

TSD & TCH Newsletter

Vol. 11 · Quarter 4 · 2021



TSD & TCH Newsletter

Vol. 11 • Quarter 4 • 2021

Content

TSD

- Update on Bond Investor Registration (BIR) project
- The progress of settlement for LiVE exchange
- Creation and Redemption Platform

TCH

- Capacity Building Program on Principles for Financial Market Infrastructures (PFMIs)
- Non-THB Settlement
- To support trading system upgraded



Development of TSD & TCH by H2 / 2021

Thailand Securities Depository (TSD)

Update on Bond Investor Registration (BIR) project

As Bank of Thailand (BOT) has initiated Bond Investor Registration (BIR) project to enhance the data quality at Ultimate Beneficiary Owners (UBOs) level of Thai debt instruments, consequently supporting timely policy measures for market surveillance and for policy decision which Phase 1 has started since April 2021 for Non-resident investors (NR), NR have gradually worked on the segregated securities account (SSA) opening and asset transferring to reflect actual UBOs. Meanwhile, TSD and BOT have collaboratively worked on system development for the report of securities holding and transaction movement for such SSA. Testing was achieved in November 2021 and ready for the actual live from 4 January 2022 onwards. Besides, during second half of 2021, BOT and TSD has continued discussion on phase 2 for resident investors. Unlike NR, there might be no registration requirement for resident UBO as BOT founded that such information are available in TSD database and they can be delivered to BOT with the grant of Bank of Thailand act B.E. 2485. The other parts except from registration will be the same with NR. Tentative live for phase 2 is by Q2/2022.



The progress of settlement for LiVE exchange

As SET has developed trading platform to be one source of funding tool for Small Medium Enterprises (SMEs) called "LiVE exchange which only eligible investor who must have experience, knowledge and understanding of the products with possess wealth meeting SEC criteria is applicable to participate, pre-paid concept shall be applied and settlement is done in gross basis with the same business day of trading day where securities and money settlement are operated at TSD and BOT's BAHTNET system respectively. For system and operation perspectives, TSD have completed system development both with regard to LiVE exchange and BAHTNET system. Consequently, IWT with members were successfully done in September 2021. For regulations, since this product is new to Thai capital market and also some requirements of participation as well as operation process are different from existing, SEC SET and TSD have been working closely in order to establish their rules in relationship. TSD has finished its own parts in Q4/2021 after rules of primary markets and trading venue can be concluded. TSD's rules will be scheduled for SEC approval at the beginning of 2022. The expected live will then turn to Q2/2022.

Creation and Redemption Platform

Since 2019, TSD worked closely with SET and related stakeholders to brainstorm and obtain feedback and business requirement in order to build platform for products that can be created and cancelled freely under authorized issuing amount such as ETF & DR, aiming for seamless connection with end-to-end automation between primary and secondary market. With the ease of market access, this will consequently incentivize investors to add cross border product into their portfolio meaning that investors will have more varieties of investment instruments and portfolio diversification. The phase 1 covered only ETF was launched on September 2020.

In 2021, TSD and SET have continued to expand services scope of platform to cover DR (Phase 2) and it has been successfully gone live in September 2021. TSD is considering to optimize CSD roles to safekeep foreign underlying of DR or ETF and perform the reconciliation to ensure that DR/ETF floated in CSD system is well backed up with foreign underlying. This will promote good governance and increase confidence level of investment in such products.

TSD & TCH Newsletter

Vol. 11 • Quarter 4 • 2021

Thailand Clearing House (TCH)

✓ Capacity Building Program on Principles for Financial Market Infrastructures (PFMIs)

Capacity Building Program on Principles for Financial Market Infrastructures (PFMIs) To be in line with international standard and enhance current operation & risk management under the role of central counterparty (CCP), On October, 2021, TCH entered Capacity Building Program on Principles for Financial Market Infrastructures (PFMIs) by World Bank (WB). The program started from conducting the training courses by WB experts. This allows TCH to recapitulate the background knowledge and key considerations on each CCP – related Principles and, subsequently, be able to revise its PFMI self-assessment documents before delivering to the WB in January 2022. With the provided information, the gaps analysis on PFMI assessment shall be investigated and further discussion with WB on how to close such gaps shall be continued. All the processes are expected to be completed by September, 2022.

✓ Non-THB Settlement

In respond with SET Group's strategic direction to offer new foreign currency products in both SET and TFEX, in September 2021, TCH has launched a request for proposal (RFP) indicating the requirements for commercial banks to provide clearing & settlement services in foreign currency for such products (Non-THB settlement bank) with the application deadline at end of November 2021.

As such, TCH is now on process of selecting the potential Non-THB settlement bank; one bank for securities clearing and the other one for derivatives clearing. The conclusion of selection result, including the announcement to the public, are aimed to be undertaken by Q1/2022. The appointed banks shall work collaboratively with TCH in discussing with Bank of Thailand, setting up operation procedure and developing the system to accommodate Non-THB flow to secure tentative go-live scheduled in 2023–2024.

✓ To support trading system upgraded

Since trading system of the exchange both SET and TFEX has been upgrading to accommodate more varieties of financial instruments and types of transactions for example to support third party clearing model, TCH as clearing house needs to enhance the system to synchronize its system and operation flow with trading system upgrade. In 2021, all TCH's functions to be changed are finalized and have been internally tested with trading system. TCH has updated the progress to members periodically. Testing with members will be scheduled by Q2/2022.





1

Total Asset Value under Custody

(Unit: Trillion THB)



Bond Settlement (Over-the-Counter)

(Unit: Transactions)

2

(Unit: Trillion THB)



3

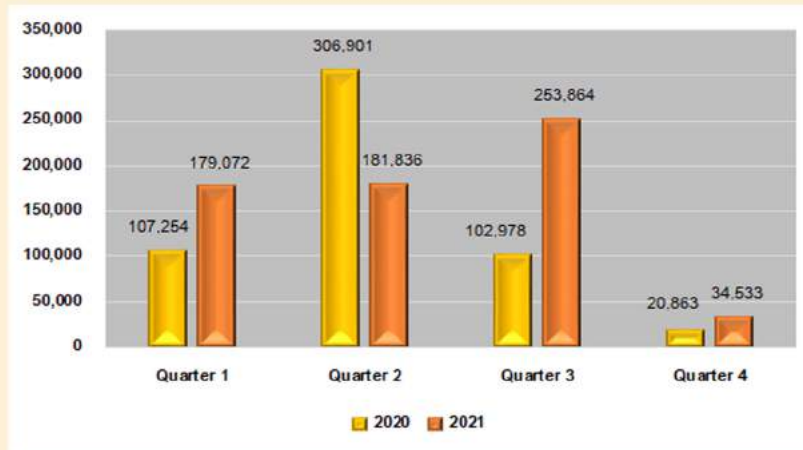
Number of shareholders received benefits

(Unit: '000 shareholders)



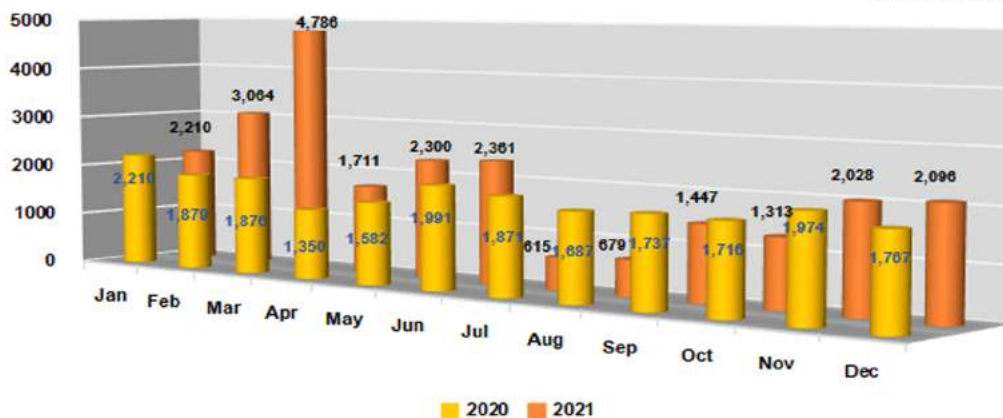
4 Total Dividend and Interest Payment

(Unit: million THB)



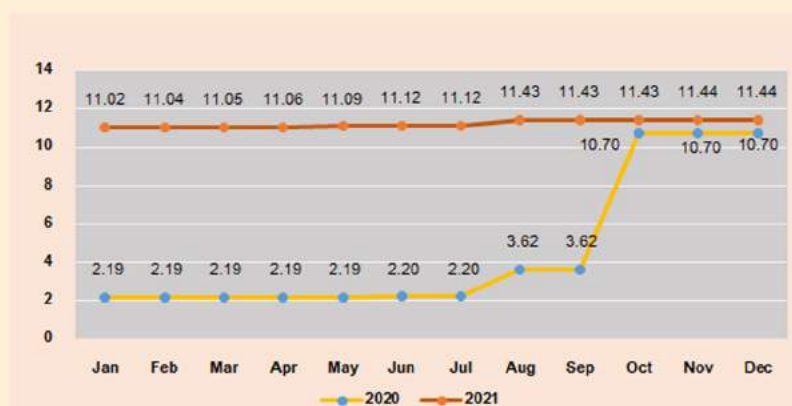
5 Number of investors at TSD Counter Service

(Unit: person)



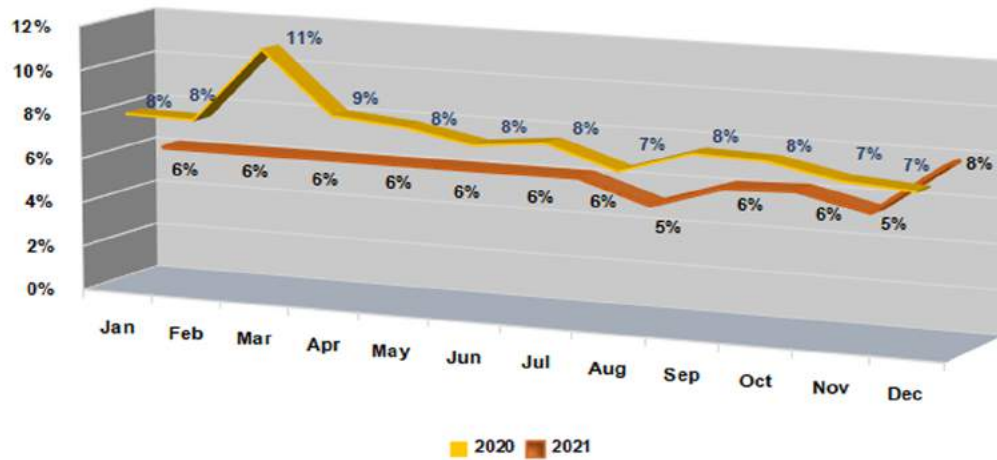
6 Total Share Value under "Pan Hoon Aom Boon"* project

(Unit: Million THB)



*Pan Hoon Aom Boon is share donation project

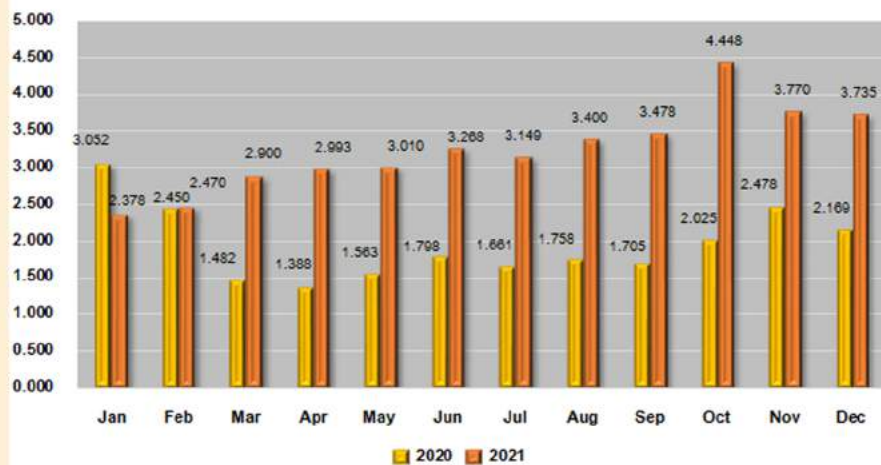
1 Settlement rate of Securities Market



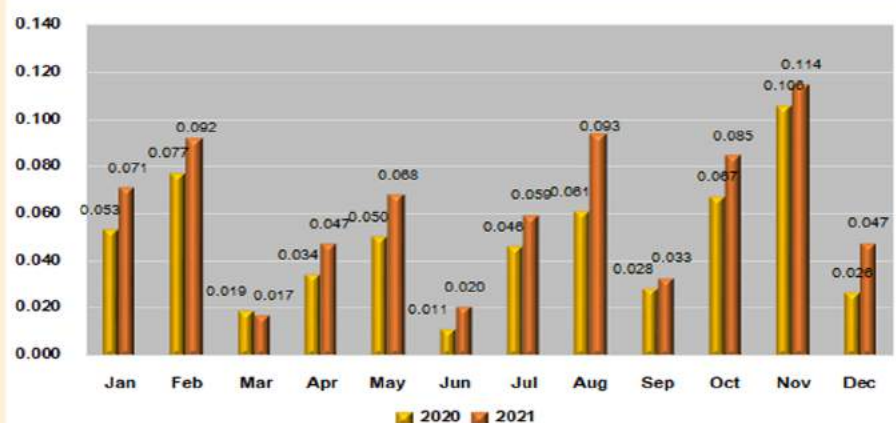
Open Interest of Derivatives Market

2

Futures Contract (million)



Options Contract (million)

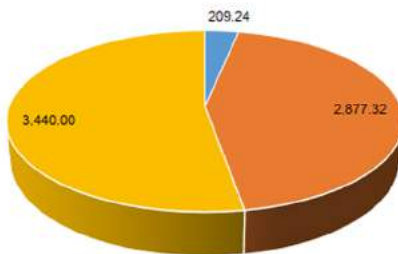


3 Guarantee fund & Reserve fund of Securities and Derivatives Market

Quarter /

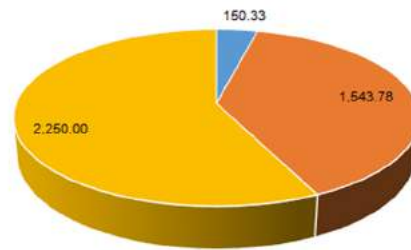
(Unit : million THB)

Securities Market



■ Clearing Fund from SET ■ Reserve Fund
■ Clearing Fund from Members

Derivatives Market



■ Clearing Fund from SET ■ Reserve Fund
■ Clearing Fund from Members

4 Total Maintenance Margin Requirement (House and Client Account)

(Unit: Million THB)

