



# AFTC's Updates

MARCH 2011

## SPECIAL POINTS OF INTEREST:

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▲ Supervisory Update

▲ AFET's Performance

▲ PR NEWS

### Regulatory Update

1. In order to provide adequate oversight and fully understand the risk profile of futures brokers' activities, the Office of the Agricultural Futures Trading Commission ("AFTC") prescribed two additional monthly reports as followed;

1.1 Segregation of customer funds With the purpose of monitoring and preventing the misappropriate use of customers' funds, futures brokers are required to submit the new report on segregation of customer funds and report any problems occurred to the AFTC within the next business day (effective on November 8<sup>th</sup>, 2010).

1.2 Futures Brokers' transactions The Futures Brokers' transaction report has been introduced (effective on January 20<sup>th</sup>, 2011) with the AFTC's intention to monitor futures brokers' trading transactions more actively and closely, as well as gather essential information for Futures Brokers Risk Assessment Model.

2. The new format of Futures brokers' financial statements has been prepared (with the co-operation of the Federation of Accounting Professions) according to the new accounting standards with the purposes of standardization and futures brokers' financial status analysis and supervision. The training and seminar sessions were arranged for futures brokers, auditors, along with officers of the AFTC and the Agricultural Futures Exchange of Thailand ("AFET"). The new financial statement format is expected to be effective not later than the 2<sup>nd</sup> quarter of 2011.

3. To promote and facilitate the participation in futures trading business, the AFTC had revised the current regulations as followed;

3.1 The cancellation of requirement on (the minimum of 25 percent of paid up capital) domestic holding in futures brokers and futures supporting agents. Therefore, the completely foreign firms can currently apply for both futures brokers' license and futures supporting agent license.

3.2 The fee exemptions for all kinds of futures trading business operators in 2011 (excluding futures broker applicants who already engaged in other businesses which receiving the fee exemption until the end of 2012).

These above revised rules have already been approved by the AFTC.

4. Recently, the AFTC has issued some comprehensive guidelines for futures brokers, futures agents and futures supporting agents. These guidelines are published on the AFTC's website as the sources of information for application processes.

### Supervisory Update

1. Since the beginning of 2011, the price of RSS3 had been steadily rising from 151.15 baht/kg. at the end of 2010 to 200 baht/kg. as of Feb 17, 2011 and fell heavily in the early-March 2011. Owing to the possibly effect on market intermediaries' financial status based on the significant fluctuation in price, the AFTC, therefore, has been increasing the surveillance and monitoring programs of futures trading in AFET since the last quarter of 2010 as of following:

1.1 The surprise check over the customers' funds and the verification of data for Adjusted Net Capital ("ANC") computation have been implemented. Futures Brokers were required to provide financial data as of November 30, 2010 to the AFTC. The results showed that ANC of all futures brokers were accurate, customers' funds were completely safe and valid, and customers' and futures brokers' funds were properly segregated. Additionally, brokers' financial status is regularly checked on monthly basis and it appears that the financial status of the brokers meet the requirements of the AFTC.

1.2 The monitoring of futures brokers' liquidity, margin payment, and customers' weekly margin payment have been changed from monthly to weekly and daily for the high-transaction and high-risk brokers.

2. The Introduction of Compliance Master plan to enhance efficiency of futures brokers' self-monitoring with the important procedures such as:

2.1 Conduct the public hearing and issue the operation guidelines for futures brokers' compliance units.

2.2 Assigning the futures brokers to prepare compliance manual for their staffs.

2.3 Assigning the futures brokers to prepare the Audit Plan

for 2011 and propose to the company's board of director. Also, assigning the brokers to prepare their Audit Program and pursuing the program throughout 2011.

3. In order to monitor the vital data that possibly signal the

risk of futures brokers, the office of the AFTC has already developed the Early Warning System (EWS) and also currently in process of developing the Electronic Database Management System (EMS) to increase the efficiency of data processing, futures brokers' financial status monitoring as well as preparing of futures broker supervision report. The systems are expected to be active in the 2<sup>nd</sup> quarter and the 3<sup>rd</sup> quarter, 2011, respectively.

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**AFTC files 4 cases violated the Agricultural Futures Trading Act B.E. 2542**

**Bangkok,** The office of the Agricultural Futures Trading Commission has filed 4 cases with the Economic Crime Suppression Division, the Royal Thai Police against the futures trading operator and associated persons for violating the Agricultural Futures Trading Act B.E. 2542 ("the Act") as stated below; Filing against Mr. Chanon Poocharoenyos, the director and person with power to manage business of JSP Futures Co.,Ltd. ("JSP"), for violating Section 151 of the Act by doing or allowing any person to prepare an account which is incorrect or untrue in order to deceive any person, Filing against Mr. Chanon Poocharoenyos, Mr. Thammanoon Phalipat, and Miss Arompun Pisainontarit, the director or person with power to manage business of JSP, for violating Section 151 of the Act by doing or allowing any person to enter a false statement in an account or document of or concerning the JSP in order to deceive any person, Filing against JSP for violating Section 32 of the Act (from the act of violating Clause 20 of the Notification of the Agricultural Futures Trading Commission No. GorJor 2/2549) and being alleged by Section 137 of the Act by not keeping complete documents and evidence relating to its performance as a Futures Trading Manager, Filing against JSP for violating Section 36 Paragraph 2 of the Act and being alleged by Section 137 of the Act by not proposing a replacement person of a revoked director within the period of time which is measured.

At present, all 4 cases are under the legal process of the Economic Crime Suppression Division, the Royal Thai Police.

**Development Cooperation Seminar on "The Agricultural Futures Trading: The Regulating and Supervising for Fairness"**

**Bangkok, 3 December 2010** - The seminar, "The Agricultural Futures Trading: The Regulating and Supervising for Fairness" was organized jointly by the office of the Agricultural Futures Trading Commission and the Economic Crime Suppression Division, the Royal Thai Police at the Evergreen Laurel Hotel. The purposes of this development cooperation seminar are to enhance a knowledge and understanding of benefits of the agricultural futures trading and to create an understanding and cooperation between organizations in related fields of the Agricultural Futures Trading Act B.E. 2542 including law enforcement, legal proceeding, and punishment.

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**Any clue of illegal act or complaint please contact.**

**The Office of the Agricultural Futures Trading Commission (AFTC)**

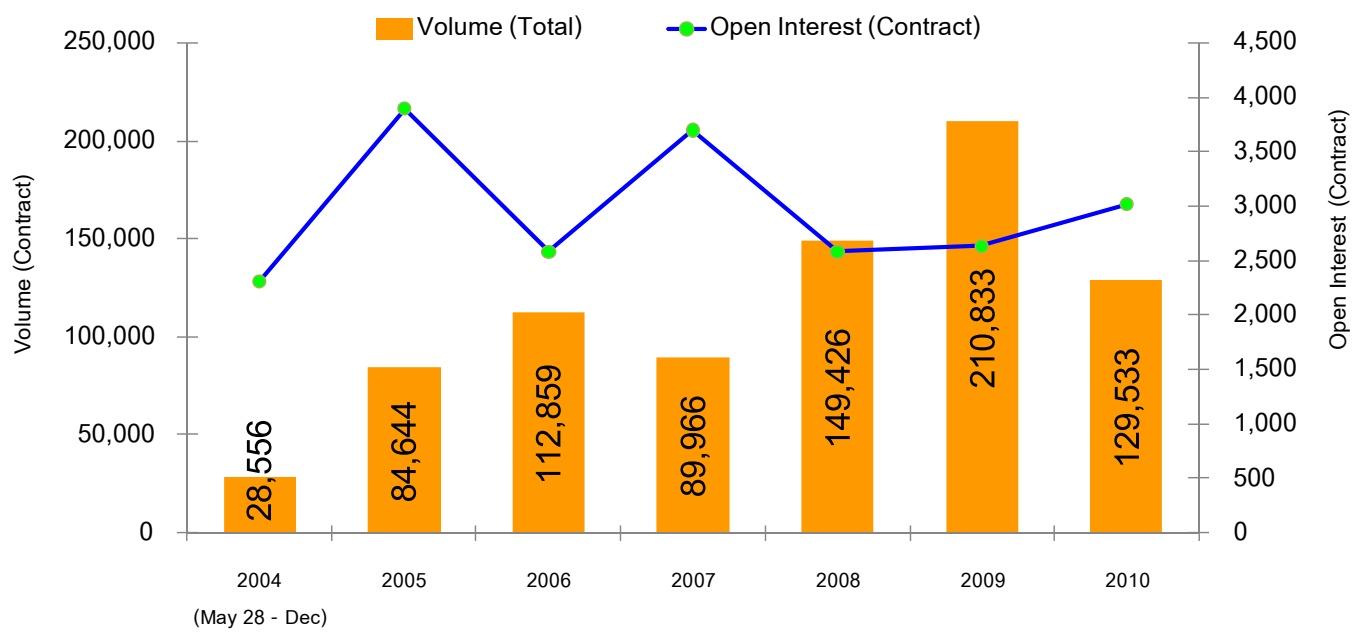
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**The Office of the Agricultural Futures Trading Commission (AFTC) MAP**



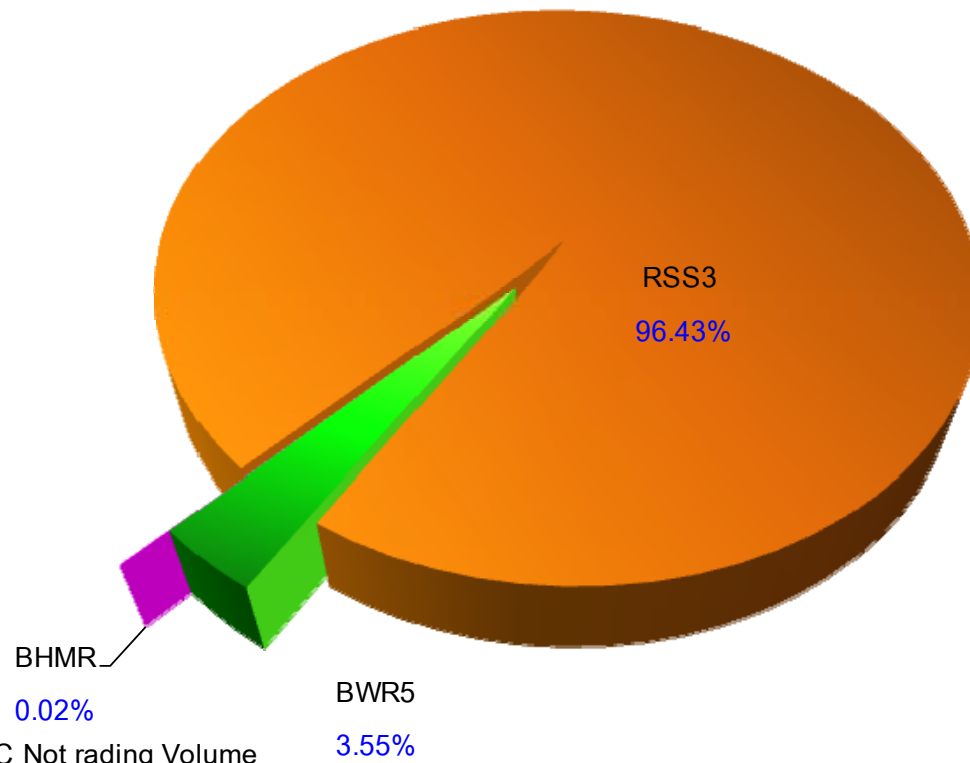
## AFET' s Performance

### Overview of the Agricultural Futures Trading in AFET



Source : AFET

### Share (%) of the Agricultural Futures Trading in AFET



Source : AFET

## PR NEWS

**“Money Daily” interviews with the AFTC’s Secretary-General**

Money Daily special program interviewed the Agricultural Futures Trading Commission’s Secretary-General, Mr. Wanchai Palotaitakerng, broadcasted on January 21, 2011 and February 1, 2011 at 10.00 am on Modern 9 TV. The scoop covered AFTC’s roles as a regulator, a supervisor, and a developer of the Agricultural Futures Exchange of Thailand (AFET). AFTC’s roles also cover on protecting the investors in AFET, warning the unlicensed broker and reporting the fraudulent activities.

**AFTC holds Seminar in Nongkhai**

The AFTC in cooperation with DS Futures Co., Ltd. held a seminar on “Investment in AFET in 2011”. The seminar’s objective is to provide the futures trading information and how to efficiently invest in the agricultural products in AFET, especially the Natural Rubber Smoked Sheets No.3 (RSS3) which is now the most active product traded in AFET. At the event, there are approximately 60 interested attendees who are the rubber farmers, rubber farmer institutes and the agricultural government’s officers in Nongkhai. The seminar was held on February 19, 2011 at Sai Ngen Resort, Nongkhai province.

**Dalian Commodity Exchange’s executives management visit AFTC’s Office**

AFTC hosted a Welcoming Program for the Dalian Commodity Exchange led by Mr. Liu Xingqiang (President & CEO Deputy of China National People’s Congress) (the 4<sup>th</sup> from left side) Mr. Wei Chen (Director, Products Development) (2<sup>nd</sup> from left side), Mr. Li Ning (Deputy Director, Strategic Planning) (the 1<sup>st</sup> from right side) and Mr. Michael Zheng (Manager, General Manager Office) (the 1<sup>st</sup> from left side), on February 21, 2011 at the AFTC’s office.

**AFTC holds Compliance Meeting**

AFTC organized the Compliance Meeting for the Compliance Officers of the Futures Business Operators; the Brokers and the Futures Trading Managers on February 24, 2011 at the AFTC’s Training Room. The Compliance Meeting’s objective is to provide a comprehensive overview on how to be the professional compliance officer to Broker and FTM’s compliance officers. In addition, the Compliance Meeting provides the Business Continuity Plan which is a work guideline for Broker and FTM’s compliance officers.

**THE OFFICE OF THE AGRICULTURAL FUTURES TRADING COMMISSION**

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