

Unofficial Translation

This translation is for the convenience of those unfamiliar with the Thai language
Please refer to Thai text for the official version

Notification of the Bank of Thailand

No. FPG. 17/2558

Re: Minimum Requirements on Treatment of Clients for Engaging in
Derivative Transactions

1. Rational

Whereas the Bank of Thailand has issued the Notification of the Bank of Thailand to prescribe minimum requirements on treatment of clients for engaging in derivative transactions which commercial banks are required to carry out the client suitability assessment and disclose the information of derivative transactions to their clients according to complexity of derivative transactions and type of clients in order that the commercial banks shall have precise and same understanding as well as have consistent guidelines on treatment of clients having engaged in derivative transactions with the commercial banks. This is to prevent the risk from loss of reputation as a result of engaging in derivative transactions that are inappropriate to clients or derivatives in which clients do not truly understand, which may then affect commercial banks' creditability.

Currently, Thai derivative market has continuously evolved in respect of volumes of transactions and a variety of new transactions. Moreover, investors or players in the market are acquainted with and have more sophistication regarding derivative transactions, especially institutional investors and high net worth investors that are juristic persons which have knowledgeable and proficient staffs in risk management. Therefore, in this Notification, the Bank of Thailand has amended the minimum requirements on treatment of clients for engaging in derivative transactions to correspond with the development of the market as well as the level of sophistication and risk tolerance of clients. This is to promote commercial bank's efficiency and fairness in offering derivative transactions to clients. However, commercial banks are not required to conduct the client suitability assessment for clients who are institutional investors and high net worth investors that are juristic persons if such clients have submitted documents, signed by authorised persons, stated the unwillingness to take the client suitability assessment (Opt out) as prescribed in this Notification in order to increase flexibility for clients to engage in derivative transactions.

2. Statutory Power

By virtue Section 39 of the Financial Institution Business Act B.E.2551 (2008), the Bank of Thailand hereby prescribes the regulations on minimum requirements on treatment of clients for engaging in derivative transactions as prescribed in this Notification.

3. Repealed/Amended Notification

Notification of the Bank of Thailand No. FPG. 79/2551 Re: Minimum Requirements on Treatment of Clients for Engaging in Derivative Transactions dated 3 August 2008

4. Scope of Application

This Notification shall be applied to all commercial banks according to the Financial Institution Business Act except retail banks.

5. Content

5.1 Definition

In this Notification

“Derivative” means market derivatives according to the Notification of the Bank of Thailand on Permissions for Commercial Banks to Engage in Market Derivatives, credit derivatives according to the Notification of the Bank of Thailand on Permissions for Commercial Banks to Engage in Credit Derivatives, and structured products according to the Notification of the Bank of Thailand on Permissions for Commercial Banks to Engage in Structured Products.

“Client” means those who are willing to engage in derivative transactions with commercial banks or counterparties engaging in derivative transactions with commercial banks.

“Commercial bank” means commercial banks according to Section 4 of the Financial Institution Business Act B.E.2551 (2008) except retail banks.

“Board of directors” mean the board of directors of a locally-incorporated bank or the management with relevant authority and responsibility of a foreign bank branch.

“Institutional investor” and “High net worth investor” means the institutional investors and high net worth investors as prescribed in the Notification of the Bank of Thailand on Supervision of Derivative Transactions for Commercial Banks.

“Non-resident” means non-residents according to the definition prescribed in the Measures to Prevent Thai Baht Speculation according to the Circular on Seeking Cooperation for Compliance with Measures to Prevent Thai Baht Speculation.

“Resident” means those other than the non-residents according to the above definition.

5.2 Principle

The Bank of Thailand has prescribed regulations on the minimum requirements on treatment of clients for engaging in derivative transactions covering the cases where commercial banks are buyers, sellers or providers of derivative transactions to clients. Commercial banks shall provide services to clients with faithfulness, fairness, ethics, and prudent manner as professional. Especially, commercial banks shall assess the level of clients’ sophistication and risk tolerance before offering derivative transactions to such clients. Furthermore, commercial banks shall precisely disclose relevant information of derivative transactions to clients, including fees, interests and relevant charges, which shall be fair, honest, and undistorted as well as sufficient information and details for clients to try to understand. In addition, commercial banks shall have appropriate processes for treatment of clients for engaging in derivative transactions and internal control systems, as well as staffs that have competent knowledge and truly understand the derivative transactions in order to maintain clients’ trust and creditability of commercial banks. Thus, commercial banks shall comply with the minimum requirements as prescribed in this Notification, which the summary of overall structure of this Notification is illustrated in the attachment.

5.3 General requirements on offering and providing derivative transactions to clients

5.3.1 **Board of directors** and senior management shall emphasise on treatment of clients for engaging in derivative transactions, **where the board of directors shall establish policies on treatment of clients for engaging in derivative transactions and supervise the senior management in setting out written procedures and practices regarding treatment of clients for engaging in derivative transactions**

which shall be in line with the policies approved by the board of directors. Such procedures shall cover client suitability assessment, disclosure of information to clients, receipt and resolving of clients' complaints, internal control systems, and readiness of personnel resources, which shall be in accordance with the regulations as prescribed by the Bank of Thailand in this Notification.

5.3.2 Commercial banks shall have resources that can effectively facilitate the offering of services to clients, where the staffs shall truly have competent knowledge and proficiency in derivative transactions and have ability to use/apply the financial technologies appropriately. In addition, commercial banks shall fully utilise the available resources for benefits of their clients.

5.3.3 Commercial banks shall protect the confidentiality of clients' information by not disclose them to others, except for

(1) Disclosure of information to supervisory authorities or government agencies with relevant authority as prescribed by law;

(2) Disclosure of information in accordance with the Notification of the Bank of Thailand on Consolidated Supervision; or

(3) Disclosure of information to third parties according to clients' consent

5.3.4 Commercial banks shall have operating systems and processes to prevent the conflict of interests when engaging in derivative transactions with clients.

5.3.5 Commercial banks shall comply with the Policy Statement on Supervision of Financial Institutions' Compliance.

5.3.6 Commercial banks shall have guidelines to prevent reputational risk, which may arise from engaging in derivative transactions and measures to solve the arising issues.

5.3.7 Engagement in derivative transactions of overseas branches of Thai commercial banks shall be under supervision and regulations of the countries in which such branches located. This shall exclude the case that such branches engage in derivative transactions with Thai residents where the branch shall comply with all frameworks and regulations prescribed in this Notification.

5.4 Client suitability assessment

5.4.1 Principle

Before offering or providing financial services regarding derivative transactions to clients, **commercial banks shall gather clients' information in order to truly know the clients (Know Your Customer – KYC) and use such information to analyse client suitability assessment.** This would enable commercial banks suitably offer derivative transactions that are consistent with the client's purposes and proper with their sophistication and risk tolerance.

5.4.2 Other than complying with the regulations regarding Anti-money Laundering and Combating the Financing of Terrorism (AML/CFT) measures, commercial banks shall further assess the suitability of clients when engaging in derivatives. Such assessment shall be in accordance with the following minimum requirements:

(1) Commercial banks shall, at least, be aware of the following information about clients:

(1.1) Characteristics and status of business, positions or occupations of clients

(1.2) Purposes for engaging in derivative transactions, for instance, hedging risks from investments or reducing costs

(1.3) Risk level in which clients are willing to engage and **the level of the clients' risk tolerance**

(1.4) Operating performance and financial position, where commercial banks shall use their best efforts to assess risk absorbing capacity of clients

(1.5) Past and current investment profiles, as well as experiences, sophistication of derivative transactions of clients, and also, commercial banks shall assess clients' capability, apart from assessing clients' experiences in investments, regarding understanding of derivative transactions and the derivative transactions to be offered, for instance, by using a questionnaire. In case where clients are juristic persons, commercial banks shall assess the authorised decision maker for engaging in derivatives of such juristic persons. Such persons shall be, at least, the head of financial unit of such juristic persons or those appointed as an authorised persons to sign the document when engaging in derivative transactions.

(1.6) other useful information, for instance, guarantee obligation

(2) Commercial banks shall conduct the client suitability analysis as follows:

(2.1) Commercial banks shall have the processes to analyse client suitability for engaging in derivative transactions, where the information of clients as prescribed in 5.4.2 (1) shall be carefully analysed in order to offer derivative transactions or provide services that are appropriate to client profiles and to ensure that clients have sufficient sophistication to understand the features of derivative transactions and relevant risks. Then, clients shall decide to engage in derivative transactions themselves.

(2.2) Commercial banks shall document information of client suitability analysis, derivative transactions offered or serviced to clients, as well as the rationales for offering or servicing those derivative transactions. Such information shall be kept for an inspection by the Bank of Thailand or submitted to the Bank of Thailand upon request. If commercial banks cannot offer services or derivative transactions that are suitable for clients, commercial banks shall inform the clients promptly.

(2.3) If clients do not give information that is sufficient for carrying out the client suitability analysis, commercial banks shall communicate with clients to acquire the sufficient information for the analysis or inform the clients that such services or derivative transactions are offered based on the information insufficiently provided, which limits the effectiveness in offering the services to the clients.

(2.4) Commercial banks shall have evidences indicating that they have regularly reviewed the client suitability on a yearly basis or every time when there is any change in clients' information that may affect the results of client suitability analysis. **The exception is given in the case that after commercial banks have carried out the client suitability analysis for the first time, such clients wish to further engage in derivative transactions that have the same features and risks and without any change in clients' information. In such case, commercial banks may not carry out the client suitability analysis as prescribed in 5.4.2.**

5.4.3 In case of engaging in derivative transactions with any following attributes, commercial banks may use their discretion to conduct the client suitability assessment and may not comply with the minimum requirements

as prescribed in 5.4.2. However, such assessment shall be in line with the principle as prescribed in 5.4.1

(1) Plain vanilla derivatives, namely forwards, futures and swaps. Commercial banks shall refer to the definitions of such derivative transactions as prescribed in the Notification of the Bank of Thailand on Permission for Commercial Banks to Engage in Market Derivatives; or

(2) Clients under the supervision of supervision authorities, namely:

(2.1) commercial banks, finance companies, credit foncier companies

(2.2) securities companies, asset management companies and funds under the supervision of the Office of the Securities and Exchange Commission, for instance, provident funds, private funds and mutual funds

(2.3) insurance companies under the supervision of the Office of Insurance Commission

(2.4) overseas juristic persons under the supervision of overseas supervision authorities, for instance, commercial banks, other types of financial institutions, and mutual funds

5.4.4 Commercial banks shall not conduct client suitability assessment if the clients are institutional investors and high net worth investors that are juristic persons if such investors have submitted, in written, the documents signed by an authorised person, stated the unwillingness to take the client suitability assessment as prescribed in 5.4 to the commercial banks' staffs (Opt out). Commercial banks shall keep such documents for examination by the Bank of Thailand or submit them to the Bank of Thailand upon request.

5.5 Disclosure of information

5.5.1 Principles

Commercial banks shall disclose information of derivative transactions precisely, completely and sufficiently to their clients. Thus, the clients can effectively decide to engage in derivative transactions. Commercial banks shall disclose information in accordance with the following principles:

(1) Commercial banks shall prepare documents that can illustrate features of derivative transactions, benefits, relevant risks, risks factors, possible losses that may arise, and current market conditions. Moreover, commercial banks shall mention in details the material information in the contracts or other documents that are important to clients to study.

(2) Commercial banks shall disclose information that is precise, truthful, up-to-date, and shall not distort the information to induce clients to engage in derivative transactions. The information presented to clients shall indicate all aspects in which clients would benefit and lose. Moreover, it shall not highlight only the aspect in which clients would benefits and make indistinct aspects in which clients would experience losses in adverse market conditions.

(3) Commercial banks shall present information that is pertinent, uncomplicated, straightforward, unambiguous and easy to understand. Thus, the clients shall not be misunderstood regarding substance of derivative transactions. If it is necessary to use the technical terms or jargons, commercial banks should clearly explain the definition of such terms to clients.

(4) Commercial banks shall continuously inform clients the up-to-date information both before and during engagement in derivative transactions until the maturity date in an unbiased manner.

(5) Commercial banks shall assist clients to try to understand the features of derivative transactions offered or serviced, of which clients shall have opportunity to make enquiries regarding details of derivative transactions. Moreover, commercial banks shall provide detailed information that is necessary for clients to make a decision before engaging in derivative transactions, and shall recommend clients to study material information as prepared by commercial banks in order to make a decision. Furthermore, commercial banks shall have evidences indicating that they have disclosed information in accordance with this Notification.

5.5.2 To offer or provide derivative transactions to clients, commercial banks shall disclose information in accordance with the following minimum requirements:

(1) Minimum information disclosure

(1.1) General information

(1.1.1) General information of commercial banks, for instance, address, office locations, telephone numbers, office hours, and channels or

procedures for submission of complaints.

(1.1.2) Types of services and financial products offered by commercial banks **in order to provide alternatives for clients to choose to engage in derivative transactions that are corresponding to their needs or purposes. Such services or products shall be classified by purposes, features or types of reference variables as deemed appropriate. However, the details of each service or product are not required to be disclosed.**

(1.2) Information of derivative transactions

Commercial banks shall disclose, in written, information of derivative transactions offered or serviced to clients, and shall highlight the risks and possible losses that may arise from engaging in such derivative transactions. Commercial banks shall disclose, at the minimum, the information as follows;

(1.2.1) Types, features and structures of derivative transactions, financial assets or variables that use as reference assets or variables, as well as reasons of offering derivative transactions and suitability of such derivative transactions to client's profile. In case of exotic derivative transactions with complicated structures, commercial banks shall use subcomponents to explain such derivative transactions for clarity and ease of understanding. In addition, commercial banks shall explain the details of subcomponents if clients request.

(1.2.2) Benefits or returns, and profits or losses, which clients would experience from engaging in derivative transactions, as well as details of methods used in calculating such profits, losses or returns.

(1.2.3) Risks arising from engaging in derivative transactions and risk factors, both in the part which clients are the parties who bearing such risks or in the part that commercial banks are the parties who taking such risks from clients. This may include the case where there are risk offsetting that arising from subcomponents of exotic derivative transactions. In this regard, commercial banks shall present risk analysis under various scenarios, for instance, possible losses that may occur when market conditions have changed, period in which clients would be exposed to losses arising from such derivative transactions, and risk analysis under various scenarios **which shall cover stress scenarios and scenario which clients would experience the highest losses**, as well as liquidity of derivative transactions offered or serviced. In addition, commercial banks shall cooperate with clients if they

have any enquiries/questions, and they shall receive clear, truthful and prompt explanations before they decide to engage in derivative transactions.

(1.2.4) Current information regarding economy and market conditions as well as environmental factors which are relevant to engagement in derivative transactions.

(1.2.5) Prices, amount of money, securities or collateral used for engaging in derivative transactions, that clients have to pay or deliver, and received, as well as relevant fees, fines and service charges. Commercial banks shall inform clients in detail regarding a period of time in which the clients would have to pay or receive the payment.

(1.2.6) Commercial banks shall clearly separate facts from the information which are opinions of commercial banks. Moreover, in case commercial banks present or disclose information regarding future returns forecast, historical returns, or forecast of environment to clients, the commercial banks shall not mislead the clients that the information presented or disclosed are the returns of derivatives that clients would receive in the future.

(1.2.7) other material information for clients' decision-making, such as:

- Period of time, procedures or processes for engaging in derivative transactions in detail, as well as documents or evidences that clients have to use for engaging in derivative transactions
- Obligations and rights between clients and commercial banks regarding engagement derivative transactions, the results of exercising or not exercising the rights of both clients and commercial banks, as well as a period of time and terms of right exercising, or a period of time and terms of obligations
- Information, documents, evidences and reports that clients will receive as well as schedule and frequency of which
- Termination of derivative transactions or cancelation of contract, as well as the results from such termination or cancelation
- Warnings and limitation related to derivative transactions

(2) Disclosure format

(2.1) Commercial banks shall prepare documents which summarise material and necessary information (Quick guide) for clients so as to effectively use for decision-making. Such documents shall present the information that is important, pertinent and understandable, and have references in each topic for further research of the clients.

(2.2) Commercial banks shall prepare documents which detail all relevant information of derivative transactions and other information that clients should be aware of.

5.5.3 In case of engaging in derivative transactions with any following attributes, commercial banks shall use their discretion to disclose information to clients and may not comply with the minimum requirements as prescribed in 5.5.2. However, the disclosure shall be in line with the principles as prescribed in 5.5.1.

(1) Plain vanilla derivatives, namely forwards, futures and swaps, where commercial banks shall refer to the definitions of such derivative transactions as prescribed in the Notification of the Bank of Thailand on Regulations on Permission for Commercial Banks to Engage in Market Derivatives; or

(2) Clients are commercial banks

Furthermore, if commercial banks have disclosed information to clients for the first time of engaging in derivative transactions and the same clients wish to engage in derivative transactions that have the same features and risks, the commercial banks may provide them only the changing information. Commercial banks shall keep such documents for examination by the Bank of Thailand or submit them to the Bank of Thailand upon request.

5.6 Receipt and resolving of complaints

5.6.1 Principle

Commercial banks shall have processes for receiving clients' complaints as well as processes for resolving and following up the result. Thus, the clients shall be fairly treated when filing complaints to commercial banks. Therefore, such processes shall be clear, quick-response and fair manner.

5.6.2 Processes for clients' complaints

(1) Commercial banks shall establish an independent unit for receiving clients' complaints which shall be independent from the units offering or servicing derivative transactions. Such unit shall be responsible for receiving clients' complaints, examining and finding out facts, managing, informing clients, following up the result, and reporting to senior management or the board of directors according to the procedures of commercial banks. The unit shall be promptly and conveniently available for clients to contact and shall keep records of clients' complaints.

(2) When the unit as prescribed in 5.6.2 (1) has received clients' complaints, it shall find out the facts and gather sufficient evidences in order to draw the conclusion and find solution. These process shall be documented and have minimum information as follows;

(2.1) Summary of facts regarding complaints

(2.2) Interview results of those responsible for engagement in derivative transactions, both from the commercial banks and clients, as well as evidences regarding the engaged derivative transactions that have been complained and evidences of complying with the established procedures.

(2.3) Considering the results and suggestions

(2.4) Arrangements for resolving complaints which may be submitted to senior management for consideration of corrective actions according to the level of severity as prescribed in the procedures of commercial banks

(3) Commercial banks shall set out processing time for resolving complaints and shall inform clients the progress or resolving results. Such processing time and following up the progress shall be rapid and shall not be delayed to benefit commercial banks from changing market conditions.

(4) Commercial banks shall report complaints and resolving results to senior management or the board of directors according to the procedures / guidelines of commercial banks on a regular basis. Thus, senior management or the board of directors can consider the problems and deficiencies in the operations as well as improvement solutions and measures to prevent any further issues in the future.

5.6.3 Arrangements when clients experience losses

(1) When there are losses on clients' returns or clients' benefits regarding the engaged transactions, commercial banks shall promptly and accurately explain the situations, facts and reasons to clients.

(2) In case where clients experience losses from engaging in derivative transactions and complain that they have not been informed properly before they engaged in such derivative transactions, commercial banks shall have clear documents and evidences indicating that the disclosure processes regarding offering or servicing products are proper and commercial banks have professionally used their best efforts to clarify features and risks of such derivative transactions to clients.

(3) In case where clients experience losses from faulty or imprudent arrangements of commercial banks or commercial banks have not disclosed sufficient information for clients' decision making, commercial banks shall consider the corrective actions for such issues and may provide compensation to clients as deemed appropriate.

5.7 Internal control

5.7.1 Principle

Commercial banks shall have appropriate internal control systems to ensure that the commercial banks and their staff have complied with the policies and procedures regarding treatment of clients for engaging in derivative transactions, which shall be in line with the regulations as prescribed in this Notification.

5.7.2 Work plans and operational standards

Commercial banks shall establish work plans and operational standards on internal control systems, which shall include;

(1) Organisational structures that promote the appropriate and independent internal control and audit

(2) Procedures for internal control and audit, including the control and audit of compliance of staffs according to treatment of clients for engaging in derivative transactions procedures. Such internal control and audit

procedures shall be explicitly established, for example, random audit of compliance that carried out on a regular basis.

(3) Penalties of responsible staffs when there are errors or do not comply with the procedures regarding treatment of clients for engaging in derivative transactions as prescribed by commercial banks.

(4) Periodic report to the board of directors and audit committee as well as the head of unit or senior management on the compliance of policies and procedures regarding treatment of clients for engaging in derivative transactions as well as relevant arrangements for complaints.

5.7.3 Documents and evidences keeping

Commercial banks shall have appropriate processes for keeping data and documents/evidences relating to clients. These include the client suitability analysis, disclosure of information to clients, offering of derivative transactions and engaging in derivatives, as well as receipt and resolving of clients' complaints. Such information shall be ready to use when audited by internal and external audit.

5.8 Readiness of personnel resources

5.8.1 Principle

For the objective of having efficient derivative transactions offering or servicing to clients, commercial banks shall have staffs that have competent knowledge and truly understand the derivative transactions that are offered or serviced to the clients. Also, the staffs shall have proficiency in derivative transactions and modern financial transactions, and have ability to use/apply the financial technologies appropriately as well as adhere to work ethically.

5.8.2 Processes for recruitment and training

For the objective of having staffs who are in charge of offering or servicing the derivative transactions to clients, such staffs shall have competent knowledge and truly understand such derivative transactions and financial products. Moreover, they shall be able to convey and explain features and relevant risks of offered derivative transactions clearly and correctly as well as adhere to procedures established by commercial banks. Also, commercial banks shall have appropriate organisational structure and appropriately allocate staffs under supervision so that the

head of unit can thoroughly and effectively oversee the operations. Thus, commercial banks shall have

(1) Processes for recruitment staffs that have competent knowledge and proficiency corresponding to their assigned duties, especially those with proficiency in derivative transactions. Also, such staffs shall have faithful manner and adhere to work ethically.

(2) Regular staff trainings in order that the staff would have competent knowledge and understanding regarding continuously developed financial transactions and relevant technologies. Thus, they shall have capability to offer services or financial products to clients correctly and appropriately as well as work effectively. Commercial banks shall establish the staff development plan, which may be set out as internal guidelines, for example, the staffs shall be trained for at least 15 hours a year in a training course that is directly related to their responsibilities.

6. Effective Date

This Notification shall come into effect as from the day following dates of its publication in the Government Gazette.

Announced on 25 September 2015.

(Mr. Prasarn Trairatvorakul)
Governor
Bank of Thailand

Summary of structure of the Notification of the Bank of Thailand on Minimum Requirements on Treatment of Clients for Engaging in Derivative Transactions

General requirements on offering and providing derivative transactions to clients	Client suitability assessment
<p>Requirements:</p> <ol style="list-style-type: none"> Board of directors shall establish policies on treatment of clients for engaging in derivative transactions and supervise the senior executives to establish procedures regarding treatment of clients for engaging in derivative transactions, which shall be in accordance with the regulations as prescribed by the Bank of Thailand. Commercial banks shall have resources that can effectively facilitate the offering of services to clients. Commercial banks shall protect the confidentiality of clients, except for; <ol style="list-style-type: none"> Disclosure of information to supervisory authorities or government agencies with relevant authority as prescribed by laws; Disclosure of information in accordance with the Notification of the Bank of Thailand on Consolidated Supervision; or Disclosure of information with consent of clients. Commercial banks shall have operating systems and processes to prevent the conflict of interests when engaging in derivative transactions with clients. Commercial banks shall comply with the Policy Statement on Supervision of Financial Institutions' Compliance. Commercial banks shall have guidelines to prevent reputational risk. Engagement in derivative transactions of overseas branches of Thai commercial banks shall be under supervision and regulations of the countries in which such branches located. 	<p>Principle: Before offering or providing services regarding derivative transactions to clients, commercial banks shall gather clients' information and analyse such information to suitably offer derivative transactions that are consistent with the client's purpose, sophistication and risk tolerance.</p> <p>Requirements:</p> <ol style="list-style-type: none"> When engaging in derivative transactions with clients, commercial banks shall conduct the client suitability assessment in according with the following minimum requirements: <ol style="list-style-type: none"> Acknowledge clients' information for instance, occupation, purpose of engaging in derivative transactions, investment experiences. Conduct the client suitability analysis. In case of engaging in derivative transactions as follows, commercial banks shall use their discretion to conduct the client suitability assessment and may not comply with the minimum requirements as prescribed by the Bank of Thailand. However, this shall be in line with the principle as mentioned; <ol style="list-style-type: none"> Plain vanilla derivatives, namely forwards, futures and swaps Clients under regulate of supervision authorities as prescribed by the Bank of Thailand Commercial banks shall not conduct client suitability assessment if the clients are institutional investors and high net worth investors that are juristic persons if such investors have submitted, in written, the documents asking for not taking part in the client suitability assessment (Opt out).
<p align="center">Disclosure of information</p>	<p align="center">Receipt and resolving of complaints</p>
<p>Principle: Commercial banks shall disclose information of derivative transactions precisely, completely, and sufficiently to their clients. Thus, the clients can effectively decide to engage in derivative transactions.</p> <p>Requirements:</p> <ol style="list-style-type: none"> To offer or provide service regarding derivative transactions to clients, commercial banks shall disclose information to clients in accordance with the minimum requirements as follows; <ol style="list-style-type: none"> disclose minimum information, both general information and derivative transactions information as prescribed by the Bank of Thailand; set out the disclosure form by providing documents that summarise necessary and material information (Quick guide) and other documents which specify details that should be informed to clients. In case of engaging in derivative transactions as follows, commercial banks shall use their discretion to disclose information to clients and may not comply with the minimum requirements as prescribed by the Bank of Thailand. However, this shall be in line with the principles as mentioned; <ol style="list-style-type: none"> Plain vanilla derivatives, namely forwards, futures and swaps Clients are commercial banks 	<p>Principle: Commercial banks shall have processes for receipt of complaints from their clients regarding engaging in derivative transactions as well as processes for resolving and following up the result. Thus, the clients shall be fairly treated when filing complaints to commercial banks. Therefore, such processes shall be clear, quick-response, and fair.</p> <p>Requirements:</p> <ol style="list-style-type: none"> Commercial banks shall establish an independent unit to receive / manage / follow up / inform the progress and response to complaints, and then report to senior executives or the board of directors. Furthermore, there shall investigate factual information to consider improvement solutions and measures to prevent any further issues in the future. Commercial banks shall have processes to cope with the losses of clients from engaging in derivative transactions, where commercial banks shall be able to explain the reasons, and present the documents and evidences to clients. In addition, commercial bank shall consider the corrective actions and may provide compensation as deemed appropriate.
<p align="center">Internal control</p>	<p align="center">Readiness of personnel resources</p>
<p>Principles: Commercial banks shall have appropriate internal control systems to ensure that the commercial banks and their staffs have complied with the policies and procedures regarding treatment of clients for engaging in derivative transactions, which shall be in line with the regulations as prescribed in this Notification.</p> <p>Requirements:</p> <ol style="list-style-type: none"> Commercial banks shall establish work plans and operating standards regarding internal control systems, for instance, organisational structures that appropriately and independently promote internal control and audit, procedures for internal control and audit. Commercial banks shall have appropriate processes for keeping information and documents of clients, where such information shall be ready to use when audited by internal and external units. 	<p>Principles: To effectively offer derivative transactions to clients, commercial banks shall have staffs that have competent knowledge and truly understand the derivative transactions that are offered to clients. Moreover, the staff shall adhere to work ethically.</p> <p>Requirements:</p> <ol style="list-style-type: none"> Commercial banks shall have the following processes in order that the staffs responsible for offering derivative transactions to clients can clearly and correctly convey and explain features and relevant risks of such transactions. <ol style="list-style-type: none"> Processes for recruitment of proficiency and specialised staff corresponding to their assigned duties, especially those with proficiency in derivative transactions, and faithful manner and adhere to work ethically. Regular staff trainings in order that the staff will have knowledge and understanding of continuously developed derivative transactions, and can offer or provide services to clients precisely and appropriately.