

TSD & TCH Newsletter

Vol. 9 • Quarter 2 • 2021



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Development of TSD & TCH by H1/2021

Thailand Securities Depository (TSD)

Bond Investor Registration (BIR)

Bank of Thailand (BOT) has initiated “Bond Investor Registration (BIR)” project to enhance the data quality at Ultimate Beneficiary Owners (UBOs) level to support timely policy measures for market surveillance and for policy decision. BIR scheme in phase 1 is starting from April 2021 and applicable to non-resident (NR) investors. This requires NR at UBO level, who invest in debt securities in Thailand, to register for authentication with BOT and also requires local custodian to (1) directly inform UBOs to open segregated securities account (SSA) or (2) inform Global Custodian or International Broker to open and maintain SSA for their UBO clients. From April until December 2021, it will be preparation period for registration, account opening and asset transfer. From Jan 2022 onwards, TSD will start to report securities holding and transaction movements for such SSA to BOT on daily basis.

Settlement for SME Board

The 3rd Thai Capital Market Development Plan (2017-2021) has set up a framework for Thai capital market to be a source of funding for Small Medium Enterprises (SMEs). To align with the plan, SET has developed 3 platforms which are (1) Education platform : serving as a knowledge center offering e-learning services, (2) Scaling up platform: serving as in-depth training program by experts from leading organization in different areas such as accounting, tax, law and (3) Fundraising & Trading platform. Both education platform and scaling up platform have gone live since September 2020.

Currently, SET is on the process of develop Trading platform called “SME Board” which conceptually scopes the investment to angel investors and applies information-based principle for issuer to disclose their information and for investor to trace and inquire issuer’s performance. For, trading on SME Board, the concept of auction and prepaid will be applied. For settlement, it will be done on gross basis in the same business day of trading day. TSD acts as settlement engine where securities will be settled while payment will be sent via RTGS DVP linkage for settlement at Bank of Thailand. There is no clearing house to guarantee settlement (no Central Counterparty) for trades on SME board. The tentative live will be on Q4/2021.

Digital Infrastructure for Capital Market (DIF)

The Securities and Exchange Commission together with several organizations; for example the Fiscal Policy Office, the Association of Securities Companies, the Thai Bond Market Association, the Thai Bankers Association and the Stock Exchange of Thailand Group, including TSD, have collaboratively worked on “Digital Infrastructure” (DIF) to digitize processes in the capital market; aiming to initiate new infrastructure for more standardization cost-effectiveness, and transparency. The pilot project is applied with “Corporate bond” which the area covers (1) bond filing & registration (2) primary & secondary market and (3) other post-trade activities i.e. book closing, coupon payment, portfolio aggregation, etc.

At current stage, related stakeholders including TSD as CSD are now on development process. The tentative go-live is scheduled by next year.



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Vol. 9 • Quarter 2 • 2021

Thailand Clearing House (TCH)

CCP Offline

To ensure operation resilience and business continuity in case of system failure for both main and backup site and also to be in line with international standard, TCH has prepared the procedure to support such situation. As CCP, TCH has already finalized requirements with related parties such as members, settlement bank and central bank and is now testing the offline procedure internally while IWT with stakeholders will be scheduled for next year.

Non-THB Settlement

SET group has initiatives to offer more varieties of investment alternatives by introducing foreign currency products in both SET and TFEX through the concept of listing, trading, clearing and settlement in foreign currency. To synchronize with SET plan, TCH has to appoint settlement bank for clearing & settlement in foreign currency, so called Non-THB settlement bank. There will be only one Non-THB settlement bank for securities clearing and the other one for derivatives clearing. Now, TCH is in selection process and shall announce the appointed bank possibly by Q1/2022. After that, TCH and the appointed banks will work collaboratively work on discussing with Bank of Thailand, setting up operation procedure and developing the system to accommodate Non-THB flow. The tentative go-live schedule will be in 2023-2024

e-Audit confirmation

TCH is now enhancing the system to facilitate members, settlement agents and delivery agents in the process of requesting "Audit Confirmation" for their auditor. The sample of information relating to audit confirmation are amount of clearing fund and settlement obligations owed to and by clearing house etc. They can make the request and provide the details of their auditor via this system then the link and password to access for the audit confirmation will be automatically generated and emailed to the specified destination. This will help to speed up the process, reduce paper work and human error. The service shall start by soft launch on 2 Jul 2021 before live scheduled in Q4/2021.

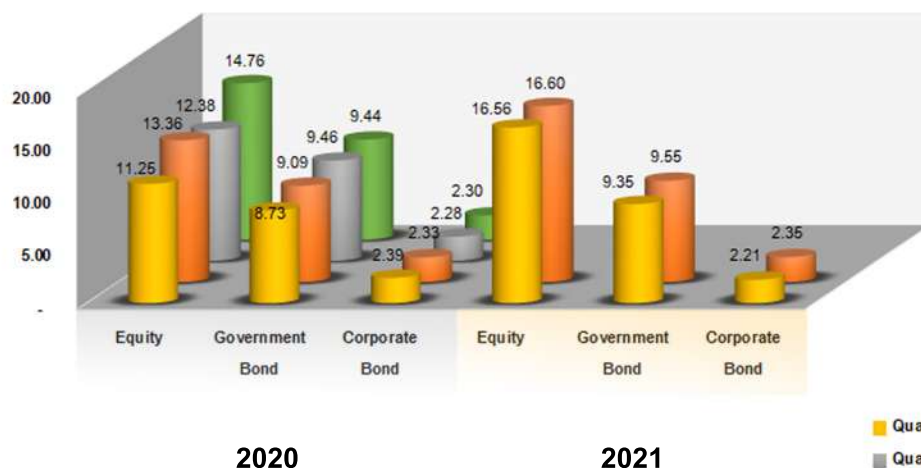




1

Total Asset Value under Custody

(Unit: Trillion THB)



Bond Settlement (Over-the-Counter)

2



(Unit: Transactions)



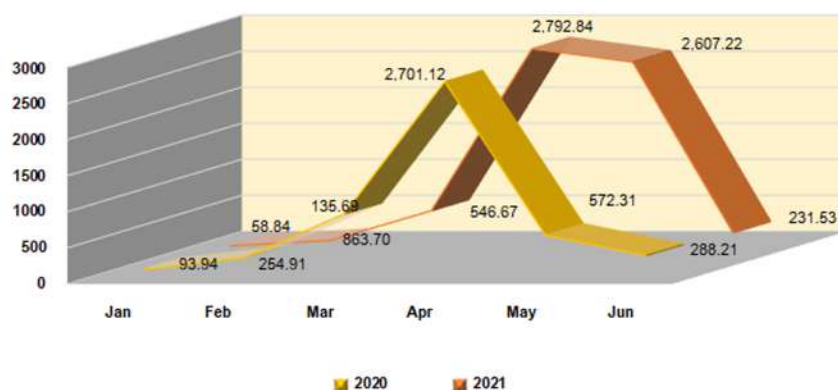
(Unit: Trillion THB)



3

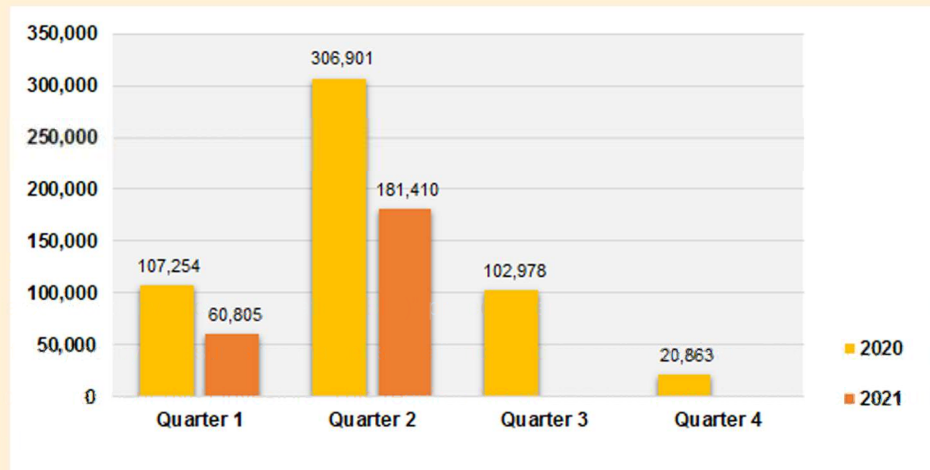
Number of shareholders received benefits

(Unit: '000 shareholders)



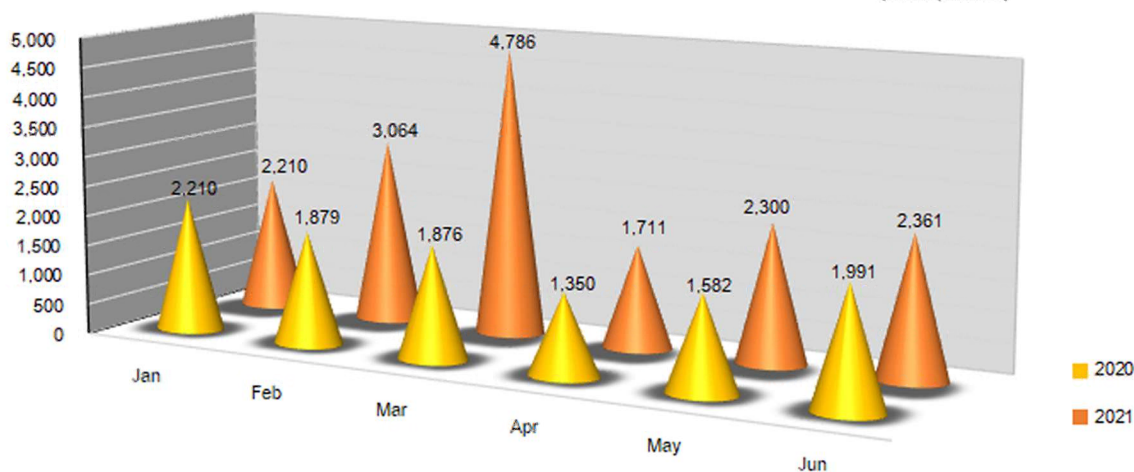
4 Total Dividend and Interest Payment

(Unit: Million THB)



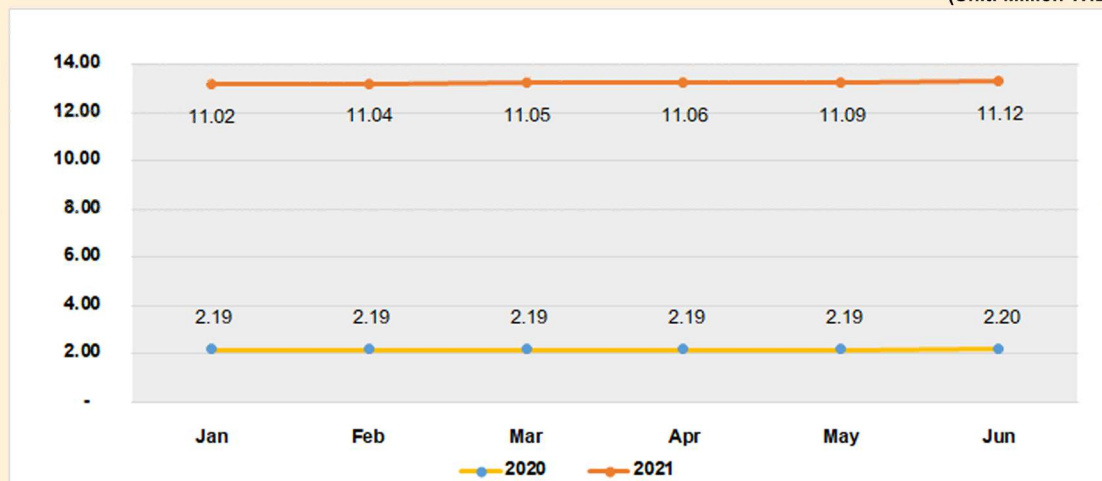
5 Number of investors at TSD Counter Service

(Unit: person)



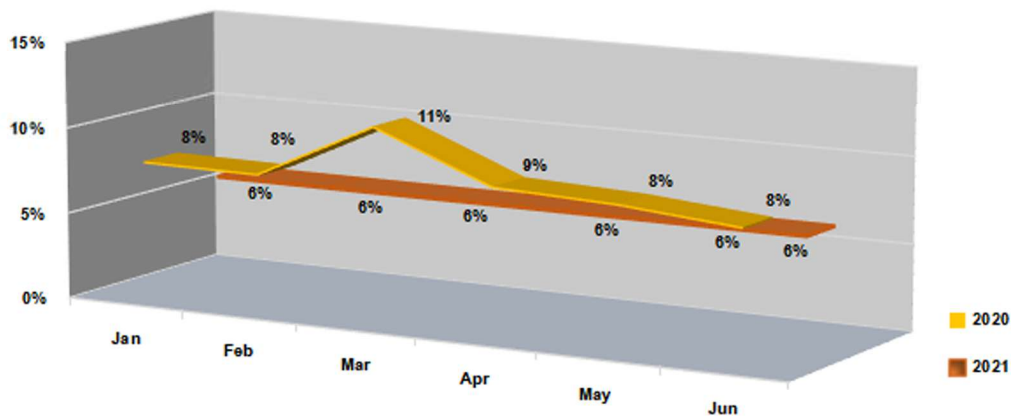
6 Total Share Value under "Pan Hoon Aom Boon"* project

(Unit: Million THB)



*Pan Hoon Aom Boon is share donation project

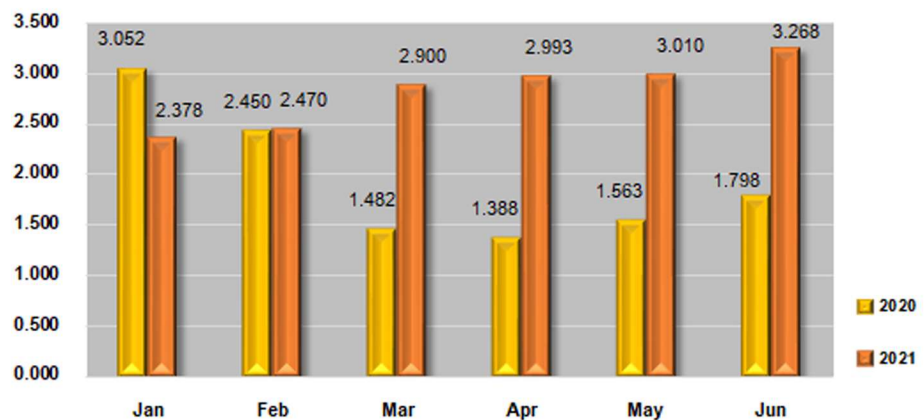
1 Settlement rate of Securities Market



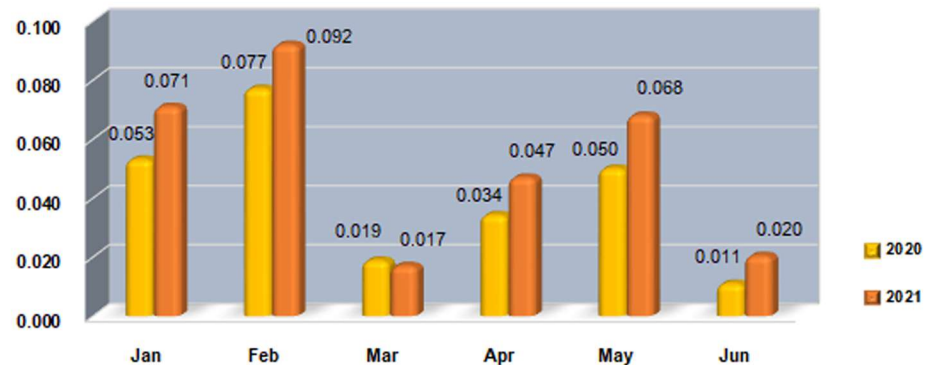
Open Interest of Derivatives Market

2

Futures Contract (million)



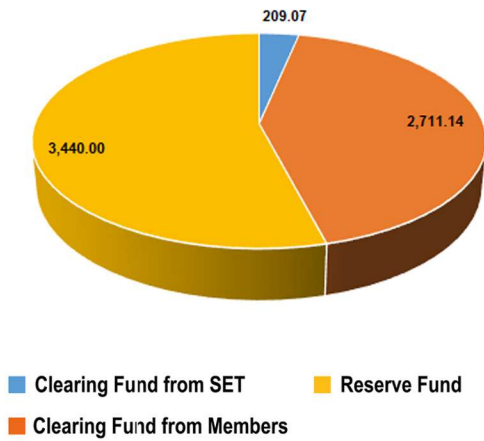
Options Contract (million)



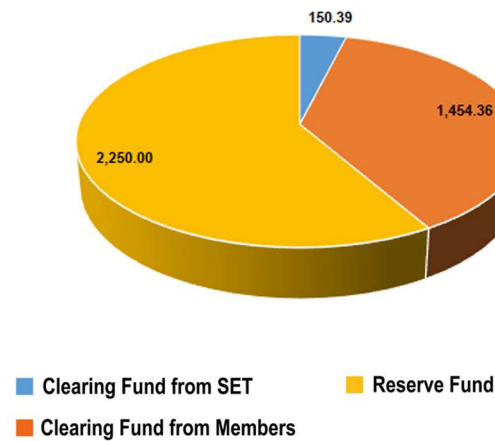
3 Guarantee fund & Reserve fund of Securities and Derivatives Market

Quarter 2 / 2021

Securities Market



Derivatives Market



4 Total Maintenance Margin Requirement (House and Client Account)

(Unit: Million THB)

