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หลักทรัพย์ไทย
ASCO
ASSOCIATION OF THAI SECURITIES COMPANIES

Market Report: Thailand

October 2024

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Overview of Thai Capital Market: Equity Market

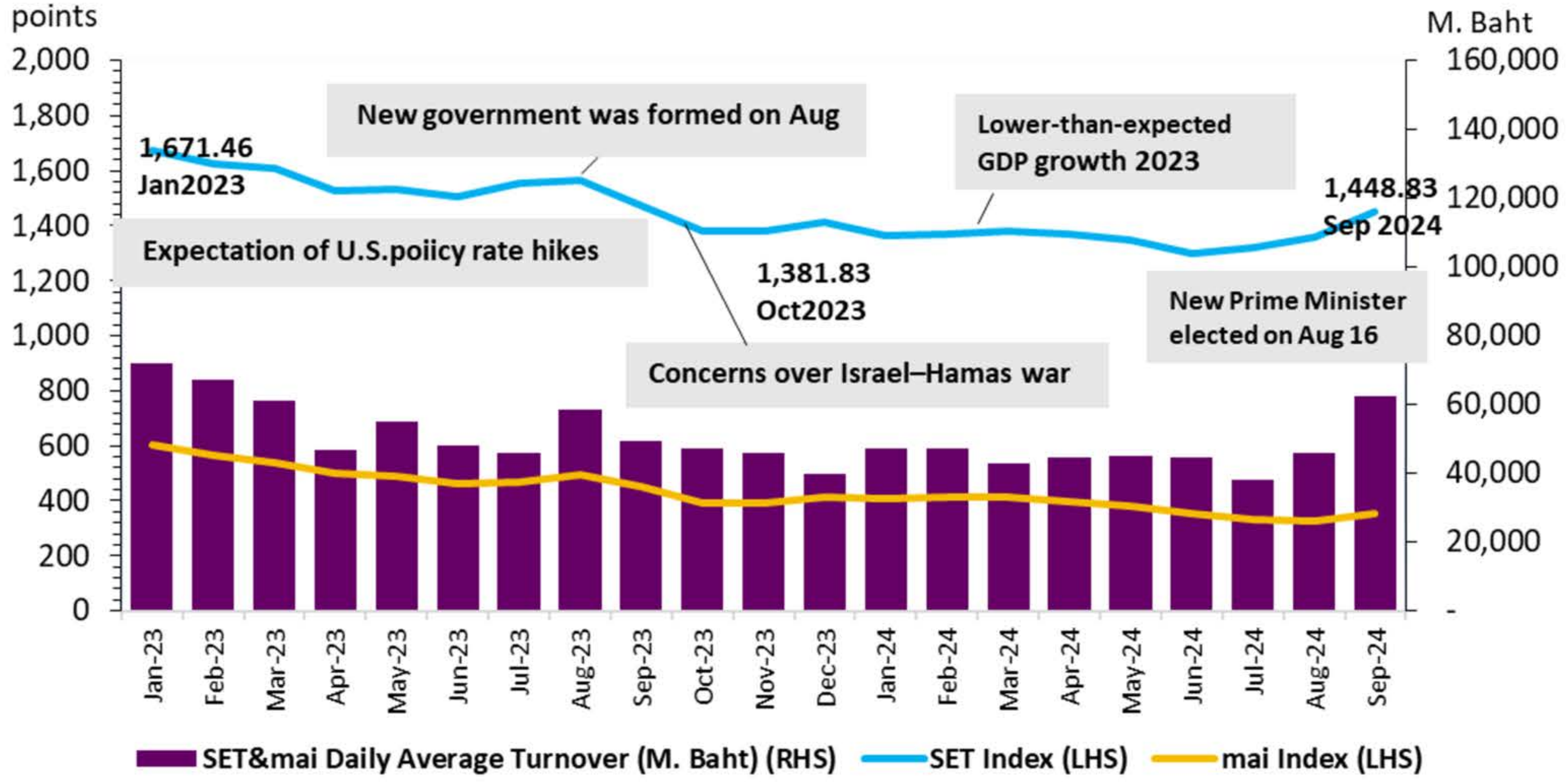
- Since the beginning of this year, Thai Stock Market was pressured by the lower-than-expected GDP growth and political uncertainty. Investors awaited for clearer picture of the government' stimulus program.
- The Market gained recently due to the new fund raising scheme through Vayupak Fund, the revised rules for Thai ESG funds that offer more tax deduction and political uncertainty has eased.
- Proportion of Foreign investor decreased slightly after SET imposed uptick rule in July.

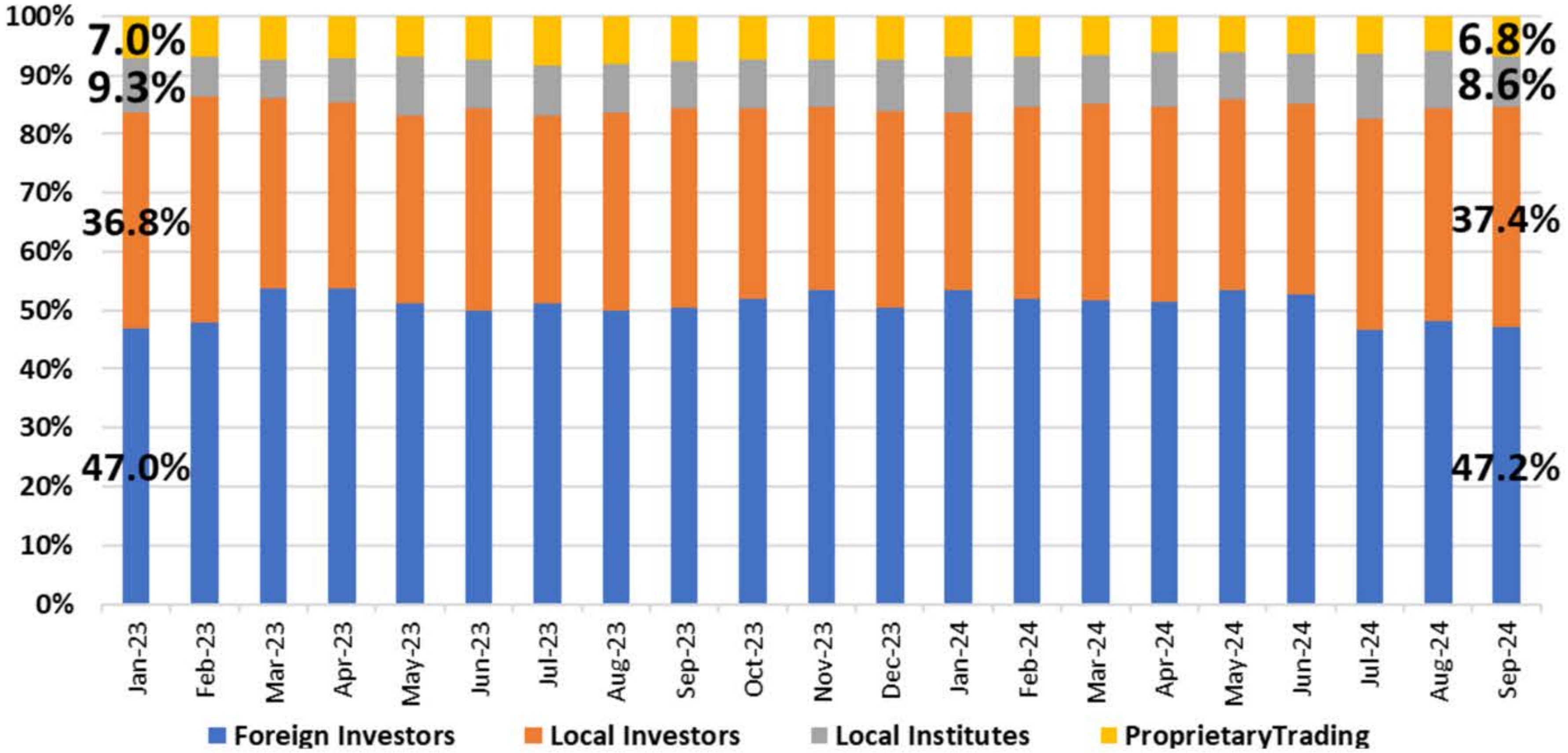
NEW

Vayupak Fund (new scheme)

กองทุนรวมวายุภักษ์ หนึ่ง
VAYUPAK FUND 1

- Fund Raised: THB 150 billion (approx. USD 4.5 billion)
- Focus on mid/small-cap stocks with high ESG ratings
- Offering a 10-year guaranteed return based on performance (3-9% per year)
- Investors: Retail & Institution



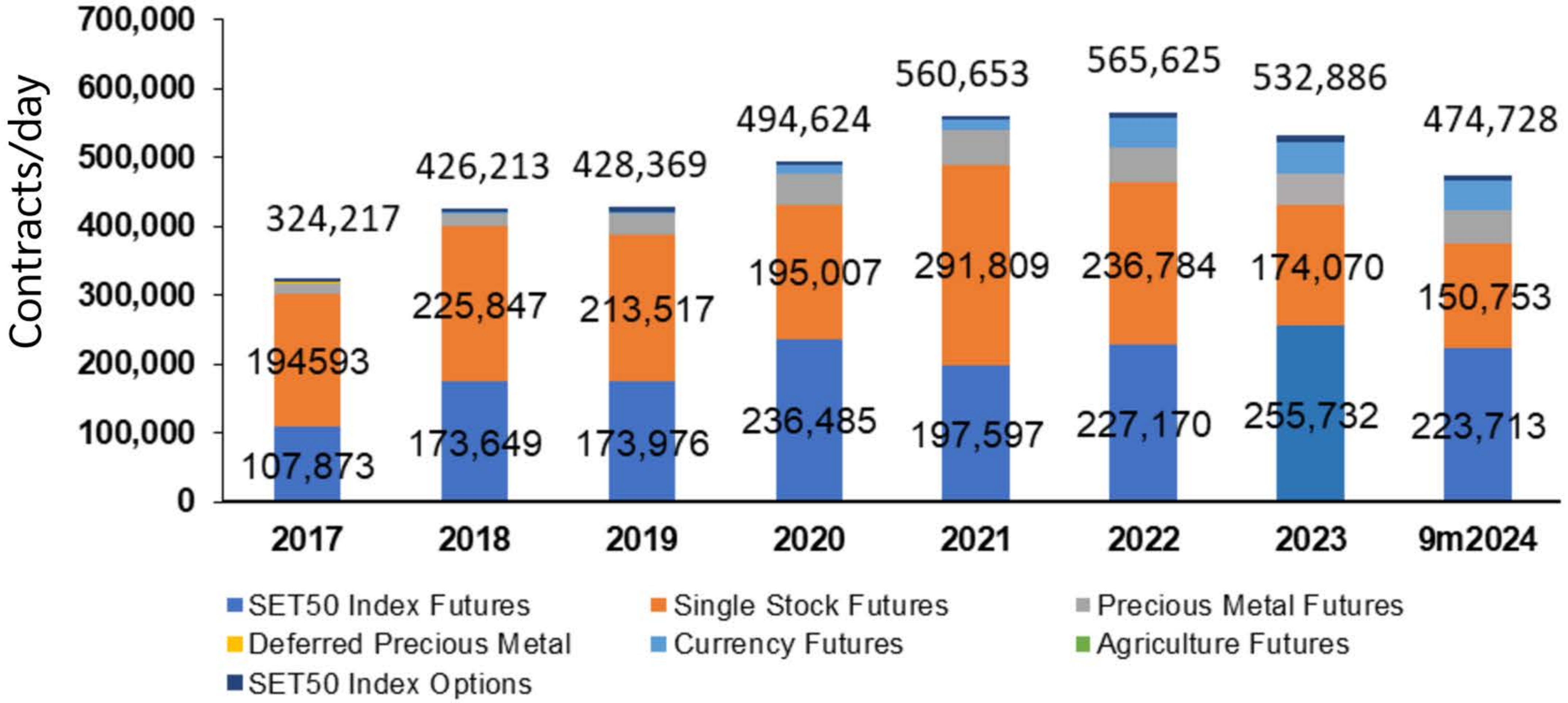


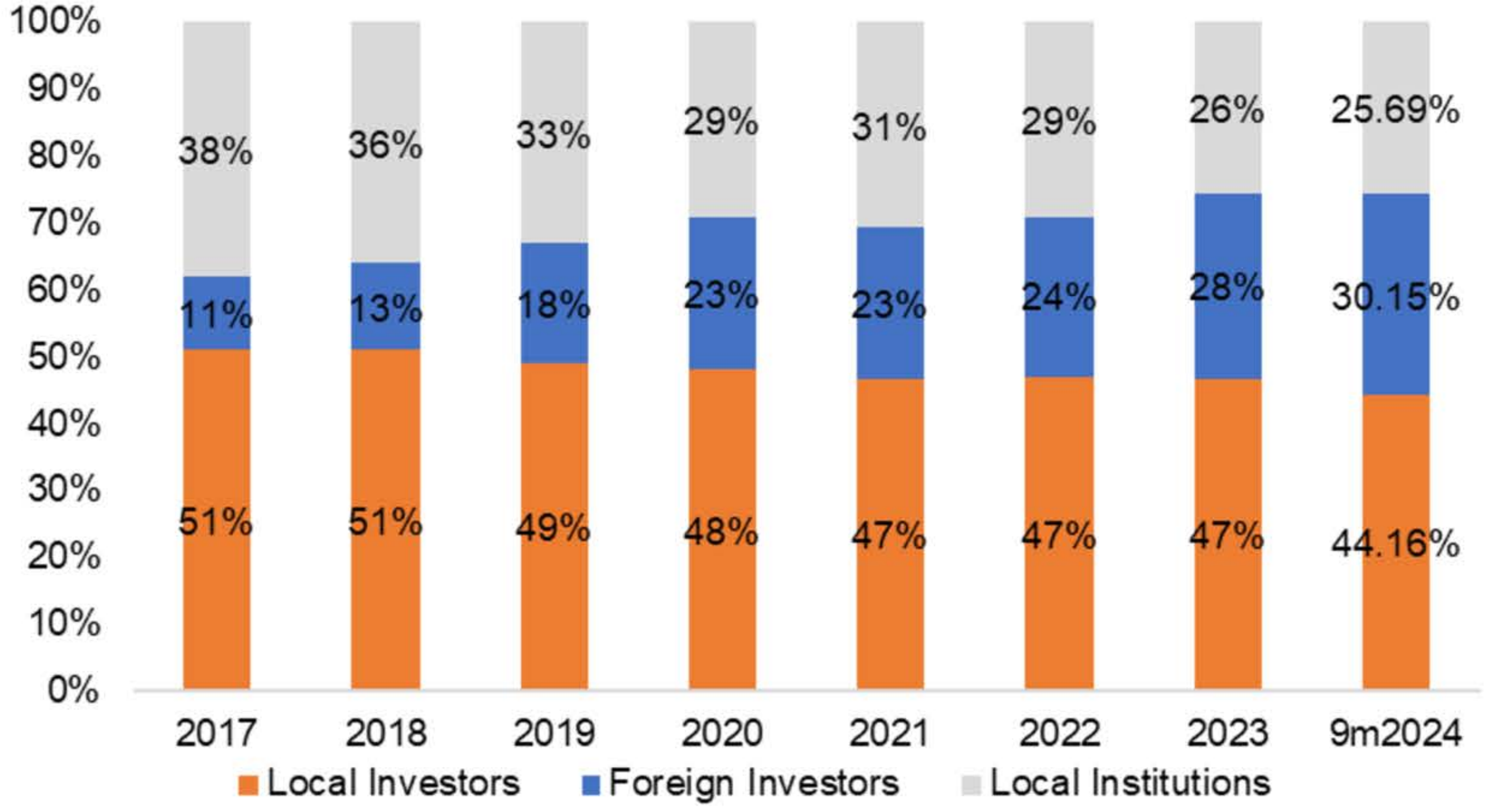
Source: SET

Overview of Thai Capital Market: Derivatives Market

TFEX
Thailand Futures Exchange

Most of the trading in TFEX has come from SET50 Index Futures and Single Stock Futures





Source: TFEX

Local investor has been the major group of investors in TFEX since inception, accounted for 44% of trading value, followed by Foreign investor, and Local institutions

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Overview of Thai Securities Industry

44 Securities Brokers
(36 SET members)

43 Derivatives Agents
(37 TFEX members)

374 Branch Offices

174 in Bangkok Metropolitan
200 in other provinces

6mn+
Securities trading a/c

348k+
Derivatives trading a/c

Margin A/C **15%**
Cash A/C **85%**
of Local Investor Trading Value

Revenue Structures (1H2024)

16% Others

36% *Brokerage*
12% *Fees*
28% *Interests*
8% *Trading*

Commission rate (1H2024)

~0.11% *Retail*
~0.04% *Institution*

Data as of June2024, Source: SEC,SET,ASCO

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Future Challenges: Regulations on Short Selling and Program Trading

Bangkok Post

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BUSINESS 〉 GENERAL

Market chiefs: No plan to ban short-selling

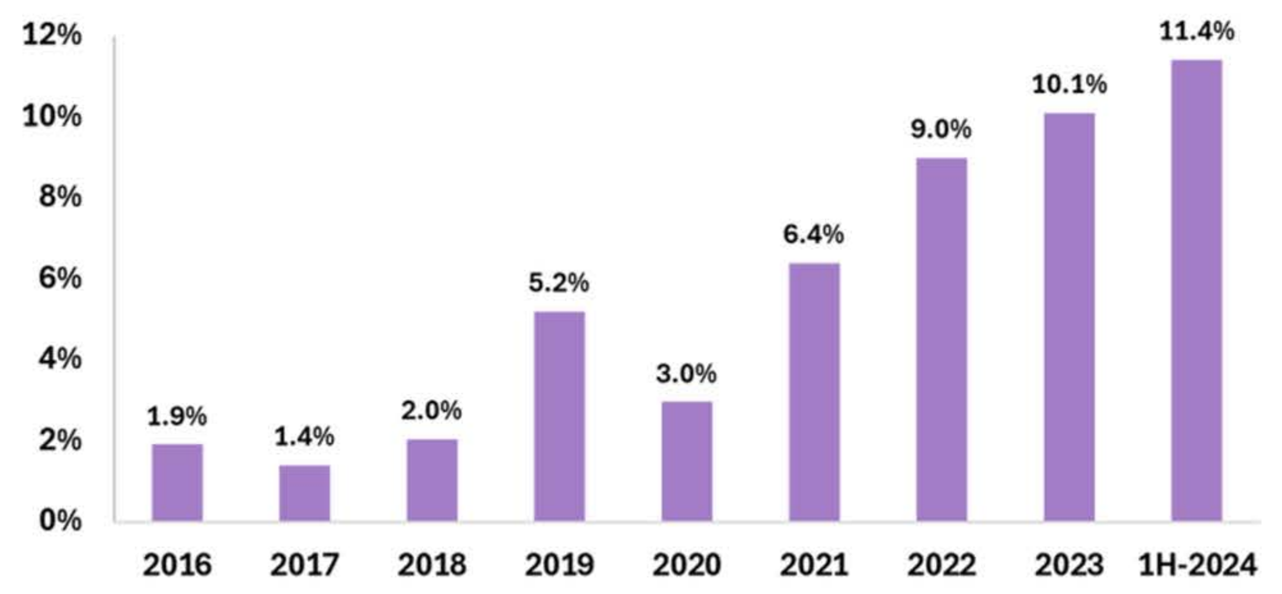
Regulators reassure investors after rocky day on SET, saying no irregularities detected

STOCK

SEC and SET confirm that short sales, HFT trading programs, are not the cause of Thai stocks plummeting.

Bank Finance

% SHORT SALE VALUE TO TOTAL TRADING VALUE



Source: SET

SEC

Measures to Strengthen the Supervision of Short Selling (SS)

1 Objective To enhance the mechanisms for building trust and confidence in securities trading

Measures

1.1 Enhancing the quality of securities eligible for SS

SET
- Increase mkt cap. from 5,000 mill. baht → 7,500 mill. baht
- Require monthly turnover ≥ 2%

1.2 Revising trading rules

SET
- Impose the uptick rule when the closing price of any security has dropped ≥ 10% from its closing price on the previous day
- Impose a daily SS limit on each eligible security
- Disclose the daily SS outstanding

2 Objective To prevent and deter the violation of SS rules

Measures

2.1 Enhancing oversight quality of intermediaries

SEC
- Require securities companies to conduct Know Your Process (KYP), order screening, and random inspection, as well as establish agreements with clients to abide by the rules and consent to penalty enforcement, with the companies obliged to enforce these agreements

SET
- Develop a central system to serve as a source of information for securities companies to check pre-trade risk on clients' stock balances
- Increase fines on securities companies for breaching the SS rules in line with international standards
  - Naked SS : Fines may be imposed up to three times the profit (min. 1 mill. baht)
  - Non-compliance SS : Fines may be imposed with a limit of not exceeding 0.3 mill. baht/time

2.2 Amending legislation to increase liabilities across the entire chain

SEC
- Impose penalties on non-compliance investors
- Has a mechanism for identifying the ultimate beneficiary ownership

2.3 Adding duties of gatekeeper (custodian)

SET
- Inform the purpose of the transfer for transaction verification

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SET

Measures to Strengthen the supervision of the usage of Algorithmic Trading (Program Trading : PT)

Objective

To enhance the mechanisms for building trust and confidence in securities trading

Measures

1 Identify Identification + Auditability

SET
- Register High Frequency Trading (HFT) with SET for easier trade tracking

2 Reviewing guidelines for improper trading behaviors

SET
- Incorporate additional trading behaviors or patterns that affect market quantity and price
- Develop a central order screening system
- Impose a minimum order resting time to prevent improper trading orders (spoofing)

3 Controlling price fluctuation

SET
- Impose dynamic price band : suspend securities trading if the share price ± 10% from the latest price
- Impose an auction for securities listed under market surveillance measures

4 Preventing and deterring improper trading behaviors

ASCO
- Review sanctions on clients having improper trading behaviors

SET
- Disclose names of investors engaging in improper trading behaviors to all securities companies to take proper actions according to the guidelines

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Future Challenges: Sustainability Roadmap

At COP 26, Thailand committed to reach carbon neutrality by 2050 and net zero GHG emissions by 2065.

National Plan

2021	2030	2050	2065
	2nd Nationally Determined Contribution (NDC): reduce GHG emission by 40%	Carbon neutrality	Net-zero GHG emissions

- The 20-Year National Strategy and the 13th National Economic and Social Development Plan

Recent Developments

- Established a Department of Climate Change and the Environment (CCE)
- Conducted Public Hearing on Thailand's first Climate Change Act
- Announced plan to implement carbon tax by 2025 (staring with oil products

Sustainable Finance Ecosystem of Thailand Capital Market

Sustainable Finance Initiatives for Thailand

- Working Group on Sustainable Finance

SEC Strategic Plans to support SDGs

- **Issuers:** Sustainability Disclosure in Annual Report/ Integrate the sustainability to their operation strategy and supply chain/ Fundrasing through ESG products
- **Investors:** Raising investors' awareness on the importance of ESG by introducing the Investment Governance Code (I Code)
- **Products: Add ESG risk in Stock valuation** (SEC plan: all listed companies' valuation must cover ESG risk by 2030)**/ Establishment of Thai ESG funds** (open-ended mutual fund that must focus the majority of its investments in sustainable assets
- **Professionals:** Integrate the ESG analysis into Investment analysts refreshers course, encourage Investment Consultants to advise investors on ESG products.

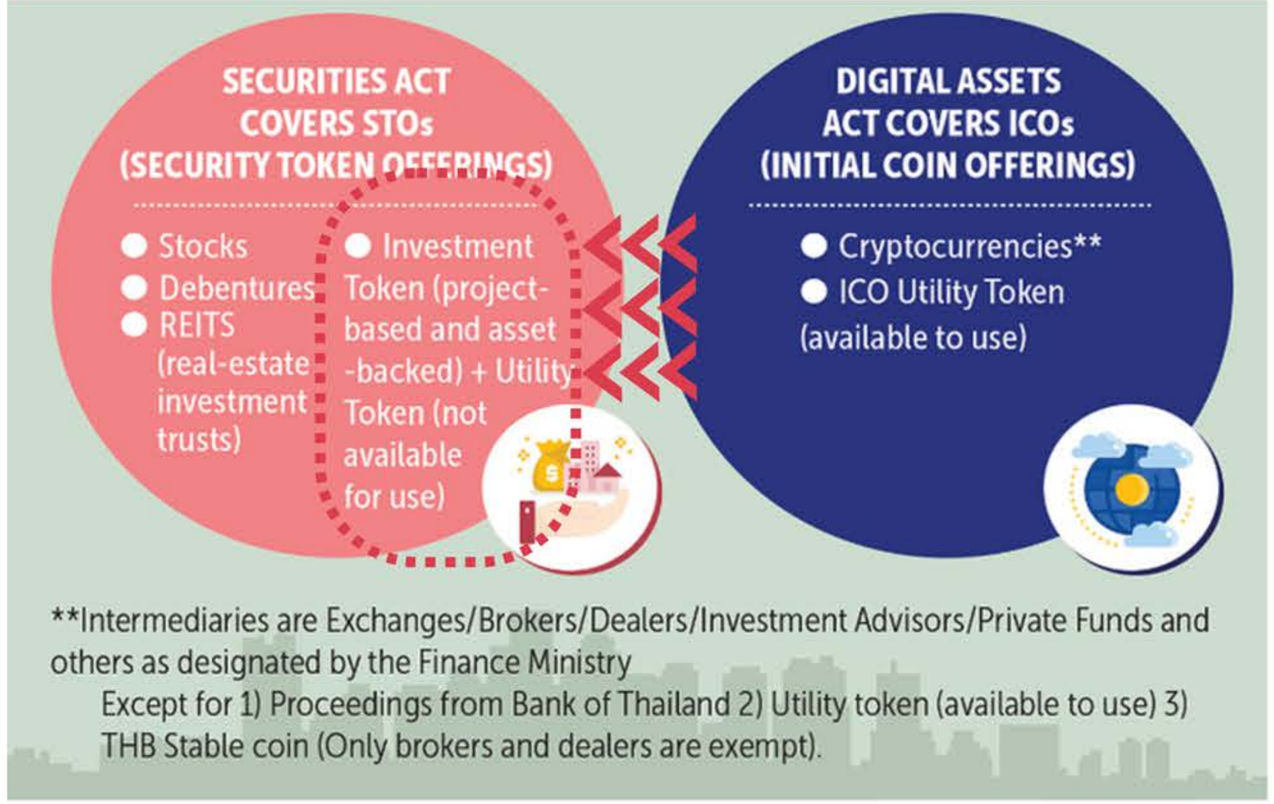
- Thai Cabinet approved tax benefit for Thai ESG fund, investors will be able to deduct investment amounts up to 300,000 baht from taxable income.

Future Challenges: Digital Asset

No. of Intermediaries = 20
4 Exchanges only, 5 Exchanges & Brokers, 3 Brokers &Dealers, 4 Brokers only , 2 Investment Advisors, 1 Fund Manager, 1 Custodial wallet provider

Regulation:

- **Amendment of Securities Exchange Act (upcoming)**



Source: Securities and Exchange Commission BANGKOK POST GRAPHICS

- **Digital Asset Regulatory Sandbox**

Product:

- **SEC promote Investment tokens with fundraising characteristics** (e.g. real estate-backed token, infra-backed token, green token, sustainability token)

Intermediaries: Regulation updates

- **SEC allow initial coin offering (ICO) portal operators to outsource their operations, including due diligence tasks.**
- **SEC plan to allow traditional brokers to offer their services related to investment token within same entity (**but cryptocurrencies and utility tokens must separate legal entity to ensure clarity and increase investor protection)

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Thank You