary general meeting and extraordinary meeting and a notice thereof shall be sent to every Member at least 7 days in advance of the meeting. The notice shall specify the place, day, time and agenda of the meeting.

100. An extraordinary meeting may be convened at any time as the Board deems appropriate or upon a request therefor being made in writing by not less than one-fifth of the member of Ordinary and Extraordinary Members.

101. More than one-half of the number of Ordinary and/or Extraordinary Members must be present at their meeting to constitute a quorum.

If the number of members present at a meeting is not sufficient for a quorum, The Board shall summon another meeting within 30 days of the previous meeting, and at the succeeding meeting any number of members present at the meeting shall constitute a quorum.

102. The chairman of the Board shall preside at each meeting of the Members. If there is no chairman or the chairman is unable to attend the meeting, the vice-chairman shall preside over the meeting. If there is neither chairman nor vice-chairman or if the chairman or the vice-chairman fails to attend the meeting, the Ordinary or Extraordinary Members present thereat shall elect one of the Directors present to act as chairman of the meeting.

103. Activities to be performed in the general meeting are as follows:

- (1) To approve the previous minutes of meeting;
- (2) The Board reports the operation of the past year of the Association;

- (3) To consider and approve the financial statements of the Association;
 - (4) To consider and elect the auditor of the association and set out the remunerations;
 - (5) To consider other matters (if any).
104. The Board shall cause to be prepared and kept the minutes of the general meeting of Members.
The minutes of the meeting in the first paragraph shall be ready within 30 days of the meeting for the signature of the chairman of the meeting thereat.
The Board shall then present the certified minutes of the meeting to the next general meeting of the Members for approval.
105. The chairman of the meeting may postpone a meeting upon the consent of the meeting, provided that no business may be transacted at any adjourned meeting other than the business left unfinished at the original meeting.
106. A member who has a special interest in a resolution cannot vote on such resolution.
107. The casting of votes at any meeting of the Members shall be made by means of an open vote unless a confidential vote is requested by the Board or by at least one-tenth of the number of Ordinary or Extraordinary Members present at the meeting.
Any confidential vote method can be applied if the chairman of the meeting deems appropriate.
108. The resolution of the general meeting of Members shall be decided by a majority vote of Ordinary and Extraordinary Members. In case of a tie vote, the chairman of the meeting shall be entitled to a second or casting a deciding vote.
109. Each Ordinary and Extraordinary Member shall have one vote at the general meeting of Members, except in the case of electing or removal of the Board in which case voting shall be in accordance with the provision of Article 29.

Section IX
Termination of Membership

110. A membership shall terminate:
- (1) for want of the qualification under Article 6;
 - (2) upon resignation being made in writing with the Association;
 - (3) upon a resolution of the Board for the termination of membership in the following cases:
 - (a) failure to pay the annual Fee to the Association within the prescribed periods;
 - (b) a material breach or non-compliance with the obligations of the Member prescribed herein;

A resolution for the termination of the membership under (3) shall be adopted by a vote of not less than three-fourth of the number of all Directors.

When the Board resolves to terminate the membership of a Member under (3), the Association shall notify in writing the Member whose membership is terminated and the other Members of such termination and shall make a report thereon together with reasons to the SEC.

Section X

Finance and Accounting of the Association

111. The Board shall cause to be prepared Balance Sheet and Income Statement once a year to be audited by the Certified public accountant by February of the following year. Accounting period of the Association ends on December 31 of the year.
112. The Board shall cause to be prepared the past year performance report of the Association to present to the general meeting of the Association.
113. The auditor elected by the general meeting of the Members shall have the power to examine all accounting books and all financial documents of the Association, and the auditor shall have the right to question the Directors as well as personnel of the Association handling such accounting and documents. The Directors and the involving personnel shall provide assistance and facilitate such examination.

114. The accounting books and financial documents of the Association shall be kept at the premise of the Association, and shall be in the responsibility of the financial officers or any personnel assigned by the Board.
115. Cash of the Association shall be deposited with Commercial Bank(s) or financial institutions located at the same province as that of the Association with the approval of the Board.

Withdrawing and depositing money, authority to pay, keeping the petty cash on hand, and investment management shall be executed in accordance with the provision prescribed by the Board.

The expenses of the Association shall be reimbursed in the actual amount incurred. Should any working units wish to withdraw any expense for the operation of the Association, the said units shall verify with the accounting department to check whether such expenditure is set in the budget of the Association or under the expenditure budget of any special project and having been approved by the Board. Having verified, the withdrawing units shall prepare an invoice in such forms prescribed by the Association as well as attaching the approved documents to process and evidence of payment signed by the withdrawer to be submitted for the approval of the proper authority before forwarding to financial unit to process.

Section XI

Membership Admission Fee, Annual Fee

Information Registration Fee and Other Service Fee

116. The Members shall pay the admission, annual, and services fee for such type and such rate as prescribed by the Board as follows:
 - (1) Member Admission Fee
The applicant approved for admission as Member, which admission is not by reason of a membership transfer, shall pay the membership admission fee for such type and at such rate prescribed by the Board as follows:

(a) *Ordinary Member* in the amount of 1,500,000 Baht.

The Member shall pay within 15 working days of the notification of the acceptance of the membership by the Board;

(b) *Extraordinary Member* in the amount of 1,500,000 Baht.

The Member shall pay at least 10% of the Admission fee within 15 days of notification of the acceptance of the membership. The balance shall be paid within 30 days from the date which the Member's outright trading reaches the average of twenty thousand million (20,000,000,000) Baht per month for the last calendar year;

(c) *Associate Member* in the amount of 1,500,000 Baht.

The Associate Member shall pay at least 20% percent of Admission fee within 15 days of the notification of the acceptance of the membership and shall pay the balance within 30 days from the date which the Member's outright trading reaches the average of 100,000,000 Baht per month for the last calendar year;

(2) Member Annual Fee

Members shall pay the Annual fee to the Association for such type and at such rate prescribed by the Board as follows:

(a) *Ordinary Member* shall pay at least 100,000 Baht but not to exceed 200,000 Baht by paying at the rate of 0.0005 percent of the outright debt instrument trading value of such Member within the last calendar year.

(b) *Extraordinary Member* shall pay at least 100,000 Baht, but not to exceed 200,000 Baht by paying at the rate of 0.0001 percent of the outright debt securities trading value of such Member within the last calendar year.

(c) *Associate Member* shall pay 100,000 Baht.

The annual fee shall be paid in advance within the last day of January of each year. For the newly admitted Ordinary and Extraordinary Members, the annual fee shall be calculated from the outright debt instrument trading value of the said Members during the period of the last calendar year from the date of the

submission for the membership application to the Association. The fee shall be paid within 15 days of notification of acceptance of membership.

The Member which has started its membership during the year shall pay the annual fee in proportion to numbers of months that the membership is effective.

(3) Other service fee

Members shall pay to the Association for the service provided in accordance with types and rates prescribed by the Board as follows:

- (a) a fee for lease or use of any computer system provided by the Association
- (b) a fee for any other service provided to Members as prescribed by the Board

117. The applicant of membership by transferring from another Member shall pay the membership transfer fee in accordance with rules, terms and conditions and procedure prescribed by The Board.

118. The Member who requests for the registration of debt instrument with the Association shall pay the registration fee in accordance with types and rates as follows:

(1) Application fee;

(1.1) For short term debt instrument, bill of exchange and other similar debt instrument having maturity not exceeding 270 days, the application fee shall be exempted.

(1.2) For debt instruments other than (1.1), the admission fee shall be 20,000 Baht. In case of the same issuer submitting application many times within one calendar year, the total application fee to be paid shall not exceed 50,000 Baht.

(2) Upfront information registration fee

(2.1) For short term debt instrument, bill of exchange, and other similar debt instruments which have maturity not exceeding 270 days, the upfront information registration fee shall be 0.005 percent of the issue size. The

maximum upfront fee shall not exceed 10,000 Baht and shall be paid on the day of submission of the application for the registration.

(2.2) For debt instruments other than (2.1), the upfront fee shall be 0.01 percent of the issue size with the minimum of at least 35,000 Baht and the maximum at 350,000 Baht. The fee shall be paid on the day of submission of the application for the registration.

(3) Annual fee;

(3.1) For short term debt instrument, bill of exchange, and other similar debt instruments which have maturity not exceeding 270 days, the Annual fee shall be exempted;

(3.2) For debt instrument other than (3.1)

(a) For debt instruments having maturity exceeding 270 days but not exceeding 5 years, the Annual fee shall be 10,000 Baht plus 0.001 percent of the issue size.

(b) For debt instruments having maturity exceeding 5 years, the Annual fee for the first 5 years shall be as the rate stipulated in (3.2)(a), and the Annual fee for the period exceeding 5 years shall be 10,000 Baht plus 0.0005 percent of the issue size;

The Annual fee on 3.2 (a) and (b) shall be charged on a yearly basis in according to the life of the debt instrument starting from the issue date until the maturity date, a fraction of a year to be counted as 1 year, provided that the maximum Annual fee shall not exceed 100,000 Baht per year payable in advance in one lump sum on the date of submission of the application.

The Board may change, modify or exempt the debt instrument registration fee upon approval of the SEC.

119. Debt instrument registration fee shall not apply to those bonds issued by the government, State enterprises, the Bank of Thailand, the financial Institutional Development Fund, or any other debt instruments upon the resolution on fee exemption of the Board.

Section XII

Modification, Dissolution and Liquidation of the Association

120. Modification of the Rules of the Association can be done upon obtaining the approval of the Board. The Board shall present the said change to the meeting of the Members for approval, except in case of the change in the debt instrument registration fee which shall be pursuant to Article 118.
- The voting for the resolution in the meeting of Members shall be in accordance with Article 105 to 108 mutatis mutandis.
121. The Association is dissolved upon:
- (1) Bankrupt;
 - (2) The resolution of the meeting of Members to that effect with not less than three-quarter of all Ordinary and Extraordinary Members votes;
 - (3) The order of the SEC to comply with the law.
122. When the Association is to dissolve for whatever reasons, the Board or any persons appointed by the Board shall be acted as liquidator.
- Should there be any residual assets from the liquidation; the said assets shall be donated to any one or more juristic persons that possess objectives for public charity pursuant to the resolution of the meeting of the Members.

Section XIII

Material and Service Procurement

123. Procurement of material and service of the Association shall comply with the rules, terms and conditions, and procedures prescribed by the Board and shall compose of the following detail:
- (1) Procedure and budget of Procurement;
 - (2) Inspection and acceptance;
 - (3) Contract agreement and warranty.

124. Storing, controlling and disposal of the materials shall comply with the rules, terms and conditions and procedures prescribed by the Board and shall consist at least the following detail:

- (1) Accounting posting or material records;
- (2) Material requisition
- (3) Annual inventory checking
- (4) Material disposal

125. To procure material or services for the Association all items of procumbent shall be verified first with the accounting department whether such items have been budgeted and allocated by the Association or budgeted expenses for special projects approved by the Board. The responsible department shall process the acquisition of the said material or services after the verification and shall present the detail as follows:

- (1) Detail of material or services to be procured;
- (2) Market or estimated prices of the material or services;
- (3) Should the same material or services have been procured within the last six (6) months, the last procured prices shall also be shown;
- (4) Procurement cost shall also be accounted for in the budgeting plan;
- (5) Time of the material to be available or the date of completion of service;
- (6) Procurement method and reasons supporting the proposed method;
- (7) Other (if any)

Procurement budget limit, personnel empowered to approve the budget and the execution of each procurement of material or service shall be in accordance with the provisions prescribed by the Board.

Section XIV Transitory Provision

126. After the Office of the SEC has issued the permission certificate to register as an association:

- (1) The Board of the Thai Bond Dealing Centre and Managing Director who remain in office on the date of registration shall act as temporary Board and Managing Director until there is an election of first Board of the Association

which shall be convened within 120 days from the date of the permission of registration granted to be an association;

- (2) The founding members shall be members of the Association with the exemption of Admission fee and the first year Annual fee.
- (3) Any members of The Thai Bond Dealing Centre who submit the application of membership to the Association and approved by the Board shall be accorded the same right as that of a founding member and shall be exempted from payment of the Admission fee and the first Annual fee, provided that the submission is done within the first calendar year of the establishment the Association;
- (4) Short term debt instruments, bill of exchange and other similar debt instruments having maturity not exceeding 270 days registered prior to June 30, 2009 shall be exempted from registration fee set forth in Article 118.

127. These rules and regulations shall come into force on and from day of 1 October 2005.

Given on this 21st day of September 2005.

(signed)

(Sommai Pasee)

Chairman

Board of Directors of

The Thai Bond Market Association