

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.