

(UNOFFICIAL TRANSLATION)

No. Por Tor. (Wor) 2/2564

November 19, 2021

Subject: Revision of the Regulation relating to Derivative Warrants; and the adjustment of the listing fee for ETFs, foreign ETFs, Derivative Warrants, and Depositary Receipts as listed securities

Dear Managing Director,

All member companies,

Non-member securities companies, and all Asset management companies

Attachments: 1. Summary of the revision of regulations relating to derivative warrants (DW)
2. Summary of the adjustment of the listing fee for Depositary Receipts (DR), Derivative Warrants (DW), ETFs, and foreign ETFs
3. A copy of the SET regulations, notification of the SET's Board of Directors, and the SET notifications (a total of 6)

According to the fact that The Stock Exchange of Thailand (SET) has the plan to support the cross-border products including Depositary receipts (DR), Derivative warrants (DW), Exchange Traded Funds (ETFs), and foreign ETFs, as well as to improve DW regulatory supervision, and to review the relevant fees,

SET has revised the regulations regarding the DW with foreign stocks as underlying assets, DW trading, DW trading supervision regulations, DW fee, and has also revised the listing fee rates of DR, DW, ETF and Foreign ETF, as shown in the attachments.

Please be informed accordingly.

Yours sincerely,

- Signature -

(Rinjai Chakornpipat)

Senior Executive Vice President

(On behalf of President)

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Summary of the revision of regulations relating to Derivative Warrants

1. Revising the listing, disclosure of information, and delisting of Derivative Warrants (DW)

The regulations regarding DW have been revised to support the listing of cross-border products. Effective from December 1, 2021 onwards, it can be summarized as follows:

The Regulation of DW Listing

- Adding underlying assets to foreign stocks that have qualifications as specified by the Securities and Exchange Commission (the "SEC"), with additional qualifications as follows:
 - Being a large foreign stock as specified by The Stock Exchange of Thailand (SET)
 - Not being foreign stocks that are subject to be delisted from foreign stock exchanges
 - Specifying the quota for issuing DWs with foreign stocks as underlying assets: when counting all the DWs issued by all DW issuers together, must not exceed 15% of the total number of foreign shares listed on foreign exchanges

- Adjusting the qualifications of the underlying assets, which are foreign indices, to cover more indices, as follows:

Previous	New
<ul style="list-style-type: none"> ● Qualifications according to the SEC's regulations ● Having constituents as stocks listed in any of the following stock exchanges: <ul style="list-style-type: none"> - CLMV stock exchanges - A stock exchange accepted by the SEC, which is in the Top 30 market caps ● Having sources of information accessible to investors ● Having a list of foreign indices as announced and specified by SET 	<p>Adjusted the stock exchange for foreign indices by maintaining other qualifications as previously specified</p> <ul style="list-style-type: none"> ● CLMV stock exchanges ● Stock exchange accepted by the SEC ● Stock exchanges are in among the Top 30 market caps

The Regulation of information disclosure and delisting

- Improving the regulations to be comprehensive and appropriate for DWs with underlying assets as foreign stocks, as follows:
 - The DW issuer shall disclose access channels to current information of the underlying assets that are foreign stocks or foreign stock indices, compared to the present, specify the underlying assets which are foreign indices only.
 - The DW issuer shall disclose the reference price used to calculate the cash settlement as soon as possible without any delay compared to currently to disclose within the date the price is known.
 - SET may delist DW when underlying assets which are stocks listed on SET, or foreign stocks listed on foreign exchanges being delisted or being posted the SP (Suspension) sign consecutively for a period of 20 working days or more. This is different from currently specifying only the underlying assets which are stocks listed on SET.

- Allowing DW issuers to request the deleting of their DWs when investors do not have sufficient information on underlying assets for making investment decisions, with difference from currently only underlying assets that are securities indices.
- Adding the reason for delisting DW (local and foreign DWs), by allowing the DW issuers to request the delisting of the DWs that they have issued, in the case that the government sector or regulatory body that imposed laws or policies that resulted in the DW issuers or market makers unable to perform their duties for a long period of time. This applies only to the case that there is no investor holding the DWs anymore (no Outstanding).

The Regulation of DW listing fees

- Adjusting the DW fee structure to make it more appropriate, by not using the classification of fees namely application fee, initial fee and annual fee. This includes the cancellation of the annual fee when issuing additional DW (further issue).
- Improving the criteria on the method of collecting of DW fees to enhance the operational flexibility, by specifying the method of payment of fees as prescribed by SET.

2. The regulation of DW trading

Adjusting the formula for calculating the intraday highest or lowest price (Ceiling & Floor) for DWs whose underlying assets are foreign stocks or foreign indices. This new calculation is effective from December 13, 2021 onwards, and can be summarized as follows:

Previous DW's Ceiling & Floor Calculation formula	New formula
<p><u>First trading day</u>: IPO Price \pm (Closing Price Underlying * Exercise Ratio * 100%)</p> <p><u>Other trading day</u>: Closing price of DW of the previous trading day \pm (Closing price Underlying * Exercise Ratio * 30%)</p> <p>The lowest price is not less than THB 0.01.</p>	<p><u>First trading day</u>: Not over 20 times the initial offering price</p> <p><u>Other trading day</u>: Not over 20 times the DW closing price on the previous trading day</p> <p>The lowest price is not less than THB 0.01.</p>

3. The regulation of surveillance

SET has issued the regulation of trading surveillance to support DW trading, effective from December 13, 2021 onwards, which can be summarized as follows:

The DW trading surveillance has been adjusted in accordance with the regulation and guidelines of SET. Currently, it will be determined in the same way as ASCO, both in terms of the factors and variables. This includes investor has to buy DW in a full amount of cash or using balance account for 1 week following the announcement. SET will announce such DW notification in the news headline "List of securities which fulfilled the market surveillance criteria", similar to the notification of ordinary shares.

Summary of the adjustment of the listing fee for Depositary Receipts (DR), Derivative Warrants (DW), ETFs, and foreign ETFs

SET has adjusted the fee structure and fee rates for DR, DW, ETF and foreign ETF, and also enhanced the wordings of relevant notifications correspondingly, to be effective from December 1, 2021 onwards, with details of the fees rates as follows:

Securities type	New formula
DR / ETF / Foreign ETF	- Application and Initial fee THB 100,000 - Annual fee THB 50,000
DW	- Listing fee of derivative warrant THB 68,000 per series