

(UNOFFICIAL TRANSLATION)

Readers should be aware that only the original Thai text has legal force, and that this English translation is strictly for reference.

Notification of the Board of Directors of the Thai Bond Market Association
Re: Standard of Practices for the Bond Market
B.E. 2548 (2005)
(Codified)

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

Clause 1¹ In this Notification:

“**Association**” means the Thai Bond Market Association.

“**Board**” means Board of the Thai Bond Market Association.

“**Member**” means Member of the Thai Bond Market Association.

“**Trading**” means trading debt instrument.

“**Trading Price**” means price or yield from trading debt instrument.

“**Client**” means client who trades debt instrument with the Member of the Thai Bond Association.

“**Counterparty**” means the financial institution licensed for trading debt instrument and trading debt instrument with the Member of the Thai Bond Association.

“**SEC office**” means the Office of the Securities and Exchange Commission.

Clause 2 The **Member** shall comply and supervise its director, executive officer, trader of debt instrument, employee or person under its direct or indirect supervision to comply with the Standard Practices of the Thai Bond Market stipulated by the **Association** as follows:

(1) Contact with **Client/Counterparty**:

(1.1) to set trading limit for each **client/counterparty**, the **Member** shall determine procedures and authorized person appropriately and explicitly for stipulating trading limit to trade with **client/counterparty**;

¹ Amended by the Notification of the Board of the Thai Bond Market Association Re: Standard Practices for the Bond Market (No. 2) dated 13 February 2020

(1.2) in case there is any appointment to other persons in order to act on behalf of *client/counterparty*, the *Member* shall proceed to prepare a power of attorney for *client/counterparty* that have complete and explicit details of power assigned;

(1.3) the *Member* shall record change in *client/counterparty* information every times and also always update such information to be current.

(2) **Trading Price** Offering:

(2.1) a trader of debt instrument is responsible for explicit offering of *trading price* whether such price is firmed or only indicative price, unless otherwise specified, it shall be deemed that the offering price is indicative price;

(2.2) a trader of debt instrument who offers firm price to *client/counterparty* shall be ready to conclude the deal under the specified conditions and standard amount.

(3) **Trading** of Debt Instrument:

(3.1) the *Member* shall provide complete records of trading time in each transaction in accordance with the actual time of execution;

(3.2) “trade time” or “time of execution” means the time when the *Member* concludes a deal with *client/counterparty* as agreed upon by both parties regardless of what type of trading methods, however, it shall not mean the time when the *Member* and/or *client/counterparty* receive a written confirmation;

(3.3) in case the trading limit of each *client/counterparty* is stipulated, the *Member* shall provide a system for trading limit inspection of each *client/counterparty* every times prior to proceed the *trading*.

(4) **Trading** of Non-market price:

The *Member* shall not *trade* non-market price unless there is reasonable ground to do so. The *Member* shall also ensure that such *trading* shall not against the laws and ethics e.g. concealing profits and loss, market manipulation, bullying *client/counterparty* and etc.

In case of a *trading* under non-marketing price having justifiable grounds e.g. *trading* under option, the *Member* is required to express the reasons of such *trading* explicitly so that it can be inspected.

(5) **Trading** Confirmation:

(5.1) when a *trading* is concluded, the *Member* shall ensure its correction and notify *trading* confirmation in writing to *client/counterparty* within the *trading* date, with the exception of a *trading* which is concluded after normal working hours, in this case the written confirmation shall be made within 9.00 a.m. of the next working day;

(5.2) **trading** confirmation shall contain at least details as follows:

- name of **client/counterparty**;
- name of trader of debt instrument;
- name, amount, and value of debt instrument;
- **trading price** and/or yield of **trading**;
- date and time of **trading** confirmation and date of payment and delivery.

(6) Change, Amendment, or Termination of **Trading**:

When a **trading** is concluded, the **Member** shall comply with such agreement. Change, amendment, or termination thereof can be done only as agreed upon by both parties and the **Member** shall notify the **Association** of the aforementioned change, amendment, or termination.

(7) Order of Payment and Delivery:

(7.1) the **Member** shall proceed a sending of payment order and delivery to **client/counterparty** without delay via the payment and delivery methods as agreed in advance, in the case of change thereof, the **Member** shall notify **client/counterparty** of such change immediately;

(7.2) **trading price** to be paid or to be received shall be in accordance with those agreed under the **trading** and the **Member** shall prepare complete documents related to payments or receipts from such **trading**.

(8) Liabilities of Incorrect or Late Payment:

(8.1) in case there is the excess amount of payment due to an error of payment, the **Member** shall not receive any benefit from collecting such that error payment by returning the excess amount of payment and interest thereof after immediate deduction related expenses of returning the excess amount of payment upon requested unless agreed otherwise between the **Member** and **counterparty**;

(8.2) in case there is damage to a **client/counterparty** due to late payment, the **client/counterparty** has the right to claim compensation for any damages occurred from such late payment.

(9) Tape or Electronic Recording relating to **Trading** Confirmation:

(9.1)² the **Member** shall make tape or electronic recording relating to each **trading** transaction for a period at least 3 month or the extended period of time as stipulated by the **SEC Office**;

(9.2) the **Member** shall notify such recordings to **client/counterparty** to be aware of communication;

² Amended by the Notification of the Board of the Thai Bond Market Association Re: Standard Practices for the Bond Market (No. 2) dated 13 February 2020

(9.3) the **Member** shall maintain such tape or electronic recording in a safe place in order to prevent misuse thereof, in the case of no recording as aforementioned, the **Member** may absence of the evidence in dispute.

(10) **Trading** Standards:

In conducting transaction, the **Member** shall follow market conventions such as calculation formulas, standard **trading** volume, and type of price quoted as specified by the **Association**;

(11) Policy, Plan, and Operation methods:

The **Member** shall provide written policy, plan, and operation methods including supervision of **trading** in accordance with related regulations of the incharged entities and the **Association**. Such policy, plan, and operation methods shall always be updated.

Clause 3 In **trading** with retail **client**, the **Member** may be excluded from Clause 2(1.1), (1.3) and (3.3) mutatis mutandis. In this regard, the **Member** should provide appropriate practices in order to prevent any conflict or dispute which may be occurred due to the non-compliance under paragraph one.

Clause 4 The Extraordinary **Member** shall comply with this Notification mutatis mutandis except for Clause 2(1.1), (2.1), (3.3), (7.1), (7.2), (8.1), (8.2), and Clause 3.

Clause 5 The **Board** shall have the power to stipulate additional practices, terminate, or change the practices for the common interest of the bond market.

Clause 6 This Notification shall come into effect as from 1 December 2005

Notified this 10th day of November 2005.

(Mr. Sommai Phasee)
Chairman of the Board
The Thai Bond Market Association