



Consultation Document

SET Index Series Calculation Methodology Revision

The consultation period: March 18 – April 2, 2021

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Part 1: Introduction

The Stock Exchange of Thailand (SET)'s indices have been formulated to respond to investors' diverse needs, reflecting various investment situations in certain period of time, whether being used as a tool to track the movement of securities traded on the stock market, as performance benchmark, or as underlying index for issuing financial instruments such as derivatives, mutual funds, and ETFs, etc. SET's indices can be categorized into 3 main groups as follows:

1. SET Index Series:

- 1.1 SET Index
- 1.2 SET Industry Group and SET Sector Index
- 1.3 SET50 Index
- 1.4 SET100 Index
- 1.5 sSET Index

2. SET Thematic Index Series:

- 2.1 SETCLMV Index (SET CLMV Exposure Index)
- 2.2 SETHD Index (SET High Dividend 30 Index)
- 2.3 SETTHSI Index (SET THSI Index)
- 2.4 SETWB Index (SET Well-Being Index)

3. mai Index Series:

- 3.1 mai Index
- 3.2 mai Industry Group Index

SET has continuously reviewed and developed the index criteria in line with market's circumstances and in accordance with the index users' needs. At present, SET would like to review its index calculation methodology with the aim to reflect the principle of investability of its index constituents and to be in line with international standard. Thereby, SET proposes and seek participants' opinion on its changes of index calculation methodology.

Part 2: Consultation Issues

To ensure that the SET index series will reflect the investment ability of index constituents (investable), in line with the international practices and corresponds to the need of index users. In this regard, SET proposes to change in ground rules of the index calculation to make it in line with such objectives and guidelines for the transition operations to lessen the impact of the change by:

I. Proposal for changes in ground rules of index calculation, consisting of the followings:

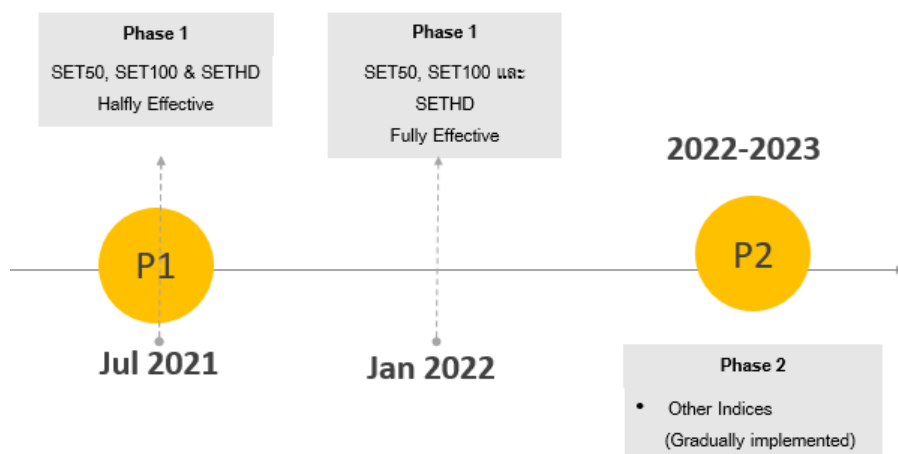
1. Improve the method of calculating the weight of the index constituents *from previously using full market capitalization to using free float adjusted market capitalization*.
2. Revision of the free float information used in the index calculation is as follows:
 - Adjust the free float used in index calculation, in the review period with the change of securities list in the SET50, SET100, SETCLMV, SETHD, SETTHSI and SETWB indices in June and December each year.
 - Adjust the free float used in index calculation, if the free float changes from the original value of at least 5% or more, in March and September each year.
 - Free float used in index calculation will be adjusted using values rounded to 1%.

II. Implementation guidelines for the propose changes

As the proposed adjustment will immensely affect the weight change of all securities as constituents of the Index, compared to those of the regular index review period. As a result, it could result in high index turnover and may affect the securities' price.

To make the transition smooth and reduce the probable impact from the adjustment of the SET Index Series calculations methodology, SET has proposed the implementation of the changes of key tradable index (SET50, SET100 and SETHD index) in two phases: In the first phase, effective as of end-June, 2021, SET will implement approximately half of the change resulting from the free float adjustment for all the index constituents. In the second phase, the remaining revisions will be fully implemented to enhance the methodology, effective as of end-December, 2021 onwards.

As for other indices which are Composite, Industry / Sector, sSET, SETCLMV, SETTHSI and SETWB Index, the adjustments will be implemented in 2022-2023.



Therefore, SET would like to request opinions from relevant persons. The gathered information will be useful and will be taken into consideration for the adjustment of the criteria related to the calculation of the SET Index.

Please kindly express your opinions or suggestions and send to The Stock Exchange of Thailand (SET) by April 2, 2021. For more information, please contact Khun Thanit Patanawong, Cash Product Development Department, tel: 02-009-9574 or e-mail: IndexTeam@set.or.th.

Part 3: Consultation Form

1. General Information

Name – Last Name:

Company:

Ticker
symbol:

Position:

Tel / Mobile No.:

email address:

Respondent Status (Can answer more than 1 question)

- | | |
|---|--|
| <input type="checkbox"/> Listed Company | <input type="checkbox"/> Financial Advisor |
| <input type="checkbox"/> Member company | <input type="checkbox"/> Investors |
| <input type="checkbox"/> Asset Management Company | <input type="checkbox"/> Others (Please specify :) |

2. Opinions

2.1 Guidelines for improving Index calculation

2.1.1 Improve the method for calculating the weight of stocks in the Index constituents, from previously using Full Market Capitalization to using Free Float Adjusted Market Capitalization.

<input type="checkbox"/> Agree	
<input type="checkbox"/> Agree, but with other details.	(Details, and please specify the reasons)
<input type="checkbox"/> Disagree	(Details, and please specify the reasons)
Other suggestions:	

2.1.2 Revise the information on the Free Float used in the Index calculation as follows:

- Adjust the information on the Free Float used in the Index calculation for the securities listing review period for SET50, SET100, SETCLMV, SETHD, SETTHSI and SETWB Indices in June and December each year.
- Adjust the Free Float for Index calculation during the review period only if there is a change of at least 5% or more, in March and September each year.
- The free float data used in the Index calculation will be rounded up to 1%.

<input type="checkbox"/> Agree	
<input type="checkbox"/> Agree, but with other details.	(Details, and please specify the reasons)
<input type="checkbox"/> Disagree	(Details, and please specify the reasons)
Other suggestions:	

2.3 Guidelines for reducing effects from changes in the Index calculation criteria by dividing the weighting of the securities in the Index into 2 times every 6 months, with half the results each.

<input type="checkbox"/> Agree	
<input type="checkbox"/> Agree, but with other details.	(Details, and please specify the reasons)
<input type="checkbox"/> Disagree	(Details, and please specify the reasons)
Other suggestions:	

Other suggestions:

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Please send your comments back via email to IndexTeam@set.or.th by April 2, 2021.
If you need more information, please contact Khun Thanit Pattanawong at tel: 02-009-9574.

Thank you in advance for your comments and suggestions on this consultation document.

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