

(Unofficial Translation)

Regulations  
Thai Bond Market Association  
(Codified)

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Section 6  
Code of Conducting Business

Chapter 1  
Code of Conduct of the Member

**Article 42** Members shall strictly comply with the code of conduct 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 code of conduct requirements, that Member shall be deemed to be in breach of the code of conduct.

**Article 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.

**Article 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.

**Article 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.

**Article 46** Independence

Members shall conduct their business independently by not promising to offer nor receive compensation or benefits (bribery) that conflict with the duties of Members, employees or their representatives to their clients in the conduct of business.

**Article 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.

**Article 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.

**Article 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.

**Article 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.

**Article 51** Characteristic of Wrongdoing

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

**Article 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.

**Article 53** Public Interest

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

**Article 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.

**Article 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.

**Article 56** Organization structure and Internal Control

(1) Organization Chart

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 / Counterparts

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.

**Article 57** Compliance with Laws, Rules and Regulations

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

Member shall operate in accordance with laws, rules or Regulations and shall not take part or assist others to violate laws, rules or 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/ Counterparts

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 Securities Traders and Training of code of conduct

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 code of conduct for bond traders on an on-going basis.

(5) Accuracy of Financial Reports

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

**Article 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.

**Article 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.

**Article 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

### Code of Conduct for Managements and Traders

**Article 61** The managements and 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*.

**Article 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.

**Article 63** Professional standards of operation

Managements 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.

**Article 64** Dealing for Personal Account

The Management shall carefully consider whether or not they should allow their 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.

**Article 65** Trading of Debt Securities Terminology

Traders shall use clear and unambiguous language when dealing to prevent misleading and to ensure that Trading of Debt Securities terminology and convention are observed.

**Article 66** Disputes with counterparts or clients

If the counterpart/ clients refuse 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.

**Article 67** Exploitation of the wrongful duties

The Trader shall not utilize their duties to wrongfully benefit themselves.

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