

THAILAND

Capital Market Report 2016

The Association of Thai Securities Companies

(ASCO)

The 22th Asia Securities Forum

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Review of the Economy, Capital Market and Securities Business in 2016 and the first 9 months of 2017

1. Executive Summary

Despite several headwinds, Thailand's economy still managed to grow by 3.2% in 2016, compared with the growth rate of 2.9% in 2015. The expansion was driven by private consumption which was well expanded with the support from the government's stimulus measures as well as improving income and employment in tourism-related service sectors. In addition, public spending continued to rise, boosted by accelerated disbursement especially for public investment in infrastructure projects on transportation. Exports gradually accelerated due to increase in both export price and quantity. The headline inflation resumed to positive territory since April 2016 and ended with an increase of 0.2% year-over-year, resulting from the increase in world crude oil prices which affected the goods and services applying energy as the main source. In 2016, the Thai Baht moved around 34.56 – 36.32 baht per US dollar, with a yearly average rate of 35.29 baht per US dollar.

According to the National Economic and Social Development Board (NESDB), the Thai economy in 2017 is projected to expand in the range of 3.5-4.0%, improving from last year. The economic outlook is expected to accelerate from the supporting factors including (1) the continual export recovery in line with the upward revision on the world economy and trade volume growths (2) acceleration in government expenditure and investment (3) the stronger growth of key production sectors particularly the tourism, manufacturing, construction, and related service sectors which will support private consumption

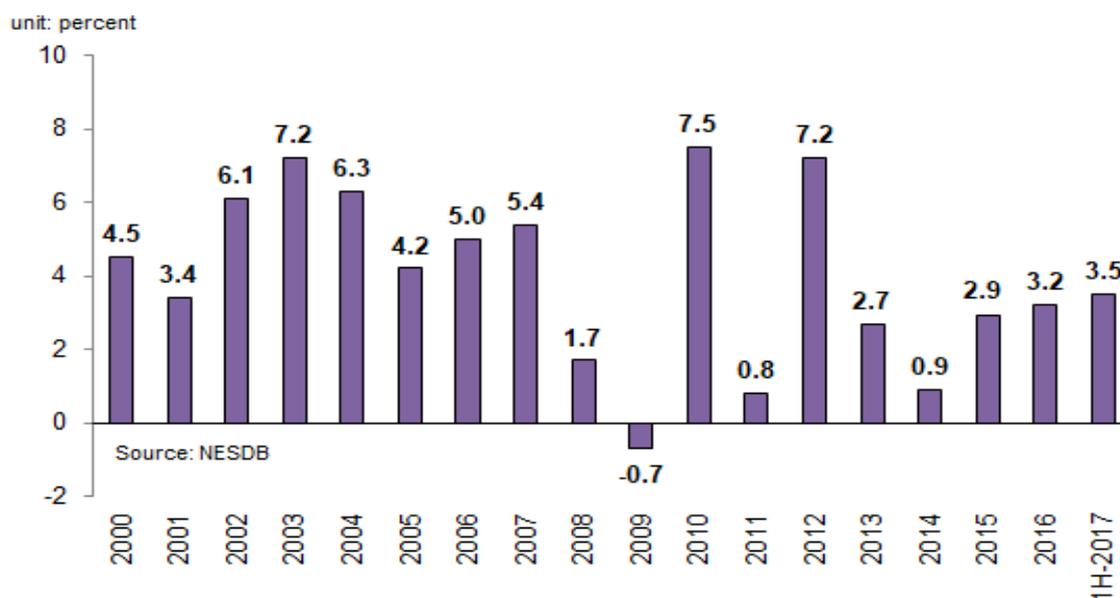
Regardless of all the domestic uncertainties and global volatility including EU economic policy, BREXIT, the US presidential election results, especially the Passing of His Majesty King King Bhumibol Adulyadej on October 13, 2016 which was a great loss for all Thai people, the SET Index was able to finish at 1,542.94 points at year end 2016, an 19.8% increase from the end of 2015. Meanwhile, Thai bourse recorded the most liquid market in ASEAN for the five consecutive year. The combined turnover of the SET and the mai totaled USD363 billion in 2016, up from 2015 by 15.7%. The rise in trading value helped boosted securities companies' profits. In 2016, the profit of securities companies in Thailand was USD292 million, an 16% increase from USD251 million in 2015. As a result, ROE rose to 10.5% compared to 9.3% in the previous year.

2. The Thai Economy

2.1 Overview of Thai Economy in 2016

Despite several headwinds, Thailand's economy still managed to grow by 3.2% in 2016, compared with the growth rate of 2.9% in 2015. The expansion was driven by private consumption which was well expanded with the support from the government's stimulus measures as well as improving income and employment in tourism-related service sectors. Moreover, public spending continued to rise, boosted by accelerated disbursement especially for public investment in infrastructure projects on transportation. Tourism Industry still played an important role as a growth driver, with number of foreign tourists rising 8.9% from 2015 despite some slowdown in late 2016 during the government's regulation of illegal tours and reduced entertainment activities in the mourning period.

Figure 1: Real GDP Growth (unit: %YoY)

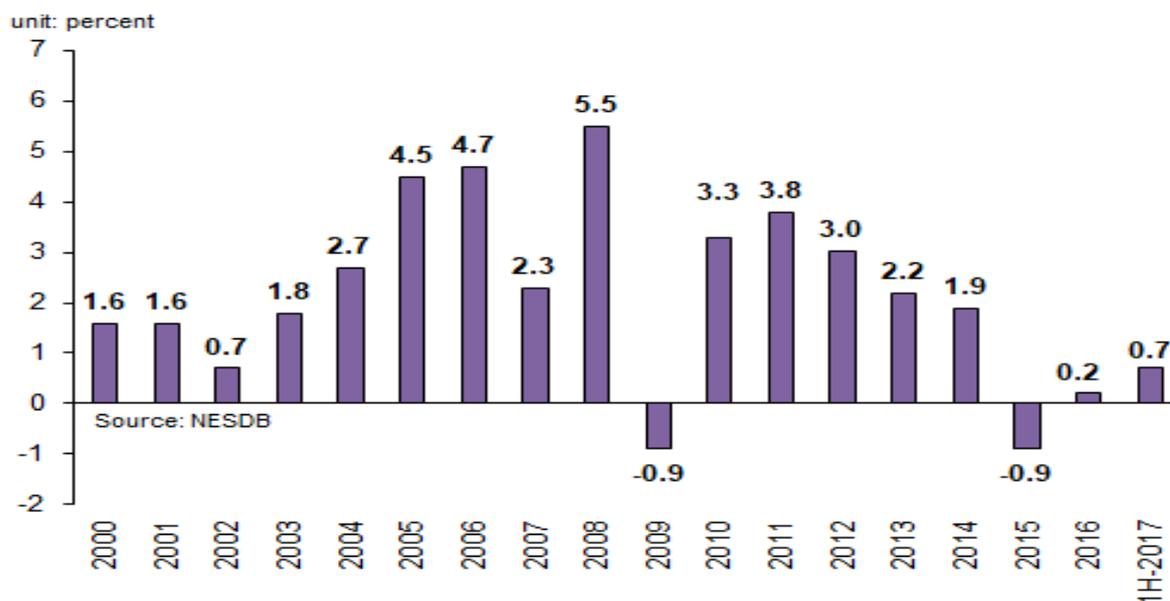


Exports gradually accelerated due to increase in both export price and quantity. In 2016, export value of goods represented a 0.1% growth, improved from a 5.6% contraction in 2015. Export value was able to grow in the latter half of the year owing to the economic recovery in key trading partners, especially US, EU and Japan, along with the acceleration of

rubber demand from China for producing tire and the rising export prices particularly in refined fuels, chemicals, rubber and sugar. On the other hand, import value of goods decreased by 5.1%, compared with a 10.6% contraction in the previous year, due to falling import value of raw materials and intermediate goods and capital goods. Thus, the overall trade balance recorded a surplus of USD35.8 billion, higher than USD26.8 billion in 2015.

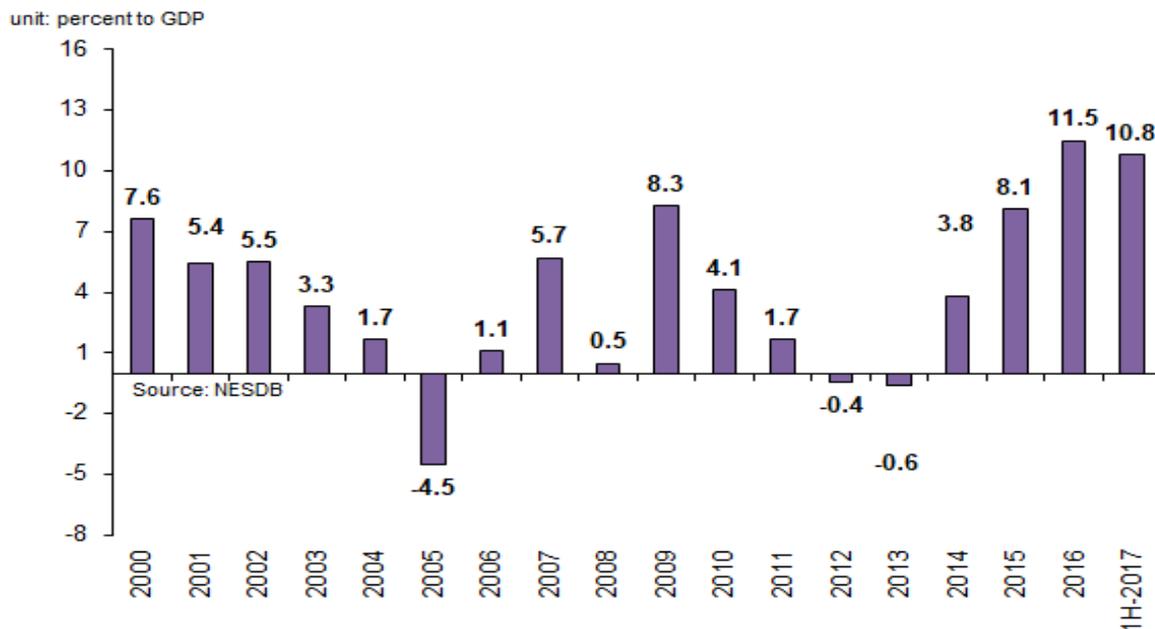
On the stability front, headline inflation returned to positive territory as domestic energy prices became more stable and steadily increased following global oil prices' movement. The headline inflation resumed to positive territory since April 2016 and ended with an increase of 0.2% year-over-year (Figure 2), resulting from the increase in world crude oil prices which affected the goods and services applying energy as the main source.

Figure 2: Headline Inflation (unit: %YoY)



Current account registered a large surplus 11.5% of GDP. For external stability, the current account surplus in 2016 was greater than that of the previous year, amounting to USD46.8 billion, or 11.5% of the GDP (Figure 3) compared to 8.1% of GDP in 2015, thanks to the greater trade balance surplus at USD35.8 billion as well as surplus in services balance due to the increase in numbers of foreign tourists arrival.

Figure 3: Current Account to GDP (unit: percent to GDP)



International reserve level remains high. International reserve at the end of December 2016 stood at USD171.9 billion (excluding net forward position of USD25.8 billion), which was equal to 3.2 times of short-term foreign debt (at the end of December 2016) or 10.7 months of import value (the average of import value in the fourth quarter of 2016). These ratios thus improved from the end of 2015, when it was equal to 2.9 times of short-term foreign debt.

The Monetary Policy Committee (MPC) decided to keep the policy rate unchanged in 2016. For Monetary policy in Thailand, the MPC decided to keep the policy rate at 1.5% per annum. The decisions were based on the assessment that current policy rate was at an appropriate level for supporting the economic recovery. Besides, there was a need for preserving the policy space as a cushion for any potential risks. On the contrary, regional and other major countries including South Korea, Russia, India, Indonesia, Philippines, Australia and UK cut their policy rates by 0.25 – 1.00% with the objectives to push up their inflation rates to targeting levels as well as to stimulate their economic growths. Meanwhile, the Federal Reserve (FED) decided to raise its policy rate 0.25% to 0.50 – 0.75% per annum in the last quarter of 2016 for the first time in a year.

Thai Baht depreciating 2.9% against US dollar in 2016. In 2016, the Thai Baht moved around 34.56 – 36.32 baht per US dollar, with a yearly average rate of 35.29 baht per US dollar. Thai Baht began to depreciate sharply in the fourth quarter of 2016 since there were strong signals about policy rate rising ahead of the Fed meeting in December 2016 and a tendency of gradual rate hike in 2017. It was also explained by investors' positive view of the new US president-elect's policies.

2.2 Thai Economy in 1H2017 and Economic Projection for 2017

Thai economy grew by 3.5% at the first half of 2017. At the first half of 2017, the economy registered a growth rate of 3.5%. On the expenditure side, the economic expansion was mainly attributed to acceleration of exports of goods and services in line with the improvement of global economy, the continued expansion of private consumption as well as the rebound of private investment due to rising investments in machinery and equipment and construction. Meanwhile, public investment declined. On the production side, growth of agricultural, wholesale & retail trade, hotels & restaurants, and transportation & communication sectors accelerated, while growth of manufacturing sector slowed down.

Thai economy in 2017 is projected to grow in the range of 3.5-4.0%, improving from 3.2% in 2016. According to the National Economic and Social Development Board (NESDB), the Thai economy in 2017 is projected to expand in the range of 3.5-4.0%, improving from 3.2% in 2016. The economic outlook for the latter half of the year is expected to accelerate from the first half with the supporting factors for economic growth including (1) the continual export recovery in line with the upward revision on the world economy and trade volume growths (2) acceleration in government expenditure and investment (3) the stronger growth of key production sectors particularly the tourism, manufacturing, construction, and related service sectors which will continue to support private consumption. For growth components, it is forecasted that export value will rise by 5.7%, private consumption and total investment will increase by 3.2 and 3.4%, respectively. The average headline inflation in 2017 is projected to be in the range of 0.4 - 0.9%, up from 0.2% in 2016. The Thai baht is expected to move within the range of 34.0-35.0 baht per US dollar in 2017, compared to 35.29 baht per US dollar in 2016 as high current account surplus and capital inflow increase the pressure of Thai baht appreciation despite the expectation on more rate hike from the Fed.

Table 1: Major Economic Indicators

	2012	2013	2014	2015	2016	2017f
GDP growth (%)	7.2	2.7	0.9	2.9	3.2	3.5-4.0
Investment (%)	10.7	-1.0	-2.2	4.4	2.8	3.4
<i>Private(%)</i>	11.8	-1.5	-0.8	-2.2	0.4	2.2
<i>Public(%)</i>	7.0	0.8	-7.1	29.3	9.9	8.0
Private Consumption(%)	6.7	0.9	0.9	2.2	3.1	3.2
Public Consumption(%)	7.2	1.8	2.8	3.0	1.7	3.2
Export volume of goods & services (%)	3.1	4.2	0.2	0.7	2.1	4.9
<i>Export value of goods (%)</i>	3.1	-0.2	-0.3	-5.6	0.1	5.7
Import volume of goods & services (%)	6.2	2.3	-5.3	0.0	-1.4	5.6
<i>Import value of goods (%)</i>	8.8	-0.5	-8.5	-10.6	-5.1	10.7
Trade balance (Bil. USD)	6.0	6.7	24.6	26.8	35.8	28.9
Current Account balance (Bil. USD)	-1.5	-2.5	15.4	32.1	46.8	42.5
Current Account to GDP (%)	-0.4	-0.5	3.8	8.1	11.5	9.7
CPI (%)	3.0	2.2	1.9	-0.9	0.2	0.4-0.9

f = forecast

Source: NESDB

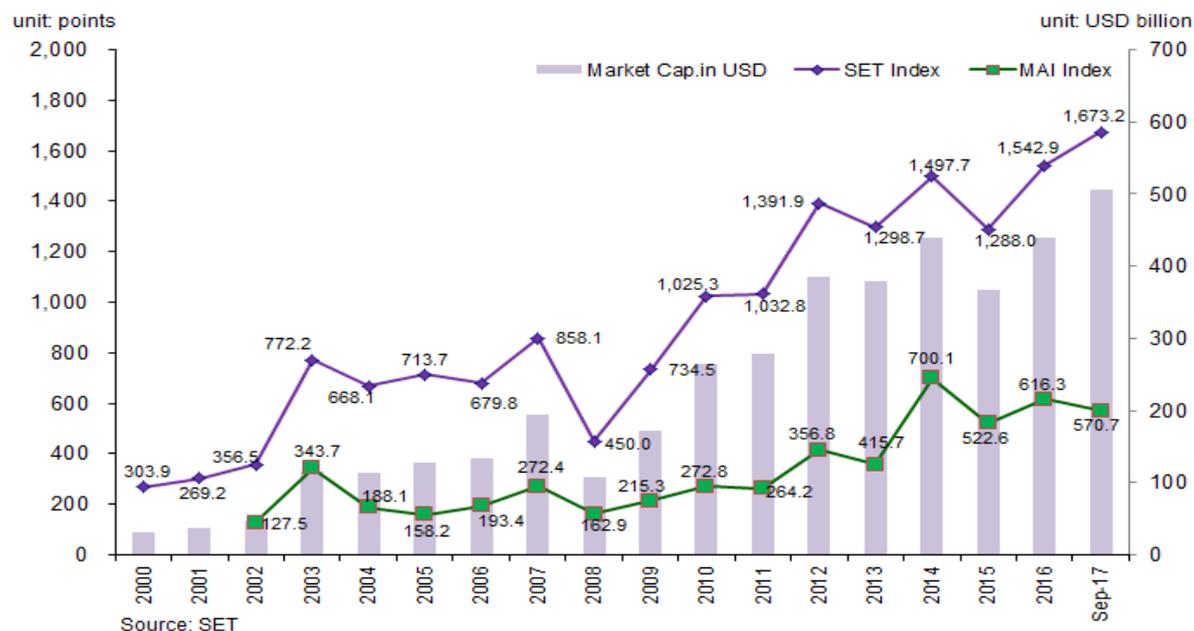
3. Thai Capital market in 2016 and first 9 months of 2017

3.1 Overview of the Stock Market

The SET Index gained 19.8%YoY in 2016. Despite all the domestic uncertainties and global volatility including EU economic policy, BREXIT, the US presidential election results, especially The Passing of His Majesty King King Bhumibol Adulyadej on October 13, 2016 which was a great loss for all Thai people, **the SET Index** managed to finish at 1,542.94 points, an 19.8% increase from the end of 2015 (Figure 4) with the lowest point of the index was at 1,224.83 points in January and the highest point at 1,552.64 points in August. Likewise, **the mai Index** closed at 616.27 points, rising from the end of 2015 by 17.9%.

At the end of September 2017, the Thai bourse rallied to finish at 1,673.2 points, increasing 8.4% from the end of last year. On the contrary, the mai Index finished at 570.7 points, contracting 7.4% from the end of 2016.

Figure 4: SET - mai Index and Market Capitalization

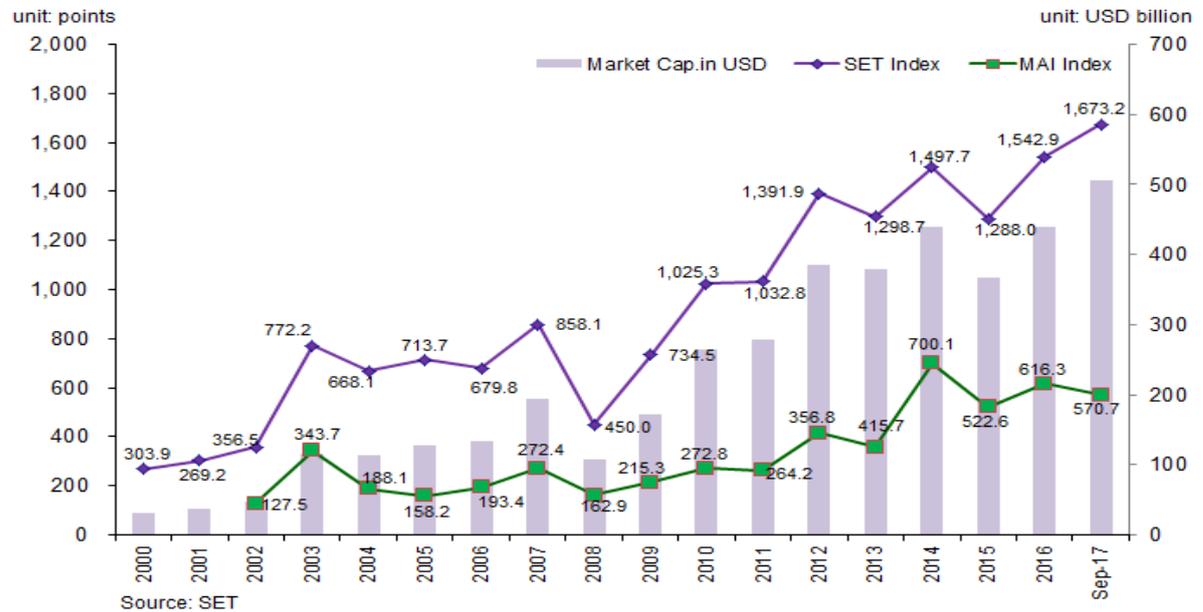


In 2016, companies listed on SET and mai raised capital totaling USD7.25 billion, down 25%YoY. The majority of fundraising was for business investment and expansion in the Services and Technology industries. The initial public offerings (IPOs) for 27 securities raised USD1.5 billion, while the 162 companies with secondary public offerings (SPO) raised USD5.75 billion.

Market capitalization of SET and mai in US dollar rose 19.5%, in line with the indices movements and the strong Thai Baht against the US dollar. Market capitalization of SET and mai combined at the end of 2016 totaled USD439 billion (Figure 4), rising 19.5% from the end of 2015. Furthermore, at the end of September 2017, the Market capitalization reached USD505 billion, an 15% increase from the end of the year, following the rise of the SET Index.

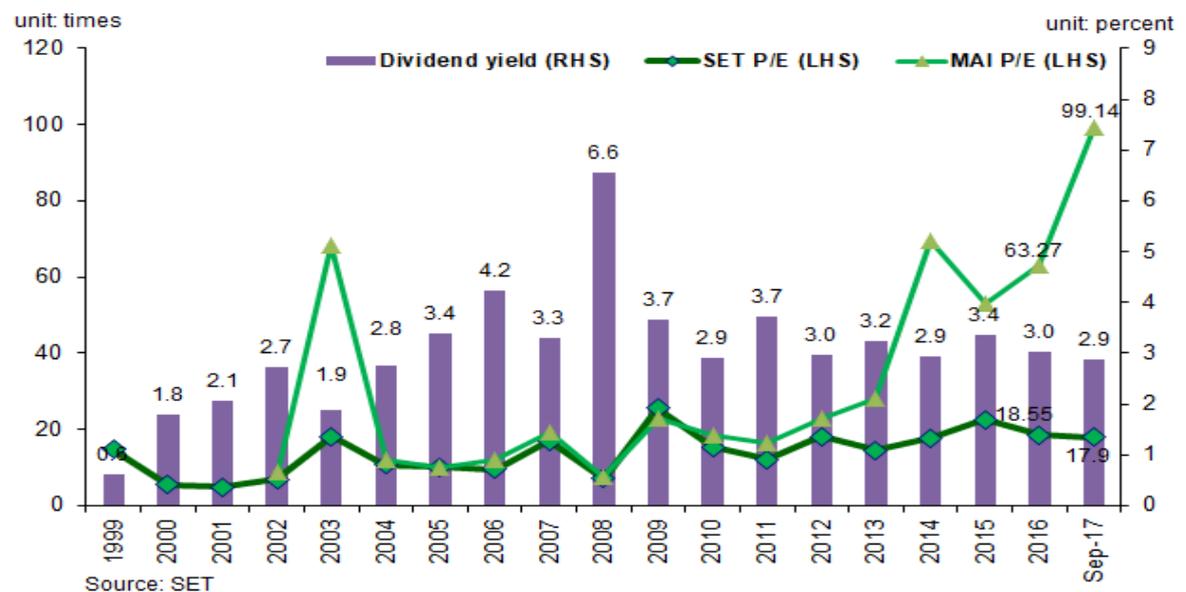
Total numbers of listed companies rose to 656 companies at the end of 2016. The numbers of listed companies in the SET at the end of 2016 and at the end of September 2017 were at 522 and 529, rose from 517 companies in 2015. For the mai, the number of mai listed companies at the end of 2016 and September 2017 stood at 134 and 141, increased from 122 companies in 2015. As a result, total number of listed companies in the SET and the mai were at 656 and 670 at the end of 2016 and September 2017 (Figure 5).

Figure 5: Total number of listed companies



The SET P/E ratio fell to 18.55 in 2016. The P/E ratio of the SET at the end of 2016 fell from 22.57 times to 18.55 times and dropped further to 17.9 times at the end of September this year (Figure 6). On the other hand, the mai P/E ratio surged from 52.94 times to 63.27 times and 99.14 times at the end of 2016 and September 2017. Meanwhile, the dividend yield of the Thai bourse declined from 3.36% at the end of 2016, to 3.0% and 2.9% at the end of 2016 and September 2017.

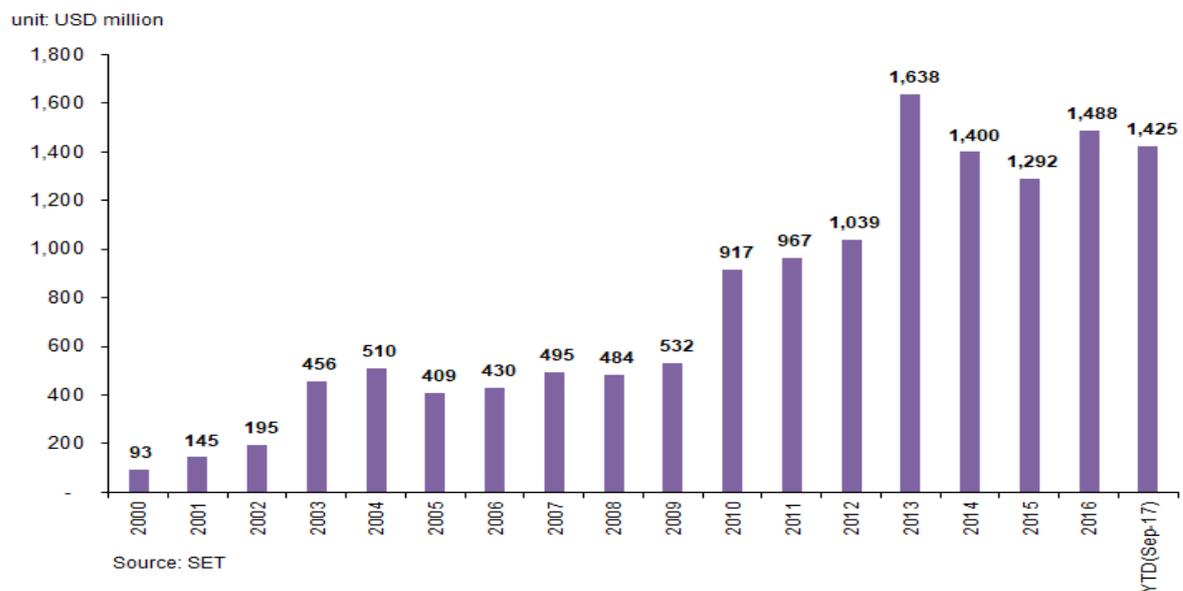
Figure 6: SET – mai P/E and Dividend Yield



Thai bourse recorded the most liquid market in ASEAN for the five consecutive year.

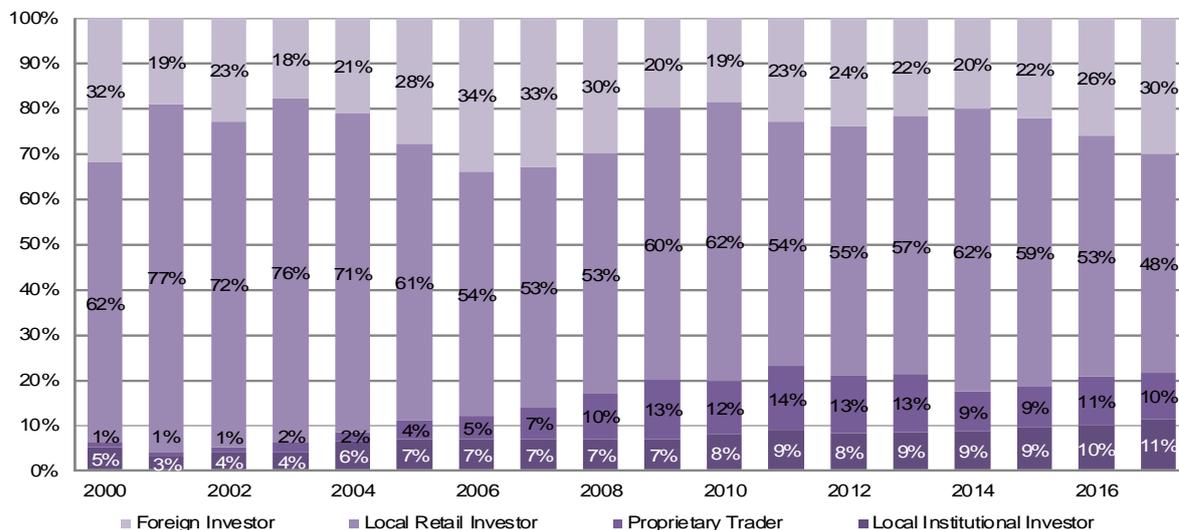
The combined turnover of the SET and the mai totaled USD363 billion in 2016, rising from 2015 by 15.7%. The average daily turnover was at USD1.49 billion in 2016, increasing by 15.2% from 2015 (Figure 7). However, during the first nine months of this year, the average daily turnover fell slightly to USD1.43 billion.

Figure 7: Average daily Turnover



Local retail investors accounted for 53% of total turnover in 2016. The local retail investors still the most active investors in Thai bourse, accounted for 53% of the total turnover, but decreased from 59% in 2015 while proportion of foreign investors rose to 26% from 22%, proprietary traders increased to 11% from 9%, and local institutional traders had a share of 10% up from 9% in 2015 (Figure 8). As of September 2017, the proportion of trading by retail traders and proprietary traders slowdown to 48% and 10%, while the proportion of foreign investors, and institutional investors trading rose to 30% and 11% of total turnover.

Figure 8: Investors classified by type



Source: SET

3.2 Overview of the derivatives market

Trading volume in TFEX surged to new record level in 2016. During 2016, the volume of trading of the Thai Futures Exchange (TFEX) surged to 69.58 million contracts, or a daily average of 285,189 contracts, the highest since the establishment of the exchange, rising by 43% from a year earlier. The increase was mainly due to increasing transactions of Single Stock Futures and SET50 Futures. The number of derivatives trading accounts also grew significantly reaching 129,284 accounts, up 15,709 accounts from the previous year. By underlying product category, the most traded were the Single Stock Futures, contributing 49% of the total trading volume, the SET 50 Index Futures which constituted 46%, followed by and the Gold Futures, which accounted for 4%.

The investor breakdown showed retail investors accounting for 53%, institutional investors 37%, while foreign investors representing 10% of total trading. At the end of 2016, the open interest doubled to 1,919,913 contracts from 941,492 contracts at the previous year. For the first nine months of this year, the trading volume of the derivatives market were 55.26 million contracts, or a daily average of 300,313 contracts, rising 8.5% from the same period of 2016. The open interest jumped to 2,638,806 contracts. Trading volume gained from the trading of the Single Stock Futures, the SET Index Futures and Gold Futures.

Table 2: Derivative Trading Volume by instruments

Type of Instruments	2010	2011	2012	2013	2014	2015	2016	Jan-Sep 2017
Single Stock Futures	969,353	1,578,092	2,168,037	8,415,967	19,624,561	19,708,113	33,826,624	32,720,293
SET50 Index Futures	2,471,302	4,316,437	4,034,460	5,688,404	14,403,574	26,764,395	32,192,984	18,757,537
10 Baht Gold Futures	178,463	2,171,795	2,597,235	1,655,381	1,303,151	1,328,932	2,721,773	2,578,950
50 Baht Gold Futures	792,960	1,817,483	1,045,370	551,887	238,544	132,604	182,177	150,896
Deferred Precious Metal	-	-	-	-	-	-	-	16,558
USD Futures	-	-	396,138	239,345	309,926	271,754	204,470	250,375
Rubber Futures	-	-	-	-	-	-	250	8664
Sector Futures	-	-	191	-	-	-	-	-
Interest Rate Futures	41	429	27	-	-	-	-	-
Energy Futures	-	3320	147,823	46,496	32,530	25,970	19,076	-
SET50 Index Options	107,317	107,993	54,057	65,409	108,855	307,131	428,810	774,409
Total Trading Volume (contracts)	4,519,436	10,030,436	10,605,751	16,710,622	36,053,680	48,564,869	69,576,164	55,257,682

Source: TFEX

3.3 Capital market developments

Major developments in 2016 – September 2017 can be summarized as follows:

1. Development of FinTech in Thai Capital Market

1.1 Regulators promote the awareness and use of FinTech in Capital Market Ecosystem.

The SEC has initiated many activities to promote market participants understanding as well as to support development of FinTech in Thai capital market, for examples;

- The SEC had set up FinTech Forum last year, as a channel for sharing, discussing, consulting by inviting Academics, Startups, Incumbents and Regulators together to share their ideas periodically and work together to align with the government's digital economy initiatives. Since the early of 2016, the topics that have already been discussed in the Forum so far including FinTech Ecosystem, FinTech Data Analytics, Blockchain, Getting Ready for Financial Disruption in 2017, Cyber Is the Modern Battlefield and Smart Devices as FinTech Enablers.
- The SEC, in cooperation with the Bank of Thailand (BoT), the Office of Insurance Commission, the Stock Exchange of Thailand, Software Park Thailand, the National Innovation Agency, C Asean and the Thai FinTech Association, launched the 1st FinTech Challenge Program in October 2016 and the 2nd FinTech Challenge Program in June 2017 to promote tangible creation of innovative products and services in the financial, investment and insurance industries. The selected participants will have an opportunity to join the intensive training and present their ideas in the Demo Day to win the prizes.

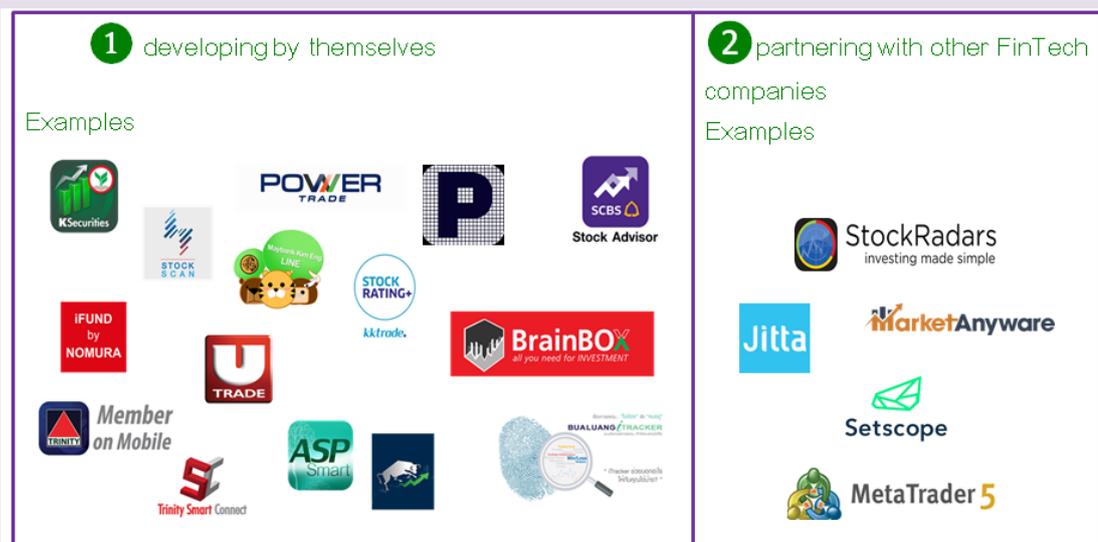
1.2 Introducing Regulatory Sandbox and easing the exit rule for FinTech companies. The SEC had already launched several regulatory sandboxes this year including:

- For private funds and investment advisory services (effective in March 2017)
- For post-trade services including securities clearing houses, depositories, and registrars (effective in May 2017)

- For KYC Technology (effective in May 2017)
- For Electronic Trading Platform (effective in Q4/2017)

In addition to regulatory sandboxes, SEC also relaxed some rules with a view to support FinTech companies. For example, the SEC has issued notifications on temporary regulation for investment advisors and derivatives advisors and LBDU, allowing those who applied to SEC to have more flexible regimes in some areas including compliance, outsourcing, personnel, paid-up capital and capital requirements (effective until September 2018).

1.3 Increasing use of FinTech applications by securities companies. Most securities companies now offer mobile/web applications, offering features to assist investors in making investment decisions. Features included company fundamental information, stock data filtering functions (Stock Screener) and placement of conditional orders, while program-trading were still less common. Regarding to that, securities companies are embracing FinTech in 2 ways; by developing by themselves, which is the case most likely case, and by partnering with other FinTech companies (as shown below).



2. Enhancing Infrastructure to support Capital Market

2.1 Developing the Payment system for Capital Market. The Association of Thai Securities Companies, The Thai Bankers' Association and The Stock Exchange of Thailand are jointly developing the new Payment system for Capital Market's transactions with the objectives to create more efficient payment settlement process (reduce cost of funding and shorten back office operational process) and reduce systemic/settlement risk. The objective is securities companies will be able to open account with one or a few main banks but can settle customers' payments from all different banks by submitting orders through the central platform (operated by FinNet, the SETs newly established subsidiary). The Initial stage of this system is expected to implement by Q1/2018.

2.2 Establishment of Fund Connex Platform. Last year, the SET had signed a memorandum of understanding (MOU) with SEC and alliances in Thailand's mutual fund industry consisting of 10 asset management companies, 19 selling agents and an investment research provider to launch a fund service platform for centralized data and support mutual fund transaction. The platform started to operate on July this year with the services offered including fund profile and order routing and customer account database, while fund settlement's service will start in 2018)

2.3 Developing the Centralized Electronic Identification Platform (Digital ID Platform). The most recent development nationwide is the creation of National Digital ID Platform by public and private sector to facilitate online identification. By concept, any customers who have already completed face-to-face identification and verification process with any qualified identity providers won't need to go through the same process again when starting new relationship with other service providers. With customer's consent, the Digital ID Platform will send verified KYC request to Authorities. After that, Authorities will directly send verified data to service providers that customers engage in transaction with. This Platform will help reducing cost of doing business online, accelerate speed and convenience. At present, the working committee with some representatives from public and private sector have just been appointed, however, with further discussion on type of business model and governance structure, the Platform entity is planned to establish by the end of this year with partial and full implementation expected by mid-2018 and end- 2019.

3. Relaxation under the BoT's Foreign Exchange Regulation Reform. According to the BoT, the process of Foreign Exchange Regulation Reform initiated since December 2016. The BOT, in working with the consultant and representatives from the private sector, provided views and recommendations in revising the foreign exchange regulations. The key relaxations affected securities companies are:

3.1. Granting FX license to securities companies to allow them to hold FX position and quote FX to both resident and non-resident customers under the brokerage business.

3.2. Allow retail Investors having financial assets of more than THB 50 million but less than THB 100 million to invest in securities abroad without having to go through local intermediaries up to a gross flow of USD 1 million per year.

3.4 Securities industry

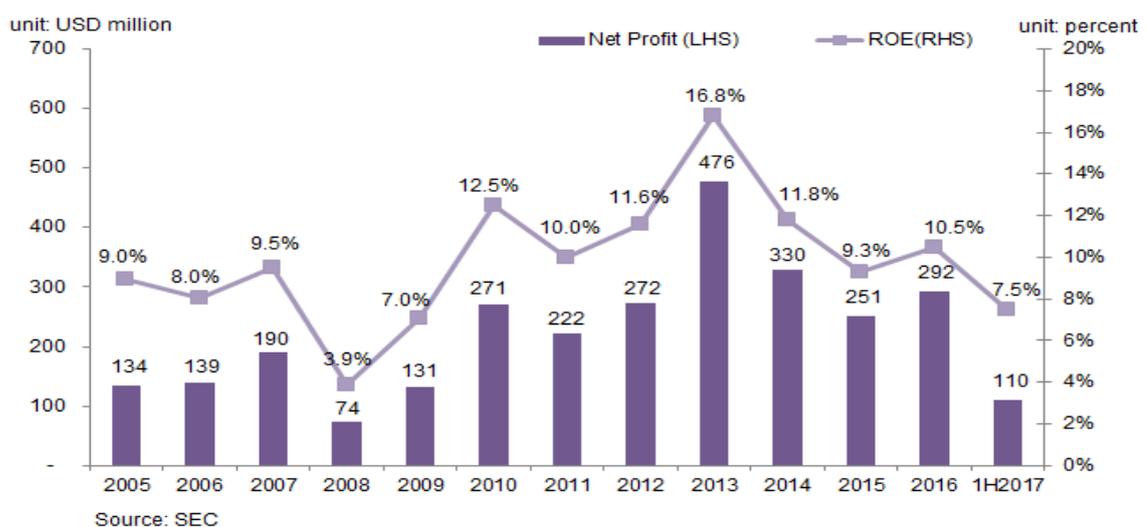
At the end of September 2017, there were 42 securities companies with brokerage licenses. Of this total, 39 were SET members. As for the derivatives business, 45 companies were licensed as derivatives agents, while 41 companies were members of TFEX.

▪ Performance

Net profit of Thai securities companies rose 16% in 2016. In 2016, the profit of securities companies in Thailand was USD292 million, an 16% increase from USD251 million in 2015 (figure 9), supported by rising revenue from brokerage fees, as well as higher income from gains on securities trading. On the other hand, total expenses up slightly, as a drop in personnel expenses and other expenses were offset by a rise in fee and services expenses.

For H1-2017, Thai securities industry's net profit continued to decline with a profit of USD110 million, down 4% from H1-2016, due to falling brokerage fees and gains on securities trading. As a result, ROE in H1-2017 fell to 7.5% compared to 8.7% during H1-2016 and the 10-yr average level of 10.4%.

Figure 9: Derivative Trading Volume by instruments



Brokerage fees remained the major revenue of the securities business in 2016 and 1H-2017, accounted for 61% and 57% of total revenue, respectively. The total revenue of the securities industry in 2016 was USD1,279 million, an increase 3.9% from USD1,231 million in 2015. (Table 3).

Table 3: Revenue of Securities Industry

	2015 (USD	2016		1H2017	
	mil)	(USD mil)	% of total revenue	(USD mil)	% of total revenue
Brokerage - Securities	746	779	60.9%	351	56.8%
Brokerage - Derivatives	56	68	5.3%	30	4.9%
Underwriting	51	25	2.0%	20	3.3%
Financial Advisory	23	24	1.9%	16	2.6%
Gains on Trading - Securities	-8	93	7.3%	-23	-3.7%
Gains on Trading - Derivatives	80	47	3.7%	74	11.9%
Interest and Dividend	95	83	6.5%	54	8.8%
Others	187	160	12.5%	95	15.3%
Total Revenue	1,231	1,279	100.0%	618	100.0%

Source: SEC

Personnel expense remained the largest expense for securities companies accounted for approximately 53% and 50% of total expenses in 2016 and 1H2017. The expenses of the securities industry in 2016 totaled USD 914 million, a slight increase of 0.04% from USD913 million in 2015, with the major item being personnel expenses, which totaled USD488 million, followed by other expenses and fee & service expenses (Table 4). All in all, the cost to income ratio fell to 0.72 from 0.74 in 2015.

Table 4: Expenses of Securities Industry

	2015 (USD	2016		1H2017	
	mil)	(USD mil)	% of total expense	(USD mil)	% of total expense
Expenses on Borrowing	65	57	6.3%	37	7.6%
Fee & Service Expenses	108	119	13.0%	59	12.4%
Provision for Bad Debt / Doubtful	-2	0.3	0.0%	8	1.7%
Personnel Expenses	489	488	53.4%	242	50.4%
Other Expenses	254	249	27.2%	134	27.9%
Total Expenses	913	914	100.0%	479	100%

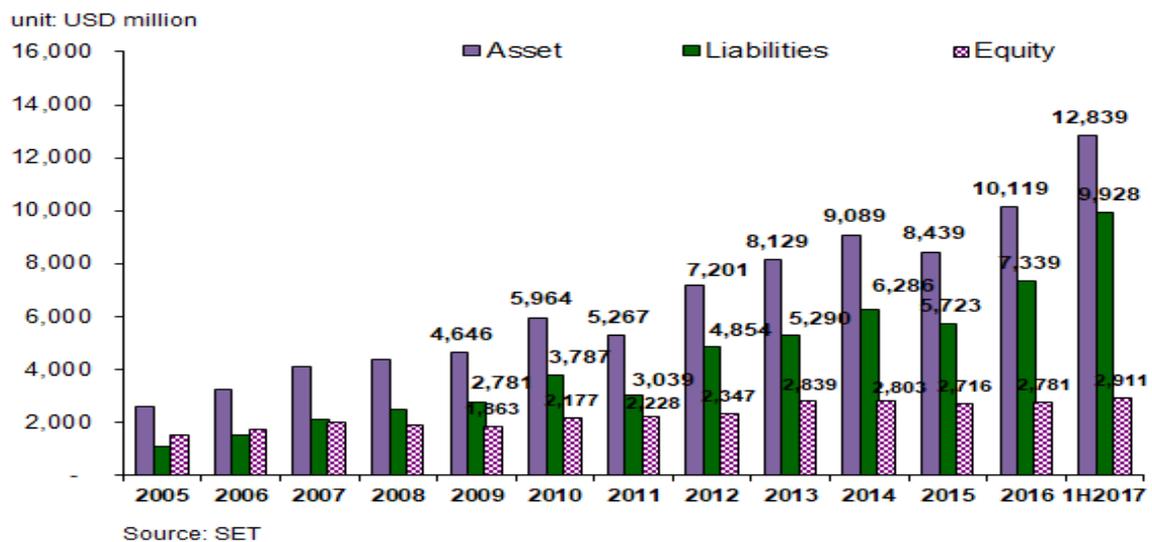
Source: SEC

▪ **Financial position**

Total assets of the securities industry in Thailand rose 20% in 2016 to USD10.1 billion.

The total assets of the securities industry at the end of 2016 stood at USD10,119 million, rising 20% from the end of 2015. The sources of funds comprised liabilities totaling USD7,339 million and shareholders' equity of USD2,781 million (Figure 10). As of June 2017, total assets of securities companies rose by 27% from the end of 2016 to USD12,839 million. Meanwhile, liabilities increased by 35% to USD9,928 million and shareholders' equity increased 5% to USD2,911 million.

Figure 10: Asset, Liabilities and Shareholders' equity



The Association of Thai Securities Companies (ASCO)'s Operational Highlights (2016 – September 2017)

- **Coordinated with members in order to develop the various areas of business.** In term of business and operation standard development, ASCO continue to work closely with members in order to develop the various areas of business with some major developments including:
 - Conducting various activities to promote investor base expansion to the provincial areas.
 - Supporting members' foreign exchange business through a consultation with the SEC and the BoT to ease some of their existing regulations, as well as to allow securities companies to hold FX position
 - Cooperating with the SET and The Thai Bankers' Association to develop the Payment System for Capital Market in order to improve the efficiency of securities companies' settlement for customers' trading
 - Organizing seminars for top executives of the member companies to enhance their knowledge and to prepare them for changes. There were 4 seminars organized in 2016 and 5 seminars in 2017 (until September).
 - Conducted a study on the possibility and suitability of the creation of Trusts in Thailand to support SEC's proposal on the new Trust Act, which the public hearing on this Act had already been done in June 2017.
 - Input was presented to the Office of the SEC on the draft regulations (e.g. provision of securities and derivatives trading services with limited discretion, amendment of the Net Liquid Capital Rule's calculation)
 - Participating in several working groups and acting as representatives in the development of laws and regulations (e.g. the Working Group for Preparation of Foreign Account Tax Compliance Act (FATCA))
 - Supporting product developments to increase members' business opportunities, e.g. conducted study on Loan against securities, arranged working group on Depository Receipt.
- **Issued and reviewed several notifications and guidelines for members.** ASCO continue to coordinate closely with the regulators in supervising and monitoring business conduct of members. ASCO had issued and reviewed the securities business code of ethics for ASCO members, along with several notifications and guidelines including;
 - Association notification on Criteria, Conditions and Methods for Securities Transfer, Securities Certificate Withdrawal and Issuance, and Securities Depositing. The purpose was to protect assets of members' customers by ensuring effective and appropriate internal control and prevention of frauds in acting as nominees in securities trading.
 - Revision of operation procedures regarding preparation of "Company Reports" on securities in which investors are interested in order to enhance the effectiveness of securities information dissemination.
 - Ensuring understanding of the credit limit review and customer trading suspension for clarity and to set industrial standards, with details as follows: (1) In case a SET pre-warning notice has been received, the members may exercise their judgment in considering credit limit reduction (2) Upon receiving an instruction that the Association's criteria are to be executed, the members are required to reduce the relevant customers' credit limits of all categories by 20% for at least one month, and (3) Upon receiving a written notice, the members are required to reduce the relevant customers' credit limits of all categories by 50% and to suspend all online trading accounts for at least one month.