

Operational Guideline in case of Default Securities Delivery on Settlement Date

In accordance with Rules, Regulations and Guidelines of Thailand Clearing House Co., Ltd. (“TCH”)

RHB Securities (Thailand) Public Company Limited (“Company”) hereby notifies the operational guideline when default securities delivery on settlement date as follows:

1. Thailand Clearing House Co., Ltd. (“TCH”) has set up guideline of securities allocation to the member brokers on the settlement date when a “securities-delivering member broker” (delivering broker) who has obligation to deliver securities has insufficient securities to deliver to TCH on the settlement date based on international standard of “Pending Settlement”, the following procedure is applied:

1.1 When a securities-delivering broker who has obligation to deliver securities has insufficient securities to delivery to TCH on the settlement date causing TCH’s inability to deliver the securities to “securities-receiving member broker” (receiving broker), therefore TCH has set up securities allocation procedure to prioritize securities delivery to receiving brokers respectively:

- No.1: The oldest pending receive position
- No.2: The highest price
- No.3: The smallest quantities
- No.4: Random

Implementation of Pending Settlement will be effective as of November 6, 2017 onward.

1.2 The delivering broker who has insufficient securities to deliver on the settlement date to TCH will be penalized (fined on default settlement) as prescribed by TCH.

1.3 The receiving broker who has not allocated securities in Clause 1.1 may receive “cash compensation” in place of receiving securities in case the default delivering broker has insufficient securities to deliver to TCH by 4 business days from the due date (or within time period as stipulated by TCH). After settlement date + 4, TCH will cease the default settlement by “Cash Settlement” instead of securities delivery. TCH will fine the delivering broker and the fine in cash will be settled with the pending receiving broker (Pending Receiver) using the following price calculation:

“Buy-in price or 130% of “Mark to Market” Price of the-day-before whichever is higher.

To cease pending default settlement by “Cash Settlement” will be implemented as of November 10, 2017 onward.

1.4 Procedure on the corporate actions in case of Pending Receive on the record date, pending receiver will not be entitled to announced corporate benefits due to “not possess securities under his/her name”, therefore the rights compensation will be at the rate 115% of value of announced benefits which categorized to 8 types of benefits based on principle evaluation:

Corporate Actions	Explanations	Corporate Actions	Explanations
XD	Buyer of securities will not be entitled to receive dividend	XR	Buyer of securities will not be entitled to subscribe newly issued shares
XI	Buyer of securities will not be entitled to receive interest	XN	Buyer of securities will not be entitled to receive refund of announced capital decrease
XA	Buyer of securities will not be entitled to all types of announced benefits on corporate actions	XE	Booking closing for shareholder's entitlement of securities conversion
XP	Buyer of securities will not be entitled to receive principal as announced by the company	XB	Buyer of securities is not entitled to subscribe newly issued securities

1.5 At the time of SET's settlement cycle change from 3-day (T+3) to 2-day (T+2) settlement cycle effective trading date of March 2, 2018 with settlement on March 6, 2018; cessation of pending default settlement by “Cash Settlement” will be adjusted from 4 business days from the due date (Settlement + 4) to 3 business day from the due date (Settlement +3).

2. The Company shall allocate securities to its customers in the event that the Company has not received full quantity of purchased securities in the same sequence as assigned by TCH to the member brokers as stated in Clause 1.1. The Company reserves the rights to allocate the securities to each customer at the Company's absolute discretion.
3. In the event that a customer has insufficient securities for settlement, the customer shall hold full responsibility of the regulators' penalties/fines.
 - 3.1 TCH's fine at the rate of 0.50% - 3.75% of value of default securities;
 - 3.2 The Stock Exchange of Thailand's (SET) fine at the daily rate of Baht 1,000 per securities;
 - 3.3 Any other fines resulting from the settlement failure arising from insufficient quantity of shares to deliver such as compensation on announced corporate actions at the above-mentioned rate(s) which are subject to change from time to time from related regulators.