

TSD & TCH Newsletter

Vol.13 • Quarter 2 • 2022



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TSD/TCH Development H1/2022

TSD & TCH's Readiness for SWIFT ISO20022

In collaboration with Bank of Thailand (BOT), TSD and TCH are in the process of migrating SWIFT message standard from ISO15022 to ISO20022. This migration is initially launched for connecting to BOT systems such as RTGS linkage and Multilateral Funds Transfer in BAHTNET system. In 2019, TSD, TCH and BOT completed message mapping. Drafting the documentation of message specification together with business requirements, and subsequently developing system to respond with such message adaptation were implemented in the following year which all are finalized and completed in December 2021.

Continually testing with BOT and other participants since the beginning of 2022, all related parties are in the final step of Go-Live rehearsal to secure the live schedule on August, 15 2022. Be noted that the adoption of ISO20022 shall apply only the messages routed between TSD, TCH and BOT's system, while the message format transmitted between members and TSD and TCH remain the same. Thus, this migration will not affect the members.

TSD Services

1. e-Service:

Due to the lessons learned from the pandemic, e-Service is confirmed as the focus of TSD direction, thus there are new initiatives deemed as another step in moving towards the new digital age;

e-Transfer

Initially, those investors who do not have the account with intermediaries, i.e. brokers or custodian can safekeep their shares in Issuer account¹, however when they want to sell those shares they must transfer their shares from Issuer Account to their designated account opened with the broker. Thus to facilitate investors in managing their own securities deposited in Issuer Account, TSD is exploring the way that enable the investors to make a securities transfer by themselves via our existing channel "Investor Portal" called IVP, the electronic self-service portal provided by TSD which investors can access to inquiry their shareholder information such as the holding of share certificate, information of rights and benefit, the withholding tax summary etc.

The authentication process of the investors, which is the crucial part of this e-Service, shall be conducted via National Digital ID Proxy (NDID), a national infrastructural digitization platform to provide identity authentication (eKYC) to enable a straight through process for online transactions in the digital economy; therefore, it can be assured that such transactions for a particular account are made by authorized person. The development of e-Transfer is divided into two phases. The 1st phase is aimed to enable the investor to generate such transfer instruction by themselves. That particular instruction must be accepted by broker (receiver) as a cross-check procedure before processing the transfer in TSD system. This phase shall be implemented around January 2023. While for the next phase, to enhance the customer centric, TSD system shall accommodate the broker to make the transfer instruction on behalf of their clients (investors) which require only the approval from the investors through IVP to complete the process.

¹ Issuer Account is opened by the listed company that appointed TSD as a Registrar to facilitate the securities holders to safekeep their securities in scripless form.

e-Proxy

Updating for the progress of the e-Proxy platform which the 1st phase went live since 2020 with the scope of service provision allowing custodians (as TSD's members) to proceed proxy voting on behalf of foreign investors via platform where the information will then be collected and delivered electronically to the issuers, in February 2022, e-Proxy Phase 2 was launched to support "local Asset Management Company (AMC)" to allow fund manager proceed proxy voting for their funds. For the first half of Year 2022, TSD is currently gathering the requirements from related parties in developing e-Proxy to be applicable also for Thai-resident investors with the aim to support the proxy voting for all type of investors.

Connect with e-Stamp of Revenue Department

To fulfill the entire process of e-Proxy voting with digitalization, in 2021, TSD has also achieved the connectivity with Revenue Department for electronic stamp (e-Stamp) as stamp duty is legitimately required in the process. At initial stage, payment of e-Stamp can be made via some specific channels such as bank-branch counters, and it has been gradually improved to cover internet banking, and mobile banking. Since the beginning of Year 2022, TSD has consulted with stakeholders to expand further for more options such as BAHTNET system or advanced payment by TSD. This is to accommodate industry for any possible choices of preferences for e-Stamp payment associated with the process of online voting.

2. Digital Infrastructure for Capital Market (DIF)

With the determination to digitize processes in the capital market; the project "Digital Infrastructure for Capital Market (DIF)" has been initiated since 2020 with collaboration between, the Securities and Exchange Commission and capital market infrastructure and participants, including TSD.

According to the consultation process during the past years, the pilot project will start with "Corporate bond". The resolution to achieve the goal of digital transformation was revisited and started at the initial stage by using "Web Portal" as a common point of access where stakeholders in the program can mutually communicate with the agreed data set and standard message format, emphasizing the move towards standardization, for the activities covering Bond Filing and Primary Market.

TSD takes part in this project as a role of a CSD, registrar and ISIN issuer. In addition, to promote digitization process, TSD as CSD therefore offer a choice of "Depository Account of Bond's Issuer, who even though, does not appoint TSD a registrar, for bondholders to deposit their bonds in a scripless structure directly with Bond issuer rather than to keep them in certificate form. This information will also be straight through and available for registrar to complete the list of their registration book on timely basis.

From October to November 2022, TSD shall participate in the test of DIF project before Go-Live schedule in February, 2023.

TCH Services

1. Update on PFMI's Consultation Program with the World Bank

After entering the Capacity Building Program on Principle for Financial Market Infrastructure (PFMI) with the World Banks (WB) since October, 2021 to escalate the operation and risk management of TCH as a CCP compatible with the international standard, currently, TCH is preparing the information to clarify some issues and comments from WB on TCH's PFMI self-assessment. The gaps analysis and recommendations shall be continually discussed between the WB and TCH for the further improvement in each specific area. All processes are expected to be completed by November, 2022.

2. Non-THB Settlement

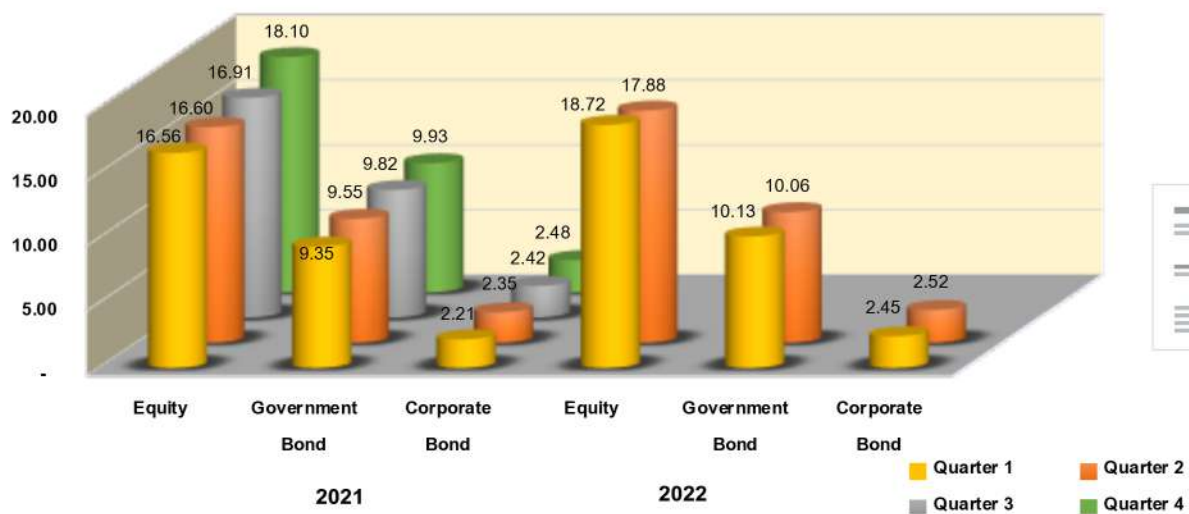
To support SET Group direction which is plan to offer foreign currency products of both SET and TFEX, in March 2022, TCH has completed the selection process for a Non-THB settlement bank to conduct both securities and derivatives clearing. At present, TCH and the appointed banks is working collaboratively on designing and discussing Non-THB settlement flow and operational procedures, while also consulting with Bank of Thailand for such details and related legal provision in parallel before submitting the documents for formal approval. These actions are to secure the go-live scheduled in 2023-2024.

3. Fractional DR

SET group has an initiative to offer more varieties of investment alternatives by introducing "Fractional Depository Receipt (DR)" that can be traded, clear and settlement in decimal form. The objective is to accommodate investors with minimal size of investment who has an interest in foreign share. Fractional DR investment applies pre-paid concept. The clearing and settlement are done through TCH as CCP which the settlement is in real-time once orders are matched on exchange. The process is ready since June 27, 2022.



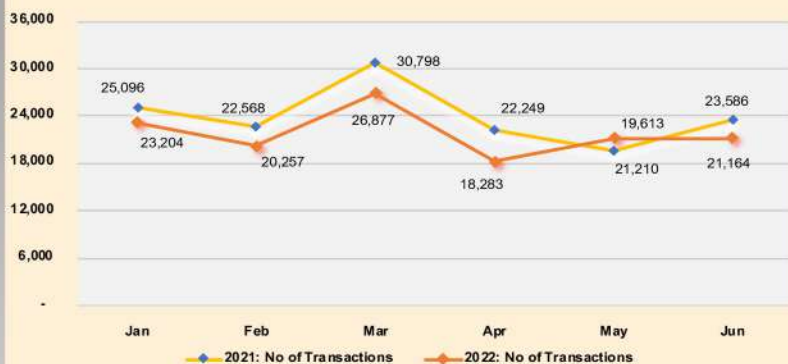
1 Total Asset Value under Custody



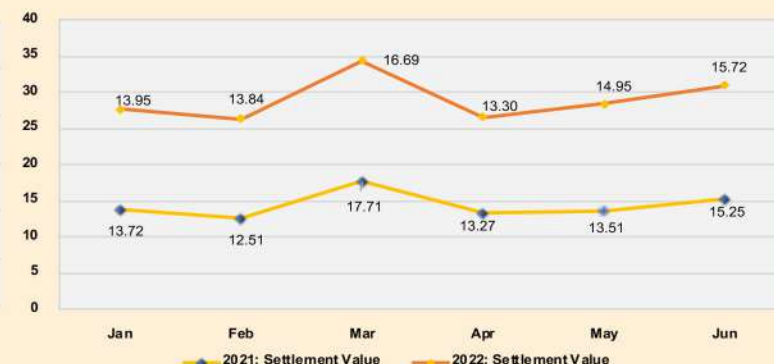
Bond Settlement (Over-the-Counter)

2

(Unit : Transactions)

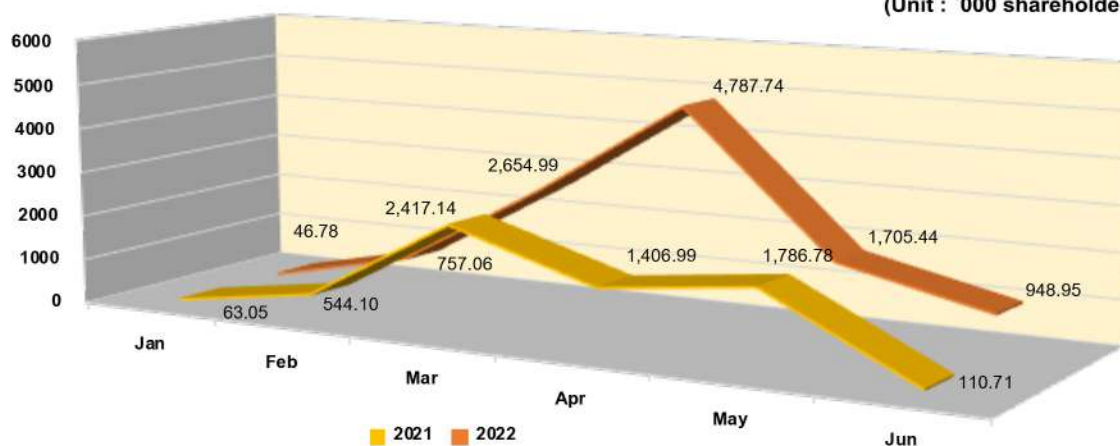


(Unit : Trillion THB)



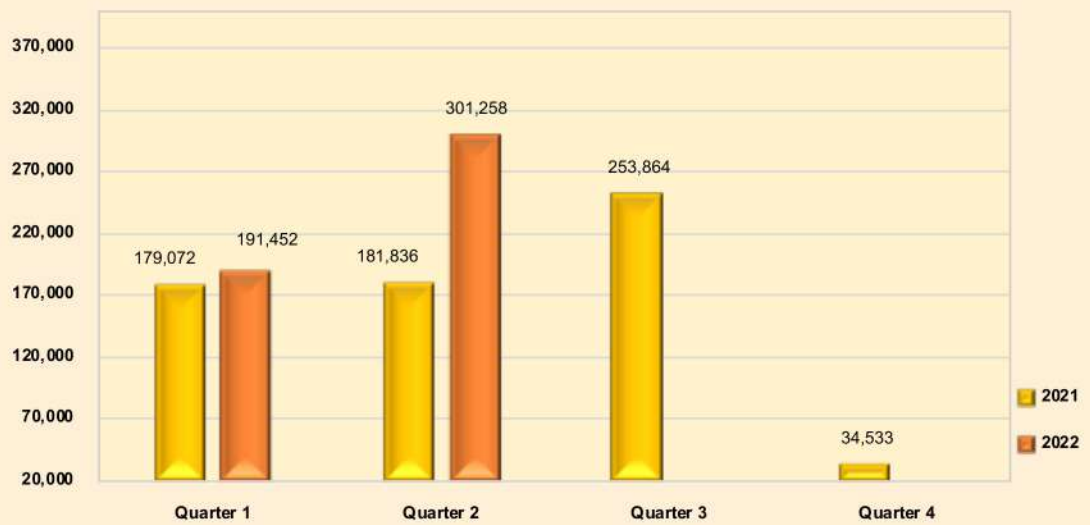
3 Number of shareholders received benefits

(Unit : '000 shareholders)



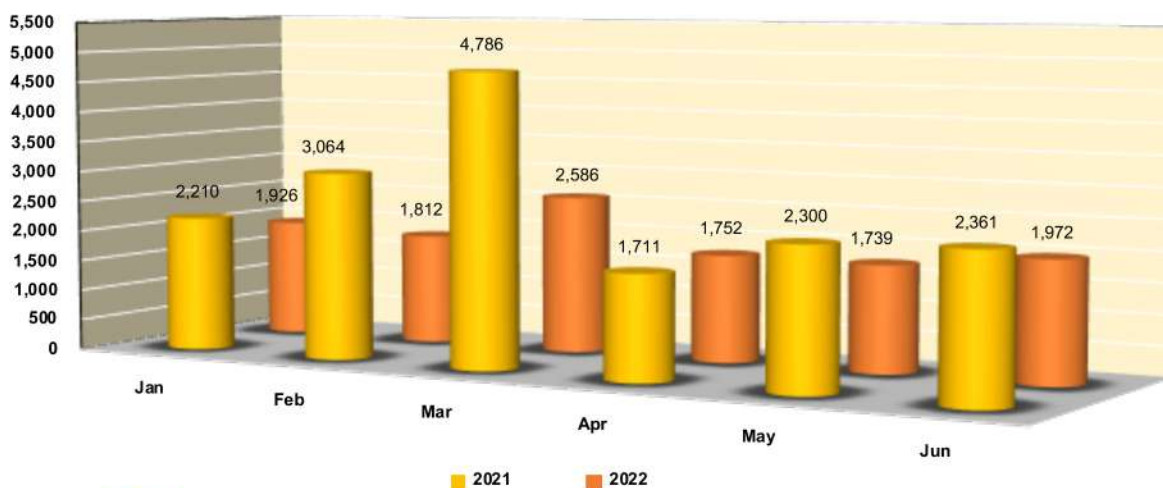
4 Total Dividend and Interest Payment

(Unit : Million THB)



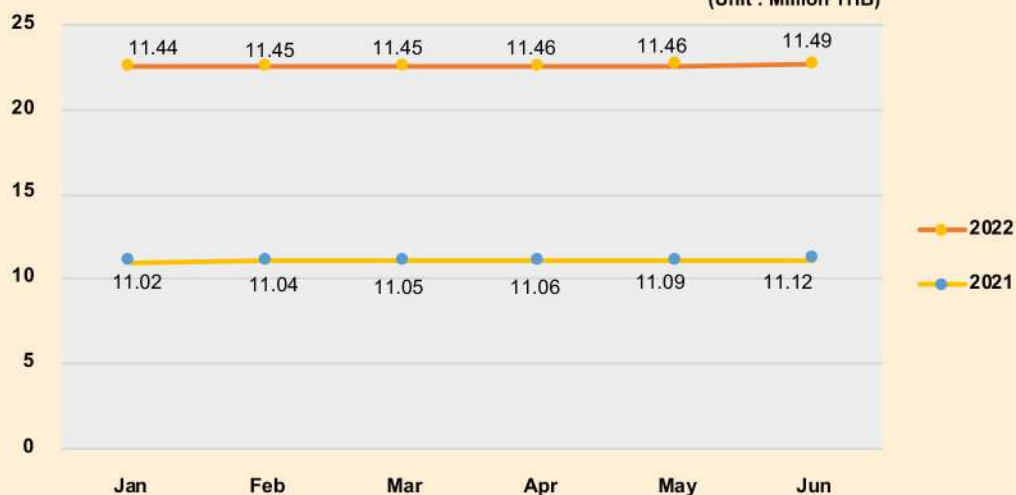
5 Number of investors at TSD Counter Service

(Unit : person)



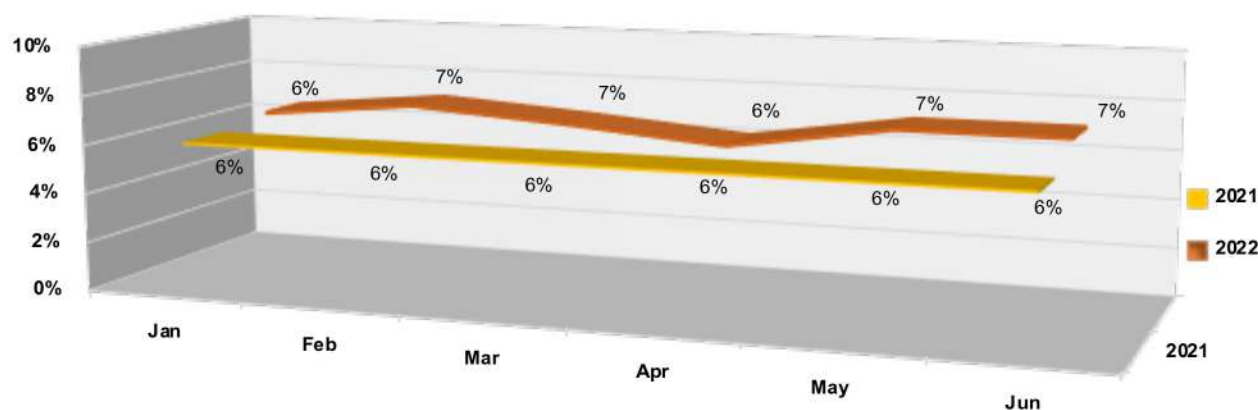
6 Total Share Value under "Pan Hoon Aom Boon"* project

(Unit : Million THB)



*Pan Hoon Aom Boon is share donation project

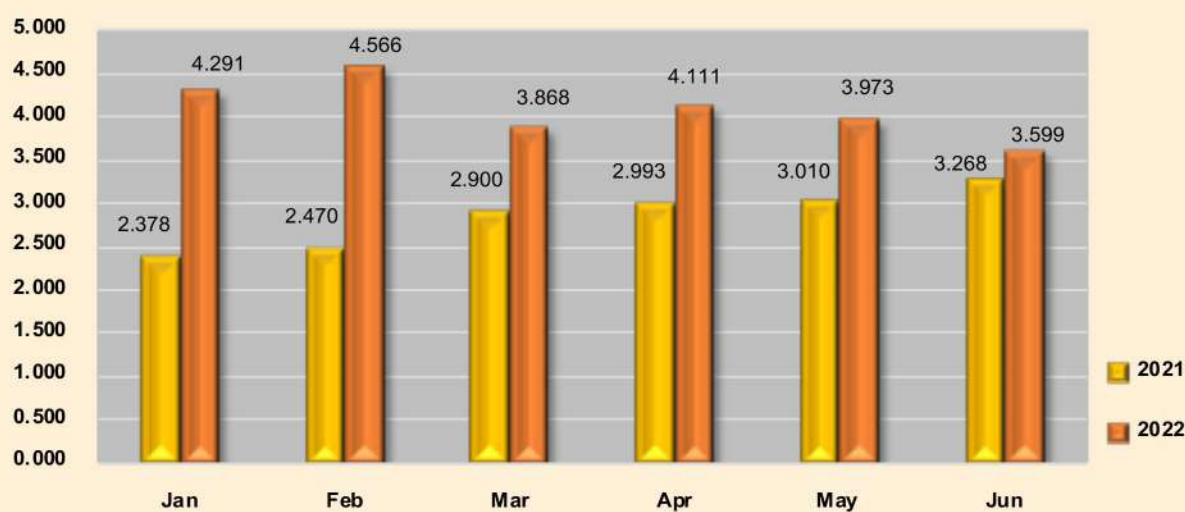
1 Settlement rate of Securities Market



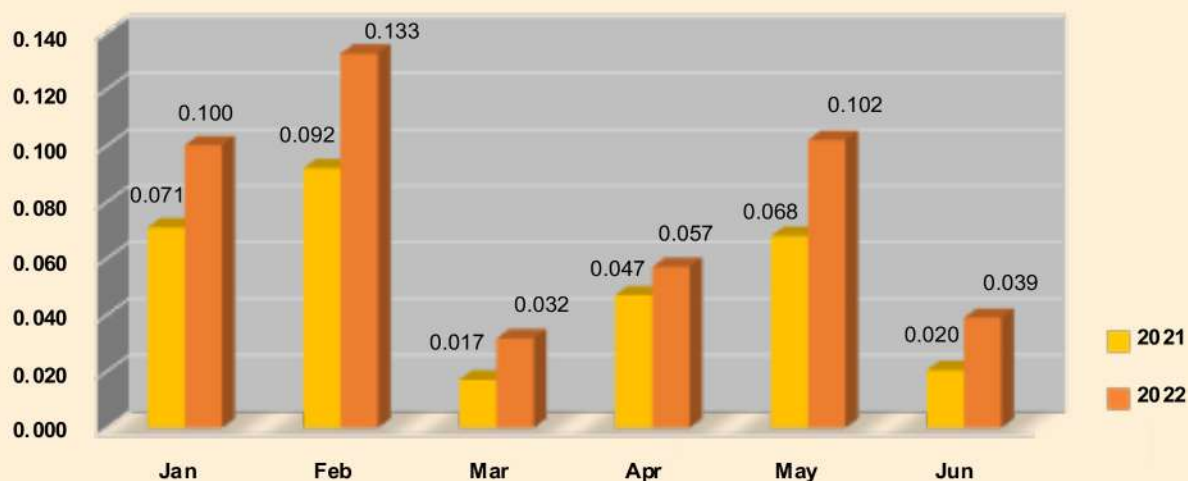
Open Interest of Derivatives Market

2

Futures Contract (million)



Options Contract (million)

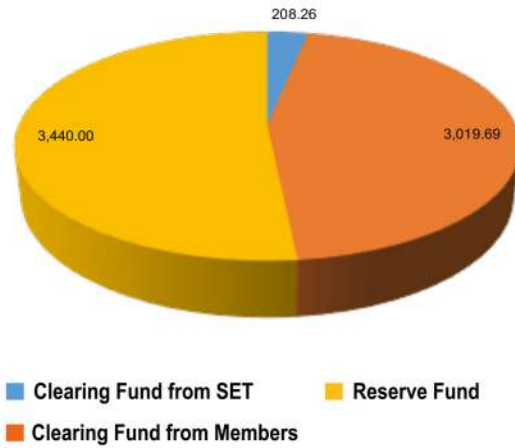


3 Guarantee fund & Reserve fund of Securities and Derivatives Market

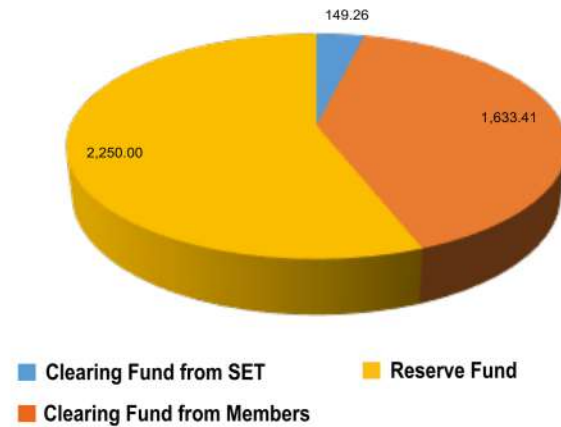
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(Unit : million THB)

Securities Market



Derivatives Market



Total Maintenance Margin Requirement (House and Client Account)

4

(Unit: Million THB)

