

**Code of conduct of the Thai Bond Market Association  
For Members Submitting Quoted bid-offer yield for the Calculation of Reference Yields**

**1. Rationale for issuing this Code of Conduct**

By virtue of the Notification of Ministry of Finance concerning determination of obligations, privileges, and assessment of Primary Dealer for the MOF outright transactions (MOF Outright PD) which obligates the MOF Outright PD to submit its quoted bid-offer yield to the Thai Bond Market Association (ThaiBMA) on every working day so that ThaiBMA may process the data to calculate such reference yields as the ThaiBMA Government Bond Yield Curve, RP Reference Yield, Mark-to-Market Price, and Government Bond Index for dissemination among bond market participants,

ThaiBMA therefore issues this Code of Conduct to its members who are MOF Outright PDs so that the determination and submission process of quoted bid-offer yield with ThaiBMA are standardized, and that transparency and credibility of the reference yield calculation by ThaiBMA are maintained.

**2. Scope of Enforcement**

This Code of Conduct shall be enforced upon members who are submitting quoted bid-offer yield to ThaiBMA of the following types of debt securities:

- 2.1 Treasury Bills (T-Bills) with designated maturity
- 2.2 Designated Government Loan Bonds (LB)
- 2.3 Bank of Thailand Bonds (BOT Bonds)
- 2.4 Other debt securities that ThaiBMA may determine

**3. Details of the Code of Conduct**

**3.1 Definitions**

“Reference Yield”	means	The reference yields that ThaiBMA calculates by processing quoted bid-offer yield that receive from MOF Outright PDs.
“Yield”	means	The quoted bid-offer yields that MOF Outright PDs submit To ThaiBMA for the calculation of Reference Yield.
“MOF Outright PD”	means	A primary dealer for the Ministry of Finance outright transactions that is a member of ThaiBMA and has a duty of submitting quoted bid-offer yield to ThaiBMA.
“Member”	means	A ThaiBMA member that is appointed as MOF Outright PDs.
“Submitter”	means	A bond trader that is registered with ThaiBMA and employee of Member performing a duty of determining and submitting quoted bid-offer yield.
“Checker”	means	An employee of Member performing the duty of checking quoted bid-offer yield prior to submission.
“Reviewer”	means	An employee of Member performing the duty of reviewing quoted bid-offer yield after submission.

“Regulator“ means Ministry of Finance, or the Bank of Thailand, or the Securities and Exchange Commission, or ThaiBMA.

## **3.2 Standard Operating Procedures**

### **3.2.1 Related personnel**

Member shall assign its personnel that are knowledgeable, competent, and appropriately experienced to perform the duty of Submitter, Checker, and Reviewer who hold a responsibility in each of the relating processes of determining and submitting quoted bid-offer yield as well as reviewing the quoted bid-offer yield after submission.

### **3.2.2 Supervision**

- (1) Member shall arrange for processes to ensure that it can submit quoted bid-offer yield accurately, completely, and in a timely manner through the channel that ThaiBMA designates, and it shall also arrange for a business continuity plan which covers such processes for determining and submitting quoted bid-offer yield.
- (2) Member shall produce a manual which explicates practice guidelines and internal processes relating to the determination and submission of quoted bid-offer yield as well as post-submission review of such data. The operations manual must be endorsed by management of the responsible unit and must be reviewed for an up-to-date status.
- (3) Member shall appropriately retain data relating to the determination and submission of quoted bid-offer yield for at least 5 years for any ex post facto audit.

### **3.2.3 Quoted bid-offer yield determination**

- (1) Submitter must determine the daily quoted bid-offer yield that reflects the prevailing market condition.
- (2) In the case that Submitter needs to use its judgment in determining yields due to unusual market volatility, Submitter shall record the details of its judgment usage for the sake of ex post facto review.

However, Submitter shall never, either directly or indirectly, abuse its authority by creating judgment for determining the yields in a preferred direction that serves its own interest or that of other persons.

### **3.2.4 Submission process of quoted bid-offer yield**

- (1) Submitter shall submit quoted bid-offer yield to ThaiBMA on every working day at the time that ThaiBMA designates.
- (2) Submitter shall use its own Username & Password in the data submission and shall not exchange its Username & Password with the others.
- (3) Checker shall check the accuracy and the appropriateness of quoted bid-offer yield prior submission.
- (4) Reviewer shall randomly review quoted bid-offer yield after submission at least once a year. The review shall take into account the reliability of the processes and methods related to the determination and submission of quoted bid-offer yield by means of comparative analysis against Reference Yield data in the market.

### **3.2.5 Maintaining of standard and credibility of quoted bid-offer yield**

- (1) Member shall set up in writing policies and preventive methods against conflict of interest that may occur in each process relating to the determination and submission of quoted bid-offer yield such as prevention of conspiracy for common or individual benefits by means of determining and submitting quoted bid-offer yield.

Additionally, it shall thoroughly communicate with relating employees such policies and preventive methods, and shall update them to cope with changing conditions.

- (2) Member shall keep quoted bid-offer yield confidentiality by not disseminating submitted quoted bid-offer yield to persons who are not related or to outsiders so as to prevent misuse of the data.

## **4. Effective Date**

This code of conduct shall be brought into effect from the 4<sup>th</sup> of January B.E. 2559 (2016 CE) onwards.