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SET's 40 years of success,  
envisioning the next decade



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# Vision

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**Empowering business and investors  
through our strengths to match  
the right financial opportunities**

## Mission

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### Clients and Intermediaries

Expand business issuers and investor base by satisfying their financial needs and strengthening intermediaries for mutual growth and success

### Products and Services

Offer a wide range of attractive products and services to create value and match financial opportunities across different segments of business and investors

### Operations

Operate with flawless execution according to international standards to ensure efficiency, effectiveness, flexibility and global connectivity

### People and Culture

Inspire staff to perform up to their fullest potential and create a corporate culture that aims at achieving excellence in matching the right financial opportunities for business and investors



# Message from the Chairman

In 2014, The Stock Exchange of Thailand (SET) showed increasing potential under the spotlight of ASEAN, particularly in the area of quality enhancement, which is crucial to laying a solid foundation for the sustainable growth of the Thai capital market. SET was the first stock exchange in ASEAN to join the Sustainable Stock Exchange (SSE) initiative under the framework of the United Nations. At the SSE Global Dialogue 2014 in October 2014 at the United Nations in Geneva, Switzerland, SET announced its commitment to developing and promoting the SSE initiative among its stakeholders, committing to exploring ways to enhance corporate transparency on environmental, social and governance (ESG) issues, and to ultimately encourage more sustainable investment.


Becoming part of the SSE Initiative has enhanced SET's role in the international arena and reinforced its regional leadership position in developing sustainability. SET was again ranked first in ASEAN for the ASEAN Corporate Governance Scorecard assessment for the second year in a row. In 2014, ten listed companies in Thailand were selected for inclusion in the Dow Jones Sustainability Indices (DJSI) – the largest number in any ASEAN country. This is a major accomplishment resulting from the efforts that SET has made in working closely with listed companies over the past years.

SET recognizes the importance of socially responsible investing. We therefore encourage listed companies, venture capital businesses and other organizations in the capital market to develop and understand the importance of socially responsible investing as well. We also encourage asset management companies to issue funds that provide combined financial, social and environmental returns. This includes promoting the concept of Social Enterprise (SE) through events and education to create better understanding and awareness of its importance, while also strongly supporting the

establishment of more SEs for the continuous and sustainable development of society and the environment.

SET has completed 40 years of operations and is stepping into its fifth decade with a clear vision for developing the Thai capital market towards sustainable growth, a vision that embraces quantitative increases in the variety of multi-market securities, multi-asset classes and multi-currency trading. SET is ready to step up its participation at the international level, which will result in continued growth for SET itself and for Thailand. Qualitatively, SET continues to focus on business performance, while keeping environmental, social and corporate governance aspects in mind. In addition, SET aims to be a fully “digital exchange” by utilizing information technology in all dimensions of its operations, ranging from trading and post-trading services to work processes and communications with stakeholders, in order to effectively meet the needs of all market sectors in line with the Thai government's “digital economy” strategy.

On behalf of The Stock Exchange of Thailand, I would like to thank the government agencies and the private sector, which includes listed companies, member companies and asset management companies, as well as the social sector, investors and, especially, SET employees. Their synergized efforts and energy have accelerated the Thai capital market to this remarkable strength and stability, further driving the Thai economy towards sustainability.



**Dr. Sathit Limpongpan**

Chairman





# Message from the President

Over the course of the past four decades, the Stock Exchange of Thailand (SET) has remained committed to developing and upgrading the Thai capital market in all its myriad aspects so as to expand business opportunities for all stakeholders. The year 2014 was no exception and proved to be particularly successful. For example, SET excelled as a fundraising source for businesses, welcoming 45 newly listed securities, ranging from mega projects to small and medium-sized family businesses, with the total market capitalization registered THB 304.8 billion (USD 9.24 billion) at IPO price, the highest value in ASEAN for the second consecutive year. In addition, SET continued to be an attractive investment venue for local and foreign investors, reporting an average securities-trading turnover of THB 45.47 billion, the highest in the ASEAN region for three consecutive years. Moreover, the trading volume of Thailand Futures Exchange PCL (TFEX) reached as high as 147,025 futures contracts per day, a 116 percent increase from the year before.

SET has always continuously enhanced the IT infrastructure in order to support future expansion and match international standards. In 2014, TFEX started using the new trading and clearing system, on the same integrated platform as the current SET CONNECT equities trading, enabling investors to trade across asset classes efficiently. On top of this, the new depository and clearing system will start operating in 2015 with world-class technology and efficiency so as to ensure speedy connections and international transactions, another step forward towards on the road to becoming a digital exchange.

Investor coverage expanded significantly in 2014. The number of securities accounts increased substantially and reached one million accounts for the first time. To expand the quality investor base, SET has continuously joined hand with both market participants and other strategic alliances. During the past decade, a plenty of jointed marketing and education projects were initiated and materialized. Such concerted efforts on marketing

business development, communication and education in form of online campaigns and offline activities via conventional financial service distributions, were contributable enormously to building up investment culture among Thai people nationwide. Moreover, emphasis was also placed on developing securities business professionals, equipped with updated and professional skills and expertise ready to efficiently educate investors.

In 2014, SET continued to foster the observance of environmental, social and governance (ESG) principles by all stakeholders in the capital market, especially listed firms. SET has therefore continuously provided knowledge and consultations on ESG. Today, Thai listed firms are recognized at regional and international levels such as ASEAN CG Scorecard (ASEAN Capital Market Forum); CG Watch (ASEAN CG Association); and CG-ROSE (World Bank), as well as the Dow Jones Sustainable Indices.

The Thai capital market is built on a solid foundation: a quality investor base, a wide variety of quality products and services, as well as world-class infrastructure to facilitate stakeholders. However, building on this solid foundation for prosperity requires a global, as well as regional, perspective. As SET advances into its fifth decade amid the advent of the ASEAN Economic Community, various SET-initiated cooperation programs with the Greater Mekong Subregion nations will serve to enhance regional capital market expertise and corporate governance. SET is committed to taking up a true “connector” role, growing together in the region in a sustainable manner, while contributing to the ASEAN Economic Community and the global village as a whole.



**Mrs. Kesara Manchusree**

President



# Board of Governors



**1. Dr. Sathit Limpongpan**  
Chairman

**2. Pattera Dilokrunthirapop**  
Vice Chairman

**3. Charnchai Kongthongluck**  
Governor

**4. Jotika Savanananda**  
Governor

**5. Professor Kitipong Uraepatanapong**  
Governor

**6. Pichet Sithi-Amnuai**  
Governor

**7. Somchai Thaisa-nguanvorakul, D.P.A**  
Governor

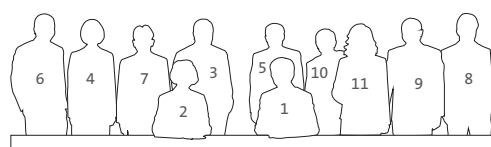
**8. Dr. Subhak Siwaraksa**  
Governor



**9. Suthep Peetakanont**  
Governor

**10. Suthichai Chitvanich**  
Governor

**11. Kesara Manthusree**  
President



# Board of Governors

## Dr. Sathit Limpongpan Chairman

### Education

- Ph.D (Development Administration), National Institute of Development Administration
- M.A. (Economics), Sukhothai Thammathirat Open University
- LL.M., Tulane University, USA (Government Scholarship)
- Barrister-at-Law, Institute of Legal Education of the Thai Bar Association
- LL.B., Thammasat University

### Executive Education

- Leaders in Development Program: Managing Political & Economic Reform, Harvard University
- Advanced Management Program, University of Oxford
- Certificate, Capital Market Academy Leadership Program, The Stock Exchange of Thailand

### Other current positions

- Since 2013 Director, Siriraj Foundation
- Since 2010 Vice President of the Honorary Board of Directors, Ramathibodi Foundation
- Since 2010 Member of the Honorable Committee of National Institute of Development Administration's Council
- Since 2009 Member of Chiang Mai University Council

### Past experience

- 2009–2013 Chairman, Krungthai Bank PCL
- 2009–2010 Permanent Secretary, Ministry of Finance
- 2009–2010 Chairman, Office of Insurance Commission
- 2009–2010 Chairman, Government Pension Fund
- 2008–2009 Chairman, Thai Military Bank PCL

## Pattera Dilokrungrthirapop Vice Chairman

### Education

- Master of Engineering Science, University of Queensland, Brisbane, Australia
- Bachelor of Engineering, Monash University, Melbourne, Australia

### Executive Education

- Certificate, Capital Market Academy Leadership Program, The Stock Exchange of Thailand

### Other current positions

- 2015 Member, Disciplinary Sub-committee, Thailand Futures Exchange PCL
- 2015 Member, Business Conduct Sub-Committee, Thailand Clearing House Co., Ltd.
- Since 2014 Chairman, Corporate Governance and Social Responsibilities Committee, The Stock Exchange of Thailand
- Since 2014 Chairman, Nomination and Remuneration Committee, The Stock Exchange of Thailand
- Since 2013 Director, TRIS Rating Co., Ltd
- Since 2013 Director, TRIS Corporation Limited
- Since 2010 Chairperson, Association of Securities Companies
- Since 2010 Director, Federation of Thailand Capital Market
- Since 2010 Chairman, Disciplinary Committee, The Stock Exchange of Thailand
- Since 2001 Chief Executive Officer, DBS Vickers Securities (Thailand) Co., Ltd.

### Past experience

- 2007–2011 Director, Securities Analysts Association
- 2005–2009 Governor, The Stock Exchange of Thailand
- 2005–2008 Director, Thailand Securities Depository Co., Ltd.
- 2005–2008 Director, Settrade.com Co., Ltd.
- 1998–2001 Managing Director, SG Asia Credit Securities Co., Ltd.
- 1998–2001 Director, Asia Credit Finance PCL

## Charnchai Kongthongluck Governor

### Education

- BBA (Accounting), Thammasat University
- MS (Accounting), Thammasat University

### Executive Education

- Certificate, Directors Certification Program, Thai Institute of Directors Association
- Certificate, Capital Market Academy Leadership Program, The Stock Exchange of Thailand

### Other current positions

- Since 2014 Member, Audit Committee, The Stock Exchange of Thailand
- Since 2014 Member, Corporate Governance and Social Responsibilities Committee, The Stock Exchange of Thailand
- Since 2013 Director, Thailand Futures Exchange PCL
- Since 2012 Disciplinary of Personnel in Capital Market Industry Committee, Securities and Exchange Commission Thailand
- Since 2010 Vice Chairman, Association of Thai Securities Companies
- Since 2009 Director, Trinity Watthana PCL
- Since 2006 Chairperson, Futures Industry Club
- Since 2001 Director/President, Trinity Securities Co., Ltd.

### Past experience

- 2013–Jun 2014 Member, Disciplinary Sub-committee, Thailand Futures Exchange PCL
- 2005–2009 Director, Trinity Polaris Futures Co., Ltd.

## Jotika Savanananda Governor

### Education

- MBA, (Finance and International Business), Sasin Graduate Institute of Business Administration, Chulalongkorn University
- MS (Psychology), University of San Francisco, California, USA
- BA (Psychology), University of Minnesota, Minnesota, USA

### Executive Education

- National Defense College (NDC50)
- Certificate, Director Certification Program, Thai Institute of Directors Association
- Certificate, Fund Manager License by Association of Investment Management Companies
- Certificate, Capital Market Academy Leadership Program, The Stock Exchange of Thailand

### Other current positions

- Since 2014 Chairman, Audit Committee, The Stock Exchange of Thailand
- Since 2014 Member, Nomination and Remuneration Committee, The Stock Exchange of Thailand
- Since 2014 Director, Government Housing Bank
- Since 2014 Director, Office of Insurance Commission
- Since 2014 Advisor, Association of Investment Management Companies

### Past experience

- 2009–April 2014 President, SCB Asset Management Co., Ltd.
- 1996–2009 CEO, TMB Asset Management Co., Ltd
- 1993–1995 Executive Vice President, Asset Plus Securities
- 1990–1992 Research Director, Barrings Research (Thailand)

## Professor Kitipong Urapeepatanapong Governor

### Education

- LLM, University of British Columbia, Canada
- LLM, Chulalongkorn University
- Admitted as Thai Barrister-at-law, Chulalongkorn University
- LLB, Chulalongkorn University

### Executive Education

- Certificate, Company Directors Course, Australian Institute of Directors
- Diploma for Executives Program, The King Prajadhipok's Institute
- Certificate, Corporate Governance, Director Education Program, Yale School of Management
- Certificate for Senior Executives, The Judicial Training Institute, Class 9
- Diploma for Joint State-Private Sectors, National Defence College, Class 18
- Certificate, Top Executive Program in Commerce and Trade
- Certificate, The Role of The Chairman Program, Thai Institute of Directors Association
- Certificate, Capital Market Academy Leadership Program, The Stock Exchange of Thailand

### Other current positions

- Since 2014 Member, Disciplinary Committee, The Stock Exchange of Thailand
- Since 2014 Member, SET Head Office Construction Committee, The Stock Exchange of Thailand
- Since 2014 Member, Listing Expansion Committee, The Stock Exchange of Thailand
- Since 2014 Executive Member, The National Reform Council
- Since 2011 Chairman of Tax Committee and Director, The Thai Chamber Of Commerce
- Since 2011 Professor, The Faculty of Law, Chulalongkorn University
- Since 2001 Executive Director, Siam Piwat Co., Ltd.
- Since 1990 Chairman, Baker & McKenzie

## Pichet Sithi-Amnuai Governor

### Education

- Master of Education (Early Childhood Education), Chulalongkorn University
- Master of Business Administration, University of Texas at Austin, USA
- Bachelor of Engineering (Industrial Engineering), Chulalongkorn University

### Executive Education

- Certificate, Leadership Development Program, Thai Listed Companies Association
- Certificate, Monitoring Fraud Risk Management, Thai Institute of Directors Association
- Certificate, Successful Formulation & Execution the Strategy, Thai Institute of Directors Association
- Certificate, Audit Committee Program, Thai Institute of Directors Association
- Certificate, Director Certification Program, Thai Institute of Directors Association
- Certificate, Capital Market Academy Leadership Program, The Stock Exchange of Thailand

### Other current positions

- 2015 Member, Business Conduct Sub-Committee, Thailand Clearing House Co., Ltd.
- Since 2014 Member, Risk Management Committee, The Stock Exchange of Thailand
- Since 2014 Member, Corporate Governance and Social Responsibilities Committee, The Stock Exchange of Thailand
- Since 2011 Secretary General, Thai Listed Companies Association
- Since 2009 President and Director, Bualuang Securities PCL

### Past experience

- 2013–2014 Thai Listed Companies Association's representative as specialist, Appeal Committee, The Stock Exchange of Thailand
- 2007–2012 Chairman of the Audit Committee, Independent Director, Mermaid Maritime PCL
- 2000–2008 Master Franchise, Gymboree Play & Music, Play & Music Co., Ltd.
- 1994–2000 First Vice President of Corporate Finance Department, Jardine Fleming Thanakom Securities Co., Ltd.
- 1991–1994 Assistant General Manager, International Business Division, MMC Sittipol Co., Ltd

## Somchai Thaisa-nguanvorakul, D.P.A Governor

### Education

- Doctor of Public Administration, Ubon Ratchathani University
- Master of Public and Private Management, National Institute of Development Administration
- Bachelor of Political Science, Ramkhamhaeng University

### Executive Education

- Certificate in Management University of California, Berkeley, California, USA
- Certificate, The Senior Executive Program, Sasin Graduate Institute of Business Administration of Chulalongkorn University
- Certificate, Director Accreditation Program (Class 31), Thai Institute of Directors Association
- Certificate, Director Certification Program (Class 55), Thai Institute of Directors Association
- Certificate, Advanced Security Management Program (Class 5), The Association National Defence College of Thailand under the Royal Patronage of His Majesty the King
- Certificate, Capital Market Academy Leadership Program, The Stock Exchange of Thailand

### Other current positions

- Since 2014 Member, Corporate Governance and Social Responsibilities Committee, The Stock Exchange of Thailand
- Since 2014 Member, Listing Expansion Committee, The Stock Exchange of Thailand
- Since 2014 Expert of the panel of experts to develop the Market for Alternative Investment
- Since 2004 Chairman of the Executive Committee, SNC Former PCL

### Past experience

- 2000–2002 Advisor to the Second Vice-President of the Senate

## Dr. Subhak Siwaraksa Governor

### Education

- Ph.D. (Economics), University of Pennsylvania, USA
- M.A. (Law and Diplomacy), Fletcher School of Law and Diplomacy, Tufts University, Massachusetts, USA
- B.A. [English Literature (Honors Program) and Economics], Georgetown University, Washington D.C., USA

### Executive Education

- Certificate, Financial Institutions Governance Program (FGP), Thai Institute of Directors Association
- The National Defence College (Class 2007)
- Certificate, Directors Certification Program, Thai Institute of Directors Association
- Certificate, Directors Accreditation Program, Thai Institute of Directors Association
- Certificate, Financial Executive Seminar, Bangkok (FINEX IV)
- Certificate, Capital Market Academy Leadership Program, The Stock Exchange of Thailand

### Other current positions

- Since 2014 Member, Audit Committee, The Stock Exchange of Thailand
- Since 2014 Member, Corporate Governance and Social Responsibilities Committee, The Stock Exchange of Thailand
- Since 2013 Chairman, Sathorn Asset Management Co., Ltd.
- Since 2009 President and Chief Executive Officer, CIMB Thai Bank PCL

### Past experience

- 2011–2013 Governor, The Stock Exchange of Thailand
- 2011–2013 Member, Audit Committee, The Stock Exchange of Thailand
- 2008–2009 Director, Export-Import Bank of Thailand
- 2008–2009 Chairman, TMB Asset Management Co., Ltd.
- 2003–2008 Chief Executive Officer and President, TMB Bank PCL

## Suthep Peetakanont Governor

### Education

- MBA, University of Missouri, Kansas City, USA
- BA, Chulalongkorn University, Thailand

### Executive Education

- Certificate, Chairman 2000, Thai Institute of Directors Association
- Certificate, Director Certification Program, Thai Institute of Directors Association
- Certificate, Capital Market Academy Leadership Program, The Stock Exchange of Thailand

### Other current positions

- Since 2014 Chairman, Risk Management Committee, The Stock Exchange of Thailand
- Since 2014 Member, Nomination and Remuneration Committee, The Stock Exchange of Thailand
- Since 2013 Member, SET Head Office Construction Committee, The Stock Exchange of Thailand
- Since 2012 Director, Thailand Futures Exchange PCL
- Since 2011 Chairman of the Board of Directors and Chairman of the Board of Executive Directors, Capital Nomura Securities PCL

### Past experience

- 2012–2014 Member, Disciplinary Committee, The Stock Exchange of Thailand
- 2010–2011 Chairman of the Board of Directors, Acting Chairman of the Board of Executive Directors and Executive Director, Capital Nomura Securities PCL
- 2009 Honorary Chairman, Capital Nomura Securities PCL
- 2004–2005 Chairman, Federation of Thai Capital Market Organizations
- 2003–2005 Vice Chairman, The Stock Exchange of Thailand
- 2002–2005 Chairman, Association of Securities Companies

## Suthichai Chitvanich Governor

### Education

- LL.M., Chulalongkorn University
- Master of Management at Sasin Graduate Institute of Business Administration, Chulalongkorn University
- LL.B. (Hons), Thammasat University

### Executive Education

- Executive Program, U.S. Securities and Exchange Commission, Washington D.C.
- Privatization Program, World Bank, Washington D.C.
- Berkeley Executive Program, University of California Berkeley, Berkeley
- Certificate, Capital Market Academy Leadership Program, The Stock Exchange of Thailand

### Other current positions

- Since 2014 Chairman, Legal Affairs Committee, The Stock Exchange of Thailand
- Since 2014 Chairman, Risk Management Committee, Krung Thai Asset Management PCL
- Since 2013 Chairman, Securities Investor Protection Fund Committee, The Stock Exchange of Thailand
- Since 2013 Member, Derivatives Investor Protection Fund Committee, Thailand Futures Exchange PCL
- Since 2013 Member, Risk Management Committee, The Stock Exchange of Thailand
- Since 2013 Member, SET Head Office Construction Committee, The Stock Exchange of Thailand
- Since 2012 Chairman, Krung Thai Asset Management PCL
- Since 2002 Governor and Audit Committee, KTB Law Co., Ltd.

### Past experience

- 2012 Member of the committee for the center of business law study, Faculty of Law, Chulalongkorn University
- 2002–2009 Senior Vice President, The Stock Exchange of Thailand
- 1989 Member of the committee for drafting the Securities and Exchange Commission bill, Fiscal Policy Department, Ministry of Finance

## Kesara Manchusree President

### Education

- Master of Science in Finance, Golden Gate University, San Francisco, USA
- Bachelor of Arts in Economics, Thammasart University

### Executive Education

- Certificate, Top Executive Program in Commerce and Trade, Commerce Academy, University of the Thai Chamber of Commerce
- Certificate, ASEP “Advanced Senior Executive Program” @Evanston, Illinois, USA, a joint program of Sasin (Chulalongkorn University) and Kellogg School of Management (Northwestern University)
- Certificate, Director Certification Program, Thai Institute of Directors Association
- Certificate, Capital Market Academy Leadership Program, The Stock Exchange of Thailand

### Other current positions

- Since 2014 Vice Chairman, Thailand Futures Exchange PCL
- Since 2014 Chairman of
- Thailand Securities Depository Co., Ltd.
  - Settrade.com Co., Ltd.
  - Thailand Clearing House Co., Ltd.
  - Thai NVDR Co., Ltd.
  - Siam DR Co., Ltd.
  - Thai Trust Fund Management Co., Ltd.
- Since 2014 Director, The Thai Institute of Directors Association
- Since 2014 Sub-Committee on Strategy and Fund Management, Compensations Fund, Social Security Office
- Since 2014 Director of Faculty of Arts, Rajamangala University of Technology Rattanakosin
- Since 2014 Advisory Board of Sasin Graduate Institute of Business Administration, Chulalongkorn University

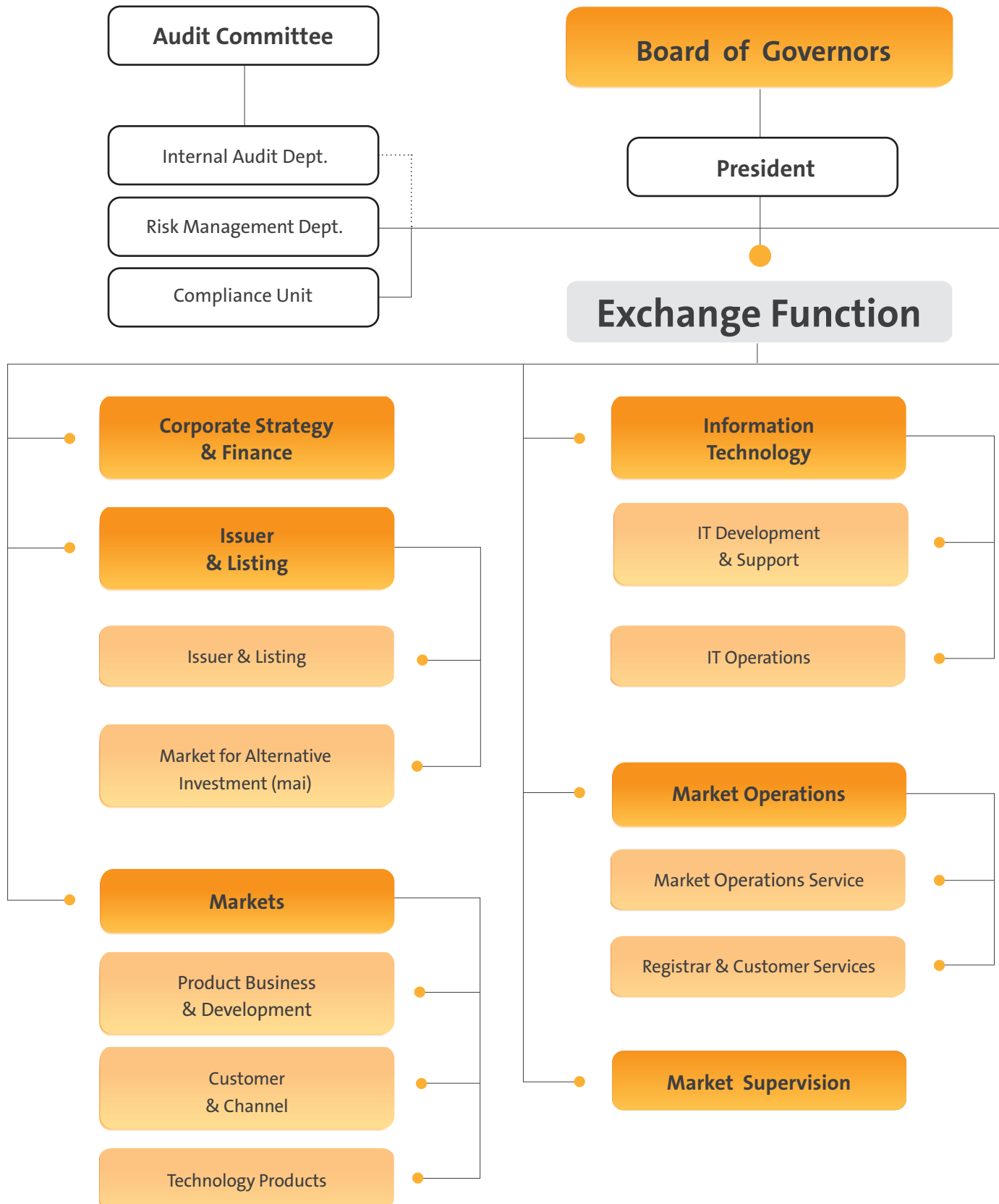
### Past experience

- 2014–2015 Executive Vice President, The Stock Exchange of Thailand
- 2004–2015 Managing Director, Thailand Futures Exchange PCL
- 2010–2011 Director – Investment Analysts Association

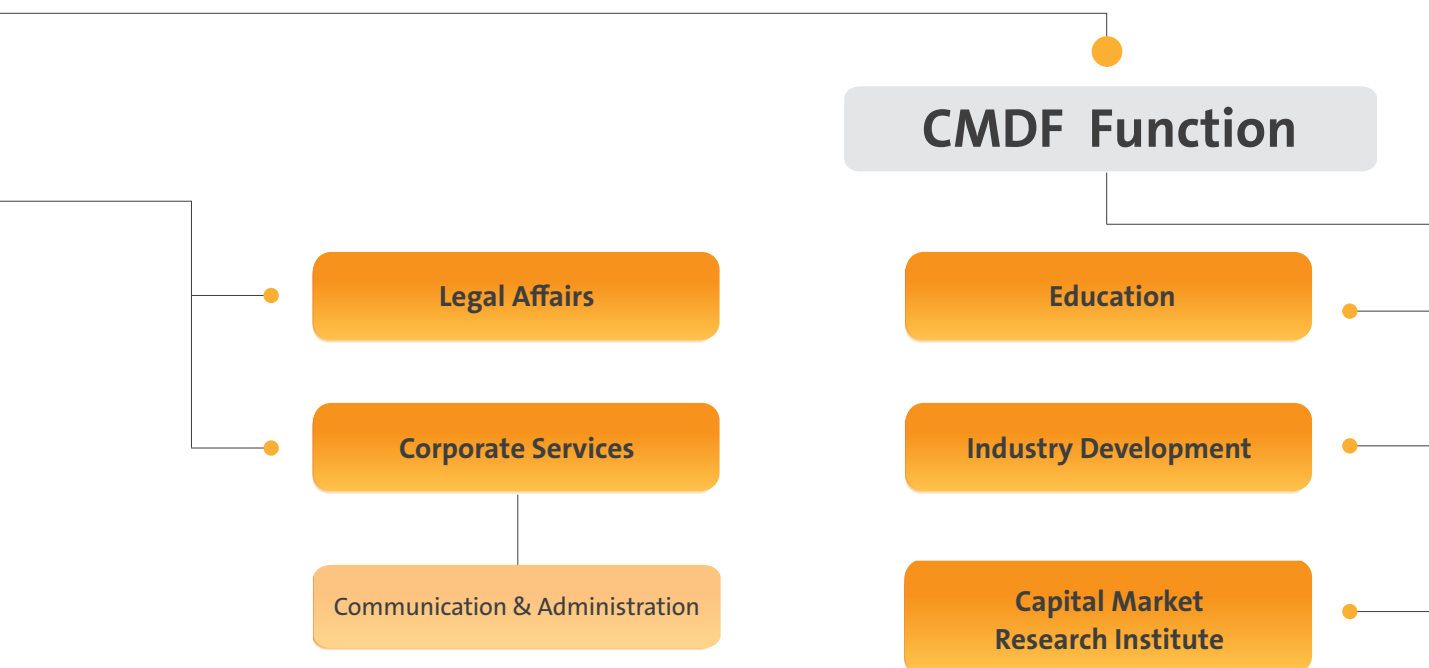
- 2009–2011 Director, The Faculty of Economics, Chulalongkorn University
- 1999–2003 Executive Vice President, Thai Bond Dealing Center



# Organization Chart







As of April 1, 2015

# SET Executives



**1. Kesara Manchusree**

President

**2. Bordin Unakul**

Executive Vice President  
Head of Corporate Services Division  
and Market Operations Division (Acting)  
and Executive Director  
Industry Development Center

**3. Chanitr Charnchainarong**

Executive Vice President  
Head of Issuer & Listing Division

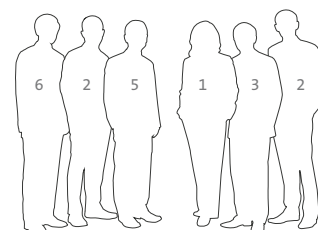
**4. Pakorn Peetathawatchai, PhD**

Executive Vice President  
Head of Corporate Strategy  
& Finance Division  
and Executive Director Capital Market  
Research Institute



**5. Santi Kiranand, PhD**  
Executive Vice President  
Head of Markets Division

**6. Supakit Jirapraditkul**  
Executive Vice President  
Head of Market Supervision Division  
and Legal Affairs Division (Acting)



As of April 1, 2015



**1. Kirati Kosicharoen**

Senior Vice President  
Group Head Technology Products

**2. Krisada Sektrakul, PhD**

Director Market Education Center

**3. Noppakao Sucharitakul**

Senior Vice President  
Group Head Customer & Channel

**4. Pannaporn Sapsomboon**

Senior Vice President  
Group Head IT Development & Support

**5. Pannavadee Ladavalaya Na Ayudhya**

Senior Vice President  
Group Head Communication & Administration

**6. Pataravasee Suvarnsorn**

Senior Vice President  
Market Operations Service Group

**7. Paveena Sriphothong**

Senior Vice President  
Group Head Issuer & Listing

**8. Prapan Charoenprawatt**

Senior Vice President  
and President-Market for Alternative Investment (mai)



**9. Thirapun Sanpakit**

Senior Vice President  
Group Head IT Operations

**10. Rinjai Chakornpipat, PhD**

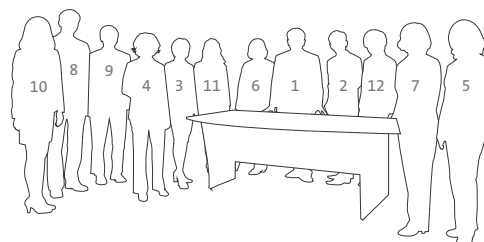
Senior Vice President  
Group Head Product Business & Development

**11. Yupawan Sirichainarumitr**

Senior Vice President  
Group Head Registrar & Customer Services

**12. Udomwara Dechsongjarus**

Senior Vice President  
Group Head Market Operations Service



As of April 1, 2015





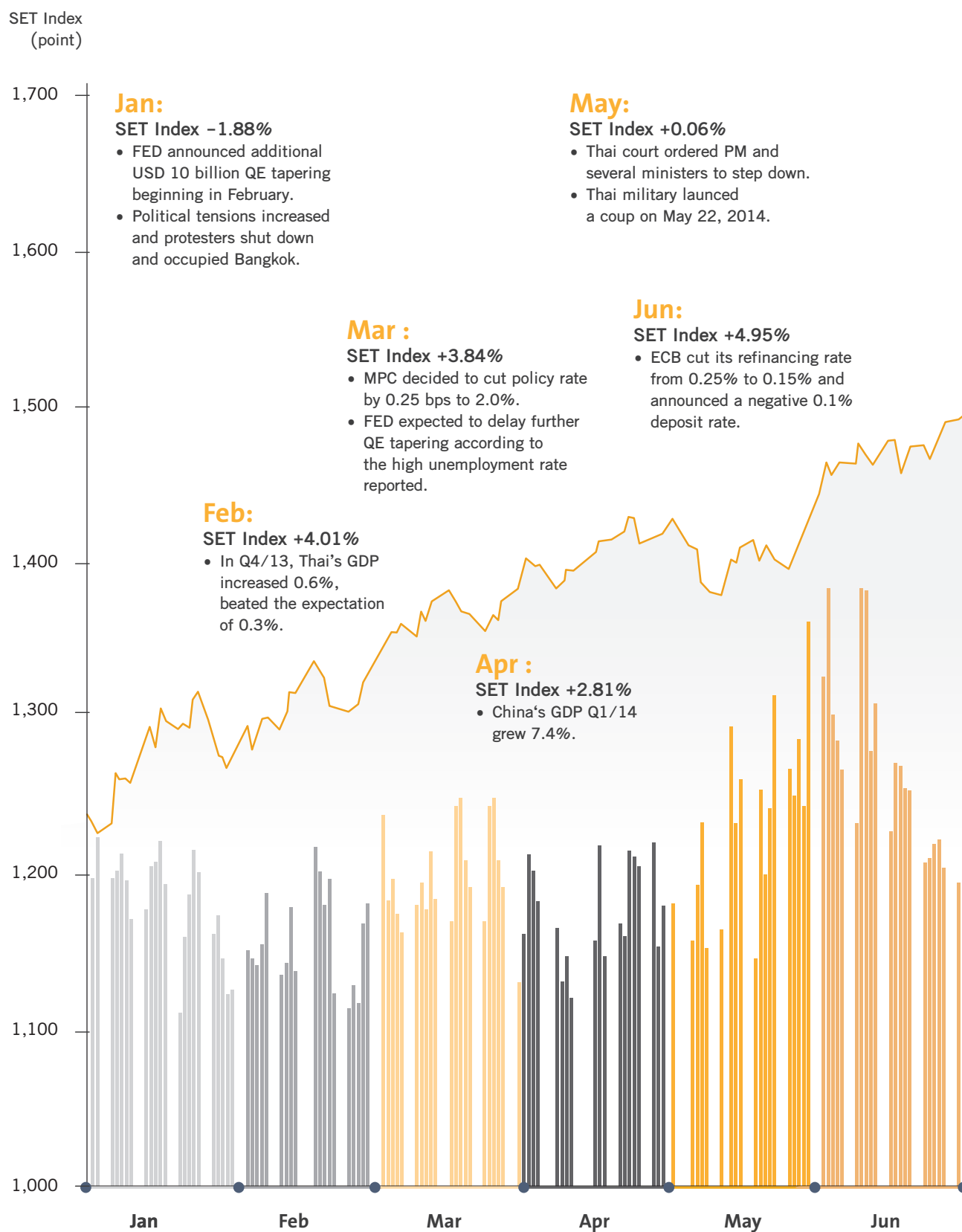
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Growing firmly and continuously  
in quantity and quality,  
prominent regionally





# SET Index Movement 2014



Note: m-o-m: percentage change compared to previous month

### Jal:

SET Index +1.12%

- The S&P 500 index (1,962) and Dow Jones Industrial Average (16,947) hit new record highs.
- U.S. jobless claims reached their lowest level since 2007.

### Sep:

SET Index +1.54%

- ECB has cut the benchmark rate to 0.05%.
- A new Thai government was formed and announced the economic stimulus package.

### Dec:

SET Index closed at 1,497.67 points, -6.04% but +15.32%.

- OPEC leaved production targets unchanged; Crude oil failed to the lowest level since 2010.
- Russian ruble sharply depreciated.
- Trading value increased to the highest of the year at THB 102,683 million from global economic uncertainties.

Trading Value  
(THB million)

### Aug:

SET Index +3.94%

- Thailand's junta leader Prayuth Chan-ocha named the new prime minister.
- The government approved a state budget plan for the next fiscal year; spending projected.

### Oct:

SET Index -0.10%

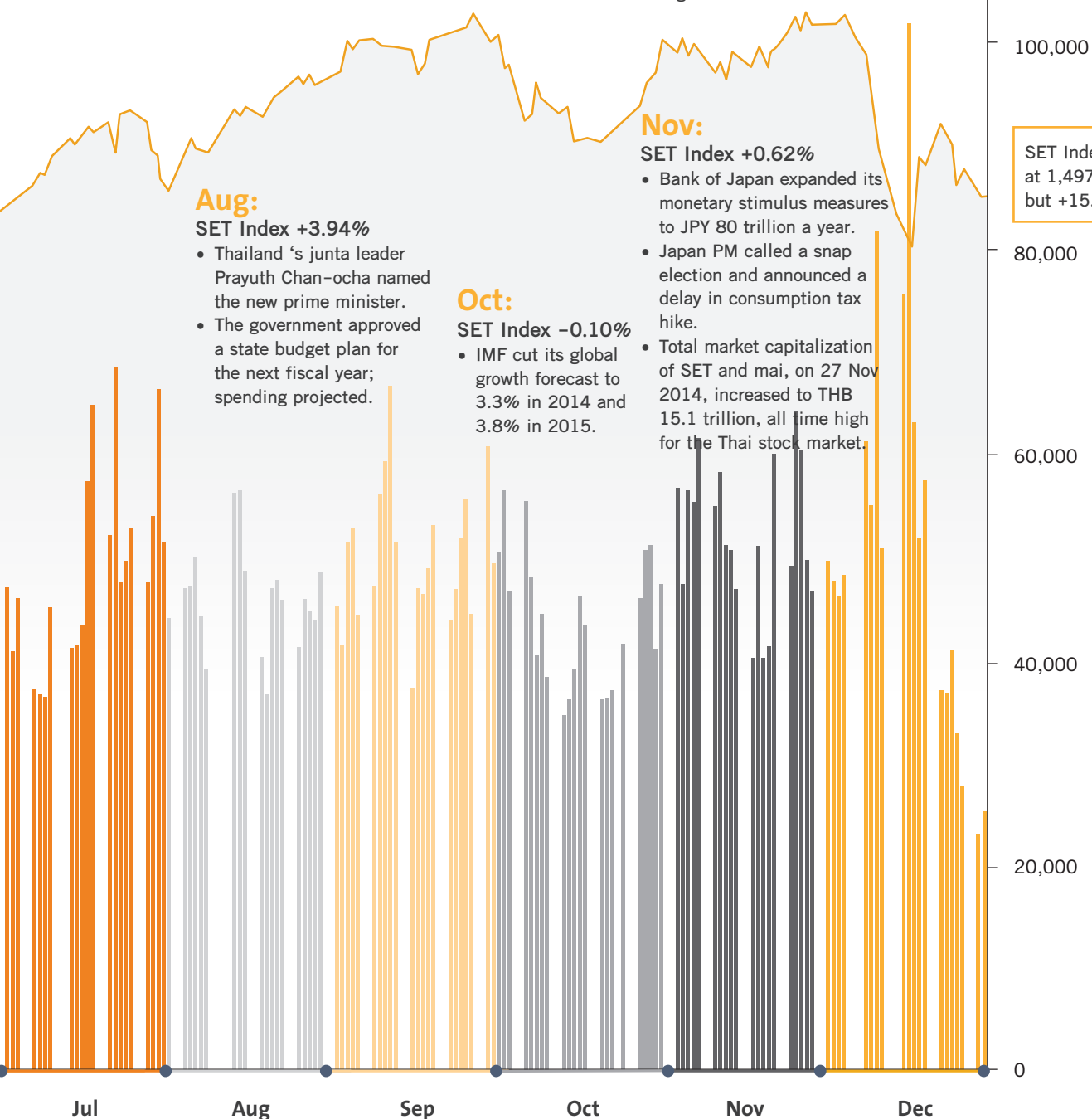
- IMF cut its global growth forecast to 3.3% in 2014 and 3.8% in 2015.

### Nov:

SET Index +0.62%

- Bank of Japan expanded its monetary stimulus measures to JPY 80 trillion a year.
- Japan PM called a snap election and announced a delay in consumption tax hike.
- Total market capitalization of SET and mai, on 27 Nov 2014, increased to THB 15.1 trillion, all time high for the Thai stock market.

SET Index closed at 1,497.67 points, but +15.32



# SET group financial highlights

(Unit: THB Million)

	2014	2013	2012	2011	2010
<b>Consolidated statements of revenues and expenses</b>					
Total revenues	5,237	5,302	4,499	4,135	4,101
Operating revenues	4,201	4,309	3,365	3,245	2,639
Other income	1,036	993	1,134	890	1,462
Total expenses	3,082	2,976	2,599	2,545	2,482
Revenues over expenses, net	1,535	1,661	1,365	1,110	1,128
<b>Consolidated statements of cashflows</b>					
Net cash provided by (used in)					
operating activities	1,051	1,096	621	512	244
Net cash provided by (used in)					
investing activities	(1,503)	(329)	118	(651)	(22)
<b>Consolidated statements of financial position</b>					
Total current assets <sup>1</sup>	18,012	22,965	16,077	16,502	10,295
Long-term investments	8,690	5,126	8,315	5,329	8,296
Total assets	34,452	34,039	29,937	27,019	23,418
Total current liabilities <sup>1</sup>	10,346	11,515	8,596	7,494	4,988
Total liabilities	12,213	13,386	10,451	9,151	6,299
Fund balances	22,239	20,653	19,486	17,868	17,119
<b>Key financial ratio</b>					
Revenue growth (%)	(1.23)	17.85	8.80	0.83	27.80
Operating revenue growth (%)	(2.51)	28.05	3.70	22.96	24.95
Expenses to revenues ratio (%)	58.85	56.13	57.77	61.55	60.52
Net profit margin <sup>2</sup> (%)	29.31	31.33	30.34	26.84	27.51
Return on fund balance (%)	6.90	8.04	7.01	6.21	6.59
Current ratio (Times)	1.74	1.99	1.87	2.20	2.06
Debt to fund ratio (Times)	0.55	0.65	0.54	0.51	0.37
<sup>1</sup> Other current assets and other current liabilities included margin deposits and benefits at the same amount. (as the guarantee for derivative contracts of the clearing house)					
Assets / payables of margin deposits and benefits	8,054	9,362	6,810	6,053	3,612
<sup>2</sup> Net profit margin calculated by revenues over expenses, net / total revenues					

# Thai bourse's 2014 performance

In 2014, The Stock Exchange of Thailand (SET) continued to grow, despite domestic political uncertainty and global volatility. **At the end of 2014, SET index closed at 1,497.67 points, up by 15.32 percent from the end of 2013. The daily trading value of SET and mai averaged at THB 45,466 million (USD 1,378 million), the highest trading value in ASEAN for three consecutive years. Total market capitalization of SET and mai, on 27 November 2014, increased to THB 15.1 trillion (USD 458 billion), all time high for the Thai stock market. The number of trading accounts exceeded one million accounts for the first time in history. Finally, Thai stocks continued to expand their presence on the leading global indices—MSCI and DJSI, proving the strong potential and world-class quality of Thai listed companies.**

## Overview

**The Thai stock markets performed well in 2014, despite domestic political turmoil and global volatility.** The onset of prolonged political unrest in October 2013 weighed on investor sentiment during the first half of 2014. However, as political stability returned, SET index rebounded swiftly and rallied to a 16-month high of 1,600.2 in September 2014. This resiliency of Thai stock market was attributed to strong fundamentals, the strength of Thai listed companies and a deep and diversified market. In addition, the Thai stock market benefited from accommodative monetary policy in Europe and quantitative easing in Japan.

In the last quarter of 2014, concerns over global economic slowdown and plummeting oil prices again dragged the market lower. At the end of 2014, SET closed at 1,497.67, up by 15.32 percent from the end of 2013 while mai closed at 700.05, up by 96.20 percent from the end of 2013.

**In 2014, the Thai stock markets' achievements—both quantitative and qualitative—were exceptional.** These included:

- The daily average trading value of SET and mai recorded the highest level among ASEAN countries for three consecutive years.

- The market capitalization of SET and mai, on 27 November 2014, increased to THB 15.1 trillion (USD 458 billion). This expansion was due to the decent performance of the markets as well as considerable initial public offerings (IPOs) of THB 304.8 billion (USD 9.2 billion) in terms of market capitalization, the highest level among regional stock markets for the second consecutive year.

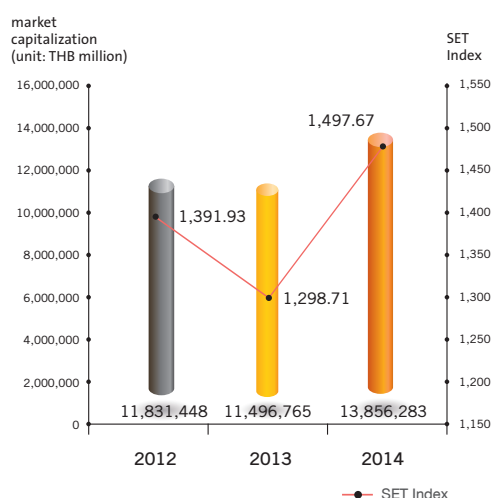
- The investor base continued to grow, in which trading accounts exceeded 1 million accounts for the first time in history. As of December 2014, the number of trading accounts was at 1.10 million accounts, with the number of active accounts at 345,457 accounts (31.4 percent of total accounts). In addition, the average trading value reached THB 3.24 million (USD 0.1 million) per account. Of which, the internet trading

accounts amounted to 246,782 accounts, up by 77 percent; and the internet trading value increased by 220 percent from the same period last year.

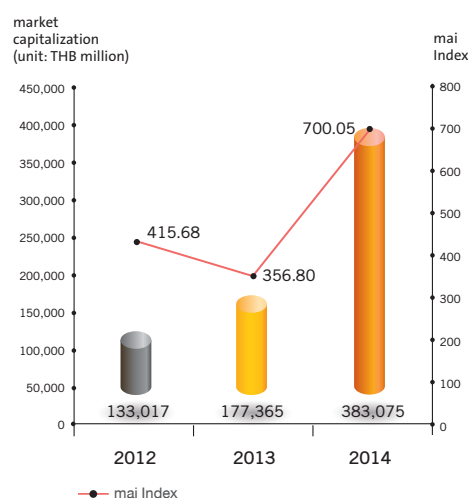
- In terms of quality, Thai listed companies have adopted the best practices in corporate governance and increasingly gained global recognition. Thai listed companies overall topped the ASEAN corporate governance scorecard for two consecutive years. Furthermore, the number of Thai stocks added to the leading global indices proved to be the highest in ASEAN with 4 Thai stocks added to the MSCI global standard index and 10 Thai stocks to the Dow Jones Sustainability Index (DJSI) emerging market, and 4 stocks to the DJSI world.

## Index and market capitalization of SET and mai

Index and market capitalization of SET



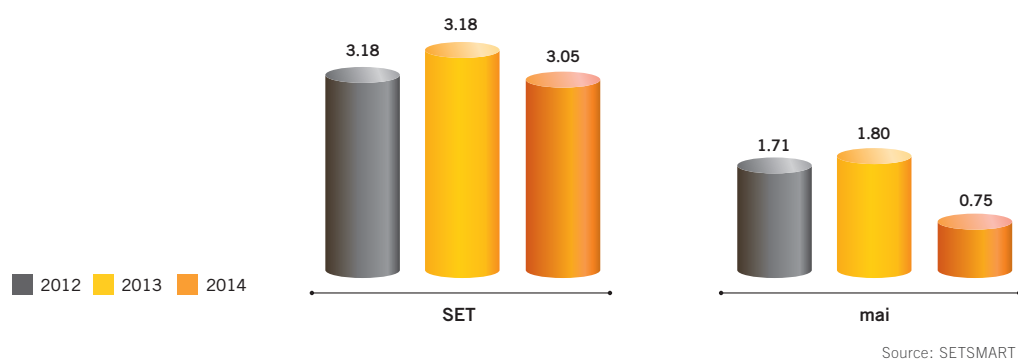
Index and market capitalization of mai



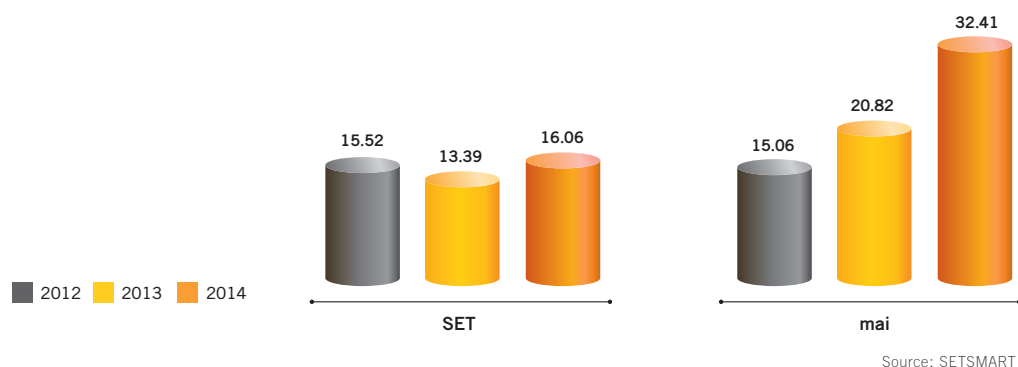
Source: SETSMART

The dividend yield and forward P/E ratio of SET and mai in 2014 remained attractive. In 2014, the dividend yield was at 3.05 percent for SET and 0.75 percent for mai. At the same time, forward P/E ratio of SET and mai increased to 16.06 and 32.41 times respectively.

### Dividend yield (unit: %)



### Forward PE ratio (unit: times)



## Trading activities

The Thai stock markets recorded the most liquid market in ASEAN for the third consecutive year. Affected by the political uncertainty, the daily trading value of SET and mai averaged at THB 35.6 billion (USD 1.1 billion) during the first half of 2014. Nevertheless, as the domestic political stability resumed and global market conditions improved, the daily average trading value of SET and mai rose to THB 55.1 billion (USD 1.7 billion) in the second half of the year, up by 54.74 percent from the first half of 2014. As a consequence, the daily average trading value of SET and mai accounted for THB 45.47 billion (USD 1.4 billion) in 2014.

### Trading value of SET and mai (unit: THB million)

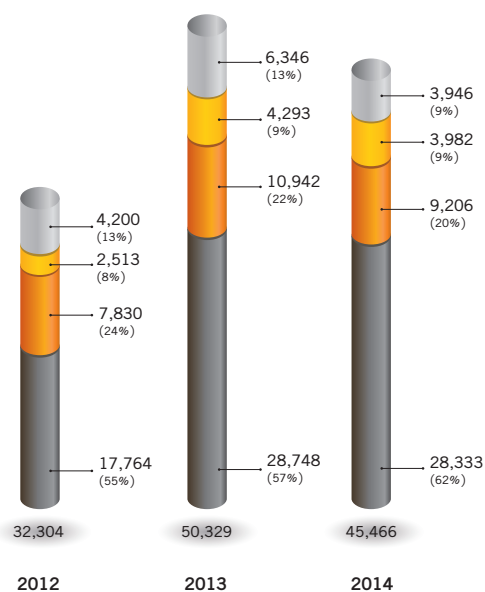
Source: SETSMART

Trading value	2014	2013	2012
Trading value of SET	10,193,179	11,777,210	7,615,638
Trading value of mai	946,112	553,459	298,929
Total trading value	11,139,291	12,330,669	7,914,567
Daily average trading value of SET and mai	45,466	50,329	32,304
Trading value growth (y-o-y percent)	-9.66	55.80	9.61

**Local investors were the most active segment in 2014.** In 2014, daily average trading value by local investors was at THB 28.3 billion (USD 859 million) or about 62.32 percent of total trading value. Foreign investor's daily average trading value declined to THB 9.2 billion (USD 279 million) or 20.25 percent of total trading value. The daily trading value by local institutions averaged at THB 4.0 billion (USD 121 million), accounted for 8.76 percent of total trading value. Furthermore, the daily average trading value by proprietary traders totaled at THB 3.9 billion (USD 120 million) or 8.68 percent of total trading value.

**Local institutions were the major net buyer in the Thai stock markets in 2014.** In 2014, local institutions and proprietary traders bought net THB 69.6 billion (USD 2.1 billion) and THB 3.6 billion (USD 109 million) respectively. Nonetheless, local retail and foreign investors sold net THB 37.5 billion (USD 1.1 billion) and THB 35.7 billion (USD 1.1 billion) in tandem.

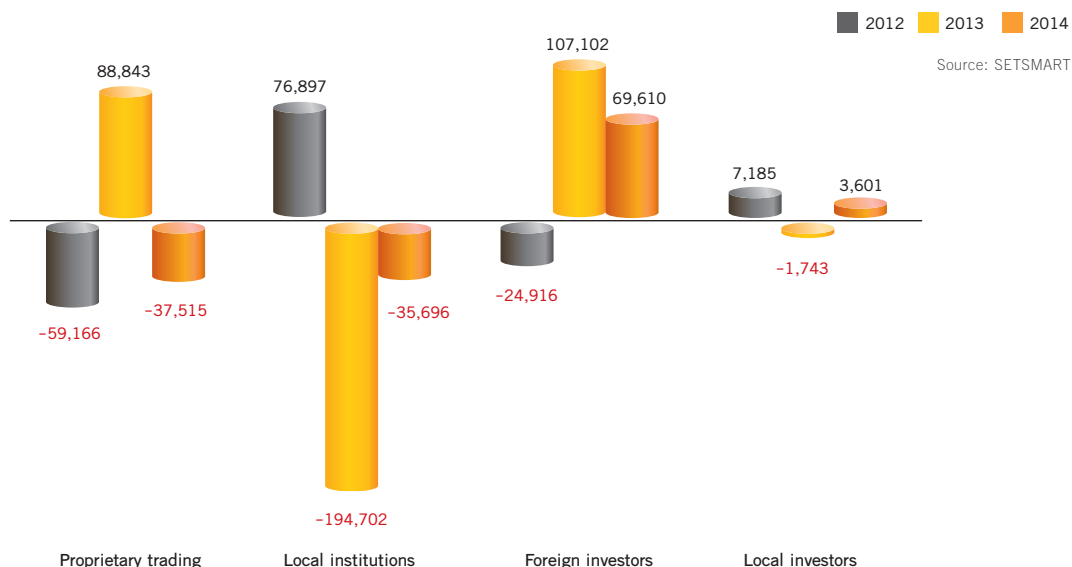
## Trading value combined SET and mai by investor type (units: THB million,%)



■ Proprietary trading ■ Local institutions ■ Foreign investors ■ Local investors

Source: SETSMART

## Net position of SET and mai by investor type (unit: THB million)

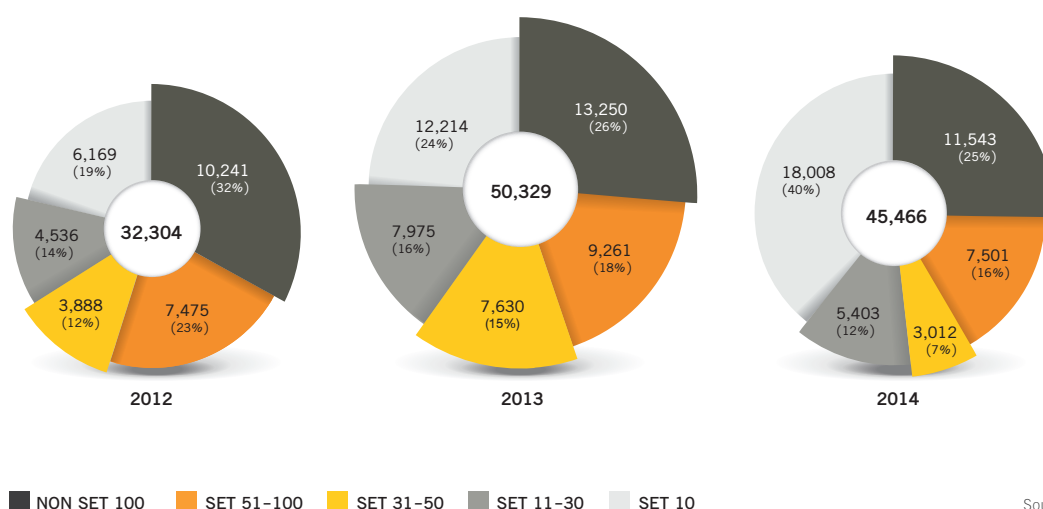


Source: SETSMART

**Trading of small-cap stocks increased significantly.** In 2014, the daily average trading value of small-cap stocks, non-SET100: surged to THB 18.0 billion (USD 546 million), up by 47.44 percent from the previous year and accounted for 39.61 percent of total trading value. Meanwhile, the proportions of the daily average trading value of large-cap stocks, SET1-10 and SET11-30, were relatively unchanged, which accounted for 25.39 and 16.50 percent respectively.

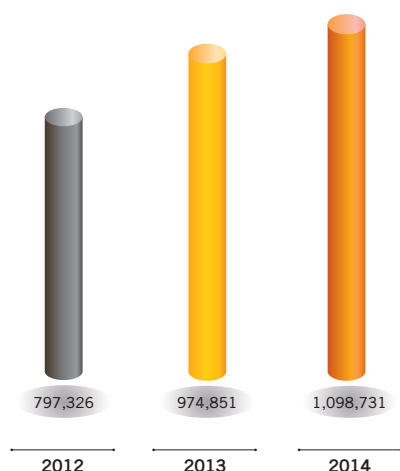


## Trading value of SET and mai by stock type (units: THB million, %)

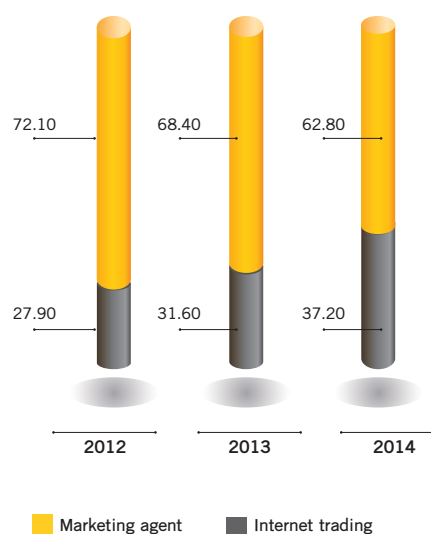


**The number of trading accounts and trading value per account reached record highs.** The number of trading accounts at the end of 2014 amounted to 1,098,731 accounts, up by 12.71 percent from the end of 2013. Of which, the number of active accounts increased to around 31.4 percent of total trading accounts. However, trading value per account in 2014 was THB 3.21 million (USD 0.1 million). At the same time, internet trading activity continued to grow. The number of active internet trading accounts in 2014 reached 246,782 accounts, up by 77 percent. Internet trading value accounted for 37.2 percent of total trading value.

## Trading accounts of SET and mai (unit: accounts)



## Trading value combined SET and mai by channel to total trading value (unit: %)



## Derivatives Trading

The derivatives market activity also rose favorably. In 2014, the daily average trading volume surged to 147,026 contracts per day, up by 116.2 percent from 2013. The increase was mainly due to an increase in trading activities of single stock futures and the modification of SET50 futures contract to a smaller contract size in May 2014. Number of derivatives trading investors also grew significantly, increased to 100,650 accounts, up by 14.78 percent in 2013.

**Daily average trading volume of TFEX (unit: contracts)**

Source: SETSMART

Products	2014	2013	2012
SET 50 Index Futures	58,790	23,218	16,467
SET 50 Index Options	444	267	221
Single Stocks Futures	80,100	34,351	8,849
50 Baht Gold Futures	974	2,253	4,267
10 Baht Gold Futures	5,319	6,757	10,601
Oil Futures	133	190	603
Silver Futures	0	5	60
Interest Rate Futures	0	0	0
USD Futures	1,265	977	2,751
Sector Index Futures	0	0	4
<b>Total</b>	<b>147,026</b>	<b>68,017</b>	<b>43,823</b>
<b>Trading volume growth (y-o-y)</b>	<b>116.20</b>	<b>55.21</b>	<b>6.51</b>

## Equity Capital Raising

Equity capital raising activity was very active in 2014. Initial public offerings (IPOs) continued to be the highest in the region for two consecutive years. Equity capital raising in both SET and mai accounted for THB 280.9 billion (USD 8.5 billion) in 2014, down by 21.46 percent from the previous year. Of which, the initial public offerings amounted to THB 114.0 billion (USD 3.5 billion), or THB 304.8 billion (USD 9.2 billion) in terms of market capitalization. This was bolstered by the launch of the Impact Growth Real Estate Investment Trust (IMPACT), Thailand's first Real Estate Investment Trust (REIT), of THB 15.7 billion (USD 476 million). Moreover, listed companies raised funds of about THB 166.9 billion (USD 5.1 billion) in secondary offerings.

**Capital raising of SET and mai**

Source: SETSMART

	Value* (unit: THB million)			Number of companies		
	2014	2013	2012	2014	2013	2012
Initial public offering	113,990	191,600	52,467	37	38	24
Secondary offering	166,880	166,010	257,936	159	178	133
<b>Total</b>	<b>280,870</b>	<b>357,610</b>	<b>310,403</b>	<b>196</b>	<b>216</b>	<b>157</b>

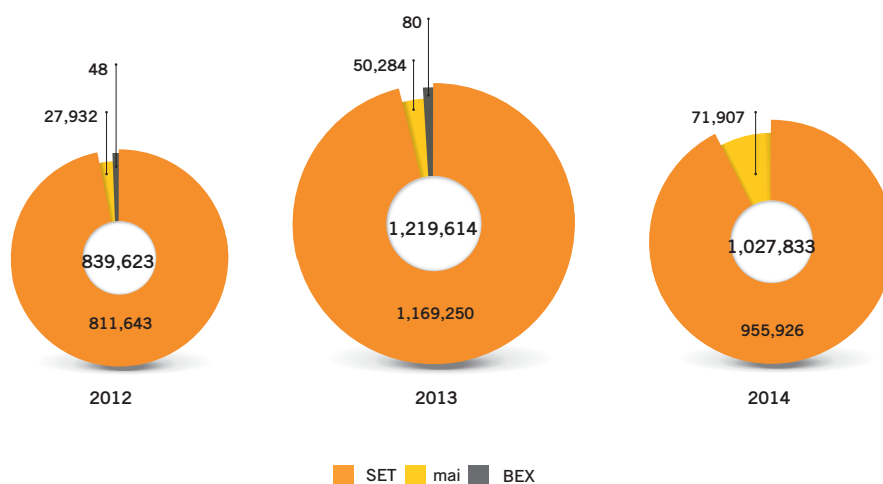
\*calculated by IPO price multiplied by the number of newly issued equities)

## Post-trade operational review

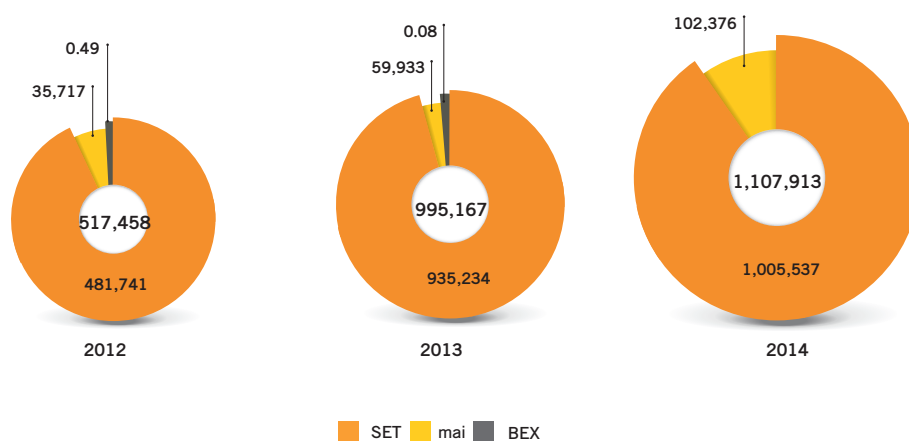
Source: SETSMART

	2014	2013	2012
<b>Securities Depository</b>			
Number of Depository Participants (Participants)	776	733	698
Brokers	37	37	37
Banks	34	34	34
Issuers	669	627	592
Others	36	35	35
Number of Securities Deposited in the Securities Depository System (Securities)			
Common Stock and Corporate Bond	2,741	2,073	1,804
Government Bond	482	495	510
<b>Securities Clearing and Settlement</b>			
Number of Participants in the Clearing House (Participants)			
Equity & Debt	86	86	87
Derivatives	42	42	42
<b>Securities Registration</b>			
Number of Companies in the Securities Registration System (Companies)	656	621	592
Number of Shareholder in the Securities Registration System (ID.)	1,152,292	1,014,753	862,567
<b>Fund Registration</b>			
Number of Employers	2,898	2,898	4,566
Number of Provident Fund Members	386,165	966,961	1,052,759
<b>Number of Provident Fund Members</b>			
NVDR Turnover (Million Share)	135,336	136,539	80,629
Value (Million THB)	1,852,153	2,444,598	1,565,215
Number of Securities (Securities)	728	695	638

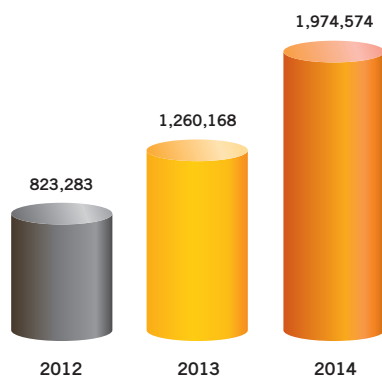
### Total Value of Securities Clearing and Settlement (unit: THB million)



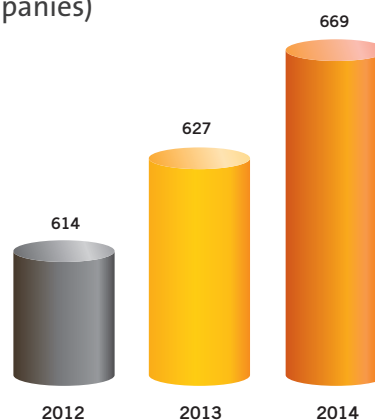
### Total Volume of Securities Clearing and Settlement (Million Shares)



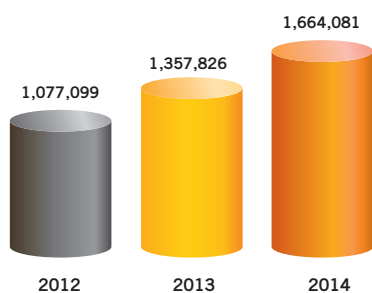
### Volume of Securities in the Securities Depository (Million Shares)



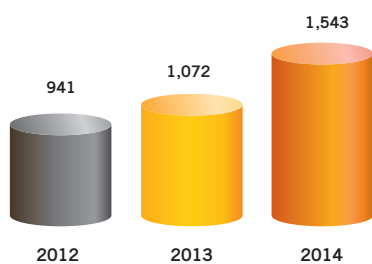
### Number of Companies in Issuer Account Project (Companies)



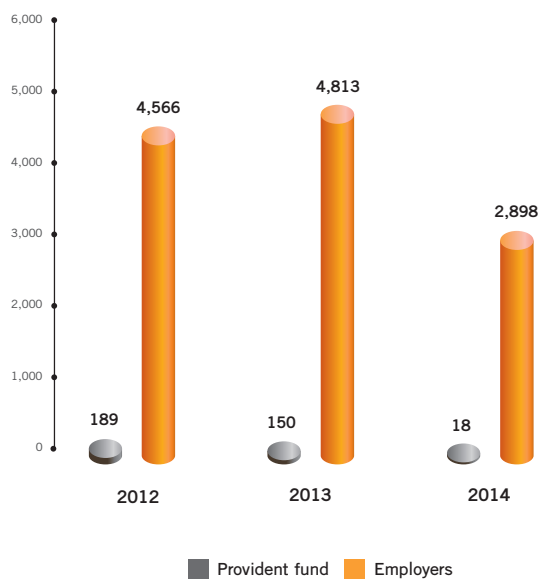
### Number of Investors under e-Dividend Service (ID)



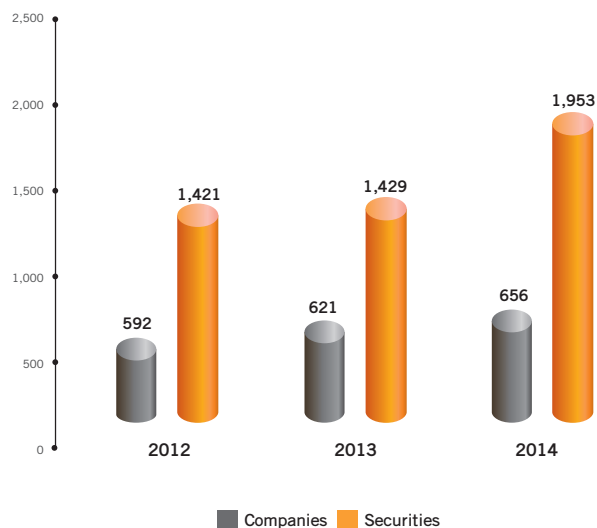
### Number of Securities under e-Dividend Service



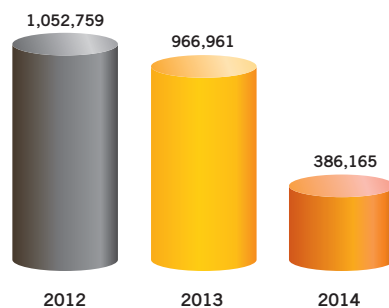
### Number of Provident fund / Member / Number of Employers



### Number of Companies / Number in Securities Registrar System



### Number of Provident fund Member



# Business operation of SET group

## Vision/mission and business goal

The Stock Exchange of Thailand (SET) and its subsidiaries (SET group) has a vision to “empower business and investors through our strengths to match the right financial opportunities”. To support such vision, SET group sets up our mission to 1) Expand business issuer and investor bases by satisfying their financial needs and strengthening intermediaries for mutual growth and success, 2) Offer a wide range of attractive products and services to create value and match financial opportunities across different segments of business and investors, 3) Operate with flawless execution according to international standards to ensure efficiency, effectiveness, flexibility and global connectivity and 4) Inspire staff to perform up to their fullest potential and create a corporate culture that aims at achieving excellence in matching the right financial opportunities for business and investors.

We aim to 1) be domestic champion by being the most preferred listing, trading, and post-trade processing venue of Thai securities, 2) become a connector to the Greater Mekong Subregion (GMS), 3) be a key player in promoting and benefiting from ASEAN asset class and 4) connect with global alliances and networks.

## Business overview

The Stock Exchange of Thailand (SET) and its subsidiaries (SET group), is the only stock exchange providing full-coverage exchange services and promoting capital market development in Thailand. SET group has core businesses as follows:

### Exchange business

#### 1. Securities market

**Listing and trading:** SET group provides securities listing and trading service for equity and bond instruments through SET and Market for Alternative Investment (mai) for equity and through Bond Electronic Exchange (BEX) for bond. As of December 31, 2014, there were 502 companies listed on SET and 111 on mai along side with 569 bond products

listed on BEX. SET group also lists other types of securities, e.g., warrants, derivative warrants (DW), and exchange-traded funds (ETF).

**Clearing and settlement:** SET group is a clearinghouse for transactions taking place on SET, mai and BEX. SET group serves as the central counterparty (CCP) for all trading activities on those exchanges. In addition to serving as CCP for trading on the exchanges, SET group provides clearing and settlement services for over-the-counter bond trading.

**Depository:** SET group acts as a central securities depository for stocks and bonds, using a secure and efficient scripless system. SET group provides services for securities deposit, withdrawal, transfer, pledge and

revocation. Investors can conduct these transactions through our depository participants.

**Regulation:** SET group supervises trading activities of all market participants to ensure that the market is fair, orderly and transparent. SET group also requires listed companies to disclose accurate, transparent and timely information to investors and the public.

## 2. Derivatives market

SET group operates a derivatives market that trades derivatives products of which underlyings include securities, commodities, foreign exchange, fixed income and interest rate. SET group is also a clearinghouse for transactions occurring in the derivatives market. In addition, SET group supervises all market participants' activities to ensure that the market is fair, orderly and transparent.

## 3. Technology services

SET group provides both front and back office services for members, e.g., Front Office Service Bureau (FSB), Internet trading system and Back Office Service Bureau (BSB). These centralized services help market participants to utilize the benefit of economy scale to expand their business and to shorten their development time for new products and services. In addition, SET's Internet trading system (SETTRADE) is well recognized and is utilized by 35 out of 38 brokerage firms in Thailand.

Also, SET group develops and disseminates stock indexes and provides trading market data and listed companies' information to data vendors and investors so that investors can utilize them for investment decisions.

## 4. Registrar services

SET group acts as a registrar for stocks and maintain the Register Book that contains accurate and complete shareholder information. Our services also cover information of shareholder benefits and connect registrar services with a direct linkage to the Securities Depository Center for the benefits of listed companies and investors.

Furthermore, SET group has secured data storage and processing system with the corresponding backups ready for securing the continuity of our services. Our vault and data management systems have been in place to secure the rights of the securities holders and for verification and risk minimizing purposes.

## Capital market development

SET group is committed to promoting long-term development of Thai capital market and becoming a pillar for sustainable capital market development which enhance competitiveness of Thai economy and support capital market's stakeholders and Thai society. SET Group has set four major missions as follows:

### 1. Capital market education

SET Group organizes the educational development into four aspects according to target groups which are 1) Professional Education, 2) Investor Education, 3) General Public Education, focusing on financial literacy for Thai people and the use of education centers, e.g., Maruey Knowledge & Resource Center and SET Investment Center and 4) Executive Education, focusing on educating public sector and business leaders about capital market and building a network among capital market leaders.

### 2. Sustainable development

SET Group promotes Corporate Governance (CG) to be on par with international standards and Social Responsibility (SR) to be integrated in business operation and to build ecosystem which can support SR in Thai capital market through encouraging local institutional investors to invest responsibly and through the founding of SR hub for government, educational organization and Thai people. SET Group also encourages listed companies to conform with criteria defined by Dow Jones Sustainability Index.



### 3. Capital market development infrastructure

SET Group fortifies capital market's infrastructure for Thai economy and society by supporting projects of various Thai capital market associations and advocating changes in rules and regulations that are barriers to capital market development.

### 4. Capital market research

SET Group conducts and disseminates in-depth capital market research and leading indicators of Thai capital market to benefit stakeholders and Thai people. In addition, SET Group will continue to establish a platform where market practitioners and academic researchers can contribute the knowledge for the long-term development of Thai capital market. In addition, we promote the capital market research to be more accessible by Thai general public at large.

## Revenue structure

SET group's revenue structure during past the 3 years is as follows.

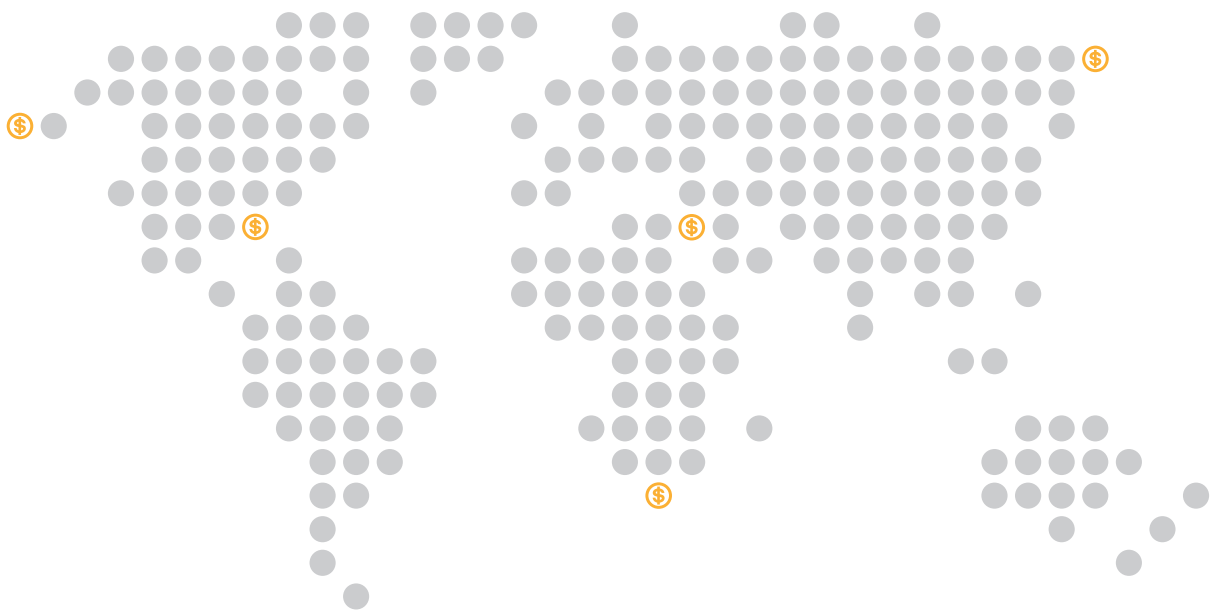
(Unit: THB Million)

Products and services	2014		2013		2012	
	Revenue	%	Revenue	%	Revenue	%
<b>Equity</b>						
- Trading	1,114	26.52	1,233	28.61	792	23.54
- Listing	435	10.35	361	8.38	314	9.33
- Clearing and settlement	300	7.14	336	7.80	194	5.77
- Depository	260	6.19	234	5.43	189	5.62
- Membership fees	31	0.74	31	0.72	31	0.92
<b>Total</b>	<b>2,140</b>	<b>50.94</b>	<b>2,195</b>	<b>50.94</b>	<b>1,520</b>	<b>45.17</b>
<b>Derivatives</b>						
- Trading	230	5.47	355	8.24	321	9.54
- Clearing	99	2.36	152	3.53	138	4.10
- Membership fees	51	1.21	70	1.62	82	2.44
<b>Total</b>	<b>380</b>	<b>9.04</b>	<b>577</b>	<b>13.39</b>	<b>541</b>	<b>16.08</b>
<b>Information technology</b>						
- Member services	420	10.00	416	9.65	372	11.05
- Information services	238	5.67	216	5.01	184	5.47
- IT support	91	2.17	69	1.60	49	1.46
<b>Total</b>	<b>749</b>	<b>17.84</b>	<b>701</b>	<b>16.27</b>	<b>605</b>	<b>17.98</b>
<b>Registrar</b>						
- Securities registrar	868	20.66	770	17.87	645	19.17
- Fund registrar	64	1.52	66	1.53	54	1.60
<b>Total</b>	<b>932</b>	<b>22.18</b>	<b>836</b>	<b>19.40</b>	<b>699</b>	<b>20.77</b>
<b>Total operating revenues</b>	<b>4,201</b>	<b>100.00</b>	<b>4,309</b>	<b>100.00</b>	<b>3,365</b>	<b>100.00</b>

## Business competition

Due to financial liberalization and capital market linkage over the world, SET group operates under highly competitive environment although SET group is the only stock exchange in Thailand. Companies looking for fund can raise it through other exchanges abroad; meanwhile, investors can choose to invest in other exchanges at their own preferences. In addition, other exchanges can develop similar or substitute investment products to ours to attract both Thai and international investors.

Furthermore, new types of competitors are prominent abroad and are possible to expand to Thailand from now on, e.g., Alternative Trading System (ATS) and order internalization process could affect SET group's competitiveness in the future once they are allowed to enter the market.





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Connecting investment opportunities,  
enhancing quality in all dimensions,  
moving forward towards  
sustainability development



# Major Significant developments of SET in 2014

Throughout 2014, The Stock Exchange of Thailand (SET) continued to grow and achieve various developments, while maintaining the position as a leading capital market in the Association of Southeast Asian Nations (ASEAN). These were in line with the plan to promote sustainable growth and quality in every dimension covering investors, listed companies, products and efficient infrastructure that links with the global capital markets. In 2014, SET set forth three major strategies, consisting of 1) To build quality-focused capital market culture 2) To become GMS connector 3) To enhance infrastructure and capabilities. Details are as follows:

## 1) Building quality-focused capital market culture

SET placed emphasis on expanding quality investor base, both locally and internationally, with an increase in the number of listed companies, the promotion of sustainability development and the offering of wide varieties of quality products.

### Expanding investor base

SET aimed at expanding quality investor base, among savers, online users and potential investors in Bangkok and provinces, through cooperation with intermediary institutions. At the end of 2014, the number of trading accounts totaled 1,098,731. The investor base expansion program was conducted in parallel with the enhancement of investment literacy, based on the set educational marketing concept. The objective was to gain quality investors well-versed in investment knowledge and skills to help solidifying foundation for the Thai capital market in the long run. Various projects were launched all year round, as follows:



### ***“Your 1<sup>st</sup> Stock” project***

This is a project that enables investors, who have opened their securities accounts but lack stock selection knowledge, to acquire the knowledge of efficient stock selection analysis, for greater confidence in selecting their first stock. The project focused on a series of monthly workshops and seminars, conducted by investment experts with successful experiences, and top analysts using various methods for stock selection, such as startup tips for stock-trading business, analysis of stock trading situations, investment techniques, financial statement analysis and more. Other sources of knowledge included short documentaries, investor guidebooks and website: [www.set.or.th/yourfirststock](http://www.set.or.th/yourfirststock). SET also cooperated with the Thai Financial Planners Association (TFPA) in arranging roadshows to reach out to investors. In 2014, 25 securities companies participated in this project, achieving more than 110,000 new trading accounts.

### ***“Banker-to-Broker” project***

This project organized training courses on wealth management and investment products for bank personnel so that they could offer complete savings and investment services for their customers, thus expanding investor base in the provinces, shifting them from simple savers to quality investors. Started in 2011, the project had nine commercial banks and nine securities companies participated, covering more than 5,847 branches of commercial banks nationwide. It successfully attracted the saver group with more than 47,000 new accounts.



## *“SET in the City” investment expo*



In 2014, SET continued to organize “SET in the City” investment expo for the 10<sup>th</sup> year running as a key venue for savers and investors to acquire financial and investment planning information, learning more about new sophisticated investment products and services. The expo was organized in downtown Bangkok with more than 120,000 participants. SET was successful in reaching a new target group, as more than 60 percent of them joined the event for the first time, mostly young working people. The expo generated over 21,873 transactions in total, covering 8,216 equity investment transactions, up 40 percent from 2013, mutual fund investment totaling 8,225 transactions or the total value of THB 937 million, up 27 percent from previous year, as well as derivatives investment totaling 1,174 accounts. The four-day activities proved a phenomenal success.



## *Roadshows in provinces*

In organizing roadshows for investors in various provinces, SET used “Expansion in all dimensions” strategy consisting of expansion of allies, extension of time and expansion of knowledge coverage. Such activities were expanded to certain provinces that showed promising growth in economic development and investment potential, such as Chiangmai, Chiang Rai, Nakhon Ratchasima, Songkhla and Udon Thani acquiring more than 10,000 new trading accounts as a result.

## Roadshows abroad

To promote the Thai listed companies among foreign investors, SET, in cooperation with securities companies, continued to organize roadshows in order to provide a platform for listed companies, mostly medium and small-scale companies, to meet with and present data to investors. There were altogether 123 listed companies participating in the various events, representing 75 percent of the total market capitalization value. A number of them met with foreign institutional



investors in eight different occasions, especially SET Thai Corporate Day and Thailand Focus, including the meetings with foreign fund managers in Canada, France, Hong Kong, Japan, Malaysia, Singapore, the United Kingdom and the United States of America. On top of this, the delegation team were representatives from the public sector, namely the Deputy Prime Minister, the Ministry of Finance and the Bank of Thailand in order to provide information to investors.

## Listed companies

### Increase in number of listed companies

In 2014, SET continued to promote and encourage quality companies to mobilize funds through initial public offering (IPO) and get listed on SET. 45 IPOs were raised, comprising 16 companies listed on SET, 20 companies on mai, six property funds, and three Real Estate Investment Trust (REIT). It was for the first year that three REITs were listed on SET, as a new funding vehicle through the private sector's property



management, and being the first time in ten years that marked the highest number of REIT and mutual funds listed on SET with the total value at IPOs of THB 60.52 billion. In 2014, there were THB 304.8 billion market capitalization raised from initial public offerings, and the combined fundraising was THB 113.9 billion.







The year 2014 also marked the success of mai in serving as a fundraising venue for medium and small-scale enterprises to expand and enhance business opportunities in order to achieve sustainable growth. There were 20 new listed companies raising funds via IPO with total value of THB 9.92 billion, the highest record in 15 years since mai's inception. In addition, it was the first year that the coverage of stock analysis could extend to 51 mai-listed firms, the highest number to-date, resulting from the signing of agreement on April 2014 with 11 leading securities companies to analyze securities listed on mai.

In addition, mai launched the classification of its listed securities in eight industry groups, according to the nature of business of each company, using the same classification criteria as SET, which will reflect a clearer overview of mai listed firms, starting from 2015.

### ***Development of regulations facilitating listing of foreign firms***

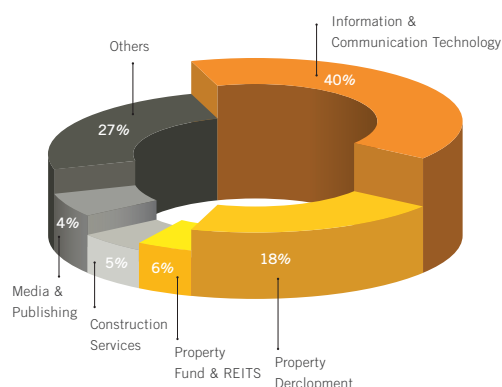
SET has continuously cooperated with the Securities and Exchange Commission (SEC) in developing regulations to facilitate the listing of securities for foreign companies. In fact, SET has already set the regulations to facilitate the listing of foreign companies' securities that are currently trading in foreign markets (secondary listing) since 2009, under the condition that the said companies must have been listed on foreign stock exchange markets for not less than three years, with minimum market capitalization of THB ten billion. In 2014, SET pushed forward the adjustment of regulations for more flexibility, by taking out the minimum requirement for listing duration in foreign market and market capitalization, while maintaining the conditions of the paid-up capital and performance at the same level as the Thai listed firms.

Moreover, SET provided more options for foreign companies to get listed in Thailand without prior listing in foreign markets (primary listing), which will enable competitiveness of Thailand's stock market globally. It is expected that SET will accept foreign company listing in 2015. On top of that, foreign companies handling infrastructure business can get their securities listed in the form of infrastructure trust. SET and the SEC are now drafting the regulations governing infrastructure trust to promote fundraising for infrastructure development in foreign countries, by getting their infrastructure trusts listed on SET. The drafting regulations are expected to be ready in Q1/2015.

### ***Promotion of fundraising and financial instruments***

In 2014, listed companies on SET and mai used financial instruments for fundraising, totaling THB 166.88 billion, a slight increase from the year before. This resulted from SET's commitment in creating understanding about financial instruments among listed firms combined with the listed firms' continuous information distribution to investors. There was increasing number of listed firms in the second half of 2014, due mainly to the more favorable condition of the stock market, both in terms of SET Index and securities trading liquidity. Among the listed firms that wanted to increase capital, 47 percent of the amount fundraised from the existing shareholders, 36 percent via private placement and 16 percent via other fundraising methods, covering warrants, convertible bonds, preferred bonds and dividend stocks.

### ***Fundraising value in 2012 - 2014 by sector (unit: percent)***

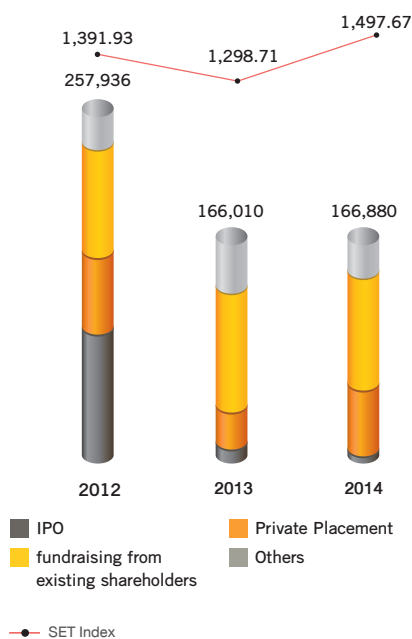


Source: SETSMART

### ***Increase in efficiency of market supervision***

In October 2014, SET developed a smart-listing system for the filing and approval of securities listing through electronic channel, applicable for the subscription of new ordinary shares and warrants. This has facilitated and speeded up the listing of securities for trading on SET. Meanwhile, under a paperless approach, it reduced the documentation burden and filing of documents to relevant agencies and minimized errors in repeated data inputs. This could upgrade the securities-listing standard and enter into a digital era through the launch of the system. In 2015, SET will develop the market supervision process related to the listing process to cover all types of securities.

**Fundraising value in 2012 - 2015 (unit: THB million)**



### ***Facilitation of access***

#### ***to listed company information***

SET created an easy link to access information of listed companies. On top of the Opportunity Day organized every quarter, SET has developed an application for investors and the public to watch the Opportunity Day live, for those who use Android Tablet and iPhone, in addition to the existing application for iPad. In 2014, there were 205 listed companies presenting their information on the Opportunity Day, up from 182 companies in 2013, together with 390,000 viewers of live broadcast and re-run.



### ***Development of listed company's quality for sustainability***

SET places importance on the development of listed company's quality, through the development of corporate governance, corporate social responsibility and investor relations (IR). SET also encourages listed companies to enter sustainability assessment, according to the international standards, in order to strengthen the Thai capital market in the long run.



- **Development of Corporate Governance (CG)**

SET aims to promote CG among listed companies, equipped with competitive capabilities in ASEAN. Key achievements are as follows:

- **Promotion of CG knowledge and significance in operation**

SET promotes knowledge, understanding and realization of concrete practices of corporate governance principles at all levels, ranging from listed company's board of directors, managing directors, executives and employees in order to achieve transparency in business operation, while being recognized internationally. This was organized as small group discussions to share knowledge, experiences and opinions in five CEO CG talks, under the topic of "Creating Business Valuation via Corporate Governance" and two Sustainable Development talks (SD talk), under the topic of "The Road towards Corporate Sustainability". There were representatives from 106 listed companies participating in the events. In 2014, SET organized CG Forum seminar on a quarterly basis, participated by 750 participants, CG Workshops for company secretaries and financial advisers, participated by more than 760 participants. In addition, SET also promoted financial knowledge through the mass media. SET also revised the Board Nomination Guidelines, as well as conducting the 2014 Remuneration Survey, in order to gather information on directors' remuneration among listed companies.



- **Upgrading CG practices among listed companies towards ASEAN**

SET analyzes and evaluates corporate governance operations among listed companies every year, and prepares analysis and recommendations for future development, such as the ASEAN CG Scorecard's Gap Analysis and CGR's Gap Analysis for individual company, etc. These aim at upgrading corporate governance standard for acceptance among retail and institutional investors, both at in Thailand and abroad. The results were satisfactory, as follows:

- **Assessment results under ASEAN CG Scorecard during 2013-2014**

This aimed at assessing corporate governance practices of listed companies in ASEAN. It was conducted by the Thai Institute of Directors (IOD), with support from the SEC. The latest assessment results showed that Thailand achieved score at 75 percent, the highest in ASEAN for the second consecutive year, among the six ASEAN nations participating in the assessment (Indonesia, Malaysia, Singapore, Thailand, the Philippines and Vietnam). There were 18 Thai listed companies among the Top 50 companies in this assessment.

- **Results of the Corporate Governance report**

**(CGR)** of Thai listed companies. In 2014, the assessment was conducted for the first time, using the criteria based on the ASEAN CG Scorecard. This CGR was conducted by IOD, with support from SET. The assessment form contained 89 issues, with higher weighting on the board of directors chapter. The average score of the Thai listed companies was 72, considered "Good" level.

- **Support for related agencies in CG development among listed companies**

In addition to the CGR assessment, SET also sponsored a training course, entitled “Director Accreditation Program (DAP)” to prepare companies for listing on SET. It is a basic training course for directors to carry out their duties with responsibility under corporate governance principles. In 2014, SET sponsored DAP training courses for 160 participants from 65 companies. Moreover, it sponsored an activity of the Thai Investors Association (TIA) in the quality development of shareholders’ rights protection volunteers in order to

- **Recognition of listed companies through SET awards presentation**

SET organized “SET Awards 2014” to present “Best CEO Awards” for executives of listed companies on SET and mai, showing excellent leadership in driving the companies towards solid growth, by developing products and services to reach their target customers, rendering benefits to business and society and valuing their investors. These included the presentation of “SET Award of Honor” for companies showing excellence in particular areas for three consecutive years: 11 awards for corporate governance reporting and five awards for



protect retail investors’ rights, by arranging volunteers to attend listed companies’ general shareholders meetings. As of December 2014, TIA had 178 shareholders’ rights protection volunteers. SET also cooperated with TIA in preparing the Proxy Voting Guidelines for voting by institutional investors at shareholders general meetings, to ensure fairness to shareholders as a whole.

corporate social responsibility (CSR) reporting. Others were the “Top Corporate Governance Report Awards” for companies listed on SET, totaling ten awards; and companies listed on mai, totaling two awards, while presenting “Best CSR Awards” for four companies and “Outstanding CSR Awards” for 12 companies.



### ***CSR development for listed companies***

In order to promote knowledge and understanding, as well as realizing the significance of CSR, and to promote concrete outcome among listed companies, SET organized training courses and seminars, and continuously disseminating information on CSR and sustainability management. The summary of major achievements in 2014 is as follows:

- **Basic training course**

SET organized a training course on “CSR Management for Sustainable Development” to provide fundamental knowledge in CSR and sustainable development, totaling eight classes, participated by 323 representatives from 177 listed companies.

- **Training on CSR report preparation**

In 2014, SET organized training courses and workshops on data compilation and then preparation of CSR report. It consisted of two sessions: the basic information session, totaling eight classes, participated by 363 representatives from 218 listed companies; and the report preparation session, in line with the Global Reporting Initiative (GRI) for listed companies expecting to disclose SD report of international standard, totaling two classes, participated by 58 representatives from 41 listed companies.

- **Workshops**

These workshops provided in-depth knowledge, covering eight major topics, namely “Strategic CSR Management”, “Responsible Supply Chain Management”, “Stakeholder Engagement”, “Stakeholder and Communication Management for mai”, “Sustainability Risk & Material Analysis”, “Workplace Quality & Human Rights”, “CSR Evaluation & Knowledge Management” and “Effective CSR Communication”. The workshops aimed at enhancing skills for operation staff, with prerequisite that all must have attended the basic CSR training course. In 2014, there were 232 participants from 128 listed companies.

Furthermore, SET organized activities and seminars to provide in-depth consultation, and exchange views and experiences on CSR operation for listed companies, as follows:

- ***SD Forum seminar***

The seminar aims at providing knowledge about sustainable development, CSR and responsible investment for listed companies and stakeholders, covering securities companies, investors, various organizations and the general public. In 2014, five seminars were organized, for a total of 1,209 participants.

- ***Sharing and consulting activity***

The activity aims at sharing knowledge and experiences after applying CSR in their business, together with guidance from lecturers. Two classes were organized participated by representatives from 11 companies.

- ***CEO forum***

The forum focuses on exclusive group activities among directors and executives of listed companies. The format is an informal discussion forum to inspire and promote CSR concept, value and significance. Two forums were held, participated by 38 listed companies.



- **In-depth sustainability development advisory session**

The session was held for mai listed companies so they could analyze and create a CSR framework that fits each organizational aspects and culture. It was organized under the “Corporate Sustainability Advisory Program”, which was held for the first time in 2014, with participation from five companies listed on mai.

- **Presentation of  
CSR Recognition 2014 awards**

SET granted the “CSR Recognition 2014” awards in honor of the companies committed to developing their organizations towards sustainability, setting good role models for other companies, as well as operating business by keeping balance of environment, society

and corporate governance aspects. At the prestigious award presentation ceremony, the “CSR Recognition” awards were presented to 45 listed companies, “Most Improved CSR” awards presented to three companies, and “Rising Star awards” presented to five companies.



***Development of Investor Relations function***

SET developed its investor relations (IR) service as a major mechanism for listed companies to achieve transparency in operations and to provide complete and timely disclosure of information for greater confidence among investors. Major operations in 2014 were as follows:

- **Creation of understanding among top executives**

To promote and support an organization to carry out investor relations in an appropriate direction in 2014, SET arranged an executive workshop such as CEO Workshop entitled “IR as a Value-Creation Strategy”, SD Talk entitled “How CEO Can Utilize IR to Maximize

Corporate Value” and more. These included one-on-one meetings with executives of each company. There were 58 listed companies participated in these events throughout the year.

- **Development of IR career courses**

To develop capabilities of IR officers to achieve the set goals, SET has developed the curriculum since 2013, currently having eight curricula at three levels, namely Basic IR, Intermediate IR and Advanced IR. As of the end of 2014, the total of 632 representatives from 303 firms attended these courses.

- **In-depth consultation**

In 2011 SET launched “SET’s IR Advisory Program”, in cooperation with external consulting firms in order to provide in-depth advisory services to one company at a time for one year. Participating companies will receive training service, problem analysis techniques and exclusive advice. By 2014 the total of 61 firms attended the program.

- **Development of manual and best practice guidelines**

To provide work guidelines, in 2014, SET developed an “IR Code of Conduct”, to facilitate IR professionals in compliance with corporate governance principles.

As a result of SET’s drive to promote IR knowledge, listed companies have started to recognize the value creation from IR’s work by continuously enlarging this area of interest. The progress could be seen from the increasing number of companies entering the selection of Best Investor Relations Awards, to the total of 177, up 20 percent from 2013.

### ***Development of Thai securities to DJSI international standard***

SET has promoted and prepared listed companies invited for the assessment of business sustainability by the Dow Jones Sustainability Indices (DJSI) to be selected as DJSI members, by organizing various activities, as follows:

- **DJSI exclusive training**

SET arranged training courses to provide knowledge to 30 listed companies invited for DJSI sustainability assessment in 2014, keeping them fully prepared.

- **CEO forum**

SET aimed at providing knowledge and understanding among top executives of listed companies, confirming the benefits of their participation, and encouraging them to realize the value of environmental, social and governance (ESG) development.

- **DJSI sharing forum**

SET cooperated with ten listed companies having DJSI assessment and become DJSI members in 2014, to share experience and give advice on organizational sustainability management.

In 2014, 14 listed companies and companies in Thailand participated in the DJSI assessment process, from 30 companies invited to participate in the assessment, increasing 26 percent from 2013, and ten listed companies successfully became DJSI members.





## Products and services

### Equity instruments

In 2014, SET adjusted the calculation criteria for the SET50 and SET100 indices, in case the securities as their components, encounter a tender offer that will result in a drop of lower than 20 percent free float. SET will then take those securities out of the Index calculation. SET will inform investors in advance. This will take effect from January 2015 onwards.

In 2014, the number of new derivative warrants (DW) rose to 1,371 up 80 percent from 761 in 2013. By the end of 2014, the derivative warrants totaled 926. There were five new exchange-traded funds (ETF), with reference to the SET50 index and other international indices, considered as major investment indicators in various regions, such as S&P500, containing the stocks of 500 large-cap corporations in USA; MSCI EMU, containing the stocks of 500 large-cap corporations in Europe; MSCI Japan, containing the stocks of 500 large-cap corporations in Japan; and MSCI Emerging Market, containing the stocks of 500 large-cap corporations in newly emerging markets. There were 21 ETFs by the end of 2014.

In addition, SET developed new products, by preparing for trading of depository receipt (DR), or warrants for foreign securities, as the related regulations have been approved by the SEC, ready for implementation, in line with the SEC's regulations.

### Futures exchange

Thailand Futures Exchange plc (TFEX) has increased operational efficiency, improved product quality and upgraded service excellence in many aspects, aiming to better facilitate trading among investors and to ensure broader applications. TFEX has adjusted its trading and clearing systems on the same platform as the current SET CONNECT for equity instruments. This single platform will support the formulation of trading strategies that integrate trading transactions of derivatives and equity instruments. It will also enable faster, more convenient and more efficient development of new financial products and instruments. Furthermore, in 2014 TFEX expanded the afternoon trading period, making 15 minutes earlier than the normal trading time.

On May 6, 2014, TFEX adjusted the size of its SET50 futures contracts to become smaller, to only 1/5 of the former contracts, enabling investors to trade and manage their investment portfolio more easily and with more flexibility, becoming more attractive to new investors. As for services, TFEX initiated an exchange for the physical products for USD futures and gold futures. Investors of USD futures, upon the maturity of their futures contracts, can exchange the contracts for the US dollars at Krungthai Bank. Traders of gold futures can exchange for gold bullions at the seven major gold traders in Thailand, namely Globex Holding Management plc, Classic Gold Futures Co., Ltd., GT Gold Bullion Co., Ltd., YLG Gold Co., Ltd., Ausiris Co., Ltd., MTS Gold Co., Ltd., and Hua Seng Heng Commodity Co., Ltd.



## 2) Becoming GMS connector

SET has continually adjusted various measures to initiate more varieties of funding channels and to support fundraising for foreign businesses in the Thai capital market. This is consistent with the strategic plan in the role of GMS Connector, promoting fundraising and investment in the Greater Mekong Subregion (GMS). This aims to boost economic, trade and investment development among neighboring countries, growing together. In 2015, SET will announce the criteria for its primary listing of foreign companies on SET and listing of infrastructure trust for investment in infrastructure in foreign countries, such as power plants and telecommunication systems, etc.

Simultaneously, SET cooperates and supports the capital market knowledge and expertise among the GMS nations. After the first Capital Market Education Forum in 2013, concrete actions, have been taken, as follows:

- The Securities and Exchange Commission of Cambodia and The Cambodia Securities Exchange issued the training criteria for license renewal and

cooperated with SET in organizing license renewal training for personnel in securities business in the Kingdom of Cambodia. It was held for the first time in February 2014.

- Lao Securities Exchange, in cooperation with SET, organized the first “Train the Trainers” course in Lao PDR in September 2014, in order to groom personnel of various organizations related to Lao capital market to become skillful trainers and then transfer the knowledge to investors and relevant parties.

Another major activity was the hosting of GMS Capital Market Education Forum 2014 in Chiang Mai. The annual forum, hosted by SET for the second time, was participated by top executives, capital market experts, and representatives from the Office of the SEC and central banks of the GMS nations. The consensus was to work together in developing investment literacy among investors through cooperation with leading universities in each nation, serving as the center for dissemination of knowledge to investors, the general public and professionals. The contents would also have to be developed, with channels of distribution to reach the current and potential investors.



### 3) Enhancing infrastructure and capabilities

SET aims to enhance infrastructure efficiency and service excellence to ensure competitive capabilities sustainably, and prepare SET as a sustainable organization model for businesses in Thailand.

#### ***Participation in the United Nations Sustainable Stock Exchanges Initiative***

SET became the first stock exchange in ASEAN to announce intention to participate in the United Nations Sustainable Stock Exchanges Initiative (UN SSE Initiative), initiated by UN organizations namely United Nations Conference on Trade and Development (UNCTAD), United Nations Global Compact (UN Global Compact), United Nations Principles for Responsible Investment (UNPRI) and United Nations Environment Program Finance Initiative (UNEP FI). It aims at building the network of stock markets, financial institutions and investors around the world, to exchange views and knowledge in the environmental, social and governance

(ESG) context, which will drive the world capital market towards sustainability. SET's participation in the SSE Initiative is seen as a visionary step for the Thai capital market in disseminating sustainable development information, gaining acceptance worldwide.

In 2014, SET jointly declared the policy direction and expressed opinions on sustainable development of global capital markets at the Sustainable Stock Exchange Global Dialogue 2014, as part of the World Investment Forum 2014 in Geneva, Switzerland. Three key issues were in focus. The first issue was to promote listed companies to disclose information on their ESG operations. The second was to promote responsible investment. The third was to promote financial education. All these three issues were perceived as the foundation to strengthen capital market in the long run. SET has adopted these three issues in formulating its sustainable development framework.





### ***Increase of IT main system and infrastructure efficiency towards AEC***

Aiming to upgrade competitive capabilities of the IT system and take the lead in the ASEAN, SET has continued to implement the Information Technology and Communications Master Plan (2010–2014) in order to develop its operations in line with international standards in three areas:

- **Development of main system:** SET launched the SET CONNECT system in 2012 to support the rapidly growing number of transactions of the equity instruments, in response to the fast-changing business trends. The new system also allowed faster connections of international standards, being able to connect with other stock exchanges efficiently. In addition, SET has developed its main operational systems, covering the trading for the equity instruments (launched since 2012), as well as trading and clearing systems for the futures market (May 2014). As a result, the system could connect with the real-time trading system to support business growth with flexibility in new product launch, as well as risk management with maximum efficiency at international standards. The overall system has proved to be fully efficient, able to cope with the increasing trading demands. The new clearing platform for equity instruments will be fully completed as planned in 2015.
- **Building of infrastructure system and world-class security standard** for maximum efficiency in operations and cost effectiveness, using energy-saving and environmental-friendly approach.
- **Improvement of internal operational procedures using proactive, responsive and change-oriented approaches**, including the development of necessary skills for personnel accordingly, so as to be ready for the new technology and business development in the future.

### ***Enhancement of listing system's efficiency and speed***

The result of the e-listing system's launch in 2013 for derivative warrants (DW) and the smart phone applications, making it paperless, faster and more efficient, was so outstanding that Thailand Management Association awarded the Thailand ICT Excellence Awards in 2014. SET has continuously developed its listing system for capital increase and warrants, by reducing the documentation burdens. Following that initiative, warrants could be traded in only four working days. The monitoring system of newly-listed securities has also been improved for more efficiency and tighter security.



### ***Green IT Data Center to promote worthwhile energy consumption***

For more than five years, SET has made necessary changes and brought in the energy-saving technology along the Green IT Data Center concept. SET has also upgraded the internal operation system to match international standard for quality service delivery. At the same time, SET has introduced virtualization technology, for energy-saving and environment-friendly results, by centralizing the IT management functions to maximize IT resources values. It has reduced the quantity and costs of energy consumption, electricity, and maintenance, including equipment space, providing flexibility and convenience for IT equipment management and maintenance. At the end of 2014, the server virtualization has been progressing substantially (70 percent).

In 2014, SET continued to provide co-location service, that started in 2013, for any member company interested in renting server space for submission of trading instructions through SETNET3 network, a highly efficient network, in line with the ISO27001 standard. This service can save energy and reduce costs for the capital market industry. Four firms have already used this service.

In addition, SET is responsible for the IT data management of key systems, controlling every step of operation to ensure security, safety and service flows, certified by ISO/IEC 27001, to further create confidence among users.

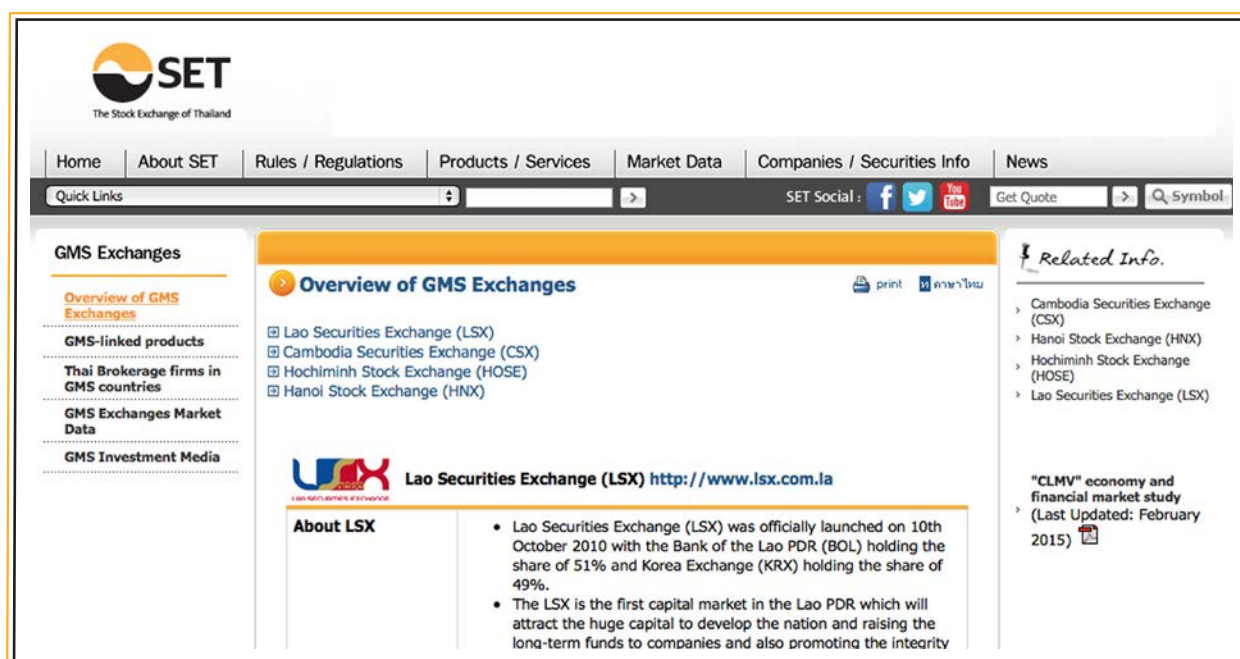
### ***Development of data services on website to support GMS cooperation***

SET has developed a system to connect data among the GMS countries, comprising the stock exchanges of Cambodia, Hanoi, Hochiminh and Laos, to serve as the GMS stock exchanges data center to facilitate investors. Data on display will include trading transactions on the GMS stock exchanges and investment channels. Interested investors can view these via SET website.

### ***Increase in settlement efficiency of clearing house***

In May 2014, the new clearing system was launched. To increase competitive capabilities, Thailand Clearing House Co., Ltd. (TCH), an affiliate of the SET group, has developed a new clearing system for futures contracts called SET CLEAR. It also facilitates the development of new futures products to cope with the market demand. The new system will reduce operational procedures for members through a straight through processing (STP) system, under an integrated risk management that is efficient and meets international standards. It can accommodate the expansion of trading transactions and extension of trading duration in the future.

Furthermore, TCH will develop one single platform to accommodate settlement of equity and debt instruments in preparation for business expansion and faster new product development, enabling multi-market and multi-currency settlement and depository services, on top of the Thai baht denominated transactions. These include the Pre-Settlement Matching System, using STP via SWIFT. The new system will be ready for use by Q2/2015.



### ***Enhancement of post-trade service for overseas investment***

To facilitate the growing demand of international investment, reduce costs and promote wide varieties of capital market products among Thai investors, Thailand Clearing House (TCH) and Thailand Securities Depository (TSD) have developed the new intermediary post-trade services for investment in foreign securities, both inside and outside ASEAN. Such services will cover settlement, securities delivery, securities depository in foreign countries and management of shareholders' benefits. These services will be available from early 2015 onwards.

### ***Compliance with PFMI***

TCH and TSD has enhanced efficiency, reliability and confidence of the settlement and depository services, by adjusting the criteria and risk management measures for relevant operations, such as equity instruments' risk calculation, review of collateral types and TSD's use of capital, etc. in accordance with the Principles for Financial Market Infrastructures (PFMI) – an international standard for clearing and depository services. In addition, the new system will enable TSD to become a Qualified Central Counterparty Clearing House (QCCP) in the future. This will increase its future competitiveness in the region and will enable foreign institutional investors, mainly commercial banks, to maintain capital reserve at a lower cost. Such information has already been circulated on TCH website. In the future, TCH will comply with the European Market Infrastructure Regulation (EMIR).

### ***Leadership development***

SET places considerable emphasis on human resources, proven as a key factor that drives continuous success and sustainable growth. In 2014, SET placed importance on leadership & culture development, aiming to prepare its personnel for business expansion towards becoming a sustainable regional capital market leader. The summary of activities is as follows:

- Leadership Development program, implementing continuously since 2010, aims at building future leaders of the organization. It enhances potential

of future leaders by integrating different development approaches, such as one-on-one coaching by specialists, as well as training and seminars both at home and abroad.

- Leading Self and Others program is available for employees up to middle management level, and aims at developing knowledge, skills and capabilities to manage oneself and others.
- Job Rotation program rotates employees both within and across business functions, in order to provide them with knowledge, skills and capabilities to perform various duties in broader scopes. The program provides scholarships for Master's degree, both at home and abroad, in the fields of business administration, law and technology, totaling five scholarships each year, comprising two scholarships in Thailand, and three abroad. The selected employees will acquire more knowledge and capabilities, as well as new technology and innovations to benefit the organization.
- The 360 Competency Assessment has been used as guidelines for leadership development and individual development plan (IDP) for top executives as well as the arrangement of succession plan.
- There has continuously been periodical and occasional communications with employees at all levels through internal communication channels, such as intranet, wired announcements, notice boards, email and activities including townhall meeting, focus group meeting, knowledge sharing sessions, etc. There were also informal joint activities or get-together functions between executives and employees on a regular basis in 2014.
- The performance management system is clear and in line with the organizational goals. Directors and managers are subject to KPIs that link with the organizational goals, which will be cascaded down to individual executives and employees, respectively. These include the link of KPI with benefits that reflect each employee's performance.

Recognizing that all employees are valuable resources, SET encourages activities that will make employees feel proud and have trust in the organization. All programs previously mentioned aim at supporting and enhancing the teamworking atmosphere, which

will increase potential and create happiness for all employees at work. These will result in quality work, capability increase, ready to be a winning team and effectively responsive to organizational change in the future.



## The creation of sustainability for Thai capital market in the long run

SET has promoted long-term sustainable development to increase competitive capability among stakeholders as follow

### Upgrading of knowledge among investors and professionals for sustainability

#### ***Promoting quality investors ... strengthening capital market's foundation towards sustainability***

SET aims at creating financial stability for the Thai people, in parallel with the creation of sustainability for the Thai capital market in the long run. In 2014, SET continued to organize activities and enhance learning channels for financial planning and investment for investors and general public. The summary of activities is as follows:

- **Ngern Thong Tong Wang Phan: The Revolution to Wealth project**

This aims to enhance knowledge and skills in financial planning, continuing from the launch in 2013. It could encourage working people, in the government sector, state enterprises and businesses all over the country to realize the significance of financial and investment planning to create personal wealth. In 2014, the project reached out to the target groups of more than 2.9 million people via all channels, both offline and online meeting the new generation's lifestyle, accessible anytime, anywhere. These included the use of out-of-home media and roadshows to 16 office buildings in downtown Bangkok and the suburbs. There were also live television programs entitled





“365-day Investment” on Royal Thai Army TV Channel 5 and “Ngern Thong Tong Wang Phan: The Revolution to Wealth” on Money Channel, presenting views from various angles and creating inspiration.

In addition, SET launched the “Employee’s Choice @ Workplaces” project to keep provident fund members nationwide updated on retirement planning via provident funds and selection of investment policies (Employee’s Choice) to fit their requirements in order to achieve their financial targets after retirement. In 2014, there were 136,797 participants in training courses and other learning channels.

- **“Investor classroom” project**

SET has formulated a strategy to educate and cultivate quality investors, both in Bangkok and provinces, to be implemented by TSI. TSI continued to organize training courses and seminars to provide knowledge and expertise, ranging from basic investment knowledge to in-depth courses and practical skills to build quality investors. There were more than 30

curricula in 2014, attended by more than 12,521 participants.

To reach the target groups in various provinces, SET continued to update information and organize investment activities in its seven SET Investment Centers (SET IC) at universities, namely Chiang Mai University, Naresuan University, Khon Kaen University, Ubon Ratchathani University, Surat Thani Rajabhat Institute, Prince of Songkla University (Hat Yai Campus) and Kasetsart University (Si Racha Campus). All seven SET ICs are proved to be resourceful and effective, with more than 4,513 attended the activities.

- **Development of learning channel**

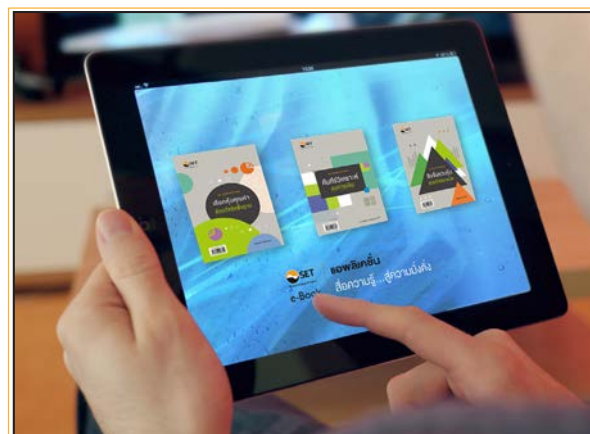
The “Online classroom for investors” has provided via [www.tsi-thailand.org](http://www.tsi-thailand.org), aiming to reach a wide range of target groups, with complete and easy-to-understand information. In 2014, there were more than ten million page views on TSI website, and 136,920 fanpage on TSI Facebook.



In 2014, SET produced learning materials to enhance potential of investors and listed companies, such as a series of two books for Merger and Acquisition (M&A): “Know more about M&A: Opportunity for Thai Business” and “Professional M&A Strategies”, including the Thai version of Global Technology Audit Guide (GTAG) in a series of two books: “Fraud Audit” and “Oversight of IT Data Security”, followed by seminars with Q&A sessions. As for investor guidebook, SET published a 3-book series about Complete Investment Knowledge, comprising “Selection of Valuable Stocks with Fundamental Factors”; “Bible for Financial Statement Analysis”, and “Catching Investment Rhythm with Technical Factors”, as well as “Knowledge for Futures and Option Analysis” via SET e-book application.

In addition, to promote a one-stop access to the learning materials with more efficiency, SET renovated and upgraded the Maruey Knowledge Center, the first complete capital market library in Thailand, in both the design and contents categorization aspects. The Maruey Online Library was available and accessible 24 hours a day anytime, anywhere to investors and the public. There were more than 400,000 visitors using investment resources and participating in learning

activities at both locations of Maruey library: the SET building and the Esplanade shopping complex.





### ***Strengthening of capital market professionals***

In 2014, SET continued to develop knowledge and skills among securities business professionals to upgrade their advisory services for investors, including producing capital market planners for the first time in the Thai capital market, while overseeing the licensing standard development. All these will strengthen capability of personnel among intermediary institutions for greater confidence and sustainable expansion of the Thai capital market. Major achievements included:

- **Development in quality of securities personnel and capital market business**

SET, in cooperation with the Association of Thai Securities Companies, Investment Analyst Association, Thai Financial Planners Association and Thailand Futures Exchange pcl, in organizing training courses for professionals in each particular field. The total of 4,930 participants attended the courses in 2014.



- **Development of Thai students for capital market professional**

SET cooperated with training institutes, the Association of Thai Securities Companies and the network of 23 universities nationwide to provide scholarships for students to attend training courses and enter a test for acquiring investment advisory license, through the “New breed IC @Unet” project. It aimed at developing personnel for investment advisory service. SET also cooperated with the Thai Listed Companies Association to launch the “Young corporate financial officer (Young-CFO)” project to prepare students to become financial officers and investor relations officers to cope with the increasing demand among listed companies. In addition, SET supported the Association of Thai Securities Companies in organizing the “Career Opportunities in Securities Industry” job fair to recruit new personnel for securities companies of more than 1,200 positions.



- **Development of investment advisory consultants**

SET designed exclusive training curricula that fit each professional level, classified by working experiences and responsibilities, consisting of five projects: 1. the “The IC Leader @ Brokers” project, to increase skills on strategic thinking and team management for branch managers or team leaders of securities companies 2. the “Equity Product Specialist”, to cultivate securities investment advisory professionals, focusing on product knowledge, financial statement analysis, technical analysis and sales skills development 3. the “Multi-Product Specialist” project, to develop investment Specialists for both securities and futures contract businesses, through lectures by both Thai and foreign lecturers for investors nationwide 4. SET has developed new investment advisers for the fifth year in a row through the “Junior investment consultant @brokers” project, to enhance know-how among young investment consultants, for the 5<sup>th</sup> consecutive year and the “Evening class @SET” project, to enhance skills among investment consultants via special activities after work.

- **Development of investment analysts**

In 2014, SET cooperated with Investment Analyst Association to arrange an exclusive curriculum for junior analysts or analyst assistants and analysts with working experiences less than two years, as well as existing analysts with working experiences more than two years. It consisted of the “Research Presentation Skills for Junior Analyst” project, the “Sector Outlook and Update for Analysts” project and the “Regional Sector Analyst (Asian stock)” project, respectively.

In addition, SET also provided training for more than 500 securities operation officers and personnel officers.

- **Development of licensing standard**

TSI develops and manages knowledge contents for “Investment Consultant” according to the set standard. In 2014, there were 46,344 persons attended the tests. TSI also assessed the test quality and standard of two testing centers for ten times. In addition, TSI also managed the “Certified Investment and Securities Analyst Program (CISA)”, one of the qualifications required for analysts and fund manager licenses. There were 2,538 persons attended the CISA test.

## Research enhancement

### *Creating quality research work for capital market development*

In 2014, The Stock Exchange of Thailand (SET)'s Capital Market Research Institute focused on developing and supporting the capital market research studies, which will increase competitiveness at the global level among all stakeholders and reduce some major obstacles in the Thai capital market system. These include the research studies for the benefits of market makers and a broader scope of the Thai capital market development in a sustainable manner. Samples of research studies topics in 2014 are: "Foreign Holding Structure and its Behaviour in Thai Stock Market", "International Expansion among Thai Listed Companies", and "A Survey on Retirement Saving of Thai Employed Persons Aged 25-39".

SET also cooperated with the Association of Thai Listed Companies conducted the "CEO Survey: Economic Outlook" every six months to learn from listed company's CEOs on current economic situation, as well as views on export, investment and fund-raising trends. Other current issues were also included to benefit the business sector's strategic planning and the government's policy-making.

### *Organizing research presentation and knowledge-sharing session for capital market development*

For five consecutive years, SET has organized the monthly Capital Market Research Forum, a venue to present research findings and exchange views on current market situation of particular topics. The forum was well-received, participated by experts and specialists in the Thai capital market, policy makers of both financial and capital markets, securities companies, and lecturers from leading universities, exchanging views that could benefit future development of the Thai capital market.





***Building network of educational institutions and business sector, with capital market research scholarships for graduate studies***

In 2014, SET granted outstanding capital market awards to motivate quality research work among Thai educational researchers. SET also set up “Capital market research clinic”, with cooperation from 15 educational institutions all over Thailand as well as capital market professionals.

To further promote to a wider audience, the research information is also available via social media at [www.facebook.com/pages/Research-Connect](https://www.facebook.com/pages/Research-Connect) to network capital market research work among students and their advisors, as well as experts and specialists for practical solutions, comments or exchanging views.

***Cooperating with the National Electronics and Computer Technology Center (NECTEC)***

The academic cooperation is to effectively apply IT tools to the capital market research work in various ways.

In 2014, NECTEC developed an application for large-capacity data management, as such enhancing management efficiency in capital market research implementation.



## More quality leaders in society via CMA

The Capital Market Academy (CMA) has organized a number of courses for top executives to enhance capital market knowledge and expertise, vision and leadership, capable of achieving business goals while taking good care of the society. During the past ten years, CMA has offered 19 classes, attended by 1,626 executives in total. Alumni have contributed significantly to the Thai capital market's development by recommending the capital market development guidelines to the government. As a result, the guidelines have been further adjusted and formulated into the current Thai capital market development plan. In addition, numerous academic research papers have been produced, benefitting Thailand's national economic and social development. Some major ones are national strategic plan on

providing financial knowledge to the public; adjustment of economic policy to support baht valuation changes; the reform of the policy framework and laws related to the joint venture between the government and private sectors; Thai business sector's view on fundraising via SET; long-term investment to prepare for AEC; case study on Thailand infrastructure development; the role of the capital market towards the rail-type system infrastructure development in Thailand; recommendations on optimum benefits to Thailand on two-trillion-baht infrastructure investment; financial education for Thailand; the challenge of the capital market towards social enterprise development in Thailand, the development of social enterprise's access to fund sources, and many more.





# SET group's Vision and Strategic Plan 2015-2020

The Stock Exchange of Thailand (SET) seeks to continuously integrate sustainable development into its business processes to advance the Thai capital market. SET focuses on fulfilling stakeholders' needs and strengthening the capital market foundation to fortify Thailand's economic competitiveness, society and environment. **SET has outline the the direction for the next five year (2015-2020) and 2015 strategic plan that emphasize sustainable growth results through value creation processes in two dimensions:**

## Broadening

SET will focus on the development of capital market products and services that could serve diverse demands of both investors and fund raisers. SET plans to expand its business to 1) diversify its products to cover non-equity instruments (multi-asset class), 2) introduce products denominated in currencies other than Thai Baht (multi-currency), 3) expand cooperation with the Greater Mekong Subregion (GMS) partners, and 4) expand the number of listed companies and investor base.

## Deepening

SET will emphasize the collaboration with stakeholders to meet future trends that will lead to quality and value creation, as well as enhancing business standard and stability of the Thai capital market in the long run. SET will focus on 1) educating both institutional and retail investors to promote quality and responsible investments, and 2) encouraging listed companies to conduct businesses that produce not only financial but also social returns that will create positive impact on both the society and the environment for all of us today and the future generations.

## Vision 2015 and beyond

SET has set out the vision **for the next five years (2015-2020)** will focus on “sustainable

**growth” with three strategic objectives** aiming at 1) **integrity** 2) **prosperity** and 3) **sustainability**. The key priorities are 1) to doubling market capitalization comparing to the current level, 2) to become the top 30 in terms of liquidity in global derivatives market, and 3) to diversify sources of revenues from derivatives products, post-trade services, and international businesses representing 15% of the exchange's total revenue.

## Strategic Plan 2015

To achieve the above long-term vision and strategic objectives, SET has defined its **strategic plan for 2015** as follows:

### 1. Integrity

#### 1.1 Enhance risk management

SET aims to enhance risk management to strengthen robustness of the Thai capital market. In 2015, SET plans to 1) Improve efficiency of surveillance system to better monitor trading irregularities and cope with new trading techniques to ensure transparency and fairness, 2) assess the feasibility of shortening clearing and settlement cycle from T+3 to T+2, and 3) upgrade risk management of the clearing system to align with emerging international standards and regulations, such as European Market Infrastructure Regulation (EMIR) and Principles for Financial Market Infrastructures (PFMI), etc.

## 1.2 Incorporate digital technology

SET will incorporate digital technologies to enhance efficiency of operations and services. In 2015, SET plans to 1) introduce online securities listing (digital IPO) to enhance efficiency for listed companies, 2) enhance service for investors through social media and digital media in response to investors' needs and 3) launch the new equity clearing system equipped with multi-market and multi-currency functionalities in the second quarter of 2015.

## 2. Prosperity

### 2.1 Expand listed company and investor bases

#### Listed companies

SET will facilitate both domestic and international businesses with fund-raising needs. In 2015, SET plans to add new listed companies and securities whose total market capitalization amounts to THB 250 billion. Priorities segment include 1) leading companies in four industries: transportation & logistics, tourism & health care, alternative energy, and agro & food, and 2) companies with business in GMS. Moreover, SET will focus on funding source access for SMEs.

SET will encourage the usage of tools and instruments available in the capital market, such as warrant, stock dividend and stock split, etc. SET has set the target of THB 130 billion of secondary offering in 2015.

#### Investors

SET aims to increase liquidity in the stock market through individual investor base expansion. SET targets to increase the number of equity investors in 2015 by 130,000 accounts (1,100,000 accounts at the end of 2014.) SET will also work with intermediaries to create understanding of capital market products.

To better balance the proportion of investors for further sustainable growth, SET plans to increase participation of local institutional investors. Cooperating with asset management companies, SET will educate Thai people to allocate their investments into assets that yield higher expected return over a long run, such as equity mutual funds, etc.

SET will also educate listed companies' employees about financial and investment planning and promote employee-chosen asset allocation scheme through working with companies' directors. In 2015, SET targets to increase the number of equity fund accounts by 215,000 accounts (a rise from 1.95 million accounts at the end of 2014) and to increase the number of employers offering employee-chosen asset allocation program under provident fund scheme by 1,000 companies (5,773 companies at the end of 2014).

In terms of foreign investors, SET will focus on increasing visibility of the Thai capital market and stocks through roadshow activities, and promoting Thai securities to be included in global benchmark indices, such as MSCI index, etc.

Furthermore, SET targets to increase liquidity in derivatives market by supporting market makers' activities.

### 2.2 Diversify products and services

SET targets to expand its product range to suit a variety of investment demands. SET plans to develop new products offering diversification of asset classes apart from stock (multi-asset class) such as agricultural products, gold spot market, fixed income, including foreign currency denominated product (multi-currency) in 2015.

Apart from developing new products, SET will create value added from post-trade services. SET plans to expand service coverage in fund settlement business to expand distribution channels for mutual fund business in 2015.

### 2.3 Expand business internationally

SET aims to expand businesses and connectivity with international capital markets. SET will continue to position itself as an investment connector between the world and GMS countries. SET plans to publish the list of companies having GMS-related business to promote GMS investment and continuous partnering with GMS exchanges to enhance capital market knowledge. In 2015. In addition SET will continuously cooperate with the world's leading exchanges to extend its international reach.

## 3. Sustainability

### 3.1 Enhance quality of listed companies

SET will focus on quality improvement of listed companies for sustainable development. SET will support and nurture those companies on enhancing their corporate governance (CG) and social responsibility (SR) to be on a par with international standards. SET will also encourage listed companies to work towards meeting criteria defined by Dow Jones Sustainability Index and ASEAN Corporate Governance Scorecard to be better prepared for the launch of ASEAN Economic Community (AEC). In addition, SET will emphasize quality improvement of listed companies' personnel through improving the quality of educational courses, funding the target group, and creating new personnel to support investor relations and finance function of listed companies in the future.

### 3.2 Enhance quality of investors and general public

SET has plans to develop the quality of investors by providing fundamental and technical investment knowledge that match the interest of each investor group, as such creating more professional investors to increase their active rate and minimize the exit rate of investors. SET will provide training activities and develop online learning channels through the "Classroom for Investors" project.

Additionally, SET will continue to enhance the financial planning and investment knowledge to strengthen financial capability and retirement plan focusing on mutual fund and provident fund investment for students, employees and general public via the "Nguen Thong Tong Wang Paen" project (a Thai name meaning "When it comes to your personal finance, planning is a must"). SET will continue to establish the capital market learning center in Bangkok and other key provinces; namely SET Investment Center (SET IC) and Maruey Knowledge & Resource Center.

### 3.3 Enhance quality of intermediaries

SET will continue to enhance the knowledge and expertise of professionals through cooperation with various capital market related organizations. SET plans to organize trainings sessions for more than 4,500 professionals and university students in 2015.

### 3.4 Become a sustainable stock exchange

To become a sustainable stock exchange, SET will 1) create SET's roadmap to become a sustainable stock exchange 2) develop skills of SET's human resource to be in line with the vision and strategic objectives 2015-2020 and 3) Strengthen SET's branding to build corporate image that reflects the SET vision 2020 towards further steps into its fifth decade.

# The SET group's Strategic Plan for 2015



## The SET group's Strategic Plan for 2015

### 1.1 Risk management

- Improve efficiency of market surveillance and balance between business opportunity and investor protection
- Assess a feasibility of shortening clearing and settlement cycle from T+3 to T+2
- Adopt world class risk management standards that follow PFMI and EMIR

### 1.2 Digitalization

- Launch new equity clearing system
- Incorporate digital technologies to enhance efficiency of services for key stakeholders:
  - 1) Listed companies (Digital IPO)
  - 2) Retail investors (SET Sawasdee and social and digital media enhancement)



### 2.1 Business expansion

#### Supply

- Increase market cap from IPO and secondary offering from listed companies
- Create new investment platforms for Small and medium-size businesses

#### Demand

- Expand investor based of retail and institutional investors (mutual fund / employee's choice)
- Increase liquidity in the stock market and derivatives market
- Support market makers' activities
- Organize roadshow activities (Inbound / outbound / knock door) to encourage foreign investors to increase their investment
- Support asset management companies to market the Thai mutual funds to foreign investors

### 2.2 Diversification

- Multi-asset class/currency: agricultural products, gold and fixed income and non-THB product
- Post-trade service: Enhance quality of services and introduce new services

### 2.3 Internationalization

- Promote SET's products through collaboration with international exchanges
- Increase the opportunity of doing businesses in GMS
  - GMS-linked product (DR / GMS stock list)
  - Exchange partnership
  - CMA-GMS
  - Cooperate with GMS exchanges in creating an education standard for equity investment consultants

### 3.1 Listed companies

- Enhance the quality of listed companies towards sustainable growth (ESG / DJSI)
- Enhance the quality of listed companies' personnel and create new personnel to support investor relations and financial officers in listed companies

### 3.2 Brokers

- Increase investment professionals (Investment Consultant / analyst) and develop knowledge and capacity by segments

### 3.3 Investor

- Strengthen investment knowledge and skill of investors to foster sustainable investment mindset for investor and public

### 3.3 SET

- Become a sustainable stock exchange
- Re-align human resources
- Strengthen SET's branding



From the previously mentioned **two dimensional (Broadening and Deepening)** value creation processes to move towards sustainable growth, SET's direction will gear towards the following **four themes**:

<b>Diversification</b>	Offer diversified products and services that suit investors' growing demands, such as offering products from foreign markets and asset classes apart from stock, offering products that are denominated in foreign currencies, and supporting various methods of international listing. These will provide additional alternatives for investors and help them to diversify their portfolio and manage risks more efficiently and effectively.
<b>Digitalization</b>	Utilize technologies and innovations for both operations and service developments to extensively facilitate all clients, reduce complexity and enhance efficiency. This will help SET to reduce its operating cost, as well as facilitating faster and broader information access.
<b>Sustainability</b>	Grow size and liquidity in both equity and derivatives markets by having quality products, quality services and quality investors. SET will enhance listed companies to be able to adapt and towards sustainable growth. At the same time, SET will provide investors and general public with financial and investment knowledge, as well as encouraging them to make responsible investments by investing in companies that incorporate Environment-Social-Governance (ESG) in conducting their business.
<b>Internationalization</b>	Develop quality products, services and systems that meet international standards, as well as improving quality in terms of corporate governance and sustainability of listed companies. In addition, SET seeks to collaborate with GMS exchanges and global major exchanges to increase competitiveness and to connect with global capital markets.



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Transparency in operations,  
adherence to corporate governance,  
fair treatment of stakeholders



# Corporate Governance Report

The Stock Exchange of Thailand (SET) closely adheres to international principles of good corporate governance (CG) and conducts business with integrity, transparency and fairness to all stakeholders. SET applies the principles of good corporate governance as outlined by the Organisation for Economic Co-operation and Development (OECD), to serve as guidelines for SET listed companies. This report has five categories: 1. Rights of members 2. Equitable treatment of members 3. Roles and treatment of stakeholders 4. Disclosure and transparency and 5. Responsibilities of the Board of Governors. A summary of key activities in 2014 is as follows.



## 1. Rights of members

SET is a juristic entity constituted under the Securities and Exchange Act of Thailand, and therefore does not have a corporate structure or shareholders. Nevertheless, the Act requires the Exchange to convene an annual meeting of members within four months before its fiscal year ends, to elect board members, approve financial statements, appoint an auditor and approve remuneration of the Board of Governors (BoG) members. In addition, the BoG must call an extraordinary meeting when members representing no less than one-fifth of all members submit a written request to the board to hold such meeting.

Apart from the above mentioned rights of the members, the BoG recognizes the importance of good CG and members' rights in fair and equitable practices. Summary of current best practices on rights of the members is as follows:

1. Before the annual meeting of members, in order to encourage all members to place importance on meeting attendance, SET sends the meeting notice, including the date, time, venue of the meeting and the meeting agenda, to every member.

2. SET members can add items to the meeting agenda ahead of the meeting through electronic or postal mail.
3. The meeting is normally held at the SET building and starts at 4:00 p.m. making it convenient for all members to attend. Three-fourths of all members constitute a quorum.
4. At all meetings, the BoG chairman presides. The BoG Chairman offers all members an equal opportunity to give suggestions and ask questions, including voicing their views, etc.
5. Any member may nominate persons to become a SET governor, based on his/her background, competency, ethics and integrity.
6. Comprehensive meeting minutes are recorded, covering significant details such as the names of governors, executives and members who attended the meeting, meeting resolutions, questions, explanations and opinions (both pros and cons) of the meeting.
7. The minutes of the SET members meeting will be sent to all members within 14 days of the meeting.

## 2. Equitable treatment of members

SET has policies for fair and equitable treatment of members, as well as equitable hearing of opinions from all members. SET endeavors to provide necessary information to all members, such as SET's financial products and services, SET updated news and regular updates on the capital market, building clear understanding in compliance with the SET regulations. The procedure is as follows:

1. Each member is entitled to one vote. Approval of a resolution requires a majority of votes. Any member may nominate persons to become a SET governor, then vote via secret ballot on the nominations. The Audit Committee chairman verifies the vote counting.

2. Any member who is unable to attend a meeting is entitled to appoint a proxy, using the proxy form enclosed with the meeting notice.
3. SET has a specific unit function directly responsible for managing suggestions and views from members. SET seeks to consistently improve its operations for the benefits of SET and members.

## Letter of Independence

To guarantee impartiality in the performance of their duties, the BoG requires all governors, committee members and advisors of the Exchange and its subsidiaries to execute a Letter of Independence each time they are appointed to a committee or given a special task, and at the end of every calendar year. Where they have any direct or indirect interest in the consideration of a matter, they are required to notify the parties concerned in advance of each potential conflict of interest, and to abstain from participating or voting in the particular matter under consideration.

## Summary of SET activities in 2014 for all members

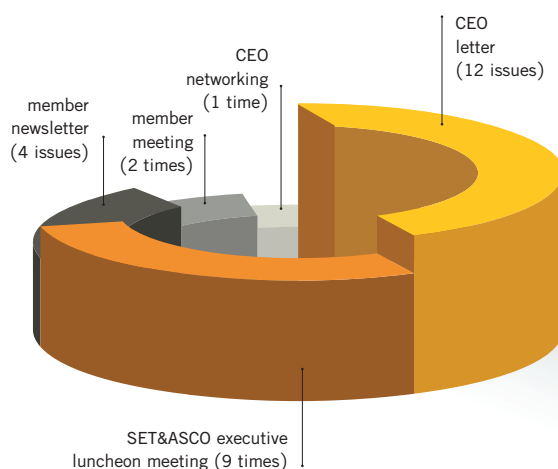
### • Members' ordinary and extraordinary meetings

In 2014, the BoG called an ordinary meeting on April 22, chaired by the BoG Chairman and nine governors (out of total of 11) in attendance. There were three extraordinary meetings in 2014, with an average attendance of 87% of members. Among the matters considered were election of governors, appointment of the auditor, consideration of significant practices relevant to members, and the arrangement of hearings on matters related to all members, which were amendment of regulation on SET's membership rights transfer, amendment of market surveillance measurement, commencement of trading measures for unsponsored depositary receipt (DR).



## • Collaborative activities among members in 2014

In 2014 SET promoted member relations and participation by conducting these activities:



<b>SET and ASCO executive luncheon meetings (9 times)</b>	These monthly panel discussions were held between members of the Association of Thai Securities Companies (ASCO) and various parties involved in the capital market to discuss matters of mutual concern.
<b>CEO networking (1 time)</b>	These were panel discussions among senior executives of all brokerage firms to strengthen the good relationships and enable members to express opinions on the securities business.
<b>Member newsletter (4 issues)</b>	This publication is for all members, containing quarterly updates on the capital market.
<b>CEO letter (12 issues)</b>	This is a monthly newsletter from the SET president to the presidents of all securities companies, informing them of SET activities.
<b>Member meeting (2 times)</b>	Two seminars were arranged for members, under the topic of “Potential investors and retail investors in the provinces” and a research presentation on “Trend of High Frequency Trading in the Thai capital market”.

## 3.Roles and treatment of stakeholders

The SET Board of Governors (BoG) ensures that the exchange’s operations are based on fair and equitable treatment for stakeholders. The BoG recognizes the mutual relationship the bourse has with all stakeholders, covering the Securities and Exchange Commission, securities companies, listed firms, asset management companies, investors, employees and other related agencies including business partners, creditors, competitors, the public sector, society and the environment.

SET gives the utmost importance to customer feedback and realizes the importance of effectively managing suggestions from listed and member companies, as well as associate firms, to enhance its operations. Starting from 2013, SET has set up a new internal communication system so that all executives can acknowledge, exchange views and take action of stakeholders’ complaints and suggestions more efficiently.

### 3.1 Summary of current best practices on stakeholders, in accordance with the SET group's Code of Conduct

<b>Member, listed companies and asset management companies</b>	<ul style="list-style-type: none"> <li>• Listening to stakeholders and related parties' views, both on regulatory adjustments and new regulations issuance, including creating a clear understanding in compliance with the SET regulations and standard.</li> <li>• Organizing extensive public relations activities to promote company profiles, including facts and figures of listed firms, securities and asset management companies, for the benefit of investors and the public.</li> </ul>
<b>Investors and the public</b>	<ul style="list-style-type: none"> <li>• Developing a variety of financial instruments, products and services with service excellence and providing accurate and adequate information about them.</li> <li>• Providing complete, accurate and updated information.</li> <li>• Providing effective two-way communication channels for investors and the public to access business information as well as report complaints. Customer information must be kept confidential and not used for the benefit of one's own or other persons.</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Providing development programs to enhance employee competency and career advancement opportunities.</li> <li>• Managing remuneration and other benefits for employees and management, taking into account the economic situation and SET's long-term achievement, competitively with other leading organizations.</li> <li>• Taking care of its employees consistently well, with equal treatment and welfare benefits.</li> <li>• Setting up effective communication channels between management and staff and implementing activities regularly and consistently, covering strategic objectives and directions for the capital market. In addition, all employee opinions and suggestions must be fairly and equally treated.</li> </ul>
<b>Suppliers and other business partners</b>	<ul style="list-style-type: none"> <li>• Treating suppliers and business partners with fairness and transparency, based on mutual benefit.</li> <li>• Avoiding dishonest conduct purposely carried out to benefit suppliers / business partners. All parties must strictly comply with contractual agreements, obligations and conditions.</li> </ul>
<b>Creditors</b>	<ul style="list-style-type: none"> <li>• Complying with contracts or agreements as well as guaranteeing conditions with creditors strictly.</li> <li>• Managing effectively to ensure that creditor trust in SET's financial status and debt repayment ability (solvency) is maintained.</li> <li>• Disclosing financial information accurately, completely and in timely manner.</li> </ul>
<b>Competitors</b>	<ul style="list-style-type: none"> <li>• Competing fairly, not seeking to obtain competitive intelligence dishonestly and not being involved in illegal actions to gain competitive information or beat competitors.</li> </ul>
<b>Government sector</b>	<ul style="list-style-type: none"> <li>• Supporting the government's policies, in compliance with the rules and regulations of regulatory commission entities, as well as promoting and supporting various government activities to strengthen national stability and growth.</li> </ul>
<b>Society, community and the environment</b>	<ul style="list-style-type: none"> <li>• Keeping in mind the responsibilities to the society and environment, ensuring the staff are knowledgeable about CSR and strongly encouraging staff's participation in CSR activities (Please find more details in SET's Sustainability Report 2014.)</li> </ul>

### 3.2 Summary of SET activities in 2014 based on protecting rights of investors, listed companies, securities companies and stakeholders

Protecting the rights and interests of investors	Providing information to investors and the general public		Supporting listed companies, securities companies, etc.
Provided an asset-protection fund for investors who were under the management of a member company that was also a member of the fund. Investors would be paid compensation under the rules prescribed.	Established more than 180 centers for investment knowledge for the benefit of students, faculty, university staff, and other interested parties.	Carried out activities to promote investment by giving those interested persons an opportunity to meet with listed firms, securities companies, etc. In order to gain investment knowledge, including obtaining product information and services from SET.	Organized “Thailand Focus” events as well as roadshows, both at home and abroad, bringing listed Thai companies to meet with and providing information to interested parties and institutional investors so as to build confidence in investing.
<b>Information as of December 31, 2014:</b> <ul style="list-style-type: none"> <li>Securities Investor Protection Fund (SIPF) valued THB 698 million.</li> <li>Derivatives Investor Protection Fund (DIPF) valued THB 65 million</li> </ul>	<b>Information as of December 31, 2014:</b> <ul style="list-style-type: none"> <li>Established 7 “Investment Learning Centers” at leading universities nationwide.</li> <li>Established 179 “Capital Market Knowledge Corners” at educational institutions nationwide.</li> </ul>	<b>Events held throughout 2014:</b> in provinces in all regions: <ul style="list-style-type: none"> <li>Set up SET exhibition booth at 6 different “Money Expo” events.</li> <li>Held “TFEX – Money Channel” events 3 times</li> <li>Organized “SET in the City 2014” in Bangkok.</li> </ul>	<b>Events held throughout 2014:</b> <ul style="list-style-type: none"> <li>Organized “Thailand Focus 2014” event under the theme “Reforming for Sustainable Growth” with 236 institutional investors joining the event and 113 listed Thai companies providing information.</li> <li>Organized 8 roadshows in various countries including the United States, Canada, France, Japan, etc. which received good satisfactory feedback from investors, resulting in increasing number of investors and shareholdings in Thailand from the countries visited by the roadshow teams.</li> </ul>
<p>The results of a survey measuring satisfaction in SET services in 2014 among customers and concerned parties including member companies, asset management companies, listed firms and regulators found that <b>the overall satisfaction rating was 83%.</b></p>			



### 3.3 Human resource management

SET recognizes that employees are SET’s most valuable resource so it seriously focuses on the importance of recruiting, retaining and developing its human resources, covering safety, benefits, and welfare for all employees, based on righteousness, transparency and fairness. In addition, SET supports and synergizes the positive atmosphere of the workplace, entailing happiness, unity and sustainable loyalty to the organization.

## Highlights of human resource management in 2014

<b>Number of full-time staff</b>	728 employees, comprised of 222 males and 506 females.
<b>Turnover rate</b>	7%
<b>Welfare benefits</b>	<ul style="list-style-type: none"> <li>• Provident fund scheme, medical welfare, scholarships, financial welfare and emergency loans.</li> <li>• The savings co-operative unit promotes savings and financial support among members. In 2014 it supported 281 members with 671 loan contracts totaling THB 79,518,500.</li> <li>• SET Employees Club consisting of appointed and elected staff to be the center point for promoting employee-relations activities creating a teamwork spirit, synergy and happiness among executives and staff in the working environment, as well as extending to the society.</li> </ul>
<b>Safety and healthcare</b>	<ul style="list-style-type: none"> <li>• A top priority is maintaining a hygienic and safe working environment for employees. In 2014, there were various operations conducted to ensure a safe and clean workplace such as: <ul style="list-style-type: none"> <li>– Spraying antibacterial and antivirus disinfectants on all floors of the office buildings four times during the year.</li> <li>– Spraying insecticides to control mosquitos, termites and ants monthly during the year</li> <li>– Conducting annual fire drills. In the past year, 641 management and staff, representing 81% of all employees, participated in the fire drills.</li> </ul> </li> <li>• Promoting healthy and happy workplace by arranging annual physical check-ups, sports facilities, as well as providing life and health insurance, as well as sports facilities.</li> </ul>

## Remuneration and career advancement opportunities

- Having a remuneration system competitive to leading corporations, corresponding with the economic situation and SET's long-term achievements. The evaluation system was based on the exchange's achievements, key performance indicators and actual individual performance (Performance Based Pay).
- Providing long-term benefits for the employees who have continuously worked in the organization for long periods of time. There are certain criteria for promotions, mainly the employee's job performance and employment length. Traditionally, an annual ceremony is held to honor employees with token of appreciation at every five years of service, starting from year 10. This event is held on April 30 every year, the same day as SET's anniversary, as a way to raise the spirit and morale of dedicated employees.
- Providing scholarships to employees to study for a master's degree both in Thailand and abroad. This can both motivate employees at their full potential and retain qualified staff as important resources for SET in the future. In 2014, five scholarships were granted.

## Employees training and development

SET recognizes the importance of developing its human resources by providing development programs to enhance employee competency and career advancement opportunities. In 2014, SET supported the training courses for executives and employees which can be summarized as follows:

- Allocated 49 courses for executives and staff focusing on leadership, management, team-working, and functional skills enhancement. 80% of total number of executives and staff attended 2,175 man-days in duration. Total budget was THB 10,731,065.
- Arranged for senior management to attend training courses organized by professional executive development institutes focusing on various areas of development including “Leading Culture Change Workshop”, “Leadership Challenging Program” and “Executive Coaching and Executive Program”. A total of 182 man-days were spent in such training programs.

In addition, in 2014, a training program was provided to enhance employees’ knowledge and understanding of environmental conservation so that they could both become aware of the use of resources and their value, and then apply for use in their daily lives and at SET. Examples of such training include: “5S Simple Style” in-house training held on March 28, 2014; “Paperless Project & 5S” training conducted on August 15, 2014; and “E-Waste Recycle Project” training held on August 18, 2014.

## Superb working environment and employee participation

SET focuses on the importance of creating a happy working atmosphere for employees, and offered the following activities in 2014:

- Emphasizing work-life balance, SET offered some leisure activities via a campaign called “Be(e) Happy”.
- Providing monthly knowledge-sharing sessions, casual meetings, to update employees on health, languages, information technology and environment issues. The speakers were SET executives from each related functions, as well as outside experts. Employees could closely interact, discuss, and learn more via the Q & A session.
- Providing employees with continuous block of leave (5 working days in a row) so they could manage their annual leave effectively.

Moreover, SET is committed to effective communications and cascading between top executives and staff and among all management levels. In 2014, the key activities can be summarized as follows:

<b>Town hall meetings (3 meetings)</b>	A regular and continuous internal communications channel between top executives and staff to enhance understanding among all staff on SET policies, guidelines and directions. SET welcomes all employee views and recommendations and gives them fair and equal treatment.
<b>Chat &amp; Share (3 sessions)</b>	This session provides opportunities for employees at all levels to communicate interactively with the SET president via closed circuit TV and online audio. Employees can directly express various ideas and opinions on developing SET work guidelines as well as recommendations on matters related to employee benefits.
<b>SET Sawasdee (3 issues)</b>	These are messages from the SET president sent to all employees by email to communicate on SET’s important activities and key operating results in line with business goals, as well as to motivate staff dedication.



<b>Management Meetings / Senior Management Meetings (11 meetings)</b>	These regular meetings have enabled executives of each department to exchange views, synergizing business success and encouraging effective teamworking. The policies and key work progress could also be cascaded down to all employees.
<b>Little Voice Great Value Program (1 survey)</b>	This survey is to listen to employee voices on their workplace environment. This regular survey has been conducted for 9 years. SET will continue to listen to staff feedback on how to make SET a great place to work.

### 3.4 Business partner selection process

SET must select business partners with transparency and fairness to each and every one of them. The selection process must strictly comply with SET's procedures and processes of the regulations and practices relating to purchasing and procurement, which can be summarized as follows:

Moreover, SET is prohibited from conducting business with any person or organization associated with or likely to be tainted by corruption. As such, all SET executives and staff, especially those in procurement, must strictly adhere to best practices.



### 3.5 Anti-misconduct and anti-corruption policy

SET seriously puts the importance on fighting against misconduct and corruption by setting up the anti-misconduct and anti-corruption policies as key parts of the corporate governance principles, available on the SET website. Details of the policies' implementation are specified in the "Anti- Misconduct and Anti-Corruption Guidelines", indicating best practices and prohibited activities, including examples of incidents that might put a person at risk of misconduct or corruption. These are to ensure that everyone in the organization can fully comply with

the anti-misconduct and anti-corruption practices, using the same standard.

In 2014, SET announced the policy and guidelines prohibiting the acceptance of gifts in order to establish good governance and best practice for employees to follow with transparency, without conflicts of interest. This policy has been communicated to the third parties and all stakeholders in order to establish a shared understanding and common culture in the fight against misconduct and corruption.

## **Creating awareness and communicating the intention in the Anti-misconduct and Anti-corruption policies**

In 2014, the SET group communicated the intention of the Anti-misconduct and Anti-corruption policies to stakeholders both internally and externally through a variety of activities as follows:

- Business partners or potential business partners: Arranged the first meeting with business partners to help them understand SET's anti-misconduct and anti-corruption policies by clearly identifying the wordings of the anti-corruption policy in procurement process such as purchasing order forms, bidding announcements, terms of reference announcements, and signature mail in the procurement unit's functions.
- Listed companies, member companies and other involved agencies: Communicated to create understanding and requested cooperation in refraining from giving gifts to SET staff in order to create standard for best practices.
- Regulatory Agencies: Held meetings and discussions with representatives from the SEC to exchange ideas on building guidelines for CG awareness for employees in the organization in order to implement important policies such as anti-misconduct and anti-corruption policies, and guidelines on giving or receiving gifts.
- SET management and staff: Continuously build knowledge and understanding on the purpose and guidelines of not receiving gifts, and on the policies of anti-misconduct and anti-corruption through various channels, such as newsletters, web-based activities, information meetings and others.

## **Participating in Anti-corruption activities**

SET, as one of the organizations committed to fighting corruption in Thailand, encourages the governors, executives and employees to participate in activities organized by SET or other organizations to support anti-corruption efforts, for example:

- The SET Chairman serves on the committee of the Anti-Corruption Organization of Thailand, representing SET in meetings and exchanging ideas which are beneficial to the development of anti-corruption guidelines for Thailand.
- Participated in the "Anti-Corruption Day 2014" annual event, under the theme "Hand in Hand.... Reforming Fighting for Sustainable Victory," held on September 6, 2014
- Attended the 2014 annual conference of the Institute of Internal Auditors of Thailand (IIA) under the topic "New Era of Anti-Corruption with Corporate Governance" on September 15, 2014
- Joined the IIA clinic's forum on "Money laundering: case study and related laws & regulations" on December 20, 2014.

## **Risk assessment and monitoring of the Anti-corruption policy's implementation**

Fraud and corruption are considered key risks facing the organization. Every year, each department must evaluate and identify the measures required to manage such risks. Each department has to continuously monitor and report risk status to ensure that SET can handle risks in a timely manner and manage risks efficiently, keeping them at an acceptable level. The Risk Management Department regularly tracks and reports risk status to senior management, the Risk Management Committee and the SET Board of Governors, keeping them constantly informed. The Internal Audit Department verifies the effectiveness of internal control measures related to the prevention of fraud and corruption.

The Compliance unit is directly responsible for consulting with and providing suggestions to staff, as well as ensuring that SET operations comply with SET anti-corruption policy and guidelines. In addition, this unit manages whistle-blowing from staff who has found actions likely to lead to corruption, coordinating with the internal audit unit for investigation, for transparency and fair treatment with all parties and then report to the SET president and the Audit Committee.

### 3.6 Compliance with rules and regulations

The SET BoG realizes the importance of strict compliance with the Securities and Exchange Act and other laws related to business conduct. The BoG also recognizes the rights of all stakeholders, respecting human rights and fair labor treatment.

### 3.7 Whistle-blowing policy

SET provides channels for all stakeholders to report or notify directly to the chairman of the Audit Committee about wrongdoings, violations of rights, violations of Code of Conduct, incorrect financial reports or internal control systems of the SET group. Investigations will be conducted and the findings will be reported to the SET BoG for decision of next steps. SET's whistleblowing policy is clearly stated in the SET group's corporate governance policy and available via the SET's website in the "Whistleblowing policy" section. Whistleblowers can contact SET via:

1. e-mail:

ChairmanoftheAuditCommittee@set.or.th

2. Postal mail

Chairman of the Audit Committee  
Internal Audit Department  
The Stock Exchange of Thailand  
62 Ratchadaphisek Road, Klongtoey  
Bangkok 10110

SET has an effective process to ensure that whistle-blowers will be protected in good faith. The whistle-blower can choose to declare or not declare his / her name or contact details, and the filing will be kept confidential. The whistleblower can request special protection and he / she will receive fair treatment. In 2014, no such reports were submitted via SET channels.

## 4. Disclosure and transparency

The BoG emphasizes the quality of information disclosed to ensure that important information for

business operations and securities trading is distributed sufficiently, accurately, timely and transparently. The SET website is a major source of important information, both financial and non-financial, in both Thai and English. Samples are as follows:

- SET publishes information on its overall operations covering the structure of the SET group operations, names and profiles of SET governors and executives, rules and regulations for listed companies and member companies, market data, as well as companies and securities information. In addition, SET also publishes information on its corporate governance and corporate social responsibility.
- SET's annual report, including audited financial statements and Management Discussion and Analysis, from 2001 to the latest issue can be downloaded, with each report being published no later than 60 days after year-end, same as listed companies. The 2014 SET financial report was published on February 17 2014, or 48 days following the end of the period covered, which was before the deadline. The BoG provides a statement of its responsibilities that relate to the SET financial reports alongside the auditor's report in SET's annual report.

In addition to disseminating information via website, SET also provides information through various easily-accessible channels and public relations activities providing information on listed companies. Some examples are as follows:

- Methods for disseminating information include organizing training courses to provide investment education, releasing important news on the capital market, and providing investment insights and financial planning techniques through SET social media, consisting of Facebook, Twitter and YouTube.
- News and information regarding finance and investment are broadcast on Money Channel television station, which broadcasts 24 hours a day. Additionally, press releases are distributed to all media covering printed media, radio, TV and websites.

- The Opportunity Day event is held regularly following the announcement of quarterly financial statements so that listed companies can meet with securities analysts, investors and the media in order to keep them informed about business performance. This provides opportunity for investors to receive information directly from each company's executives. In 2014, Opportunity Day was participated by 461 listed companies and 21,715 investors and other interested parties.

- Another information channel for investors, listed companies, securities companies, and other stakeholders to receive information on request, to contact SET staff and to access other information services is via phone call to SET office or call centers which operate 24 hours a day:

1. S-E-T Call Center (via telephone number 0-2229-2222 or SETCallCenter@set.or.th) provides services about investment, SET products and services, the SET group, Capital Market Research Institute and Money Channel's activities, and response to members' enquiries, etc.
2. TSD Call Center (via telephone number 0-2229-2888 and TSDCallCenter@set.or.th ) provides information about registrar services and provident funds, e-Dividend Service, as well as information on shareholders via the internet portal, transferring or reissuing replacement documents if lost.

In 2014, SET was awarded the annual Outstanding Data Provider Award for 2014, organized by the Financial Information Service Division (FISD), a global non-profit industry forum. This award is voted on by FISD members consisting of data vendors, banks and financial institutions worldwide. The award is for the stock exchange that has proved to be outstanding in financial and investment information services, such as disseminating information regarding trading and listed companies through modern communication channels to investors and market participants worldwide. This award has reinforced SET's commitment in continuing to develop services that meet international standards to

provide users around the world with convenient access to complete and timely information.

## 5. Responsibilities of the Board of Governors

### 5.1 The Board structure

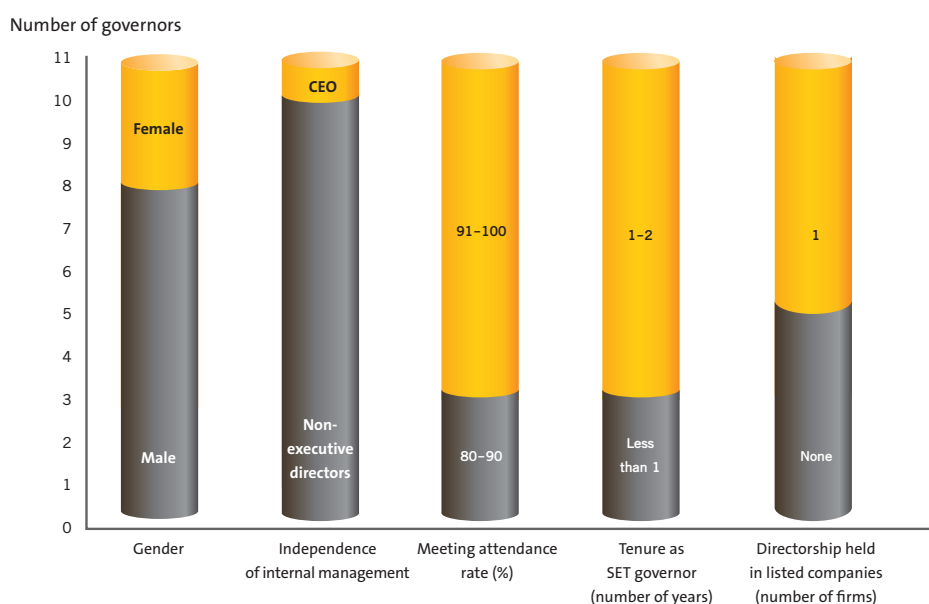
The structure of the SET's Board of Governors adheres to the Securities and Exchange Act, consisting of the followings:

- Five governors have been appointed by the Securities and Exchange Commission, each of them have a high expertise and extensive experience in stock exchanges, securities companies or financial businesses, at least one of them is a senior executive of a listed company. These governors are Sathit Limpongpan, Suthichai Chitvanich, Somchai Thaisa-Nguanvorakul, Jotika Savananada and Subhak Siwaraksa.
- Five governors have been elected at a SET members' meeting, four of them being representatives from member companies at the executive vice president position or higher, namely Pattera Dilokrunghthirapop, Suthep Peetakanont, Charnchai Kongthongluck and Pichet Sithi-Amnuai. The fifth governor has been elected by a SET members' meeting, based on a name list nominated by SET's Nomination and Remuneration Committee, and not being managing director, staff or employee of a member company, namely Kitipong Urapeepatanapong.
- The SET president, namely Kesara Manchusree. As a governor by position, the president has been appointed by the Board of Governors.
- The Board of Governors has elected one governor, excluding the SET president, as chairman, namely Sathit Limpongpan. The chairman is independent from the management having clearly separated authorities and duties.

Currently, the SET BoG is comprised of 11 members with various experience, expertise and skills that are useful to SET.

The service term of every governor, other than the SET president, is two years. Each governor may be re-appointed for a maximum of two consecutive terms. The SET president's term is four years and he/she can be re-appointed.

In addition, the BoG has appointed Supakit Jirapraditkul as BoG Secretary. The Corporate Secretary Department supports the board by providing legal advice, keeping informed of key regulations, good corporate governance practices, as well as organizing meetings, taking care of board activities and monitoring matters in compliance with the resolutions.



## 5.1 Roles and responsibilities of the Board

### (1) Vision and mission

The BoG endorses the development of SET's vision, mission, goals and business direction. The BoG approves the strategic plan, corporate key performance indicators (Corporate KPI) and monitors the supervision of operations to ensure effective implementation of its plans within budget. The BoG evaluates and adjusts business plans in response to market changes. The management reports progress on operations and business outcomes to the BoG every quarter.

In addition, the BoG is responsible for reviewing SET's vision and mission every five years, as suitable or in timely fashion to keep SET's development plan up-to-date. The last review was in 2012.

### (2) Assignments and separation of the Board and management

#### • Separation of the BoG and the president

SET has clearly separated the BoG's role in monitoring policy, action and decision of corporate governance from those day-to-day operations of the management. The chairman is an independent non-executive director, not the same person as the president and has no relationship with management. The roles of chairman and the president are separated. As a leader, the chairman plays a key role in policy decision-making, with supports and suggestions to the management, not intervening in any routine activity under the president's responsibilities.

### Roles and responsibilities of the Board

- Set SET's strategic policies and direction. Monitor the management's operations to ensure effective implementation in compliance with rules and regulations
- Approve the strategic plan, budget and manpower plan
- Appoint the SET president and top executives
- Ensure effective and reliable accounting, financial reporting, internal control, internal audit, CG and risk management systems
- Assign and delegate authority to the management appropriately to efficient operation, with decent internal control

### Roles and responsibilities of the president

- The SET president holds the highest executive position responsible for managing SET's business in compliance with the policies, strategic goals, rules and regulations, as well as the Board's decisions
- Report the progress of SET operations according to SET's strategic plan, as well as SET's performance to the Board quarterly
- For external affairs, the SET president, as SET's representative, may delegate certain individual to act on his / her behalf, by following the rules and regulations set by the BoG

The SET BoG has approved the guidelines to facilitate flexible and effective operations, under effective internal control and reporting system. The BoG has approved the procedures for delegation of authority at various levels, with clear approval framework and process. Some key areas are:

- For fixed assets and operating expenditures within the budget approved by the Board. Expenditure over THB 2 million must be submitted to the BoG for approval.
- For purchase or procurements of products or services over THB 10 million must be submitted to the BoG for approval. The purchase or procurements over THB 5 million must be reported to the BoG quarterly.

#### • **Authorities, duties and responsibilities of the BoG Chairman**

1. Convene the BoG meetings.
2. Chair the BoG meetings. In case of a tie, the chairman will have a casting vote.

3. Open up opportunities and encourage all governors to take part in the BoG work and activities.
4. Support the Board's self-assessment and evaluation processes continuously
5. Co-ordinate with and provide support to the SET president to enhance effectiveness and efficiency

#### • **Committee assignments**

In 2014, the BoG appointed members for a total of ten committees in various duties and responsibilities, examined issues that require specialization covering the Audit Committee, Nomination and Remuneration Committee, Corporate Governance and Social Responsibility Committee, and Risk Management Committee. All SET committees were independent in carrying out their duties as assigned by the BoG. The list of committees and their duties is shown 101.



### (3) Succession planning

SET realizes the importance of succession planning to ensure the work progress and continuation of the SET president's position and other top executives. The process to select a successor is clear and transparent, considering the background, competency, ethics, leadership skills and vision of the candidates. Results of the succession planning process have been reported to the Board regularly. The Leadership Development Program has been set up, as part of the succession plan, to screen, select, develop and maintain executives with potential ready to manage the organization with competitive capabilities in the future.

### (4) Corporate Governance

The SET Board of Governors continues to focus on maintaining high standard of corporate governance, which is fundamental to the operation of the Exchange creating confidence among stakeholders in the Thai capital market. The BoG has assigned the Corporate Governance and Social Responsibility Committee to consider and examine the CG and social responsibility of listed companies as well as SET, and report to the BoG regularly.

- **Policies and guidelines of Corporate Governance**

SET policies and practices relating to CG are in line with international standard, with guidelines for business operations as well as for SET governors, executives, and employees. Some samples of SET policies and practices are as follows:

<b>1. SET CG Policies</b>	SET governors, management and employees to perform their duties strictly by following SET CG policies and practices so that the SET group will be widely accepted and become a role model for other organizations in the Thai capital market.
<b>2. SET Code of Conduct</b>	To make sure SET governors, committee members, advisors and employees understand and follow the Code of Conduct, having received the documents from the first day of work at SET. Every new employee must sign the intent to follow the Code of Conduct.
<b>3. Trading of SET-listed securities by SET governors and employees</b>	To make it clear and transparent, while building trust among stakeholders, there has been guidelines of best practice for governors and staff to follow strictly. This means investment must be made in all fairness and honesty, not using authority or inside information to seek benefits.
More information on the SET policies and practices, as described above, can be found on the SET website: <a href="http://www.set.or.th/th/about/overview/setcg_p2.html">www.set.or.th/th/about/overview/setcg_p2.html</a>	

## Policies and guidelines on conflicts of interest

To guide all SET staff to act in the interests of the Exchange, without favor or preference based on possible direct or indirect personal gain, the Exchange has provided examples of situations in which a conflict of interest may arise, as well as procedures to follow. These actions include:

- Not allowing employees to serve on the boards of, or as consultants to, listed companies or member firms
- If serving on the board of other companies or organizations, employee must seek prior approval from the president. If the president is the person in question, employee must seek prior approval from the chairman.
- If involving in transactions with SET, employee must disclose in writing any relationship, both direct and indirect, with related person engaged in those transactions, and must abstain from participating in the procurement process.

As of December 31, 2014 no SET senior executive served as a director, committee member, or advisor of any company.

## Policies on confidentiality and data usage

BoG recognizes the confidentiality of SET information and protection against conflicts of interest by not using confidential information dishonestly, for example:

- Not exploiting SET confidential information for personal or other persons' benefit wrongly.
- Maintaining SET confidentiality so that documents or information will not leak, resulting in damage to SET.
- Not disclosing SET's confidential information even after leaving SET.

Since 2012, SET has implemented the Data Leak Prevention process as a tool for controlling the publicizing of information, while protecting confidentiality.

## • Review of Corporate Governance policy and the SET group's Code of Conduct

The SET Board of Governors has established an annual review of SET CG policy and the SET group's Code of Conduct by the Corporate Governance and Social Responsibility Committee, before submitting to the board for approval. In 2014, the board approved the current corporate governance policy and Code of Conduct as being adequate and in line with international standards.

## • Activities to support employees' knowledge and understanding of Corporate Governance

- Disseminating CG policy and Code of Conduct via SET's intranet and website: [www.set.or.th](http://www.set.or.th)

- Regularly preparing articles with updated movements in "Sharing: CG& Compliance" column via SET's intranet.
- In 2014, the CG Day event was held on October 22 under the theme "CG Refresh", during which all the guidelines in the Code of Conduct were reviewed to enhance the employees' awareness



and realization of the importance of compliance, an inside-out approach. Various edutainment activities were organized. For example, a Q&A competition related to Code of Conduct, matching pairs between compliance with the Code of Conduct and the risks of non-compliance. In addition, there were exhibitions and activities on stage highlighting various aspects of Corporate Governance. The SET president presided over the opening of the event and participated in various activities mingling with the staff, as a normal practice.

- Arranging meetings for employees to enhance their understanding of SET's CG policy and Code of Conduct.

- **Monitoring compliance with CG policy and Code of Conduct**

In 2014, SET operations strictly complied with SET CG policies or Code of Conduct. There were no complaints involving wrongdoing or business malpractice by SET governors, management or staff that went against SET CG policies or Code of Conduct. In 2014, there was no case involving a Board member or SET employee for violation of SET rules and regulations or using insider information or misusing authority in securities trading.

## **(5) Internal control system**

Realizing the importance of efficient internal control at all levels, the BoG has strongly supported management in setting up transparent working processes, restructuring and segregating duties with checks and balances, clearly specifying authority and put things in writing. Monitoring system has also been set up. The BoG appointed an Audit Committee to supervise and review SET's internal control system to ensure conformity with international standards. The Internal Audit Department is an independent function that reports directly to the Audit Committee on audit matters. Administrative matters have to be reported directly to the SET president. Audit Committee members consider the appointment, transfer

or removal and evaluate the Head of the Internal Audit Department. Currently, Wipha Leethakulnumchai is Head of the Internal Audit Department.

The Internal Audit Department is independent in the access of necessary information for auditing. The Internal Audit Department audits and evaluates the adequacy, suitability and efficiency of the internal control system of various procedures and systems according to SET's annual audit plan, developed by using a risk-based approach, to be approved by the Audit Committee. The audit findings and follow-up results on the management's operation have been directly reported to the Audit Committee continuously.

SET operations are based on the internal control guidelines and framework of The Committee of Sponsoring Organization of Tradeway Commission (COSO) which contains 5 components and 17 principles.

In 2014, SET carried out important activities and projects that supported the enhancement of effective internal control system and internal audit, which can be summarized as follows:

- In 2014, SET gave priority to achieving international standards by reviewing the implementation and development of post-trade services to meet the standard of the Principles for Financial Market Infrastructure (PFMI), assigning the Internal Audit Department to review in compliance with PFMI standard.
- SET has continued to enhance its computer system so members can make transactions more conveniently and efficiently, having better control system, with continuous intensive testing. The Internal Audit Department was assigned to conduct a pre-implementation review of the new system before it was put into use. On May 6, 2014, SET successfully operated the new computerized trading and settlement system for derivatives. The system worked smoothly and efficiently. The upcoming system under development is the settlement and securities deposit system for equity instruments, scheduled to launch in 2015.

- The Internal Audit Department has continuously improved the quality of internal audit through training for general audit skills and specialized skills for computerized inspection system such as the Web Application Penetration Testing. The training took 74 man-days, including educational on-site visits and exchanging internal audit experiences with the Internal Audit Department of the Korea Exchange (KRX), for six man-days.
- SET requires to have a Quality Assessment Review (QAR) conducted by external independent appraisers every five years. The last assessment was done in 2011, with continuous improvement taken into consideration the suggestions from the assessment, as well as the self-evaluation implementation.

Based on internal audit activities and implementation of important projects, the Audit Committee viewed that SET's overall internal control system has functioned adequately and appropriately. (Details are shown in the Audit Committee report).

## **(6) Risk management**

The BoG emphasizes the importance of systematic risk management. The BoG is responsible for designating risk management policies and framework for the organization and appointing the Risk Management Committee (RMC). The RMC, comprised of experts in risk management, advises and makes recommendations to management to ensure that SET's risk management process is in line with specified policies and international standards. The RMC has to ensure complete coverage of all enterprise-wide significant risks, consisting of three levels: 1. Strategic risk 2. Business risk and 3. Process risk, via risk assessment and self-control.

Operationally, the management is responsible for the risk management and sets up the policy in identifying risks and assessing the level of risk according to the defined criteria. The Risk Management Department coordinates and supports management in the implementation of risk management processes according to the set policy. The risk management framework can be summarized as follows:

- Identify and assess the probability of the risk and the degree of its impact according to the established criteria, and set measures to manage the risk at an acceptable level. Follow up on the implementation of the risk management plan by the management, as project owner. Report the risk status which covers a continuous and comprehensive review of the adequacy and effectiveness of key risk management measures to ensure that in case the risk occurs, it will be managed in a timely manner. Consider suitable risk management measures required in preparation for the startup of the new computerized system for clearing and settlement, for delivery of new securities, and for the securities depository system within the equity instruments market. This system is scheduled to begin operation in mid-2015, and is currently being tested among all involved agencies in the industry.
- Establish a Business Continuity Plan (BCP), which includes annually reviewing and practicing the implementation of the plan with other agencies in the capital market to cope with any crisis. SET recognizes the importance of the readiness of the staff and the system both in the main building and the backup centers. SET conducts functional tests on backup systems together with member companies to manage any disaster that may affect the main building. This is to ensure there is continuity in securities trading. In 2014, SET was successful in implementing the BCP in actual practice when SET was able to provide securities trading services to investors throughout the political crisis. This demonstrated the readiness and viability of SET's BCP at world-class level.
- Monitor and report the status of major risks to the SET Board of Governors, the Risk Management Committee, and the Audit Committee on a regular basis to keep them aware of the risks SET is facing.
- Create a culture that encourages SET executives and staff to realize the importance of risk management continuously, such as a training course on integrated risk management and corporate strategy. This includes being equipped for the ASEAN Economic Community

(AEC) launch in 2015, as well as activities to enhance knowledge and understanding of risk management as part of the CG Day 2014 annual event.

Based on all of the above activities, the BoG concludes that SET has adequately conducted key corporate risk management activities. (For details on the SET group's risk management activities, please see the Risk Management Policy section.)

## (7) Financial reports

The BoG is responsible for the financial reports of the SET group, including the information disclosed in the annual report. The financial report preparation and disclosure process were established to ensure that all information is accurately and adequately disclosed in timely manner in accordance with the generally accepted accounting principles and standards and truly reflects SET's financial status and operating results. The financial report was audited by an independent external auditor and reviewed by the Audit Committee prior to reporting to the BoG for approval. (The Audit Committee's opinion is stated in the Committee's report).

## (8) Audit Fee for the year 2014

- **Audit Fee :** In 2014, the Stock Exchange of Thailand and its subsidiaries paid the audit fee of THB 2,337,000 to the audit firm relating to an audit work.
- **Other Service Fee :** None

## 5.3 Board meetings

1. Meetings are scheduled on a monthly and quarterly basis in advance for the whole year. The BoG is informed of the meeting schedule for the coming year at the Board meeting each December, so that governors and executives are given ample notice and can effectively attend as many meetings as possible. Special meetings are convened as necessary.
2. The chairman and the president review and approve the agenda for Board meetings.
3. The Corporate Secretary Department is responsible for preparing meeting notification letters, including the agenda, and distributing meeting documentation at least seven (7) days prior to each meeting to allow the governors sufficient time to study in advance. If a special meeting is convened in case of emergency, meeting documentation may be distributed less than seven days prior to or on the day of the meeting. The corporate secretary is responsible for preparing meeting minutes and submitting them to the BoG for approval at the next meeting.
4. All governors are provided with adequate information and have access to additional information for decision-making. SET's Corporate Strategy and Development Division submits monthly updates on market status to the Board covering overview of the Thai capital market compared with the global markets, fund-raising of listed companies and development of Thai and global capital markets.
5. The chairman presides over the meetings, ensuring enough time available for management to present issues and other matters to the BoG for their prudent consideration, including full and open discussion. In 2014, each meeting took about half a day.
6. The BoG encourages the president to invite senior management to join the meeting to provide information and discuss matters that they are directly responsible for and this will also enable the BoG to cascade policies or principles for implementation accordingly. These discussions will provide opportunities for the BoG to familiarize with them, as such getting more equipped for the succession plan.
7. Each director is responsible for attending board meetings, except for urgent reasons or having other serious matters. In 2014, there were 14 board meetings, including one in which non-executive directors were able to meet among themselves, without the management team present, to consider management operations. The average attendance rate was 96.4%, as shown below. The president have also received the results of the board meetings.

## BoG Attendance in 2014

Governors (All board members, except the president, are non-executive directors.)		BoG (14 meetings)	Audit Committee (13 meetings)	Nomination & Remuneration Committee (9 meetings)	Corporate Governance & Social Responsibility Committee (9 meetings)	Risk Management Committee (6 meetings)
1. Sathit Limpongpan	Chairman	14/14				
2. Pattera Dilokrunghthirapop	Vice Chairman	14/14		9/9	9/9	
3. Jotika Savananada	Governor <sup>(1)</sup>	5/6	4/4	2/3		
4. Pichet Sithi-Amnuai	Governor <sup>(2)</sup>	8/8			5/5	3/3
5. Charnchai Kongthongluck	Governor	14/14	7/7		4/4	
6. Kitipong Uraepatanapong	Governor <sup>(3)</sup>	7/8				
7. Somchai Thaisa-Nguanvorakul	Governor <sup>(4)</sup>	6/6			3/4	
8. Subhak Siwaraksa	Governor <sup>(5)</sup>	6/6	4/4		2/4	
9. Suthichai Chitvanich	Governor	13/14		3/3		6/6
10. Suthep Peetakanont	Governor <sup>(6)</sup>	14/14		4/4		6/6
11. Kesara Manchusree	President <sup>(7)</sup>	7/8*		4/4	3/6	3/3
Governors whose terms ended during 2014						
1. Kaisri Nuengsigkapien	Governor <sup>(8)</sup>	8/8	9/9	3/6	4/5	
2. Chaipatr Srivisarvacha	Governor <sup>(9)</sup>	6/6	6/6			
3. Yothin Nerngchamnong	Governor <sup>(10)</sup>	8/8	9/9			
4. Rapee Sucharitakul	Governor <sup>(11)</sup>	6/6		4/5	2/3	3/3
5. Sasitorn Phongsathorn	Governor <sup>(12)</sup>	8/8		5/6	4/5	
6. Charamporn Jotikasthira	President <sup>(13)</sup>	6/6		4/5	1/3	2/3
*one meeting of non-executive directors						
Note : (1) (4) (5) Appointed August 11, 2014 (2) (3) Appointed May 28, 2014 (7) Appointed June 1, 2014 (6) (8) (10) (12) Term ended August 10, 2014. Suthep Peetakanont was re-appointed for another term. (9) (11) Term ended May 27, 2014 (13) Term ended May 31, 2014						



## 5.4 Board assessment

The BoG assesses its own performance at least once a year, to review the performance, including problems and difficulties to enhance working efficiency, supporting CG practices.

- **Process for Evaluating the Board of Governors**

The SET's Board of Governors approved the performance evaluation form to be used to assess the Board of Governors by determining the scope of assigned duties and responsibilities of the governors in accordance with the principles of good corporate governance. This task was assigned to the Corporate Governance and Social Responsibility Committee to advise the SET Board of Governors on the performance evaluation process. This process includes presenting a summary of the assessment with recommendations to the Board of Governors. This is in line with the role of the Corporate Governance and Social Responsibility Committee as defined in its charter.

In 2014, SET consulted with qualified experts with expertise and experience in CG in order to get their inputs on the performance evaluations for the Board of Governors. These included the evaluation models for the entire Board of Governors, self-evaluation by individual governors, and evaluation of individual governors by the other governors. The CG experts concluded that the performance evaluation process of and the evaluation

models for the Board of Governors were complete and suitable. In addition, they made recommendations on certain improvements and additional questions to cover more of the roles and responsibilities of the board. There should be additional assessments of the governors' skills, knowledge and abilities in order to rate governors on a variety of skills, experience and talents which could be used for assigning other duties to the board members, if any, in the future.

As a result, the SET Board of Governors, as already discussed with Corporate Governance and Social Responsibility Committee, approved that the performance evaluation form be revised to include the skills, knowledge and abilities of the governors.

- **Models for the performance evaluation of the Board of Governors**

In 2014, the SET Board of Governors considered five types of evaluation: 1) Performance evaluation of the board as a whole 2) Individual self-evaluation 3) Individual assessment by other board members 4) Evaluation of the chairman's performance and 5) Assessment of the skills, knowledge and abilities of the board members. The details are as follows:

**(1) The criteria for assessment of the BoG as a whole** were classified into eight sections:



**“For 2014, the BoG’s average score on 8 sections was 4.54 / 5.00, or 90.80%”.** Almost all directors agreed that the BoG was fair in specifying SET’s corporate governance policies and practices to manage any conflict of interests and the BoG recognized equitable treatment for various groups of stakeholders. The BoG clearly segregated the roles and responsibilities of the BoG, the committee and the management.

**(2) The criteria for self-assessment of individual directors** were classified into four sections:

1. Duties and responsibilities of the Board 2. Meetings 3. Independence and 4. Self-development of governor. In 2014, the overall assessment score for the four sections was 4.69 / 5.00, or 93.80%.

**(3) The criteria for assessment of individual directors by peers, by group of two directors (2:1),** were classified into four sections as previously mentioned for direct comparison. In 2014, the overall assessment result for the four areas was 4.75 / 5.00, or 95%.

**(4) The criteria for assessment of the chairman** included the aspects on encouraging all governors to actively air their views in BoG meetings, making prudent decisions, and encouraging each governor to review the BoG minutes carefully before endorsing them. The Chairman of the Corporate Governance and Social Responsibility Committee reported the result directly to the chairman.

**(5) Assessment of the skills, knowledge and abilities of the board members** was to determine the diversity of the governors’ skills, experiences and talents. The assessment of the skills, knowledge, and special abilities of the governors was separate from their self-assessment and the results were not included in the calculations of points in the board evaluations.

For the 2014 performance evaluation of the entire Board and the performance evaluations of the individual governors, including comments or suggestions obtained from the evaluation, the Corporate Governance and Social Responsibility Committee prepared a summary of the results of the evaluation and presented to the SET Board of Governors for further improvement and development

## 5.5 Performance evaluation of committees

Every committee involved in corporate governance has the duty to assess its own performance and report to the Board of Governors annually. In 2014, the Audit Committee, the Nomination and Remuneration Committee, the Corporate Governance and Social Responsibility Committee and the Risk Management Committee each evaluated their performance and submitted the reports to the SET Board of Governors.

## 5.6 Board remuneration

Subject to the provisions of the Securities and Exchange Act, the BoG chairman and other BoG members receive remuneration as determined by a meeting of member companies. This ensures that all payments are decided transparently and without the BoG's involvement.

The Nomination and Remuneration Committee examined the compensation policy and criteria for the

BoG prior to proposing to a member companies' meeting for approval, in accordance with the provisions of the Securities and Exchange Act, Section 177.

The Nomination and Remuneration Committee also considered the compensation criteria for individual members of other committees, the president and top management and seek approval from the BoG. The annual performance assessment criteria of the president and other members of top management is clearly defined, which is to benchmark individual actual performance against their respective KPIs, individual compliance with BoG policies, the overall economic and social situation, and historical records.

BoG members received monthly remuneration as approved by the annual general meeting of member companies. Board members who were also on other committees received additional remuneration as approved by the BoG to reflect their duties and responsibilities.

In 2014, remuneration for Board and committee members was:

Remuneration	BoG	Audit Committee	Nomination and Remuneration Committee	Corporate Governance and Social Responsibility Committee	Risk Management Committee	Other committees
<b>Monthly fees (THB)</b>						
Chairman	117,000	75,000	52,500	52,500	52,500	-
Member	78,000	50,000	35,000	35,000	35,000	-
<b>Meeting allowance (THB / meeting)</b>						
Chairman	-	-	-	-	-	15,000
Member	-	-	-	-	-	10,000

Current governors	Remuneration (THB)						Total
	BoG	Audit Committee	Nomination and Remuneration Committee	Corporate Governance and Social Responsibility Committee	Risk Management Committee**	Other committees and boards of subsidiaries	
1. Sathit Limpongpan	5,844,000					474,000	6,318,000*
2. Pattera Dilokrunghthirapop	936,000		496,774	615,000		326,000	2,373,774
3. Jotika Savananada	364,839	329,032	153,548				847,419
4. Pichet Sithi-Amnuai	546,000			225,167	225,167	14,000	1,010,333
5. Charnchai Kongthongluck	936,000	321,667		153,548		336,000	1,747,215
6. Kitipong Urapeepatanapong	546,000					38,000	584,000
7. Somchai Thaisa-Nguanvorakul	364,839			153,548			518,387
8. Subhak Siwaraksa	364,839	219,355		153,548			737,742
9. Suthichai Chitvanich	936,000		153,548		420,000	350,000	1,859,548
10. Suthep Peetakanont	936,000		225,167		532,583	346,000	2,039,750
11. Kesara Manchusree							
Governors whose terms ended during 2014							
1. Kaisri Nuengsigkapien	571,161	549,194	273,790	246,290		10,000	1,650,435
2. Chaipatr Srivisarvacha	390,000	250,000					640,000
3. Yothin Nerngchamnong	571,161	366,129				50,000	987,290
4. Rapee Sucharitakul	390,000		175,000	165,000	262,000	20,500	1,012,500
5. Sasitorn Phongsathorn	571,161		366,935	246,290			1,184,387
6. Charamporn Jotikasthira	390,000						390,000

Note:

\* The chairman's remuneration included THB 370,000 per month, as approved by the annual general meeting of member companies in accordance with the additional roles and responsibilities designated by the BoG.

\*\* The Risk Management Committee's remuneration as shown above mentioned only governors serving on the committee. Currently, In 2014 the committee has seven members, other three members are Mrs. Ruchukorn Siriyodhin, Mr. Somkiat Sirichatchai, and Prof. Dr.Anya Khanthavit.

## 5.7 Remuneration for top executives

In 2014, SET's most top executives consisted of the president, four executive vice presidents and thirteen senior vice presidents, for a total of 18. The monthly

salary, cost-of-living, special reward, bonus and provident fund from SET totaled THB 168,135,254.68.

## 5.8 Enhancement plan for the Board of Governors

SET gives utmost importance to the continuous and consistent enhancement plan for the governors. The SET governors participate in educational courses and observe business activities of various stock exchanges both in Thailand and abroad in order to enhance their knowledge and broaden their perspectives. For a new governor, SET will provide an orientation of SET operations, strategic plan, business plan and the overall operations of the subsidiaries. New governors will also receive a Board of Governors manual which contains key facts and figures, rules and regulations and other useful information.

In 2014, members of the Board of Governors continued to attend training and seminars to enhance their understanding of the roles, duties and responsibilities to further benefit the organization. Governors attended courses offered by the Thai Institute of Directors (IOD) including Director Certification Program Update (DCPU) and Advance Audit Committee Program (AACP) (details in table below). Board members also attended seminars on various topics, for example, seminars by the CG Forum covering the topics: “Effectiveness in the Boardroom: Route to Success & Best Practices”, “Corporate Governance in the Perspective of Investors” and “Challenging as Expectations for Board Engagement on Strategic Risk Management Oversight.” They also attended the SD forum on “Unlocking Corporate Value through Sustainability Reporting” having the chairman, vice chairman and president as guest speakers. In addition, Mrs. Jotika Savananon, as the Chairman of Audit committee, also attended the IOD Committee Forum 2014 under the topic “Internal Audit Topics for Audit Committee Consideration” to exchange ideas and experiences, and to team up with members of other audit committees to jointly determine best practices.

The governor took an educational trip abroad to Poland and Hungary during September 26 – October 3, 2014. During this “Financial Trip 2014,” the governors visited and surveyed the Budapest Stock Exchange, the Polish Financial Supervision Authority, Wood and Company (TBC), the Warsaw Stock Exchange (WSE), the Polish Power Exchange (PolPX), the Association of Polish Listed Companies (SEG) and IPOPEMA Securities. The purpose of “Financial Trip 2014” was to gain knowledge by attending briefings and discussions on topics of importance while networking with personnel in these foreign capital markets and related agencies. Governors participating in Financial Trip 2014 included the chairman, vice chairman, the president and six governors namely Kitipong Uraepatanapong, Charnchai Kongthongluck, Jotika Savananada, Pichet Sithi-Amnuai, Somchai Thaisa-Nguanvorakul and Suthep Peetakanont.

Additionally, governors serving on the Audit Committee namely Jotika Savananada, Subhak Siwaraksa and Charnchai Kongthongluck, along with the Risk Management Committee members and one external expert, visited the Korea Exchange (KRX) in South Korea during December 2 – 3, 2014. They have learned how KRX handles corporate governance, risk management, internal audit and regulatory compliance. This trip also enhanced their expertise and strengthened their relationships with other participants in the capital market.

### Training at the Thai Institute of Directors Association (IOD)

Current governors	Director Certification Program (DCP)	Director Certification Program Update (DCPU)	Director Accreditation Program (DAP)	The Role of The Chairman Program (RCP)	Advance Audit Committee Program (AAP)	Audit Committee Program (ACP)	Financial Institutions Governance Program (FGP)	Role of the Compensation Committee (RCC)	Chartered Director Class (CDC)
1. Sathit Limpongpan	✓			✓		✓	✓		
2. Pattera Dilokrunghthirapop	✓		✓	✓					
3. Jotika Savananada		✓			✓				
4. Pichet Sithi-Amnuai	✓					✓		✓	
5. Charnchai Kongthongluck	✓								
6. Kitipong Urapeepatanapong	✓			✓					
7. Somchai Thaisa-Nguanvorakul	✓	✓ (2014)	✓						
8. Subhak Siwaraksa	✓		✓				✓		
9. Suthichai Chitvanich	✓			✓					✓
10. Suthep Peetakanont	✓			✓					
11. Kesara Manhusree	✓								



## Committees of The Stock Exchange of Thailand (SET) 2015

1. Appeals Committee
2. Audit Committee
3. Corporate Governance and Social Responsibilities Committee
4. Disciplinary Committee
5. Legal Affairs Committee
6. Nomination and Remuneration Committee
7. Listing Expansion Committee
8. Risk Management Committee
9. Securities Investor Protection Fund Committee
10. SET Head Office Construction Committee

## 1. Appeals Committee

**Support unit:** Enforcement Department

**Structure:** The committee consists of three to five members, appointed by the SET BoG with the approval of the SEC. Each member must be expert in at least one of the following fields: law, finance and accounting, or the brokerage business.

**Term:** July 1, 2013 to June 30, 2015

Name		Position
1. Hiran	Radeesri	Chairman
2. Chokechai	Tanpoonsinthana	Member
3. Manop	Nagadatta	Member
4. Prasit	Kovilaikul	Member
5. Somjin	Sornpaisarn	Member

### **Responsibilities of the Appeals Committee are:**

1. To review any appeal made against any punishment or orders laid down by the SET BoG, Disciplinary Committee or President and to determine the innocence or guilt of appellants
2. To review any request for suspension of execution of punishment or orders in which any condition or collateral is stipulated or required
3. To advise the SET BoG regarding punishments, reductions in punishments, orders not to punish, confirming punishment orders being appealed, or any other matter raised by appellants
4. To order the termination of any appeal withdrawn prior to or during deliberation by the Appeals Committee

## 2. Audit Committee

**Support unit:** Internal Audit Department

**Structure:** Members consist of three SET governors. One member must be from among the governors appointed by the Securities and Exchange Commission, the second from among the governors who are executives of member companies and also elected by SET members, while the third may be any of the remaining governors who must be knowledgeable in accounting, finance or auditing.

**Term:** Until the end of each given person's tenure as governor

Name		Position
1. Jotika	Savanananda	Chairman
2. Charnchai	Kongthongluck	Member
3. Subhak	Siwaraksa	Member

### Responsibilities of the Audit Committee are stipulated in the Audit Committee charter:

1. To review SET's financial reports before forwarding them to the BoG
2. To advise management on the appointment of SET's auditor and determine the auditor's remuneration; coordinate with the auditor on auditing objectives, coverage, guidelines, planning and problems found during the audit, and any issue the auditors deem significant
3. To coordinate with SET's Internal Audit Department on audit objectives, planning, reports and evaluations of the efficiency of SET's internal control system and of the adequacy of resources used for internal control, including any problem found during an audit
4. To consult and review results and recommendations of the auditors and the Internal Audit and Risk Management Department, and follow up any operational management matters consequent to those recommendations
5. To monitor compliance with the laws, rules and regulations issued by SET's regulators
6. To monitor the management of SET's principal risks
7. To report all operations of the Audit Committee to the BoG at least four times a year
8. To be responsible for any duty related to the Audit Committee as assigned by the BoG

### 3. Corporate Governance and Social Responsibilities Committee

**Support unit:** Sustainable Development Department

**Structure:** Six members, consisting of the SET vice chairman, four members from any of the remaining governors and the SET president

**Term:** Until the end of each given person's tenure as governor

Name		Position
1. Pattera	Dilokrunthirapop	Chairman
2. Charnchai	Kongthongluck	Member
3. Pichet	Sithi-Amnuai	Member
4. Somchai	Thaisa-Nguanvorakul	Member
5. Subhak	Siwaraksa	Member
6. The SET President		Member

#### Responsibilities of the Corporate Governance and Social Responsibilities Committee are:

1. Corporate governance and social responsibility of the listed companies

- (1) To review the Corporate Governance (CG) and Social Responsibility (SR) policies and framework to enhance listed companies, enterprises and related entities in the capital market, including developing guidelines to implement CG and SR in the companies and thus achieve the sustainable growth and create value in Thai capital markets, society and nation
- (2) To advise the SET BoG, and the SET management on CG and SR matters affecting the Thai capital market

2. SET's corporate governance and social responsibility

#### 2.1 SET's Corporate Governance

Review and advise the SET BoG on the following matters:

- (1) To review the SET's CG framework, CG policy, and Code of Conduct suitable for the SET operational structure and comparable to international standard on CG practices or principles
- (2) To examine the compliance with SET

CG policy and publicly disclose in the annual report

- (3) To review the procedure of SET BoG annual assessment, and report the assessment summary to the SET BoG
- (4) To advise the SET BoG on the determination of the SET CG development plan in line with the SET CG principles
- (5) To advise the SET BoG and management on the development of SET's corporate governance

#### 2.2 SET's Social Responsibility (SR)

- (1) To review the SET SR framework and sustainable development guidelines in line with international standard on SR practices or principles
- (2) To advise the SET BoG on SR development plan according to the SET SR framework
- (3) To provide the SET BoG and the SET management with advice, opinion and recommendation regarding SET's SR development

## 4. Disciplinary Committee

**Support unit:** Enforcement Department

**Structure:** Five members. At least one member must be a SET governor. One person must have the expertise and experience in the businesses of SET, brokerage or financial firms. One person must be a legal expert. It has to include the SET president or an executive at senior vice president level or above as delegated by the SET president.

**Term:** January 1, 2015 to December 31, 2016

Name		Position
1. Pattera	Dilokrunthirapop	Chairman
2. Professor Kitipong	Urapeepatanapong	Member
3. Rapee	Sucharitakul	Member
4. Sutthi	Sookying	Member
5. The SET executive at senior vice president level or above, as delegated by the SET president		Member

### Responsibilities of the Disciplinary Committee are:

1. To examine any alleged wrongdoing and punish any individual or juristic person who violates or associates with others in violating SET's rules and regulations, and report the punishment to the SET BoG, except in cases concerning:
  - (a) securities delisting
  - (b) temporary trading suspension of a member company
  - (c) membership revocation
  - (d) other cases as specified by the SET BoG
2. In the exceptions above, the Disciplinary Committee will examine facts and evidence, then report the findings with recommendations to the BoG for action.
2. To examine and give explicit instructions according to SET's rules and regulations, including taking any other action necessary for the disciplinary process

## 5. Legal Affairs Committee

**Support unit:** Legal Department

**Structure:** Five members, consisting of one SET governor and four other members who must be experts in law and/or capital market

**Term:** January 1, 2015 to December 31, 2015

Name		Position
1. Suthichai	Chitvanich	Chairman
2. Khemchai	Chutiwongse	Member
3. Surasak	Vajasit	Member
4. Tithiphan	Chuerboonchai	Member
5. Wichien	Harnpraween	Member

**The responsibility of the Legal Affairs Committee** is to provide the SET BoG, SET and SET subsidiaries with advice, opinions and recommendations regarding Securities and Exchange ACT, The Derivatives ACT, including the SET group's rules and regulations.



## 6. Nomination and Remuneration Committee

**Support unit:** Human Resources Department

**Structure:** Five members, consisting of the SET vice chairman, chairman of SET's Audit Committee and two members from the remaining governors, including the SET president

**Term:** Until the end of each given person's tenure as governor

Name		Position
1. Pattera	Dilokrunghthirapop	Chairman
2. Jotika	Savanananda	Member
3. Suthep	Peetakanont	Member
4. Suthichai	Chitvanich	Member
5. The SET President		Member

### Responsibilities of the Nomination and Remuneration Committee are:

To consider and provide the SET BoG with the following matters for approval:

#### 1. Nomination

- (1) To review the nomination of the SET senior executives who are qualified for positions at SET and its subsidiaries
- (2) To review the annual Succession Plan for the SET president and SET senior executive positions
- (3) To consider the process of orientation to the new governor and enhancement plan of continuing education to the SET BoG
- (4) To undertake any other responsibilities assigned by the SET BoG

#### 2. Remuneration

- (1) To review the policies and regulations regarding the remuneration of SET BoG, committees,

advisors and SET subsidiaries' Board of directors nominated by SET BoG, including the working groups

- (2) To review the SET's employment remuneration structure
- (3) To review the budgets for annual remuneration adjustment and other annual rewards for the SET employees
- (4) To propose criteria concerning remuneration, salary adjustments including remuneration for the SET president
- (5) To propose criteria concerning remuneration, salary adjustments including remuneration for SET top executives
- (6) To undertake any other responsibilities assigned by the SET BoG

## 7. Listing Expansion Committee

**Support unit:** Issuer and Listing Division

**Structure:** Sixteen members, consisting of the SET chairman, three SET governors, the SET president, including representatives from related organizations and one or more experts such as the Fiscal Policy Office, State Enterprise Policy Office, Thailand Board of Investment, Federation of Thai Capital Market Organizations, The Federation of Thai Industries, The Office of the Securities and Exchange Commission, The Thai Banker's Association, The Thai Chamber of Commerce & Board of Trade of Thailand, etc. It should be geared to promote and support high potential companies to be listed on SET and mai. It also includes SET's executive vice president, Head of Issuer & Listing Division, to serve as committee member and secretary.

**Term:** January 1, 2015 to December 31, 2015

Name		Position
1. Sathit	Limpongpan	Chairman
2. Boontuck	Wungcharoen	Member
3. Chutima	Bunyapraphasara	Member
4. Isara	Vongkusolkrit	Member
5. Professor Kitipong	Urapeepatanapong	Member
6. Krisada	Chinavicharana	Member
7. Kulit	Sombatsiri	Member
8. Pattera	Dilokrunthirapop	Member
9. Tipsudu	Thavaramara	Member
10. Sarun	Charoensuwan	Member
11. Somchai	Thaisa-Nguanvorakul	Member
12. Supant	Mongkolsuthree	Member
13. Voravan	Tarapoom	Member
14. The Secretary General of Thailand Board of Investment		Member
15. The SET President		Member
16. The Executive Vice President - Head of Issuer & Listing Division		Member and Secretary

**Responsibilities of the Listing Expansion Committee** are to support the SET policy to persuade high potential Thai and foreign companies, especially companies in the Greater Mekong Subregion (GMS) and ASEAN, to raise fund through SET and Market for Alternative Investment (mai) in various models. It includes supporting listed companies in efficiently utilizing the capital market, urging or amending SET rules, regulations and investment limitations for the benefit of new listing, as well as maintaining the status of listed companies on SET and mai.

## 8. Risk Management Committee

**Support unit:** Risk Management Department

**Structure:** Seven members, consisting of one or two from the SET governors, the SET president, including one or more experts in risk management

**Term:** January 1, 2015 to December 31, 2015

Name		Position
1. Suthep	Peetakanont	Chairman
2. Anya	Khanthavit, PhD	Member
3. Pichet	Sithi-Amnuai	Member
4. Ruchukorn	Siriyodhin	Member
5. Somkiat	Sirichatchai	Member
6. Suthichai	Chitvanich	Member
7. The SET President		Member

### Responsibilities of the Risk Management Committee are:

1. To advise the SET BoG and management on risk management policies and frameworks to ensure the efficient management of all business risks and performance of duty-of-care
2. To provide advice and recommendations to the Risk Management Department regarding management of all risks
3. To review the suitability of risk assessment methodology used, to ensure that all significant risks are being suitably monitored and managed

## 9. Securities Investor Protection Fund Committee

**Support unit:** Member Supervision Department

**Structure:** Six members, consisting of one governor appointed by the SEC, one governor elected by SET members, one person elected by Securities Investor Protection Fund members, the Thai Investor Association president, the SET president or an executive delegated by the SET president, and the executive vice president - Market Supervision Division, who also serves as secretary.

**Term:** January 1, 2015 to December 31, 2015

Name		Position
1. Suthichai	Chitvanich	Chairman
2. Pattera	Dilokrunghirapop	Member
3. Mongkon	Leelatum	Member
4. Pornpring	Suksantisuwan	Member
5. The SET President or the executive delegated by the SET President		Member
6. The Executive Vice President level responsible for Market Supervision Division		Member and Secretary

### Responsibilities of the Securities Investor Protection Funds Committee are:

1. To determine fund management policies in securities or other assets, with possibilities of alternative investments to make profits
2. To examine all relevant facts and evidence concerning investor protection and report its findings to the SET BoG
3. To boost investor confidence in buying or selling securities traded on SET
4. To undertake any other responsibilities and activities assigned by the SET BoG

## 10. SET Head Office Construction Committee

**Support unit:** Communication & Administration Group Division

**Structure:** Seven members, consisting of the SET chairman, the SET governors, one or more being experts in property and the SET president

**Term:** January 1, 2015 to December 31, 2015

Name		Position
1. Sathit	Limpongpan	Chairman
2. Professor Kitipong	Urapeepatanapong	Member
3. Soammaphat	Traisorat	Member
4. Suthep	Peetakanont	Member
5. Suthichai	Chitvanich	Member
6. The SET President		Member
7. The Executive Vice President Head of Corporate Strategy & Finance Division		Member

### Responsibilities of SET Head Office Construction Committee are:

1. To advise the BoG on the demand on the usage of land, building and venue of SET, the subsidiaries and related entities, both the current demand and in line with the long-term strategic organizational development
2. To appoint working groups' committee members to take action relating to land and property development, in line with the SET policies

# Audit Committee Report

The Stock Exchange of Thailand (SET)'s Audit Committee consists of three independent non-executive directors with expertise and experience in the capital market, accounting, finance and management. It is chaired by Jotika Savanananda, with Dr. Subhak Siwaraksa and Charnchai Kongthongluck as members.

During 2014, the Board of Governors (BoG) appointed Charnchai Kongthongluck to the Committee, effective June 18, 2014, to succeed Chaipatr Srivisarvacha whose term expired. The BoG also appointed Jotika Savanananda as chairperson and Dr. Subhak Siwaraksa as a committee member, effective August 20, 2014, to succeed Kaisri Nuengsigkapien and Yothin Nerngchamnong respectively, whose terms expired.

In 2014, the Committee held 13 meetings, including one with the executive management team and without the presence of the internal auditors. There were three meetings with SET's external auditors to review and discuss the auditing plan and results. Two of these meetings with the external auditors were without the presence of management to ensure the auditor's independence. The attendance record of the Audit Committee's members is shown in the Corporate Governance Report on page 94.

The Committee has performed its duties and exercised due authority under the scope of authority and responsibilities assigned by the BoG, as shown on page 101. The Committee formally reported all matters within its duties and responsibilities to the BoG on a quarterly basis. A summary of key activities in 2014 is as follows:

- **Financial statements:** The Committee reviewed SET's quarterly financial statements by meeting with the management team and reviewed the 2014 annual financial statements by meeting privately with the external auditor to examine the accuracy and completeness of SET's financial statements and the disclosure of related transactions. This included internal control related to the preparation of the financial statements, in compliance with generally accepted accounting standards.
- **Risk management:** The Committee reviewed enterprise risk management (ERM) policies and processes. Quarterly meetings were held with SET's ERM team and an annual meeting with the Risk Management Committee to ensure that internal audit and risk management operations were moving in the same direction for utmost benefit to the organization. The Committee had emphasized SET's technology risk management by assigning the internal audit unit to review the pre-implementation process for the new derivative trading and clearing systems. On May 6, 2014, SET successfully launched its new systems, operating smoothly and efficiently.
- **Internal control:** The Committee reviewed the assessment results of the adequacy and effectiveness of SET's internal control system. This was carried out by reviewing the internal audit report combined with the external auditors' views. The Committee also followed up on internal control enhancement by inviting the management team to explain the problem-solving process and solutions, as well as providing information and views on key issues.



- **Internal audit:** The Committee reviewed and approved the internal audit plan considering the adequacy and suitability of the resources as well as the internal auditor's independence. The Committee reviewed and examined SET's internal audit operations and concluded that they met their objectives.

The Committee has continuously encouraged the internal auditor professional enhancement activities. In 2014, the Committee supported the business trips to other exchanges to share and gain insights in internal audit practice.

- **Corporate governance (CG):** The Committee held quarterly meetings with the compliance unit's management team to review SET's CG process in complying with SET CG policy and Code of Ethics. The Committee also supported other good CG practices, such as by enabling employees and other stakeholders to direct their complaints to the Committee's Chairperson. SET has opened up a special channel via SET's website under "Whistleblowing policy" topic.
- **Regulatory compliance:** The Committee met with the management teams responsible for regulatory compliance and internal audit to review and exchange views to ensure that SET operations complied with laws and regulations.
- **Performance self-assessment:** The Committee assessed itself and reported the results to the BoG on an annual basis. The 2014 results indicated that the Committee's performance completely fulfilled according to its Charter which was approved by the BoG and reviewed annually.

- **Appointment of 2015 external auditors:** The Committee has responsibilities to recommend to the BoG the appointment and removal of the external auditor. The Committee reviewed the external auditors' performance and independence in 2014 and recommended to the BoG that PricewaterhouseCoopers ABAS Ltd. (PwC) be appointed as SET Group auditor for 2015 due to their performances, professionalism, experiences and independence, for approval by the meeting of member companies.

In summary, the Committee viewed that SET's financial statements were prepared in accordance with generally accepted accounting principles and were accurate in essence, with sufficient and proper information disclosure. The Committee also viewed that the internal control system and risk management were appropriate and sufficient in compliance with related laws and regulations. Therefore, the Committee reasonably believed that SET's operation could achieve its set objectives.



**Jotika Savanananda**

Chairperson, Audit Committee

February 16, 2015

# Nomination and Remuneration Committee Report

The Stock Exchange of Thailand (SET)'s Board of Governors (BoG) appointed the Nomination and Remuneration Committee consisting of five committee members. More than half of the committee members were not in the SET management team, including the chairperson. The committee was chaired by Pattera Dilokrunthirapop, and the four members were Jotika Savanananda, Suthichai Chitvanich, Suthep Peetakanont, and Kesara Manthusree.

In 2014, the committee held 9 meetings. The committee has completely performed its duties under the scope of responsibilities specified in the Charter. The attendance record of the committee member is shown in the Corporate Governance Report.

## The summary of key activities in 2014 is as follows:

### Nomination

1. Recruited qualified top executives for the Board of Governors' approval
2. Advised the appointment of permanent and non-permanent specialists, as well as shortlisting specialist names (in the case of no committee in charge) before submitting to the Board of Governors for approval.

### Remuneration

1. Examined the remuneration and payment procedure before submitting to the Board of Governors for approval, as follows:
  - Remuneration for the BoG, subsidiaries' Board of Directors, committee members, specialists and working groups
  - Criteria for remuneration and annual salary increase for executives and employees
  - Annual remuneration for SET President
2. Analyzed and presented views on SET's reorganization, executives transfer and appointment, in accordance with SET's business plan and objectives

### Performance assessment:

The committee assessed itself annually through the Nomination and Remuneration Committee Self-Assessment form. The 2014 results indicated that the performance was "good".

The Nomination and Remuneration Committee viewed that the composition of the committee, as well as the top executives' recruitment procedure and criteria were appropriate and efficient. In addition, the remuneration criteria for the Board directors, committee members, specialists, working groups and executives were suitable for their duties, experiences and responsibilities, in accordance with the SET's corporate governance and best practice guidelines.



**Pattera Dilokrunthirapop**

Chairperson

Nomination and Remuneration Committee

February 2, 2015

# Corporate Governance and Social Responsibility Committee Report

The SET Board of Governors (BoG) appointed the Corporate Governance and Social Responsibility Committee, consisting of five independent directors and the SET president. In 2014 the Committee was chaired by Pattera Dilokrunthirapop, the SET vice chairman. The other five members were Charnchai Kongthongluck, Kesara Manchusree, Pichet Sithi-Amnuai, Dr. Somchai Thaisa-Nguanvorakul and Dr. Subhak Siwaraksa.

In 2014, the Committee held a total of nine meetings, to approve, review and give suggestions on the operations of the Good Governance Development & Alliance and Sustainable Development departments and the Compliance unit. The Committee had two other meetings with special experts on Corporate Governance and Social Responsibility, discussing SET's activities in corporate governance and social responsibility development. The attendance record of the Committee's members is shown in the SET Corporate Governance Report.

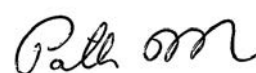
The Committee has performed its duties and exercised due authority under the scope of authority and responsibilities, as stated in the Corporate Governance and Social Responsibility Committee Charter. The Committee formally reported all matters within its duties and responsibilities to the BoG on a quarterly basis.

The key activities in 2014 can be summarized as follows:

1. Approving corporate governance and social responsibility development action plans, projects and strategies
2. Reviewing the restructuring of the Industry Development
3. Reviewing the SET Sustainable Stock Exchange Roadmap

4. Reviewing the SET sustainability assessment and the giving of CG Awards, CSR Awards and CSR Recognition
5. Reviewing SET's activities to support Thai listed companies to benchmark against international sustainability standards
6. Reviewing SET's activities to promote awareness of social investment among listed companies
7. Reviewing SET's activities to promote socially responsible investment among institutional investors
8. Reviewing the SET Corporate Governance policy and CG development plan

In summary, the Committee viewed that SET has performed well on corporate governance and social responsibility in a proper and efficient manner, ensuring SET's ability to achieve SET's goals in developing corporate governance and social responsibility of listed companies and other relevant entities as well as promoting sustainability of the Thai capital market as a whole.



**Pattera Dilokrunthirapop**

Chairman, Corporate  
Governance and Social Responsibility Committee

# Enterprise risk management

The Stock Exchange of Thailand (SET) uses an enterprise-wide risk management framework, consisting of risk identification, risk assessment, risk treatment and risk monitoring to handle key risks of the organization. SET's risk management covers three levels of key risks: strategic, business and process risks.

SET has constantly enhanced its ERM to ensure it can manage all risks it faces effectively, in line with corporate policy and international standards.

## Strategic risk

Strategic risk management is the first and foremost operation of all the levels of risk. SET focuses on strategic risk in its strategic direction towards 2020 as well as annual strategic planning and budgeting. SET adapts its risk management to the objectives of strategic themes and plans, including product and service launches. These include the identification, assessment, response and monitoring processes.

In 2014, SET prepared risk management for its new equity clearing and depository systems to be launched in 2015, to ensure that the exchange has all essential criteria and processes before starting implementation.

## Business risk

SET oversees and manages business risk, which covers key risks for operating business, in line with those of leading stock exchanges. SET monitors and manages high level risks by identifying key risk indicators to monitor and adjust risk mitigation plans accordingly. Key business risks to be managed are:

### Credit risk (Counterparty or clearing and settlement-related risk)

In 2014, Thailand Clearing House Co., Ltd. (TCH), as central counterparty for SET and Thailand Futures Exchange, reviewed rules and regulations to strengthen TCH by revising membership qualifications on shareholder's equity to be in line with those of the Securities and Exchange Commission (SEC). TCH has also adopted international standards, such as the Principles for Financial Market Infrastructures (PFMI) of the International Organization of Securities Commissions (IOSCO), and European Markets Infrastructure Regulations (EMIR) of the European Securities and Markets Authority (ESMA). TCH goes beyond managing counterparty risks to stay in compliance with amended international standards, maintaining investor's confidence in our market.

Highlights of executions in 2014 are as follows:

- Rearranged the order of utilization of financial resources to pay for the transaction under default by using part of clearing fund contributed by SET before the use of clearing fund contributed by other members who are not defaulting members. Then TCH will use the rest of the clearing fund.
- Reviewed types of collateral by considering the change of business environment that might impact market risk and liquidity risk.

- Reviewed the methodology to calculate the risk value in the clearing and settlement system in compliance with international standard and clearing houses in other countries by using volatility of prices at the confidence level of 99% from the previous 97.5%.

TCH also reviewed types of membership, making it consistent with those of clearing houses in other countries by changing “Associate Member” to “Settlement Agent”.

### **Critical system disruption risk**

SET constantly assesses, monitors and manages risks that may seriously affect its computer systems. These include standard incident management, escalation procedures, incident reports, root cause analysis and solution-finding in order to provide continuous service.

### **Business interruption risk**

SET has a highly efficient business continuity plan (BCP) to ensure that its missions and critical business activities can be carried out without interruption in the event of unexpected crises. In addition, BCP-related documentation is regularly reviewed and updated. SET continues to conduct annual BCP exercises for all other stakeholders in the Thai capital market to validate SET’s adequacy and readiness.

In 2014, SET activated BCP during the political unrest, as such and the securities trading system kept operating as usual. This has proved the quality and effectiveness of SET’s management of business interruption risk in accordance with international standards.

### **Investment risk**

SET’s investment portfolio, managed by the Investment Committee (IC), operates under investment and strategic asset allocation policies as approved by the SET Board of Governors (BoG). These policies are reviewed quarterly.

SET monitors the investment risk status of its portfolio using value-at-risk technique to ensure that aggregate portfolio risk is within the limit structure and then reports to the BoG, Risk Management Committee and IC to ensure that risks are within acceptable levels.

### **Compliance risk**

SET assesses, oversees, monitors and manages compliance risk, which covers the dangers of violating rules or regulations of internal and external parties, such as approval and/or signing authority of various management levels. It is of utmost importance that SET strictly complies with all laws and regulations.

### **Process risk**

SET process risk management covers risks at the process level, covering those cases resulting from insufficient internal controls and all types of errors in using people, internal processes or technology. All units assess their risks and adequacy of internal controls using the Risk and Control Self-assessment (RCSA). Each unit then formulates their action plan and monitors implementation on a regular basis.



Building financial stability  
on Thai capital market's  
solid foundation





# Management discussion and analysis

## Overview

The operating results of the SET group for the years ended December 31, 2014 and 2013 were:

(Unit: THB million)

	For the year ended December 31			
	2014	2013	Increase / (Decrease)	
			Amount	%
Operating revenues	4,201	4,309	(108)	(2.51)
Other income	165	172	(7)	(4.07)
Investment income	871	821	50	6.09
Operating expenses	(3,082)	(2,976)	106	3.56
Contributions to The Stock Exchange of Thailand Foundation (Foundation)	(547)	(562)	(15)	(2.67)
Income tax expense	(113)	(132)	(19)	(14.39)
Revenues over expenses	1,535	1,661	(126)	(7.59)

Revenues over expenses for the year ended December 31, 2014 decreased by THB 126 million, or 7.59% in comparison with 2013. Operating revenues dropped by THB 108 million or 2.51%, mainly due to daily average trading volume of equity decrease and revenue from derivatives decrease. Investment income increased by THB 50 million, or 6.09%, mainly due to the better return from investment in equity fund. Operating expenses rose by THB 106 million, or 3.56%, mainly due to the rise in registrar expenses, linked to the number of corporate action services transactions. Technology expenses and depreciation increased from new IT system development, i.e., new trading system

and clearing system. Contributions to Foundation decreased by THB 15 million, or 2.67%, as revenues over expenses decreased, therefore, one-third of that amount appropriated to Foundation decreased.

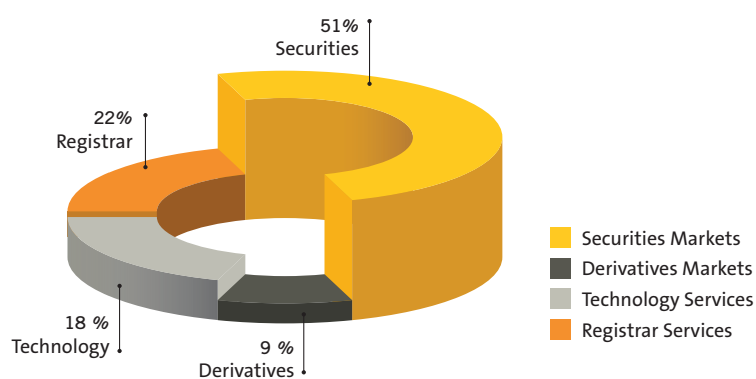
## 1. Analysis of operating results

### 1.1 Operating revenues

#### Operating revenues by segment

Operating revenues are classified by segment as follows: Securities markets, Derivatives markets, Technology services and Registrar services.

## Operating revenues by segment



For the year ended December 31, 2014	(Unit: THB million)
<b>Securities Markets</b>	
• Trading	1,114
• Clearing and settlement	300
• Listing	435
• Depository	260
• Membership	31
<b>Total</b>	<b>2,140</b>
<b>Derivatives Markets</b>	
• Trading	230
• Clearing	99
• Membership	51
<b>Total</b>	<b>380</b>
<b>Technology Services</b>	
• Member services	420
• Information services	238
• IT support	91
<b>Total</b>	<b>749</b>
<b>Registrar Services</b>	
• Securities registrar	868
• Fund registrar	64
<b>Total</b>	<b>932</b>
<b>Total operating revenues</b>	<b>4,201</b>

### 1.1.1 Securities Markets

(Unit: THB million)

	2014	2013	Increase / (Decrease)	
			Amount	%
<b>Revenue - Securities Markets</b>	<b>2,140</b>	<b>2,195</b>	<b>(55)</b>	<b>(2.51)</b>
Trading fees	1,114	1,233	(119)	(9.65)
Clearing and settlement fees	300	336	(36)	(10.71)
Listing fees	435	361	74	14.97
Depository fees	260	234	26	20.50
Membership fees	31	31	-	-
<b>Key market indicators</b>				
SET Index (Point)	1,497.67	1,298.71	198.96	15.32
Daily average trading value – Equity (THB million)	45,466	50,329	(4,863)	(9.66)
Average market capitalization (THB trillion)	13.50	12.71	0.79	6.22
No. of listed Securities (Securities)	1,742	1,268	474	37.38

Operating revenues from securities markets dropped by THB 55 million, or 2.51%, in comparison with 2013. This was mainly due to the decrease in trading and clearing and settlement fees because daily average trading value decreased. On the other hand, listing fees increased as the number of listed securities rose. In addition, depository fees increased as average market capitalization went up.

### 1.1.2 Derivatives Markets

(Unit: THB million)

	2014	2013	Increase / (Decrease)	
			Amount	%
<b>Revenue - Derivatives Markets</b>	<b>380</b>	<b>577</b>	<b>(68)</b>	<b>(11.79)</b>
Trading fees	230	355	(34)	(9.58)
Clearing fees	99	152	(15)	(9.87)
Membership fees	51	70	(19)	(27.14)
<b>Key market indicators</b>				
Daily average trading volume – Derivatives (Contracts)	147,025	68,017	79,008	116.16
Daily average trading volume – Derivatives (Contracts)*	169,363	160,889	8,474	5.27

\* For comparison purpose, rebased of SET50 Index Futures to mini SET50 Index Futures (a Multiplier was reduced from THB 1,000 to THB 200 Baht since 6 May 2014)

Operating revenues from derivatives markets dropped by THB 68 million, or 11.79%, in comparison with 2013. Though overall trading volume was higher, trading volume of SET50 Index Futures and Gold Futures which had a higher fee than the others, decreased. In addition, the fees of those products were reduced since May 2013.

### 1.1.3 Technology services

(Unit: THB million)

	2014	2013	Increase / (Decrease)	
			Amount	%
<b>Revenue - Technology Services</b>	<b>749</b>	<b>701</b>	<b>48</b>	<b>6.85</b>
Member services fees	420	416	4	0.96
Information service fees	238	216	22	10.19
Customization and IT support fees	91	69	22	31.88

Operating revenues from technology services went up by THB 48 million, or 6.85%, in comparison with 2013. This was mainly because of the increase in information service fees and market access fee resulted from the increase in the number of users.

### 1.1.4 Registrar services

(Unit: THB million)

	2014	2013	Increase / (Decrease)	
			Amount	%
<b>Revenue - Registrar services</b>	<b>932</b>	<b>836</b>	<b>96</b>	<b>11.48</b>
Securities registrar fees	868	770	98	12.73
Fund registrar fees	64	66	(2)	(3.03)

Operating revenues from registrar services rose by THB 96 million, or 11.48%, in comparison with 2013. This was mainly because of the rise in the number of corporate action services and listed securities.

## 1.2 Other income

(Unit: THB million)

	2014	2013	Increase / (Decrease)	
			Amount	%
<b>Other income</b>	<b>165</b>	<b>172</b>	<b>(7)</b>	<b>(4.07)</b>
Educational activities income	44	36	8	22.22
Revenue from marketing events	35	34	1	2.94
Revenue from fund management	25	23	2	8.70
Revenue from fines	15	17	(2)	(11.76)
Revenue from rental and utility	11	14	(3)	(21.43)
Revenue from securities borrowing & lending	7	14	(7)	(50.00)
Others	28	34	(6)	(17.65)

Other income decreased by THB 7 million, or 4.07%, in comparison with 2013. This was mainly from the decrease in securities borrowing & lending revenue.

### 1.3 Investment income

(Unit: THB million)

	2014	2013	Increase / (Decrease)	
			Amount	%
<b>Investment income</b>	<b>871</b>	<b>821</b>	<b>50</b>	<b>6.09</b>
Interest income	423	460	(37)	(8.04)
Dividend income	442	298	144	48.32
Realized gain (loss) from investments	(18)	59	(77)	(130.51)
Others	24	4	20	500.00

Investment income rose by THB 50 million, or 6.09%, in comparison with 2013. This was mainly from the better return from investment in equity fund.

### 1.4 Operating expenses

(Unit: THB million)

	2014	2013	Increase / (Decrease)	
			Amount	%
<b>Operating expenses</b>	<b>3,082</b>	<b>2,976</b>	<b>106</b>	<b>3.56</b>
Employee benefit expenses	1,260	1,240	20	1.61
SEC fees	470	517	(47)	(9.09)
Direct service expenses	271	238	33	13.87
Depreciation and amortization	208	189	19	10.05
Educational activities expenses	192	157	35	22.29
Technology expenses	186	157	29	18.47
Marketing expenses	143	136	7	5.15
Fees and compensation expenses	63	60	3	5.00
Others	289	282	7	2.48

In 2014, the SET group had operating expenses of THB 3,082 million, increasing 3.56% from 2013. This was mainly from the increase in employee benefit expenses. Direct service expenses, which are normally linked to the number of corporate action services, rose. Educational activities expenses which are generally linked to the number of event, rose. Technology and depreciation expenses increased as new IT system development, i.e., trading system, clearing system. While the total SEC fees decreased, as linked to the trading value of equity securities.



## 2. Analysis of financial position

(Unit: THB million)

	2014	2013	Increase / (Decrease)	
			Amount	%
Total assets	34,452	34,039	413	1.21
Total liabilities	12,213	13,386	(1,173)	(8.76)
Fund balances	22,239	20,653	1,586	7.68

Significant movements in assets, liabilities and funds of the SET group as at December 31, 2014 when compared with balances as at December 31, 2013 were as follows:

### 2.1 Analysis of assets

As at December 31, 2014, total assets of the SET group amounted to THB 34,452 million, an increase of THB 413 million, or 1.21%, in comparison with the balance as at December 31, 2013. Details are as follows:

**2.1.1 Cash and cash equivalents, cash at banks for financial benefits payable and investments** were THB 17,947 million or 52.09% of total assets, up by THB 318 million, or 1.80% as follows:

(Unit: THB million)

	2014	2013	Increase / (Decrease)	
			Amount	%
Cash and cash equivalents	1,361	1,795	(434)	(24.18)
Cash at banks for financial benefits payable	58	75	(17)	(22.67)
Investment portfolio	16,528	15,759	769	4.88
Trading	3,265	2,877	388	13.49
Available-for-sale	5,183	3,527	1,656	46.95
Hold-to-maturity	8,020	9,286	(1,266)	(13.63)
General investments	60	69	(9)	(13.04)
<b>Total</b>	<b>17,947</b>	<b>17,629</b>	<b>318</b>	<b>1.80</b>

The SET group maintains a policy to invest in several types of investments such as debt (fixed deposits, government bonds, corporate debentures) and other instruments through mutual funds. In 2014, the SET group reduced the investment proportion of Hold-to-maturity and increased that of Available-for-sale securities by investing in infrastructure fund in order to enhance returns.

**2.1.2 Assets for margin deposits and benefits, and assets for clearing system protection and benefits** were THB 9,573 million or 27.79% of total assets, dropped by THB 1,332 million or 12.21%. This represents margin deposits and benefits of Thailand Clearing House which decreased as the withdrawal of collateral deposit exceeding the minimum requirement.

**2.1.3 Securities Investor Protection Fund (SIPF) and Derivatives Investor Protection Fund (DIPF)** were THB 763 million or 2.21% of total assets. This included the following:

2.1.3.1 SIPF of THB 698 million, up by THB 33 million or 4.96% from the contribution of members of THB 3 million and increase of benefits of THB 30 million.

2.1.3.2 DIPF of THB 65 million, up by THB 6 million or 10.17% from the contribution of member of THB 5 million, increase of benefits of THB 1 million.

**2.1.4 Property and equipment and intangible assets** were THB 4,519 million, or 13.12% of total assets, up by THB 1,410 million or 45.35%. This was mainly from the construction of SET's new office building and development of new IT system.

**2.1.5 Other current assets** were THB 233 million or 0.68% of total assets, dropped by THB 352 million or 60.17%. This was mainly from the decrease of dividend to unit holders of THB 133 million, clearing collateral of THB 115 million and other receivables from disposals of investments of THB 106 million.

## 2.2 Analysis of liabilities

As at December 31, 2014, total liabilities of the SET group amounted to THB 12,213 million, up by THB 1,173 million, or 8.76%, in comparison with the balance as at December 31, 2013. Significant details are:

**2.2.1 Margin deposits and assets for clearing system protection and benefits payable** were THB 9,438 million, or 77.28% of total liabilities, decreased by THB 1,336 million, or 12.40%, due to the decrease of collateral deposit which was exceeding the minimum requirement.

**2.2.2 Accounts payable and accrued expenses** were THB 1,601 million, or 13.11% of total liabilities, up by THB 450 million or 39.10%. This rise was mainly from payable of the construction cost of SET's new office building of THB 285 million and the SEC fee of THB 54 million.

**2.2.3 Other current liabilities** were THB 436 million or 3.57% of total liabilities, decreased by THB 320 million or 42.33%. This decrease was mainly from the decrease of withholding tax payable of THB 137 million, dividend payable of registrar services of THB 133 million and clearing collateral payable of THB 115 million.

## 2.3 Analysis of funds

As at December 31, 2014, total funds of the SET group amounted to THB 22,239 million, up by THB 1,586 million, or 7.68%, in comparison with the balance as at December 31, 2013. This resulted from revenues over expenses for 2014 reaching THB 1,535 million, and the market price of available-for-sale securities, consisting of SET equity securities funds' increase of THB 46 million, and SIPF's increase of THB 5 million.

### 3. Analysis of liquidity

Cash flows of the SET group for the year ended December 31, 2014 and 2013 can be summarized as follows:

(Unit: THB million)

	2014	2013	Increase / (Decrease)	
			Amount	%
Cash flows from operating activities	1,051	1,096	(45)	(4.11)
Cash flows from investing activities	(1,503)	(329)	1,174	356.84
Cash and cash equivalents at the end of year	1,419	1,870	(451)	(24.12)

Cash and cash equivalents as at December 31, 2014 amounted to THB 1,419 million, decreased by THB 451 million, or 24.12%, in comparison with 2013. The details of the sources and uses of funds are as follows:

- Net cash receipts from operating activities were THB 1,051 million.
- Net cash used in investing activities were THB 1,503 million. This was mainly from the construction of SET's new office building of THB 1,292 million, new system development of THB 135 million, investments purchase of THB 720 million, and purchase of additional shares in associate of THB 379 million. The interest income received and proceeds from sales of available-for-sale totaled THB 533 million, including dividends received of THB 444 million.

# Report of the Board of Governors Relating to Responsibility for Financial Statements

The Board of Governors is responsible for the consolidated financial statements of the Stock Exchange of Thailand (SET) and its subsidiaries and of the Stock Exchange of Thailand, including the financial information presented in this annual report. The financial statements for the year ended December 31, 2014 have been prepared in accordance with Thai Generally Accepted Accounting Principles. In preparing the financial statements, appropriate accounting policies have been adopted and regularly adhered to, using careful discretion and reasonable estimates. Important information has been adequately disclosed in the notes to financial statements, so as to be able to reflect the financial status, performance and cash flows in transparent manner, providing benefits to public.

The Board of Governors has provided and maintained the risk management systems, internal control system, internal audit systems as well as effective corporate governance to ensure that accounting records are accurate, complete and adequate to maintain its assets and prevent risks. It can also essentially prevent fraud or irregular operations.


To accomplish this task, the Board of Governors has appointed an Audit Committee, consisting of independent non-executive directors, to be responsible for the quality of financial reports, reviewing internal control systems, internal audit systems and risk management systems. The opinions of the Audit Committee are stated in the Audit Committee Report section of this annual Report.

The Board of Governors is of the opinion that the SET's overall internal control system is in the satisfactory level to the reasonably build the confidence that the consolidated financial statements of the Stock Exchange of Thailand (SET) and its subsidiaries and of the Stock Exchange of Thailand for the year ended December 31, 2014 are reliable and being in compliance with the Generally Accepted Accounting Principles and related regulations.



**Dr. Sathit Limpongpan**

Chairman



**Mrs. Kesara Manchusree**

President

# Auditor's Report

## To the Members of The Stock Exchange of Thailand

I have audited the accompanying consolidated and entity financial statements of The Stock Exchange of Thailand and its subsidiaries and of The Stock Exchange of Thailand which comprise the consolidated and entity statements of financial position as at 31 December 2014, and the related consolidated and entity statements of comprehensive revenues and expenses, changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other notes.

## Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## Opinion

In my opinion, the consolidated and entity financial statements referred to above present fairly, in all material respects, the consolidated and entity financial position of The Stock Exchange of Thailand and its subsidiaries and of The Stock Exchange of Thailand as at 31 December 2014, and its consolidated and entity results of operations and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.



**Nattaporn Phan-Udom**

Certified Public Accountant (Thailand) No. 3430  
PricewaterhouseCoopers ABAS Ltd.

Bangkok

17 February 2015

# Statements of Financial Position

## The Stock Exchange of Thailand and its Subsidiaries

As at 31 December 2014

(Unit: Baht'000)

	Notes	Consolidated		SET	
		2014	2013	2014	2013
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	8	1,360,901	1,795,113	1,220,729	1,686,363
Cash at banks for financial benefits payable		57,814	75,223	–	–
Assets for margin deposits and benefits	18	8,053,630	9,361,833	–	–
Short-term investments, net	9	7,837,836	10,632,814	7,837,836	10,586,614
Accounts receivable and accrued income, net	7, 10	365,520	287,552	305,950	219,249
Accrued interest receivable		103,555	227,051	98,753	223,028
Other current assets	7, 11	232,930	585,193	140,728	246,461
<b>Total current assets</b>		<b>18,012,186</b>	<b>22,964,779</b>	<b>9,603,996</b>	<b>12,961,715</b>
<b>Non-current assets</b>					
Investments in subsidiaries	12	–	–	597,291	597,291
Investments in jointly-controlled entity, net	13	63,027	60,184	25,000	25,000
Investments in associates, net	14	882,042	508,936	775,620	396,605
Long-term investments, net	15	8,690,342	5,126,076	8,690,342	5,123,301
Assets for clearing system protection and benefits	19	1,518,935	1,543,446	134,843	130,835
Securities Investor Protection Fund	24	698,332	665,433	698,332	665,433
Derivatives Investor Protection Fund	24	65,273	58,954	–	–
Property, plant and equipment, net	16	4,026,039	2,673,780	4,025,414	2,672,335
Intangible assets, net	17	493,254	434,831	491,309	431,915
Refundable deposits		3,015	3,015	3,005	3,005
<b>Total non-current assets</b>		<b>16,440,259</b>	<b>11,074,655</b>	<b>15,441,156</b>	<b>10,045,720</b>
<b>Total assets</b>		<b>34,452,445</b>	<b>34,039,434</b>	<b>25,045,152</b>	<b>23,007,435</b>

The accompanying notes are an integral part of these consolidated and entity financial statements.



# Statements of Financial Position (Cont'd)

## The Stock Exchange of Thailand and its Subsidiaries

As at 31 December 2014

(Unit: Baht'000)

	Notes	Consolidated		SET	
		2014	2013	2014	2013
<b>Liabilities and fund balances</b>					
<b>Current liabilities</b>					
Margin deposits and benefits payable	18	8,053,630	9,361,833	–	–
Accounts payable and accrued expenses	7, 21	1,600,634	1,150,842	1,580,637	1,134,660
Fees received in advance		249,727	240,249	196,299	169,502
Short-term borrowings from subsidiaries	7	–	–	1,271,314	1,246,000
Current portion of provision for employee benefits	23	5,561	5,568	5,561	5,568
Other current liabilities	7, 22	436,310	756,398	230,174	243,596
<b>Total current liabilities</b>		<b>10,345,862</b>	<b>11,514,890</b>	<b>3,283,985</b>	<b>2,799,326</b>
<b>Non-current liabilities</b>					
Assets for clearing system protection and benefits payable	19	1,384,092	1,412,610	–	–
Contributions and benefits to Securities Investor Protection Fund	24	264,895	250,699	264,895	250,699
Contributions and benefits to Derivatives Investor Protection Fund	24	13,083	7,961	–	–
Provision for employee benefits	23	197,479	175,304	197,479	175,304
Other non-current liabilities		8,357	25,055	8,357	25,055
<b>Total non-current liabilities</b>		<b>1,867,906</b>	<b>1,871,629</b>	<b>470,731</b>	<b>451,058</b>
<b>Total liabilities</b>		<b>12,213,768</b>	<b>13,386,519</b>	<b>3,754,716</b>	<b>3,250,384</b>
<b>Fund balances</b>					
Funds	24	21,886,507	20,346,928	20,930,288	19,442,966
Unrealised gain on available-for-sale securities		352,168	305,985	360,148	314,085
Non-controlling interests		2	2	–	–
<b>Total fund balances</b>		<b>22,238,677</b>	<b>20,652,915</b>	<b>21,290,436</b>	<b>19,757,051</b>
<b>Total liabilities and fund balances</b>		<b>34,452,445</b>	<b>34,039,434</b>	<b>25,045,152</b>	<b>23,007,435</b>

The accompanying notes are an integral part of these consolidated and entity financial statements.

# Statements of Comprehensive Revenues and Expenses

## The Stock Exchange of Thailand and its Subsidiaries

For the year ended 31 December 2014

(Unit: Baht'000)

	Notes	Consolidated		SET	
		2014	2013	2014	2013
<b>Revenues</b>					
Operating revenues	26	4,200,820	4,309,279	1,861,296	1,864,544
Investment income, net	27	871,129	820,730	1,247,033	1,229,584
Other income	28	165,174	171,728	1,699,123	1,752,589
<b>Total revenues</b>		<b>5,237,123</b>	<b>5,301,737</b>	<b>4,807,452</b>	<b>4,846,717</b>
<b>Expenses</b>					
Employee benefit expenses	29	1,259,918	1,240,228	1,260,017	1,240,235
Directors' remuneration	7	24,582	20,087	22,899	19,327
Marketing expenses		143,326	136,071	143,158	137,671
Educational activity expenses		191,929	157,246	191,931	157,246
Direct service expenses		271,012	237,823	-	-
Building and office expenses		164,164	162,230	163,601	161,694
Technology expenses		185,942	157,417	185,920	157,392
SEC fees	30	470,483	517,338	468,483	515,338
Depreciation and amortisation	16, 17	208,240	189,101	205,890	186,340
Other expenses	31	162,131	157,978	149,712	148,646
<b>Total expenses</b>		<b>3,081,727</b>	<b>2,975,519</b>	<b>2,791,611</b>	<b>2,723,889</b>
Share of profit of investments in jointly-controlled entity (net of income tax)	13	3,692	1,453	-	-
Share of profit of investments in associates (net of income tax)	14	20,487	11,076	-	-
<b>Revenues over expenses</b>		<b>2,179,575</b>	<b>2,338,747</b>	<b>2,015,841</b>	<b>2,122,828</b>
<b>Non-operating items</b>					
Income derived from Securities Investor Protection Fund, net	25	14,601	15,125	14,601	15,125
Income derived from Derivatives Investor Protection Fund, net	25	1,197	993	-	-
Contributions to the Stock Exchange of Thailand Foundation	7	(547,222)	(561,633)	(547,222)	(561,633)
<b>Revenues over expenses before income tax expense</b>		<b>1,648,151</b>	<b>1,793,232</b>	<b>1,483,220</b>	<b>1,576,320</b>
Income tax expense	32	(112,674)	(132,020)	-	-
<b>Revenues over expenses</b>		<b>1,535,477</b>	<b>1,661,212</b>	<b>1,483,220</b>	<b>1,576,320</b>
<b>Revenues over expenses for the year attributable to:</b>					
Owners of the parent		1,535,475	1,661,210	1,483,220	1,576,320
Non-controlling interests	2	2	2	-	-
		<b>1,535,477</b>	<b>1,661,212</b>	<b>1,483,220</b>	<b>1,576,320</b>

The accompanying notes are an integral part of these consolidated and entity financial statements.

# Statements of Comprehensive Revenues and Expenses (Cont'd)

The Stock Exchange of Thailand and its Subsidiaries  
For the year ended 31 December 2014

(Unit: Baht'000)

Notes	Consolidated		SET	
	2014	2013	2014	2013
Revenues over expenses	1,535,477	1,661,212	1,483,220	1,576,320
Other comprehensive revenues and expenses:				
Available-for-sale financial assets				
Unrealised gain (loss) recognised in fund balances	72,579	(487,728)	46,063	(487,622)
Share of profit in investments in associates 14	(26,396)	57	-	-
	46,183	(487,671)	46,063	(487,622)
Available-for-sale financial assets from				
Securities Investor Protection Fund, net 25	4,102	(6,821)	4,102	(6,821)
Total other comprehensive revenues and expenses	50,285	(494,492)	50,165	(494,443)
Total comprehensive revenues and expenses	1,585,762	1,166,720	1,533,385	1,081,877

The accompanying notes are an integral part of these consolidated and entity financial statements.

# Statement of Changes in Fund Balances

## The Stock Exchange of Thailand and its Subsidiaries

For the year ended 31 December 2014

(Unit: Baht'000)

Consolidated											
Notes	Securities Clearing Reserve Fund	Derivatives Clearing Reserve Fund	Indemnity Fund	SET Building Construction Fund	Staff Welfare Fund	Securities Investor Protection Fund	Derivatives Investor Protection Fund	General Fund	Unrealised gain (loss) on available-for-sale securities	Fund balances	Total fund balances
Opening balance at 1 January 2013	2,000,000	300,000	100,000	7,769	99,913	406,430	-	15,778,425	793,656	19,486,193	2 19,486,195
Appropriation of general fund 24	500,000	-	-	-	-	-	50,000	(550,000)	-	-	-
Total comprehensive revenues and expenses 25	-	-	-	-	2,598	8,304	993	1,642,496	(487,671)	1,166,720	- 1,166,720
Closing balance at 31 December 2013	2,500,000	300,000	100,000	7,769	102,511	414,734	50,993	16,870,921	305,985	20,652,913	2 20,652,915
Opening balance at 1 January 2014	2,500,000	300,000	100,000	7,769	102,511	414,734	50,993	16,870,921	305,985	20,652,913	2 20,652,915
Appropriation of general fund 24	-	-	-	(7,769)	-	-	-	7,769	-	-	-
Total comprehensive revenues and expenses 25	-	-	-	-	2,325	18,703	1,197	1,517,354	46,183	1,585,762	- 1,585,762
Closing balance at 31 December 2014	2,500,000	300,000	100,000	-	104,836	433,437	52,190	18,396,044	352,168	22,238,675	2 22,238,677

(Unit: Baht'000)

SET									
Notes	Securities Clearing Reserve Fund	Derivatives Clearing Reserve Fund	Indemnity Fund	SET Building Construction Fund	Staff Welfare Fund	Securities Investor Protection Fund	General Fund	Unrealised gain (loss) on available-for-sale securities	Total fund balances
Opening balance at 1 January 2013	2,000,000	300,000	100,000	7,769	99,913	406,430	14,959,355	801,707	18,675,174
Appropriation of general fund 24	500,000	-	-	-	-	-	(500,000)	-	-
Total comprehensive revenues and expenses 25	-	-	-	-	2,598	8,304	1,558,597	(487,622)	1,081,877
Closing balance at 31 December 2013	2,500,000	300,000	100,000	7,769	102,511	414,734	16,017,952	314,085	19,757,051
Opening balance at 1 January 2014	2,500,000	300,000	100,000	7,769	102,511	414,734	16,017,952	314,085	19,757,051
Appropriation of general fund 24	-	-	-	(7,769)	-	-	7,769	-	-
Total comprehensive revenues and expenses 25	-	-	-	-	2,325	18,703	1,466,294	46,063	1,533,385
Closing balance at 31 December 2014	2,500,000	300,000	100,000	-	104,836	433,437	17,492,015	360,148	21,290,436

The accompanying notes are an integral part of these consolidated and entity financial statements.

# Statements of Cash Flows

## The Stock Exchange of Thailand and its Subsidiaries

For the year ended 31 December 2014

(Unit: Baht'000)

	Notes	Consolidated		SET	
		2014	2013	2014	2013
<b>Cash flows from operating activities</b>					
Revenues over expenses before income tax expense		1,648,151	1,793,232	1,483,220	1,576,320
Adjustments for					
Depreciation and amortisation	16, 17	208,240	189,101	205,890	186,340
Investment income, net	27	(847,832)	(816,734)	(1,226,965)	(1,225,544)
Income derived from Securities Investor Protection Fund, net	25	(14,601)	(15,125)	(14,601)	(15,125)
Income derived from Derivatives Investor Protection Fund, net	25	(1,197)	(993)	-	-
Impairment losses of investments (reversal)	27	(2,530)	6,691	(2,530)	6,691
Doubtful debts expenses (reversal)	10	332	(1,124)	(35)	(800)
Provision for employee benefits	23	32,757	24,252	32,757	24,252
Adjust work in process to expenses (revenues)	16	(83)	4,185	(83)	4,185
Gain on disposals of assets		(129)	(450)	(129)	(438)
Share of profit of investments in jointly-controlled entity (net of income tax)	13	(3,692)	(1,453)	-	-
Share of profit of investments in associates (net of income tax)	14	(20,487)	(11,076)	-	-
		998,929	1,170,506	477,524	555,881
Changes in operating assets and liabilities					
(Increase) decrease in operating assets					
Assets for margin deposits and benefits		1,308,203	(2,551,760)	-	-
Accounts receivable and accrued income		(78,300)	7,541	(86,666)	50,713
Other current assets		364,894	(127,400)	103,768	(56,709)
Assets for clearing system protection and benefits		24,511	4,911	(4,008)	(3,802)
Securities Investor Protection Fund		(33,677)	(12,160)	(33,677)	(12,160)
Derivatives Investor Protection Fund		(6,965)	(58,498)	-	-
Refundable deposits		-	(127)	-	(127)
Increase (decrease) in operating liabilities					
Margin deposits and benefits payables		(1,308,203)	2,551,760	-	-
Accounts payable and accrued expenses		256,252	159,182	252,437	162,233
Fees received in advance		9,478	5,616	26,797	14,930
Other current liabilities		(310,608)	87,880	(13,422)	(29,928)
Assets for clearing system protection and benefits payables		(28,518)	(8,714)	-	-
Contributions and benefits to Securities Investor Protection Fund		14,196	6,028	14,196	6,028
Contributions and benefits to Derivatives Investor Protection Fund		5,122	7,961	-	-
Employee benefits paid	23	(10,589)	(9,822)	(10,589)	(9,822)
Other non-current liabilities		(16,698)	(3,079)	(16,698)	(3,079)
Cash flows generated from operations		1,188,027	1,229,825	709,662	674,158
Less Income tax paid		(136,787)	(134,085)	-	-
<b>Net cash generated from operating activities</b>		<b>1,051,240</b>	<b>1,095,740</b>	<b>709,662</b>	<b>674,158</b>

The accompanying notes are an integral part of these consolidated and entity financial statements.

# Statements of Cash Flows (Cont'd)

## The Stock Exchange of Thailand and its Subsidiaries

For the year ended 31 December 2014

(Unit: Baht'000)

		Consolidated		SET	
		2014	2013	2014	2013
Notes					
Cash flows from investing activities					
Investment income received		533,483	424,078	527,503	408,012
Dividend received		443,914	301,643	858,753	754,471
Purchase of short-term investments	9	(5,058,083)	(4,475,664)	(5,058,083)	(4,475,664)
Proceeds from disposals of short-term investments	9	6,111,593	4,476,499	6,065,393	4,439,479
Purchase of investment in associates	14	(379,015)	-	(379,015)	-
Purchase of long-term investments	15	(3,251,558)	(2,494,594)	(3,251,558)	(2,494,594)
Proceeds from disposals of long-term investments	15	1,477,578	1,830,644	1,474,578	1,830,644
Purchase of property, plant and equipment		(1,292,089)	(297,114)	(1,292,089)	(297,114)
Proceeds from disposals of property, plant and equipment		1,764	2,293	1,764	2,275
Purchase of intangible assets		(134,845)	(122,012)	(134,286)	(120,461)
Proceeds from share of profit of investments in jointly-controlled entity		849	11,753	-	-
Proceeds from share of profit of investments in associates		26,326	-	-	-
Benefits received from Securities Investor Protection Fund		15,379	12,953	15,379	12,953
Benefits received from Derivatives Investor Protection Fund		1,843	537	-	-
Net cash generated from (used in) investing activities		(1,502,861)	(328,984)	(1,171,661)	60,001
Cash flows from financing activities					
Cash inflow on short-term borrowings from subsidiaries	7	-	-	395,314	400,000
Repayment of short-term borrowings from subsidiaries	7	-	-	(370,000)	(189,400)
Interest paid		-	-	(28,949)	(28,263)
Net cash generated from (used in) financing activities		-	-	(3,635)	182,337
Net increase (decrease) in cash and cash equivalents		(451,621)	766,756	(465,634)	916,496
Opening balance		1,870,336	1,103,580	1,686,363	769,867
Closing balance		1,418,715	1,870,336	1,220,729	1,686,363
Supplemental disclosures of cash flows information					
Cash and cash equivalents are as follows:					
Cash and cash equivalents	8	1,360,901	1,795,113	1,220,729	1,686,363
Cash at a banks for financial benefits payables		57,814	75,223	-	-
		1,418,715	1,870,336	1,220,729	1,686,363
Significant non-cash transactions					
Unrealised gain (loss) on available-for-sale securities		46,183	(487,671)	46,063	(487,622)
Unrealised gain (loss) on available-for-sale securities from Securities Investor Protection Fund		4,102	(6,821)	4,102	(6,821)
Other payables from purchase of assets		193,540	116,066	193,540	116,066
Classification of investments		(1,748,011)	3,368,057	(1,748,011)	3,321,857

The accompanying notes are an integral part of these consolidated and entity financial statements.



# Notes to the Consolidated and Entity Financial Statements

## The Stock Exchange of Thailand and its Subsidiaries For the year ended 31 December 2014

### 1. General information

The Stock Exchange of Thailand (SET) is a juristic entity incorporated in Thailand under the Securities Exchange of Thailand Act B.E. 2517. The principal business activities of the SET are serving as the market or the centre for trading of securities and providing related services without the objective of distribution of profit to members. The SET commenced its trading of securities on 30 April 1975 and operates under the framework of the Securities Exchange of Thailand Act B.E. 2535. Its registered office is located at 62 Ratchadapisek Road, Kwaeng Klongtoey, Khet Klongtoey, Bangkok 10110, Thailand.

For reporting purposes, the SET and its subsidiaries are referred to as the Group.

The principal activities of SET and its subsidiaries are summarised as follows:

1. Securities markets comprise the operation of securities listing, trading system, clearing and settlement, depository, including market surveillance and supervision of listed companies and member companies.

2. Derivatives markets comprise the operation of trading and clearing of futures contracts and financial securities, providing other services related to futures trading transactions.

3. Technology services comprise the operation of internet trading platform for securities and derivatives, information services and other member services.

4. Registrar services comprise the operation of securities registrar and fund registrar.

The consolidated and entity financial statements were authorised for issue by the Board of Governors of the Stock Exchange of Thailand on 17 February, 2015.

Details of the SET's subsidiaries, associates and jointly-controlled entity as of 31 December 2014 and 2013 are as follows:

Name of entity	Type of business	Country of incorporation	Ownership interest %	
			2014	2013
<b>Direct subsidiaries</b>				
Thailand Securities Depository Co., Ltd.	Securities depository and registrar services	Thailand	100.00	100.00
Thai Trust Fund Management Co., Ltd.	Mutual fund management	Thailand	100.00	100.00
Thai NVDR Co., Ltd.	Investment management in Non-Voting Depository Receipts	Thailand	100.00	100.00
SETTRADE.COM Co., Ltd.	Computer system services	Thailand	100.00	100.00
Siam DR Co., Ltd.	Investment management in Depository Receipts	Thailand	100.00	100.00

Name of entity	Type of business	Country of incorporation	Ownership interest %	
			2014	2013
Thailand Futures Exchange Public Company Limited	Derivatives exchange	Thailand	100.00	100.00
Thailand Clearing House Co., Ltd.	Clearing house and related back-office services for securities and derivatives contracts	Thailand	100.00	100.00
<b>Jointly-controlled entity</b>				
Family Know-how Co., Ltd.	Media business specialising in financial and investment information	Thailand	50.00	50.00
<b>Associates</b>				
Clearing Fund (1)	Fund	Thailand	14.03	15.18
TSFC Securities Public Company Limited	Securities financing services and securities borrowing and lending	Thailand	40.65	24.66

## (1) Clearing Fund

The Clearing Fund operates under the Regulations of the Clearing Fund (No. 1) B.E. 2541, which require that a one-time payment of THB 100 million be made as an initial contribution by the SET. The ownership interest percentage will be reduced based on further contributions made by other members of the Clearing Fund in the future.

The SET has no control over the Clearing Fund's operations, but has influences in policy and operation. Therefore, the investment in the Clearing Fund is classified as investment in an associate.

The consolidated and entity financial statements have been prepared under the historical cost convention except as disclosed in the accounting policy for investments below.

The preparation of financial statements in conformity with Thai Financial Reporting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated and entity financial statements are disclosed in Note 4.

An English version of the consolidated and entity financial statements has been prepared from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

## 2. Accounting policies

### 2.1 Basis of preparation

The consolidated and entity financial statements have been prepared in accordance with Thai Financial Reporting Standards under the Accounting Act B.E. 2543, being those Thai Financial Reporting Standards issued under the Accounting Profession Act B.E. 2547.

## 2.2 New financial reporting standards and revised financial reporting standards

1) Revised accounting standards which are effective on 1 January 2014 and are relevant to the Group:

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TAS 7 (revised 2012)	Statement of cash flows
TAS 19 (revised 2012)	Employee benefits
TAS 28 (revised 2012)	Investments in associates
TAS 31 (revised 2012)	Interest in joint ventures
TFRS 8 (revised 2012)	Operating segments
TSIC 32	Intangible assets – Web site costs

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TAS 7 (revised 2012) clarifies that only expenditures that result in a recognised asset in the statement of financial position are eligible for classification as investing activities. This standard has no impact to the Group.

TAS 19 (revised 2012) deletes the transition provisions of the current TAS 19. This standard has no impact to the Group.

TAS 28 (revised 2012) clarifies that when an entity moves from an equity accounting to cost accounting in the separate financial statements, the standard requires this to be adjusted retrospectively. An entity loses significant influence, the remaining interest of investment should be valued at fair value. This matter should be adjusted prospectively effectively for the period begins on or after 1 January 2011. This standard has no impact to the Group.

TAS 31 (revised 2012) clarifies that when an entity moves from an equity accounting to cost accounting in the separate financial statements, the standard requires this to be adjusted retrospectively. An entity loses joint control in its interest in joint control, the remaining interest of investment should be valued at fair value. This matter should be adjusted prospectively effectively for the period begins on or after 1 January 2011. This standard has no impact to the Group.

TFRS 8 (revised 2012) clarifies that an entity is required to disclose a measure of segment assets only if the measure is regularly reported to the chief operating decision-maker. This standard has no impact to the Group.

TSIC 32 provides guidance on the internal expenditure on the development and operation of the entity web site for internal or external access. The entity shall comply with the requirements described in TAS 38 “Intangible Assets”. This interpretation has no impact to the Group.

2) New financial reporting standards and revised accounting standards, revised financial reporting standards are effective on 1 January 2015. These standards are relevant to the group and are not early adopted:

TAS 19 (revised 2014)	Employee benefits
TAS 28 (revised 2014)	Investments in associates and joint ventures
TFRS 10	Consolidated financial statements
TFRS 13	Fair value measurement
TFRIC 14 (revised 2014)	TAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction

TAS 19 (revised 2014), the key changes are (a) actuarial gains and losses are renamed ‘remeasurements’ and will be recognised immediately in ‘other comprehensive income’ (OCI). Actuarial gains and losses will no longer be deferred using the corridor approach or recognised in profit or loss; and (b) past-service costs will be recognised in the period of a plan amendment; unvested benefits will no longer be spread over a future-service period. The Group has not assessed the full impact of the revision yet.

TAS 28 (revised 2014) provide the requirements for investment in associates and joint ventures accounted by equity method. The Group has not assessed the full impact of the revision yet.

TFRS 10 has a single definition of control and supersedes the principles of control and consolidation included within the original TAS 27, ‘Consolidated and separate financial statements’. The standard sets out the requirements for when an entity should prepare consolidated financial statements, defines the principles of control, explains how to apply the principles of control and explains the accounting requirements for preparing consolidated financial statements. The key principle in the new standard is that control exists, and consolidation is required, only if the investor possesses power over the investee, has exposure to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect its returns. The Group has not assessed the full impact of the revision yet.

TFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair

value and a single source of fair value measurement and disclosure requirements for use across TFRSs. The Group has not assessed the full impact of the revision yet.

TFRIC 14 (Revised 2014), this interpretation applies to all post-employment defined benefits and other long-term employee benefits. For the purpose of this interpretation, minimum funding requirements are any requirements to fund a post-employment or other long-term benefit plan. This interpretation explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. The Group has not assessed the full impact of the revision yet.

## 2.3 Investment in subsidiaries, jointly-controlled entity and associates

### 2.3.1 Subsidiaries

Subsidiaries are all the entities over which the SET has the power to govern the financial and operating policies. Subsidiaries are consolidated from the date on which control is transferred to the SET and are no longer consolidated from the date on which that control ceases.

All related party transactions, balances and unrealised gains and losses on transactions between the SET and its subsidiaries have been eliminated.

In the SET’s financial statements, investments in subsidiaries are accounted for using the cost method.

Under the cost method, income from investments in subsidiaries will be recorded when dividends are declared.

### 2.3.2 Jointly-controlled entity

The interest in a jointly controlled entity is accounted for using the equity method in the consolidated and the cost method in the entity financial statements.

### 2.3.3 Associates

Associates are the entities which the SET influences, but does not control. In the consolidated financial statements, investments in associates are initially recognised at cost and are subsequently accounted for using the equity method of accounting.

The SET's share of its associates' post-acquisition profits or losses is recognised in the statement of comprehensive revenues and expenses. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the SET's share of losses in associates equal or exceed its interest in the associate, the SET does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the SET and its associates are eliminated to the extent of the SET's interest in the associates. Unrealised losses on transactions are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

In the entity's financial statements, investment in associates are accounted for using the cost method.

Allowance, if any, is recorded for impairment in investment in subsidiaries, jointly-controlled entity and associates in the statement of comprehensive revenues and expenses.

A list of the SET's principal subsidiaries, jointly-controlled entity and associates is provided in Note 1.

## 2.4 Foreign currencies

### a) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Thai Baht, which is the group's functional and the group's presentation currency.

### b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the revenues or expenses.

When a gain or loss on a non-monetary item is recognised in other comprehensive revenues and expenses, any exchange component of that gain or loss is recognised in other comprehensive revenues and expenses. Conversely, when a gain or loss on a non-monetary item is recognised in revenues or expenses, any exchange component of that gain or loss is recognised in revenues or expenses.

## 2.5 Underlying assets

Underlying assets are the financial assets carried by Thai NVDR Co., Ltd. (the subsidiary). The financial liabilities are the Non-Voting Depository Receipts (NVDRs). The subsidiary will offset the financial assets and financial liabilities, and show the net amount in the financial statements. According to the regulations and conditions in the prospectus, the subsidiary are responsible for issuing and selling NVDRs and making investments in listed companies in the Stock Exchange of Thailand at the same amount and in the same period (back to back). In addition to the entitlement of financial benefits of those underlying securities as

the registered holder, the subsidiaries have an obligation to repay those financial benefits to the investors in the NVDRs as mentioned in the prospectus. Those benefits are not recognised as revenues or expenses of the subsidiary.

## 2.6 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, call deposits (excluding deposits held to maturities), other short-term highly liquid investments held for working capital and short-term commitment payment purposes with maturities from acquisition date of three months or less.

## 2.7 Investments

Investments other than investments in subsidiaries, associates and jointly-controlled entity are classified into the following four categories: (1) trading investments; (2) held-to-maturity investments; (3) available-for-sale investments; and (4) general investments. The classification is dependent on the purpose for which the investments were acquired. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

(1) Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price are classified as trading investments and included in current assets.

(2) Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held-to-maturity and are included in non-current assets, except for maturities within 12 months from the statement of financial position date which are classified as current assets.

(3) Investments intended to be held for an indefinite period of time, which may be sold in response to liquidity needs or changes in interest rates, are classified as available-for-sale; and are included in non-current assets unless management has expressed the intention of holding the investment for less than 12

months from the statement of financial position date or unless they will need to be sold to raise operating capital, in which case they are included in current assets.

(4) Investments in non-marketable equity securities are classified as general investments.

All categories of investment are initially recognised at cost, which is equal to the fair value of consideration paid plus transaction cost.

Trading investments and available-for-sale investments are subsequently measured at fair value. The fair value of investments is based on last bid price at the close of business on the statement of financial position date by reference to the Stock Exchange of Thailand and the Thai Bond Dealing Centre. The unrealised gains and losses of trading investments are recognised in the statement of comprehensive revenues and expenses. The unrealised gains and losses of available-for-sale investments are recognised in fund balances.

Held-to-maturity investments are carried at amortised cost using the effective yield method less impairment loss (if any).

General investments are carried at cost less impairment loss (if any).

A test for impairment is carried out when there is a factor indicating that an investment might be impaired. If the carrying value of the investment is higher than its recoverable amount, impairment loss is charged to the statement of comprehensive revenues and expenses.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit or loss. When disposing of part of the Group's holding of a particular investment in debt or equity securities, the carrying amount of the disposed part is determined by the weighted average carrying amount of the total holding of the investment.



## 2.8 Accounts receivable and accrued income

Accounts receivable and accrued income are carried at original invoice amount less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments, assessment of the future cash flows, known and identified instances of default and consideration of market trends. Bad debts are written off when incurred and recognised as part of other expenses in the statement of comprehensive revenues and expenses.

## 2.9 Property, plant and equipment

Land is stated at cost less impairment losses. Property and equipment are stated at cost less accumulated depreciation and impairment losses.

Depreciation is charged to the statement of comprehensive revenues and expenses on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, except for land which is considered to have an unlimited useful life. The estimated useful lives are as follows:

Land improvements	5	years
Buildings	10 – 30	years
Building improvements	3 – 30	years
Furniture and fixtures	5 – 20	years
Office equipment	5 – 10	years
Vehicles	5 – 7	years

Management determines the estimated useful lives and residual values for the Group's property and equipment. Management will appropriately revise the residual values and useful lives of assets when the residual values and useful lives differ from previous estimations, or it will write-off technically obsolete assets or assets which have been sold or abandoned.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Repair and maintenance expenses are charged to the statement of comprehensive revenues and expenses during the financial period in which they are incurred. The cost of major renovation is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful lives of the related assets.

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are included in the statement of comprehensive revenues and expenses.

## 2.10 Intangible assets

Intangible assets, computer software, patent and right in operation, that are acquired by the Group, which have finite useful lives, are recognised at cost less accumulated amortisation and impairment losses. Intangible assets are amortised in the statement of comprehensive revenues and expenses on a straight-line basis over their estimated useful lives from the date that they are available for use. The estimated useful lives are 5 – 10 years.

Costs associated with developing or maintaining computer software are recognised as expenses as incurred in the statement of comprehensive revenues and expenses. Costs that are directly associated with identifiable and unique software products controlled by the Group and have probable economic benefits exceeding the cost beyond one year are recognised as intangible assets. Direct costs include the purchase price and an appropriate portion of relevant overheads to allow such asset to be ready for its intended use. Expenditure which is incurred to enhance or extend the performance of computer software beyond its original specifications is recognised as an intangible asset.

Management determines the estimated useful lives of intangible assets. Management will revise the amortisation charge where useful lives differ from the previous estimations or it will write-off technically obsolete assets or assets which have been sold or abandoned.

## 2.11 Impairment

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows. Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

## 2.12 Interest-bearing liabilities

Interest-bearing liabilities are recognised initially at fair value less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the statement of comprehensive revenues and expenses over the period of the borrowings on an effective interest basis.

## 2.13 Trade and other accounts payable

Trade and other accounts payable are stated at cost.

## 2.14 Employee benefits

### Defined contribution plans

The Group participates in a provident fund, which is a defined contribution plan, the assets for which are held in a separate trustee-administered fund and are managed by a licensed Fund Manager. The provident fund is funded by payments from employees and by the Group. The Group's contributions to the provident fund are charged to the statement of comprehensive revenues and expenses in the year to which they are related.

### Defined benefit plans

The Group provides for post employment retirement benefits, payable to employees under the labour laws applicable in Thailand. The liability in respect of employee benefits is measured, using the corridor method which is calculated by an independent actuary in accordance with the actuarial technique. The present value of the defined benefit obligation is determined by discounting estimated future cash flows using the yield on government bonds which have terms to maturity approximating the terms of the related liability. The estimated future cash flows shall reflect employee salaries, turnover rate, mortality rate, length of service and other factors. Actuarial gains or losses will be recognised as income or expense in the statement of comprehensive revenues and expenses if the net cumulative unrecognised actuarial gain and losses at the end of the previous reporting period exceeding the greater of 10% of the present value of the defined benefit obligation at that date (before deducting plan assets) and 10% of the future value of the plan assets at that date.

In determining the appropriate discount rate, the Group considers the interest rates in which the benefits will be paid to the staff.

### Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without the possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

## 2.15 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the

obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Provisions are recognised in the period in which the Group becomes legally or constructively committed to payment. Costs relating to the ongoing activities are not classified as provisions.

## 2.16 Lease-where a Group is the lessee

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases.

Payments made under operating leases are recognised in the statement of comprehensive revenues and expenses on a straight-line basis over the term of the lease. Lease incentives granted are recognised in the statement of comprehensive revenues and expenses as an integral part of the total rental income. Contingent rentals are charged to the statement of comprehensive revenues and expenses for the accounting period in which they are incurred.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

## 2.17 Revenue

Revenue excludes value added taxes.

Service income is recognised upon performance of services.

Where there are long-outstanding receivables from listing fee and registrar fee collection over three

months, the Group considers the collectability of the receivables as doubtful and ceases revenue recognition on fees of related companies immediately.

Membership fees comprise initial and annual fees. The initial fees are recognised as revenue on a straight-line basis over a period of five years starting from the first day on which the service is rendered. Annual fees are recognised upon performance of services.

Interest income is recognised on a time proportion basis, taking into account the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Group.

Dividend income is recognised in the statement of comprehensive revenues and expenses when the Group's right to receive payment is established.

Other income is recognised when the right to receive cash is established.

## 2.18 Directors' remuneration

Directors' remuneration comprises the benefits paid to the Board of Governors of the SET and the Board of Directors of subsidiaries including benefits received by the members of sub-committees (excluding salaries, bonus and related benefits payable to management).

## 2.19 Current and deferred income taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in revenue or expense, except to the extent that it relates to items recognised in other comprehensive revenues and expenses or directly in fund balance. In this case the tax is also recognised in other comprehensive revenues and expenses or directly in fund balance, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation

is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

## 2.20 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's senior management.

## 3. Financial risk management

### Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk, liquidity risk and risk from investments and deposits. The Group's financial risk management programme focuses on investment management under investment policies and strategic asset allocation which is approved by the SET's Board of Governors and subsidiaries' Board of Director. The investment committees is strictly

established to oversee the investment in compliance with the policies and strategic asset allocation defined. The investment policy aims on maintaining stability of the principal, while receiving the appropriate level of return.

### 3.1 Foreign exchange risk

The Group has no significant exposure to foreign currency risk relates due to its accounts receivable and accounts payable are mainly made in Thai Baht. The Group does not use any derivative financial instruments to hedge foreign currency exposure.

### 3.2 Interest rate risk

Interest rate risk arises from fluctuations in market interest rates which may affect the Group's operating results and cash flow. The market interest rate at the time of transaction will be considered when the borrowing transaction is initiated. The Group does not have interest rate derivative in order to manage fluctuation of the interest rate.

### 3.3 Credit risk

The Group has no significant concentrations of credit risk. The Group has appropriate policies in place to ensure that Group sell products and provide services to customers who have appropriate credit history.

### 3.4 Liquidity risk

The Group has no significant exposure to liquidity risk as the Group has sufficient cash to support its operations. The Group aims on maintaining flexibility of funding by using internal capital of the Group.

### 3.5 Risk from investments and deposits

The Group is exposed to market risks as the investor of financial instruments, and credit risk from the issuer of financial instruments. The Group, therefore, has a policy of diversifying its investments and deposits to high credit financial institutions according to the investment policy prescribed by the resolution of the investment committee.

The investment policies framework regarding types and proportion of investments are as follows:

### 1) Investments in debt securities

Type of investment	Proportion of total investment
Government securities, debentures or bonds of state enterprises or entities incorporated by specific laws and guaranteed by the Ministry of Finance	Unlimited
Fixed deposits or NCDs at commercial banks and promissory notes of finance companies or financial institutions incorporated by specific laws	Not to exceed 15% per institution
Debentures or warrants of debentures and bills of exchange	Not to exceed 5% per issuer
Investment units or warrants of investment units in mutual funds invested in debt securities	Not to exceed 10% per mutual fund

### 2) Investments in equity securities

Type of investment	Proportion of total investment
Investment units or warrants of investment units in mutual funds invested in equity securities	Not to exceed 15% per mutual fund (2013: Not to exceed 10% per mutual fund)

### 3) Investments in property funds

Type of investment	Proportion of total investment
Property funds	Not to exceed 10% of total investment (2013: Not to exceed 10% of project value, and amount not to exceed 2% of total investments)

### 4) Investments in foreign investment funds

Type of investment	Proportion of total investment
Foreign investment funds	Not to exceed 7.5% of total investment (2013: Not to exceed 3% of total investments)

### 5) Investments in gold funds

Type of investment	Proportion of total investment
Gold funds	Not to exceed 3% of total investments

Investments in each asset management company should not exceed 40% of total investments.

## 4. Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

## 5. Capital risk management

The Group's objectives when managing capital are to safeguard the Subsidiaries in the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to increase investor and stakeholder confidence.

In order to maintain or adjust the capital structure, the Subsidiaries in the Group may adjust the amount of dividends paid to shareholders depending on their operating performance.

## 6. Segment information

Segment information is presented in respect of the Group's business segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

The Group comprises the following 5 main business segments:

1. Securities Markets (including securities trading, clearing and settlement, listing, depository and membership fees)
2. Derivatives Markets (including trading and clearing of future contracts and membership fees)
3. Technology Services (including member services, information services and technology support)
4. Registrar Services (including securities registrar and fund registrar)
5. Capital market development and others, i.e., expenses for Capital Market Development Fund (CMDf), rental income and other miscellaneous income. CMDf focuses on long-term development of capital market including improving financial and investment capabilities of Thai people and executives, promoting development of capital market industry, and conducting of capital market research.



Financial information presented in the consolidated financial statements as of 31 December 2014 and 2013 and for the years ended 31 December 2014 and 2013 are as follows:

(Unit: Baht'000)

Consolidated							
	Securities Markets	Derivatives Markets	Technology Services	Registrar Services	Capital Market Development and others	Elimination	Total
<b>For the year ended 31 December 2014</b>							
Revenues from operation	2,396,069	578,910	237,703	931,862	221,449	-	4,365,993
Revenue from inter-segment	667,042	470,583	42,136	461,762	32,718	(1,674,241)	-
Total revenue	3,063,111	1,049,493	279,839	1,393,624	254,167	(1,674,241)	4,365,993
<b>Segment revenues over expenses</b>	<b>1,177,490</b>	<b>338,284</b>	<b>5,465</b>	<b>298,960</b>	<b>(535,932)</b>	<b>-</b>	<b>1,284,267</b>
Investment income, net							871,129
Share of profit of investments in jointly- controlled entity (net of income tax)							3,692
Share of profit of investments in associates (net of income tax)							20,487
<b>Revenues over expenses in operations</b>							<b>2,179,575</b>
<b>Non-operating items:</b>							
Income derived from Securities Investor Protection Fund, net							14,601
Income derived from Derivatives Investor Protection Fund, net							1,197
Contributions to the Stock Exchange of Thailand Foundation							(547,222)
<b>Revenues over expenses before income tax expenses</b>							<b>1,648,151</b>
Income tax expense							(112,674)
<b>Revenues over expenses</b>							<b>1,535,477</b>
<b>As at 31 December 2014</b>							
Segment assets	2,514,576	10,213,353	382,104	337,337	239,014	(298,785)	13,387,599
Other assets	-	-	-	-	22,789,002	(1,724,156)	21,064,846
<b>Total assets</b>	<b>2,514,576</b>	<b>10,213,353</b>	<b>382,104</b>	<b>337,337</b>	<b>23,028,016</b>	<b>(2,022,941)</b>	<b>34,452,445</b>
Segment liabilities	1,200,541	9,798,609	87,971	342,703	1,082,729	(298,785)	12,213,768
Other liabilities	-	-	-	-	1,271,314	(1,271,314)	-
<b>Total liabilities</b>	<b>1,200,541</b>	<b>9,798,609</b>	<b>87,971</b>	<b>342,703</b>	<b>2,354,043</b>	<b>(1,570,099)</b>	<b>12,213,768</b>

(Unit: Baht'000)

Consolidated							
	Securities Markets	Derivatives Markets	Technology Services	Registrar Services	Capital Market Development and others	Elimination	Total
<b>For the year ended 31 December 2013</b>							
Revenues from operation	2,440,695	787,838	216,338	835,613	200,523	-	4,481,007
Revenue from inter-segment	631,969	600,318	35,052	432,526	31,577	(1,731,442)	-
Total revenue	3,072,664	1,388,156	251,390	1,268,139	232,100	(1,731,442)	4,481,007
<b>Segment revenues over expenses</b>	<b>1,314,043</b>	<b>229,643</b>	<b>72,988</b>	<b>228,441</b>	<b>(339,627)</b>	<b>-</b>	<b>1,505,488</b>
Investment income, net							820,730
Share of profit of investments in jointly- controlled entity (net of income tax)							1,453
Share of profit of investments in associates (net of income tax)							11,076
<b>Revenues over expenses in operations</b>							<b>2,338,747</b>
<b>Non-operating items:</b>							
Income derived from Securities Investor Protection Fund, net							15,125
Income derived from Derivatives Investor Protection Fund, net							993
Contributions to the Stock Exchange of Thailand Foundation							(561,633)
<b>Revenues over expenses before income tax expenses</b>							<b>1,793,232</b>
Income tax expense							(132,020)
<b>Revenues over expenses</b>							<b>1,661,212</b>
<b>As at 31 December 2013</b>							
Segment assets	2,515,062	11,610,691	228,887	530,988	692,372	(264,964)	15,313,036
Other assets	-	-	-	-	20,422,174	(1,695,776)	18,726,398
<b>Total assets</b>	<b>2,515,062</b>	<b>11,610,691</b>	<b>228,887</b>	<b>530,988</b>	<b>21,114,546</b>	<b>(1,960,740)</b>	<b>34,039,434</b>
Segment liabilities	1,076,747	11,216,210	77,326	414,230	866,970	(264,964)	13,386,519
Other liabilities	-	-	-	-	1,246,000	(1,246,000)	-
<b>Total liabilities</b>	<b>1,076,747</b>	<b>11,216,210</b>	<b>77,326</b>	<b>414,230</b>	<b>2,112,970</b>	<b>(1,510,964)</b>	<b>13,386,519</b>

Reconciliation of reportable segment assets / liabilities were as follow:

(Unit: Baht'000)

	Consolidated	
	2014	2013
<b>Assets</b>		
<b>Assets for reportable segments</b>	13,387,599	15,313,036
Unallocated amounts:		
– Cash and investments	17,248,977	16,545,159
– Investments in related party	945,069	569,120
– Accrued interest receivables	103,555	227,051
– Land and building under construction	2,767,245	1,385,068
<b>Total assets</b>	<b>34,452,445</b>	<b>34,039,434</b>
<b>Liabilities</b>		
<b>Total liabilities for reportable segments</b>	<b>12,213,768</b>	<b>13,386,519</b>

## 7. Related party transactions

Related parties are those parties linked to the Group. Transactions with related parties are conducted at prices based on market prices or at contractually agreed prices where no market price exists.

The pricing policies for particular types of transactions are explained below:

Transaction	Pricing policy
Service income	Contractually agreed price
Purchase of services	Cost plus margin
Interest income	With reference to the return of bank deposit and debt securities
Interest expense	With reference to the return of one-year bond

Related party transactions for the years ended 31 December 2014 and 2013 were as follows:

(Unit: Baht'000)

	Consolidated		SET	
	2014	2013	2014	2013
<b>Service income</b>				
Subsidiaries	-	-	1,574,175	1,628,664
Jointly-controlled entity	13,432	14,638	13,432	14,638
Associates	1,577	1,339	-	-
	15,009	15,977	1,587,607	1,643,302
<b>Purchase of services</b>				
Subsidiaries	-	-	2,124	3,812
Jointly-controlled entity	97,642	97,865	97,642	97,865
	97,642	97,865	99,766	101,677
<b>Interest income</b>				
Subsidiaries	-	-	4,348	4,132
<b>Interest expense</b>				
Subsidiaries	-	-	28,949	28,263

Related party balances as at 31 December 2014 and 2013 were as follows:

(Unit: Baht'000)

	Consolidated		SET	
	2014	2013	2014	2013
<b>Accounts receivable</b>				
Subsidiaries	-	-	-	2,622
Jointly-controlled entity	-	1,249	-	1,249
	-	1,249	-	3,871
<b>Accrued income</b>				
Subsidiaries	-	-	150,979	118,970
Jointly-controlled entity	438	467	438	467
Associates	139	124	-	-
	577	591	151,417	119,437
<b>Other current assets</b>				
Subsidiaries	-	-	4	7
Jointly-controlled entity	626	1,277	626	1,277
	626	1,277	630	1,284
<b>Payables</b>				
Subsidiaries	-	-	-	107
Jointly-controlled entity	9,567	19,525	9,567	19,525
	9,567	19,525	9,567	19,632
<b>Accrued expenses</b>				
Subsidiaries	-	-	172	167
Jointly-controlled entity	887	2,042	887	2,042
	887	2,042	1,059	2,209
<b>Other current liabilities</b>				
Subsidiaries	-	-	-	162
Jointly-controlled entity	-	82	-	82
	-	82	-	244

## Short-term borrowings from subsidiaries

(Unit: Baht'000)

	Interest rate (% per annum)		SET	
	2014	2013	2014	2013
Short-term borrowings from subsidiaries	1.99 – 2.77	2.15 – 2.77	1,271,314	1,246,000

The Group uses a policy to centrally manage its investments through the SET to maximise its efficiency and overall returns. Investments from subsidiaries represent loans in the form of one-year promissory notes. The interest rate on the loan is reference to the return one-year bond (the interest rate may be revised as appropriate).

Movements of short-term borrowings from subsidiaries for the years ended 31 December 2014 and 2013 were as follows:

(Unit: THB'000)

	SET	
	2014	2013
<b>Subsidiaries</b>		
Opening balance	1,246,000	1,035,400
Additions	395,314	400,000
Repayments	(370,000)	(189,400)
<b>Closing balance</b>	<b>1,271,314</b>	<b>1,246,000</b>

## Sponsorship for jointly-controlled entity

Under the shareholder agreement between the SET and a company, the SET will be a principal sponsor of a jointly-controlled entity's program in 2014 of Baht 90 million (2013: Baht 90 million).

## Contributions to the Stock Exchange of Thailand Foundation

In 2006, the Board of Governors of the SET approved the establishment of the Stock Exchange of Thailand Foundation (Foundation) and appointed the members of the Board of Governors as directors of the Board of the Foundation. In addition, the Board of Governors of the SET approved the appropriation of one-third of annual revenues over expenses of the SET to the Foundation for its social activities.

The Foundation was registered and incorporated

on 9 August, 2006 with the objective of conducting activities for the development of society, communities and the environment. The Foundation's activities focus on developing a vigorous Thai society and communities in order to prevent and resolve problems relating to addictive drugs and other problems affecting Thai youth and Thai society. In addition, the activities support projects and programmes relating to education.

For the year ended 31 December, 2014, the SET appropriated its annual revenues over expenses of THB 547.22 million (2013: Baht 561.63 million) to the Foundation.

## Directors' remuneration

The directors' remuneration represents director fees and compensation fees for the Group's board of directors and other sub-committees.



(Unit: Baht'000)

	Consolidated		SET	
	2014	2013	2014	2013
Director's remuneration	24,582	20,087	22,899	19,327
	24,582	20,087	22,899	19,327

## 8. Cash and cash equivalents

(Unit: Baht'000)

	Consolidated		SET	
	2014	2013	2014	2013
Cash on hand	349	367	338	351
Saving and current accounts	1,360,552	1,436,866	1,220,391	1,328,132
Fixed deposit accounts	-	357,880	-	357,880
	<b>1,360,901</b>	<b>1,795,113</b>	<b>1,220,729</b>	<b>1,686,363</b>

For the year ended 31 December 2014, saving accounts carried the interest at rates ranging from 0.30% – 2.30% per annum (2013: from 0.40% – 2.15% per annum).

As at 31 December 2013, fixed deposit accounts at banks represented fixed deposit accounts at call that carried the interest at the rates ranging from 2.35% – 2.55% per annum.

## 9. Short-term investments, net

(Unit: Baht'000)

		Consolidated		SET	
	Note	2014	2013	2014	2013
Investments managed by SET					
General investments		58,704	69,185	58,704	69,185
<u>Less</u> Allowance for impairment losses	15	(11,168)	(13,698)	(11,168)	(13,698)
		47,536	55,487	47,536	55,487
Available-for-sales		404,866	70,079	404,866	70,079
Held-to-maturity debt securities	15	2,970,513	6,468,223	2,970,513	6,422,023
		3,422,915	6,593,789	3,422,915	6,547,589
Investments managed by private funds					
Held-to-maturity debt securities		1,150,403	1,162,140	1,150,403	1,162,140
Trading securities		3,264,518	2,876,885	3,264,518	2,876,885
		4,414,921	4,039,025	4,414,921	4,039,025
		7,837,836	10,632,814	7,837,836	10,586,614

Movements of short-term investments for the years ended 31 December 2014 and 2013 were as follows:

(Unit: Baht'000)

	Consolidated		SET	
	2014	2013	2014	2013
Opening balance	10,632,814	7,275,683	10,586,614	7,238,663
Purchases	5,058,083	4,475,664	5,058,083	4,475,664
Disposals	(6,111,593)	(4,476,499)	(6,065,393)	(4,439,479)
Classification of investments (Note15)	(1,748,011)	3,368,057	(1,748,011)	3,321,857
Unrealised gain (loss) on available-for-sale securities	4,013	5	4,013	5
(Allowance for impairment losses) reversal	2,530	(10,096)	2,530	(10,096)
<b>Closing balance</b>	<b>7,837,836</b>	<b>10,632,814</b>	<b>7,837,836</b>	<b>10,586,614</b>

### Investments managed by the SET

As at 31 December 2014, fixed deposit accounts represented fixed deposit accounts at banks which had maturities not over 12 months and carried interest at rates ranging from 2.10% – 3.30% per annum (2013: from 2.38% – 4.10% per annum).

As at 31 December 2014, investments in money market funds represent investments in three open-ended funds (2013: three open-ended fund). The investment policy emphasises investments in short-term debt securities.

As at 31 December, 2014, investments in specific-purpose funds represented investments in three open-ended venture capital funds (2013: three open-ended venture capital funds). The details are as follows:

1) In 2005, invested in an investment fund established by the government to strengthen and facilitate the recovery of businesses which suffered from the tsunami. The specific-purpose fund has a policy of investing in securities of businesses involved in the tourism industry that had been affected by the tsunami in the six southern provinces. The fund has an automatic redemption from the sixth year (2011) unless approval is obtained from the investment committee for redemption before the redemption restriction term.

2) In 2007, invested in a non-retail fund, which primarily invests directly in energy, alternative and renewable energy firms and businesses that support the government's energy policies. The fund is an open-ended fund and has an automatic redemption from

the sixth year (2013) when the fund disposes of its assets, and then no further re-investment.

3) In 2008, invested in a non-retail fund which primarily invests directly in businesses and industries which have potential growth the majority of which was long-term investment. The fund has an automatic redemption from the fourth year (2012).

The specific-purpose investments in 2) have a commitment subscription for additional investment until the end of the contract (Note 33).

As at 31 December 2014, government bonds, Bank of Thailand bonds, state enterprise bonds and debentures, which had coupon rates ranging from 3.95% – 5.19% per annum (2013: from 3.00% – 4.90% per annum) and market yields ranging from 2.59% – 2.98% per annum (2013: from 2.77% – 2.91% per annum).

### Investments managed by private funds

As at 31 December 2014 investments in private funds are managed by three asset management companies (2013: three asset management companies). The investment policy for private funds is subject to the SET's regulations on deposits at financial institutions and investment policies as disclosed in Note 3 – Financial risk management. The Group presented investments managed by private funds as short-term investments.

For the year ended 31 December, 2014, the return rates for investments managed by private funds ranged from 3.82% – 5.13% per annum (2013: from 3.45% – 4.33% per annum).

## 10. Accounts receivables and accrued income, net

(Unit: Baht'000)

	Note	Consolidated		SET	
		2014	2013	2014	2013
<b>Accounts receivable</b>					
Related parties	7	-	1,249	-	3,871
Other parties		93,337	74,466	47,346	38,914
		93,337	75,715	47,346	42,785
<u>Less</u> Allowance for doubtful accounts		(19,014)	(18,682)	(8,883)	(8,918)
		74,323	57,033	38,463	33,867
<b>Accrued income</b>					
Related parties	7	577	591	151,417	119,437
Other parties		290,620	229,928	116,070	65,945
		291,197	230,519	267,487	185,382
		<b>365,520</b>	<b>287,552</b>	<b>305,950</b>	<b>219,249</b>

Aging analysis for accounts receivable is as follows:

(Unit: Baht'000)

	Note	Consolidated		SET	
		2014	2013	2014	2013
<b>Related parties</b>					
Within credit terms	7	-	1,249	-	3,871
		-	1,249	-	3,871
<b>Other parties</b>					
Within credit terms		66,521	47,934	33,246	26,496
Overdue:					
Less than 3 months		7,200	7,013	4,635	2,769
3 - 6 months		495	403	475	294
6 - 12 months		474	102	107	99
Over 12 months		18,647	19,014	8,883	9,256
		93,337	74,466	47,346	38,914
<u>Less</u> Allowance for doubtful accounts		(19,014)	(18,682)	(8,883)	(8,918)
		74,323	55,784	38,463	29,996
		<b>74,323</b>	<b>57,033</b>	<b>38,463</b>	<b>33,867</b>

The normal credit terms granted by the Group range from 15 days to 30 days.

## 11. Other current assets

(Unit: Baht'000)

	Consolidated		SET	
	2014	2013	2014	2013
Financial benefits to unitholders	66,621	200,321	-	-
Thai Stock Market Flood Relief Fund	36,459	48,741	36,459	48,741
Pending input tax	32,902	8,681	32,817	8,656
Loans to employees	28,660	35,718	28,660	35,718
Other receivables from investment in mutual fund	21,400	127,452	21,400	127,452
Prepaid expenses	16,612	19,141	16,607	18,996
Cash at bank for clearing collateral	6,331	121,531	-	-
Value added tax receivable	4,490	6,519	-	-
Withholding income tax receivable	4,304	2,103	-	-
Inventory – publication	3,667	3,667	3,667	3,667
Deferred tax assets (Note 20)	2,021	1,953	-	-
Dividend receivable	-	1,965	-	1,965
Others	9,463	7,401	1,118	1,266
	<b>232,930</b>	<b>585,193</b>	<b>140,728</b>	<b>246,461</b>

## 12. Investments in subsidiaries

Investments in subsidiaries as at 31 December 2014 and 2013, and dividend income for the years then ended were as follows:

(Unit: Baht'000)

	Ownership interest %		SET					
			Paid-up capital		Cost method		Dividend income	
	2014	2013	2014	2013	2014	2013	2014	2013
<b>Subsidiaries</b>								
Thailand Securities Depository Co., Ltd.	100.00	100.00	200,000	200,000	200,000	200,000	284,200	305,000
Thai Trust Fund Management Co., Ltd.	100.00	100.00	100,000	100,000	100,000	100,000	680	2,700
Thai NVDR Co., Ltd.	100.00	100.00	10,000	10,000	10,000	10,000	1,960	13,800
SETTRADE.COM Co., Ltd.	100.00	100.00	80,000	80,000	74,591	74,591	66,072	109,599
Siam DR Co., Ltd.	100.00	100.00	10,000	10,000	10,000	10,000	280	2,700
Thailand Futures Exchange Public Company Limited	100.00	100.00	100,000	100,000	100,000	100,000	34,736	7,500
Thailand Clearing House Co., Ltd.	100.00	100.00	100,000	100,000	102,700	102,700	-	-
			<b>600,000</b>	<b>600,000</b>	<b>597,291</b>	<b>597,291</b>	<b>387,928</b>	<b>441,299</b>

### 13. Investments in jointly-controlled entity, net

(Unit: Baht'000)

	Consolidated		SET	
	2014	2013	2014	2013
<b>Jointly-controlled entity</b>				
Opening balance	60,184	76,359	25,000	25,000
Dividend received	(849)	(17,628)	-	-
Share of profit from investment under equity method	3,692	1,453	-	-
<b>Closing balance</b>	<b>63,027</b>	<b>60,184</b>	<b>25,000</b>	<b>25,000</b>

Investments in jointly-controlled entity as at 31 December 2014 and 2013, and dividend income for the years then ended were as follows:

(Unit: Baht'000)

	Ownership interest %		Consolidated					
			Paid-up capital		Equity method		Dividend income	
	2014	2013	2014	2013	2014	2013	2014	2013
<b>Jointly-controlled entity</b>								
Family Know-how Co., Ltd.	50.00	50.00	50,000	50,000	63,027	60,184	-	-

(Unit: Baht'000)

	Ownership interest %		SET					
			Paid-up capital		Cost method		Dividend income	
	2014	2013	2014	2013	2014	2013	2014	2013
<b>Jointly-controlled entity</b>								
Family Know-how Co., Ltd.	50.00	50.00	50,000	50,000	25,000	25,000	849	11,754

The following summary of the financial information in respect of the interest in the jointly-controlled entity as at 31 December 2014 and 2013 and for the years then ended which has been accounted for using the equity method represents the Group's share:

(Unit: Baht'000)

	Consolidated	
	2014	2013
Current assets	153,755	139,737
Non-current assets	49,009	45,594
<b>Total assets</b>	<b>202,764</b>	<b>185,331</b>
Current liabilities	66,704	56,761
Non-current liabilities	9,488	7,683
<b>Total liabilities</b>	<b>76,192</b>	<b>64,444</b>
Total revenues	200,136	195,261
Total expenses	191,032	191,085
Total comprehensive income	7,384	3,397

## 14. Investments in associates, net

(Unit: Baht'000)

	Consolidated		SET	
	2014	2013	2014	2013
<b>Associates</b>				
Opening balance	508,936	497,803	396,605	396,605
Additional investment during the year	379,015	-	379,015	-
Share of profit from investments – recognised in statements of revenues and expenses	20,487	11,076	-	-
Share of profit from investments – recognised in statements of comprehensive revenues and expenses	(26,396)	57	-	-
<b>Closing balance</b>	<b>882,042</b>	<b>508,936</b>	<b>775,620</b>	<b>396,605</b>

Investments in associates as at 31 December 2014 and 2013, and dividend income for the years then ended were as follows:

(Unit: Baht'000)

	Ownership interest %		Consolidated							
			Paid-up capital		Cost method, net		Equity method		Dividend income	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
<b>Associates</b>										
Clearing Fund	14.03	15.18	1,307,134	1,176,471	100,000	100,000	188,975	183,495	-	-
TSFC Securities Public Company Limited	40.65	24.66	1,549,126	1,016,740	675,620	296,605	693,067	325,441	-	-
					<b>775,620</b>	<b>396,605</b>	<b>882,042</b>	<b>508,936</b>	<b>-</b>	<b>-</b>

(Unit: Baht'000)

	Ownership interest %		SET									
			Paid-up capital		Cost method		Impairment		At cost, net		Dividend income	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
<b>Associates</b>												
Clearing Fund	14.03	15.18	1,307,134	1,176,471	100,000	100,000	-	-	100,000	100,000	-	-
TSFC Securities Public Company Limited	40.65	24.66	1,549,126	1,016,740	679,015	300,000	(3,395)	(3,395)	675,620	296,605	26,325	-
					<b>779,015</b>	<b>400,000</b>	<b>(3,395)</b>	<b>(3,395)</b>	<b>775,620</b>	<b>396,605</b>	<b>26,325</b>	<b>-</b>

## 15. Long-term investments, net

(Unit: Baht'000)

	Consolidated		SET	
	2014	2013	2014	2013
Available-for-sale investments	4,778,889	3,456,754	4,778,889	3,453,979
Held-to-maturity debt securities	3,899,117	1,656,143	3,899,117	1,656,143
General investments	12,336	13,179	12,336	13,179
	<b>8,690,342</b>	<b>5,126,076</b>	<b>8,690,342</b>	<b>5,123,301</b>

As at 31 December 2014, fixed deposit accounts represented fixed deposits at banks which had maturities over one year and carried interest at rates ranging from 3.28% - 4.00% per annum.

Cash at banks by M.O.U. is used as security for housing loans provided to employees of the Group by a bank under a Memorandum of Understanding.

As at 31 December, 2014, investments in general mutual funds represented investments in fifteen open-ended funds, which have a policy of emphasising investment in equity securities of listed companies (2013: 19 funds) gold fund seven funds (2013: 9 funds).



As at 31 December 2014, investments in property funds represented ten closed-end non redeemable mutual funds (2013: 9 funds). These funds were established for acquiring, leasing and transferring properties and/or their leasehold rights and providing for income-generating properties. All these property funds are listed and traded on the Stock Exchange of Thailand.

As at 31 December 2014, investments in foreign investment funds represented investments in seventeen

open-ended funds (2013: 12 funds). The Feeder Fund policy is to emphasise investment in foreign fund securities.

As at 31 December 2014, government bonds, Bank of Thailand bonds and debentures which had maturities over one year to seven years, coupon rates ranging from 3.00% – 6.34% per annum (2013: from 3.00% – 6.34% per annum) and market yields ranging from 2.09% – 5.01% per annum (2013: from 2.85% – 5.28% per annum).

Movements of long-term investments for the years ended 31 December 2014 and 2013 were as follows:

(Unit: Baht'000)

	Consolidated		SET	
	2014	2013	2014	2013
Opening balance	5,126,076	8,314,525	5,123,301	8,265,430
Purchases	3,251,558	2,494,594	3,251,558	2,494,594
Disposals	(1,477,578)	(1,830,644)	(1,474,578)	(1,830,644)
Classification of investments (Note 9)	1,748,011	(3,368,057)	1,748,011	(3,321,857)
Adjustment	105	(71)	-	-
Unrealised gain (loss) on available-for-sale securities	42,170	(487,676)	42,050	(487,627)
Reversal of allowance for impairment losses	-	3,405	-	3,405
<b>Closing balance</b>	<b>8,690,342</b>	<b>5,126,076</b>	<b>8,690,342</b>	<b>5,123,301</b>

As at 31 December 2014 and 2013, held-to-maturity debt securities which were classified by maturity were as follows:

(Unit: Baht'000)

	Consolidated			
	Due			
	Within 1 year	1 to 5 years	Over 5 years	Total
<b>31 December 2014</b>				
Held-to-maturity debt securities				
Government bonds	-	1,032	-	1,032
Bank of Thailand bonds	-	100,000	-	100,000
Foreign bonds	-	20,000	-	20,000
Debentures	155,380	1,000,271	453,438	1,609,089
Deposits at banks	2,815,133	2,324,376	-	5,139,509
	<b>2,970,513</b>	<b>3,445,679</b>	<b>453,438</b>	<b>6,869,630</b>

(Unit: Baht'000)

	Consolidated			
	Due			
	Within 1 year	1 to 5 years	Over 5 years	Total
<b>31 December 2013</b>				
Held-to-maturity debt securities				
Government bonds	-	1,046	-	1,046
Bank of Thailand bonds	-	100,000	-	100,000
Foreign bonds	-	20,000	-	20,000
Debentures	148,533	646,457	385,000	1,179,990
Deposits at banks	6,319,690	503,640	-	6,823,330
	<b>6,468,223</b>	<b>1,271,143</b>	<b>385,000</b>	<b>8,124,366</b>

(Unit: Baht'000)

	SET			
	Due			
	Within 1 year	1 to 5 years	Over 5 years	Total
<b>31 December 2014</b>				
Held-to-maturity debt securities				
Government bonds	-	1,032	-	1,032
Bank of Thailand bonds	-	100,000	-	100,000
Foreign bonds	-	20,000	-	20,000
Debentures	155,380	1,000,271	453,438	1,609,089
Deposits at banks	2,815,133	2,324,376	-	5,139,509
	<b>2,970,513</b>	<b>3,445,679</b>	<b>453,438</b>	<b>6,869,630</b>

(Unit: Baht'000)

	SET			
	Due			
	Within 1 year	1 to 5 years	Over 5 years	Total
<b>31 December 2013</b>				
Held-to-maturity debt securities				
Government bonds	-	1,046	-	1,046
Bank of Thailand bonds	-	100,000	-	100,000
Foreign bonds	-	20,000	-	20,000
Debentures	148,533	646,457	385,000	1,179,990
Deposits at banks	6,273,490	503,640	-	6,777,130
	<b>6,422,023</b>	<b>1,271,143</b>	<b>385,000</b>	<b>8,078,166</b>

As at 31 December 2014 and 2013, the fair value of held-to-maturity debt securities were as follows:

(Unit: Baht'000)

	Consolidated			
	Amortised cost, net		Fair value	
	2014	2013	2014	2013
Government bonds	1,032	1,046	1,067	1,065
Bank of Thailand bonds	100,000	100,000	105,743	106,424
Foreign bonds	20,000	20,000	20,302	19,985
Debentures	1,609,089	1,179,990	1,669,884	1,192,299
Deposits at banks	5,139,509	6,823,330	5,139,509	6,823,330
	6,869,630	8,124,366	6,936,505	8,143,103
<u>Less</u> Classification of investments to short-term investment (Note 9)	(2,970,513)	(6,468,223)	(2,971,483)	(6,469,641)
	<b>3,899,117</b>	<b>1,656,143</b>	<b>3,965,022</b>	<b>1,673,462</b>

(Unit: Baht'000)

	SET			
	Amortised cost, net		Fair value	
	2014	2013	2014	2013
Government bonds	1,032	1,046	1,067	1,065
Bank of Thailand bonds	100,000	100,000	105,743	106,424
Foreign bonds	20,000	20,000	20,302	19,985
Debentures	1,609,089	1,179,990	1,669,884	1,192,299
Deposits at banks	5,139,509	6,777,130	5,139,509	6,777,130
	6,869,630	8,078,166	6,936,505	8,096,903
<u>Less</u> Classification of investments to short-term investment (Note 9)	(2,970,513)	(6,422,023)	(2,971,483)	(6,423,441)
	<b>3,899,117</b>	<b>1,656,143</b>	<b>3,965,022</b>	<b>1,673,462</b>

As at 31 December 2014 and 2013, the fair value of investments in specific-purpose funds were as follows:

(Unit: Baht'000)

	Consolidated and SET					
	Cost		Fair value		Impairment	
	2014	2013	2014	2013	2014	2013
Investments in specific-purpose funds	58,704	70,029	54,422	61,494	(11,168)	(13,698)
<u>Less</u> Classification of investments to short-term investment (Note 9)	(58,704)	(69,185)	(54,422)	(60,379)	11,168	13,698
	<b>-</b>	<b>844</b>	<b>-</b>	<b>1,115</b>	<b>-</b>	<b>-</b>

## 16. Property, plant and equipment, net

(Unit: Baht'000)

	Consolidated					
	Land and land improvements	Buildings and building improvements	Furniture, fixtures and office equipment	Motor vehicles	Work in process / Building under construction	Total
<b>As at 1 January 2013</b>						
Cost	1,014,022	1,746,413	893,264	3,238	106,054	3,762,991
<u>Less</u> Accumulated depreciation	-	(576,544)	(734,860)	(1,152)	-	(1,312,556)
Net book amount	<b>1,014,022</b>	<b>1,169,869</b>	<b>158,404</b>	<b>2,086</b>	<b>106,054</b>	<b>2,450,435</b>
<b>For the year ended 31 December 2013</b>						
Opening net book amount	1,014,022	1,169,869	158,404	2,086	106,054	2,450,435
Additions	-	3,211	74,701	1,350	268,833	348,095
Disposals/write-off	-	-	(274)	(1,350)	-	(1,624)
Depreciation charge	-	(69,297)	(49,491)	(153)	-	(118,941)
Adjustments	-	(343)	-	-	(3,842)	(4,185)
Closing net book amount	<b>1,014,022</b>	<b>1,103,440</b>	<b>183,340</b>	<b>1,933</b>	<b>371,045</b>	<b>2,673,780</b>
<b>As at 31 December 2013</b>						
Cost	1,014,022	1,749,281	929,398	3,238	371,045	4,066,984
<u>Less</u> Accumulated depreciation	-	(645,841)	(746,058)	(1,305)	-	(1,393,204)
Net book amount	<b>1,014,022</b>	<b>1,103,440</b>	<b>183,340</b>	<b>1,933</b>	<b>371,045</b>	<b>2,673,780</b>
<b>For the year ended 31 December 2014</b>						
Opening net book amount	1,014,022	1,103,440	183,340	1,933	371,045	2,673,780
Additions	-	1,543	93,864	1,367	1,384,194	1,480,968
Disposals/write-off	-	(19)	(249)	(1,367)	-	(1,635)
Depreciation charge	-	(69,246)	(57,758)	(153)	-	(127,157)
Adjustments	75	13	21	-	(26)	83
Transfer	-	2,054	11	-	(2,065)	-
Closing net book amount	<b>1,014,097</b>	<b>1,037,785</b>	<b>219,229</b>	<b>1,780</b>	<b>1,753,148</b>	<b>4,026,039</b>
<b>As at 31 December 2014</b>						
Cost	1,014,097	1,752,819	1,016,176	3,238	1,753,148	5,539,478
<u>Less</u> Accumulated depreciation	-	(715,034)	(796,947)	(1,458)	-	(1,513,439)
Net book amount	<b>1,014,097</b>	<b>1,037,785</b>	<b>219,229</b>	<b>1,780</b>	<b>1,753,148</b>	<b>4,026,039</b>

(Unit: Baht'000)

	SET					
	Land and land improvements	Buildings and building improvements	Furniture, fixtures and office equipment	Motor vehicles	Work in process / Building under construction	Total
<b>As at 1 January 2013</b>						
Cost	1,014,022	1,744,696	806,770	3,238	106,054	3,674,780
<u>Less</u> Accumulated depreciation	-	(575,308)	(650,789)	(1,152)	-	(1,227,249)
Net book amount	1,014,022	1,169,388	155,981	2,086	106,054	2,447,531
<b>For the year ended 31 December 2013</b>						
Opening net book amount	1,014,022	1,169,388	155,981	2,086	106,054	2,447,531
Additions	-	3,211	74,701	1,350	268,833	348,095
Disposals/write-off	-	-	(268)	(1,350)	-	(1,618)
Depreciation charge	-	(69,256)	(48,079)	(153)	-	(117,488)
Adjustments	-	(343)	-	-	(3,842)	(4,185)
Closing net book amount	1,014,022	1,103,000	182,335	1,933	371,045	2,672,335
<b>As at 31 December 2013</b>						
Cost	1,014,022	1,747,564	848,632	3,238	371,045	3,984,501
<u>Less</u> Accumulated depreciation	-	(644,564)	(666,297)	(1,305)	-	(1,312,166)
Net book amount	1,014,022	1,103,000	182,335	1,933	371,045	2,672,335
<b>For the year ended 31 December 2014</b>						
Opening net book amount	1,014,022	1,103,000	182,335	1,933	371,045	2,672,335
Additions	-	1,543	93,864	1,367	1,384,194	1,480,968
Disposals/write-off	-	(19)	(249)	(1,367)	-	(1,635)
Depreciation charge	-	(69,204)	(56,980)	(153)	-	(126,337)
Adjustments	75	13	21	-	(26)	83
Transfer	-	2,054	11	-	(2,065)	-
Closing net book amount	1,014,097	1,037,387	219,002	1,780	1,753,148	4,025,414
<b>As at 31 December 2014</b>						
Cost	1,014,097	1,751,102	935,438	3,238	1,753,148	5,457,023
<u>Less</u> Accumulated depreciation	-	(713,715)	(716,436)	(1,458)	-	(1,431,609)
Net book amount	1,014,097	1,037,387	219,002	1,780	1,753,148	4,025,414

## 17. Intangible assets, net

(Unit: Baht'000)

	Consolidated			
	Computer software	Patent	Work in process	Total
<b>As at 1 January 2013</b>				
Cost	1,038,235	-	31,220	1,069,455
<u>Less</u> Accumulated amortisation	(751,342)	-	-	(751,342)
Net book amount	<b>286,893</b>	<b>-</b>	<b>31,220</b>	<b>318,113</b>
<b>For the year ended 31 December 2013</b>				
Opening net book amount	286,893	-	31,220	318,113
Additions	60,765	861	125,471	187,097
Disposals/write-off	(219)	-	-	(219)
Amortisation charge	(70,154)	(6)	-	(70,160)
Closing net book amount	<b>277,285</b>	<b>855</b>	<b>156,691</b>	<b>434,831</b>
<b>As at 31 December 2013</b>				
Cost	1,000,634	861	156,691	1,158,186
<u>Less</u> Accumulated amortisation	(723,349)	(6)	-	(723,355)
Net book amount	<b>277,285</b>	<b>855</b>	<b>156,691</b>	<b>434,831</b>
<b>For the year ended 31 December 2014</b>				
Opening net book amount	277,285	855	156,691	434,831
Additions	56,800	1,923	80,783	139,506
Amortisation charge	(80,958)	(125)	-	(81,083)
Transfer	197,810	-	(197,810)	-
Closing net book amount	<b>450,937</b>	<b>2,653</b>	<b>39,664</b>	<b>493,254</b>
<b>As at 31 December 2014</b>				
Cost	1,255,244	2,784	39,664	1,297,692
<u>Less</u> Accumulated amortisation	(804,307)	(131)	-	(804,438)
Net book amount	<b>450,937</b>	<b>2,653</b>	<b>39,664</b>	<b>493,254</b>

(Unit: Baht'000)

	SET			
	Computer software	Patent	Work in process	Total
<b>As at 1 January 2013</b>				
Cost	957,501	-	31,220	988,721
<u>Less</u> Accumulated amortisation	(673,281)	-	-	(673,281)
Net book amount	<b>284,220</b>	-	<b>31,220</b>	<b>315,440</b>
<b>For the year ended 31 December 2013</b>				
Opening net book amount	284,220	-	31,220	315,440
Additions	60,075	-	125,471	185,546
Disposals/write-off	(219)	-	-	(219)
Amortisation charge	(68,852)	-	-	(68,852)
Closing net book amount	<b>275,224</b>	-	<b>156,691</b>	<b>431,915</b>
<b>As at 31 December 2013</b>				
Cost	919,686	-	156,691	1,076,377
<u>Less</u> Accumulated amortisation	(644,462)	-	-	(644,462)
Net book amount	<b>275,224</b>	-	<b>156,691</b>	<b>431,915</b>
<b>For the year ended 31 December 2014</b>				
Opening net book amount	275,224	-	156,691	431,915
Additions	56,241	1,923	80,783	138,947
Amortisation charge	(79,551)	(2)	-	(79,553)
Transfer	197,810	-	(197,810)	-
Closing net book amount	<b>449,724</b>	<b>1,921</b>	<b>39,664</b>	<b>491,309</b>
<b>As at 31 December 2014</b>				
Cost	1,173,737	1,923	39,664	1,215,324
<u>Less</u> Accumulated amortisation	(724,013)	(2)	-	(724,015)
Net book amount	<b>449,724</b>	<b>1,921</b>	<b>39,664</b>	<b>491,309</b>



## 18. Assets for margin deposits and benefits

Thailand Clearing House Co., Ltd. (TCH) is the clearing house for derivatives market. Members of TCH who have outstanding positions are obliged to place the required margin deposits as a guarantee according to the rate or amount called by TCH. TCH may invest

the margin proceeds according to specified terms and conditions. The benefits, after deducting management fees, shall be distributed to members at the announced rates and procedures.

As at 31 December 2014 and 2013, the details of investments for which margin deposits were placed by members amounting to Baht 8,053.63 million and Baht 9,361.83 million, respectively are as follows:

(Unit: THB'000)

	Consolidated	
	2014	2013
Savings and fixed deposit accounts	7,565,619	8,639,053
Savings account in foreign currency	429,951	395,028
Bonds	-	212,261
Accrued benefits	58,060	115,491
	<b>8,053,630</b>	<b>9,361,833</b>

As at 31 December 2014, savings account in foreign currency of USD 13.10 million was translated into Thai Baht using the average transfer buying rate announced by the Bank of Thailand at the end of the accounting period (2013: USD 12.09 million).

The Group presented margin deposits placed by members separately in the account “Assets for margin deposits and benefits” in current assets in the statement of financial position and presented liabilities in the same amount in the account “Margin deposits and benefits payables” in current liabilities in the statement of financial position.

## 19. Assets for clearing system protection and benefits

The assets for clearing system protection are established to secure the clearing system of Thailand Clearing House Co., Ltd. (TCH) against any damage caused by defaults by members or other incidents.

Assets for clearing system protection comprise the following:

### 19.1 Securities Deposit

Members of TCH are required to place a Securities Deposit according to the announcement made by TCH (the current Securities Deposit for members, who are allowed to clear all types of derivatives, is not less than Baht 5 million and for only one type of derivatives is not less than Baht 4 million). TCH will invest the proceeds from the Securities Deposit and return any benefits derived from the Securities Deposit, after deducting management fees, to members in accordance with the announced rates and procedures. Assets held as Securities Deposit will be returned to members after their membership is terminated.

## 19.2 Clearing fund contributions comprising contributions from:

(1) The SET amounting to THB 100 million

(2) Members of TCH:

– Initial contributions according to the announced rates (currently the initial contribution members, who are allowed to clear all types of derivatives, is not less than Baht 5 million and for only one type of derivatives is not less than Baht 1 million)

– Monthly contributions at a value of not less than Baht 1,000

Securities Deposit and benefits are the right of the payers according to the proportion of their contributions. When the membership is terminated, the member's Securities Deposit and benefits on contributions will be returned.

As at 31 December 2014 and 2013, assets for clearing system protection and benefits consist of:

(Unit: Baht'000)

	Consolidated					
	Securities Deposit and benefits		Clearing fund and benefits		Total	
	2014	2013	2014	2013	2014	2013
Investments managed by TCH	629,138	725,497	–	–	629,138	725,497
Investments managed by private fund						
Savings accounts	1,600	1,558	2,604	259	4,204	1,817
Fixed deposit accounts	82,002	78,003	250,028	231,309	332,030	309,312
Trading Securities	127,756	132,155	410,267	355,218	538,023	487,373
	840,496	937,213	662,899	586,786	1,503,395	1,523,999
Accrued interest receivable	3,295	9,672	6,965	4,323	10,260	13,995
Other assets	94	52	5,186	5,400	5,280	5,452
	<b>843,885</b>	<b>946,937</b>	<b>675,050</b>	<b>596,509</b>	<b>1,518,935</b>	<b>1,543,446</b>

(Unit: Baht'000)

	SET	
	2014	2013
<b>Clearing fund and benefits</b>		
Contributions	100,000	100,000
Benefits	34,843	30,835
	<b>134,843</b>	<b>130,835</b>

### Investment managed by TCH

For the year ended 31 December, 2014, savings accounts carried interest at the rate of 2.07% per annum (2013: from 0.50% – 0.625% per annum).

For the year ended 31 December, 2014, fixed deposit accounts carried interest at the rates ranging from 1.50% – 1.60% per annum (2013: 2.35% per annum).

### Investments managed by private fund

Investments in private fund are managed by 1 asset management company (2013: 1 company).

The investments policy of private fund is reference to the TCH's regulations in relation to deposits with

financial institution and company's investment policies. For the year ended 31 December 2014, the investment in private fund have return rates ranging from 3.17% – 4.95% per annum (2013: from 3.29% – 3.31% per annum).

As at 31 December 2014 and 2013, assets for clearing system protection and benefits payables consist of:

(Unit: Baht'000)

	Consolidated	
	2014	2013
<b>Securities Deposit and benefits</b>		
Contributions	835,000	935,000
Benefits (semi-annually distribute to members)	8,934	11,937
	843,934	946,937
<b>Clearing fund and benefits</b>		
Contributions	470,712	409,321
Benefits	69,446	56,352
	540,158	465,673
	<b>1,384,092</b>	<b>1,412,610</b>

## 20. Deferred income taxes

(Unit: Baht'000)

	Consolidated	
	2014	2013
Deferred tax assets	2,021	1,953
Deferred tax liabilities	(920)	(237)
<b>Deferred income taxes, net</b>	<b>1,101</b>	<b>1,716</b>

The gross movement of the deferred income tax account is as follows:

### Deferred tax asset

(Unit : Baht'000)

	Consolidated	
	2014	2013
Opening balance	1,953	2,018
Charged/(credited) to profit or loss	68	(65)
Tax charged/(credited) directly to fund balance	-	-
<b>Closing balance</b>	<b>2,021</b>	<b>1,953</b>

## Deferred tax liabilities:

(Unit: Baht'000)

	Consolidated	
	2014	2013
Opening balance	237	271
(Charged)/credited to profit or loss	647	(18)
Tax (charged)/credited directly to fund balance	36	(16)
<b>Closing balance</b>	<b>920</b>	<b>237</b>

## 21. Accounts payable and accrued expenses

(Unit: Baht'000)

	Note	Consolidated		SET	
		2014	2013	2014	2013
<b>Accounts payable</b>					
Subsidiaries	7	-	-	-	107
Jointly-controlled entity	7	9,567	19,525	9,567	19,525
		9,567	19,525	9,567	19,632
Other parties		402,594	136,666	400,514	135,964
		412,161	156,191	410,081	155,596
<b>Accrued expenses</b>					
Subsidiaries	7	-	-	172	167
Jointly-controlled entity	7	887	2,042	887	2,042
		887	2,042	1,059	2,209
Other parties		1,187,586	992,609	1,169,497	976,855
		1,188,473	994,651	1,170,556	979,064
		<b>1,600,634</b>	<b>1,150,842</b>	<b>1,580,637</b>	<b>1,134,660</b>

## 22. Other current liabilities

(Unit: Baht'000)

	Consolidated		SET	
	2014	2013	2014	2013
Other retention payables	95,237	30,606	95,234	30,602
Dividend payable from registrar services to shareholders	66,621	200,321	-	-
Financial benefits payable	57,814	75,223	-	-
Thai Stock Market Flood Relief Fund	36,459	48,741	36,459	48,741
Income tax payable	33,525	43,688	-	-
Withholding tax payable	25,193	162,132	11,436	107,114
Provision for employee benefits from accumulated annual leave	24,051	22,951	24,051	22,951
Refund for unalotted TNVDR	23,215	13,019	-	-
Other payable from investment in mutual fund	21,307	-	21,307	-
Ngoen-Thong-khong-Mee-Kha Fund	11,552	11,275	11,552	11,275
Clearing collateral payables	6,331	121,531	-	-
Deferred tax liabilities (Note 20)	920	237	-	-
Others	34,085	26,674	30,135	22,913
	<b>436,310</b>	<b>756,398</b>	<b>230,174</b>	<b>243,596</b>

## 23. Provision for employee benefits

(Unit: Baht'000)

	Consolidated		SET	
	2014	2013	2014	2013
<b>Obligations in statement of financial position</b>				
Retirement benefits	170,879	149,754	170,879	149,754
Other benefits	32,161	31,118	32,161	31,118
	<b>203,040</b>	<b>180,872</b>	<b>203,040</b>	<b>180,872</b>
<b>Charge in the statement of comprehensive revenues and expenses</b>				
Retirement benefits	21,935	20,891	21,935	20,891
Other benefits	6,449	3,361	6,449	3,361
	<b>28,384</b>	<b>24,252</b>	<b>28,384</b>	<b>24,252</b>

As at 31 December 2014 and 2013, the amounts of liabilities recognised in the statement of financial position are determined as follows:

(Unit : Baht'000)

	Consolidated		SET	
	2014	2013	2014	2013
<b>Present value of obligations</b>				
Retirement benefits	179,130	170,751	179,130	170,751
Other benefits	32,161	31,118	32,161	31,118
	<b>211,291</b>	<b>201,869</b>	<b>211,291</b>	<b>201,869</b>
<b>Unrecognised actuarial loss</b>				
Retirement benefits	(8,251)	(20,997)	(8,251)	(20,997)
<b>Liabilities in the statement of financial position</b>	<b>203,040</b>	<b>180,872</b>	<b>203,040</b>	<b>180,872</b>

Movements of the provision for employee benefits for the years ended 31 December 2014 and 2013 were as follows:

(Unit : Baht'000)

	Consolidated		SET	
	2014	2013	2014	2013
Opening balance	180,872	166,442	180,872	166,442
Current service cost	20,176	16,829	20,176	16,829
Interest costs	7,641	7,012	7,641	7,012
Gain from actuarial	567	411	567	411
Adjustment	4,373	-	4,373	-
	<b>213,629</b>	<b>190,694</b>	<b>213,629</b>	<b>190,694</b>
<u>Less</u> Benefits paid	(10,589)	(9,822)	(10,589)	(9,822)
Closing balance	<b>203,040</b>	<b>180,872</b>	<b>203,040</b>	<b>180,872</b>
<u>Less</u> Current portion	(5,561)	(5,568)	(5,561)	(5,568)
<b>Total non-current portion</b>	<b>197,479</b>	<b>175,304</b>	<b>197,479</b>	<b>175,304</b>

For the years ended 31 December 2014 and 2013 the amounts recognised in the statement of comprehensive revenues and expense are as follows:

(Unit: Baht'000)

	Consolidated		SET	
	2014	2013	2014	2013
Current service cost	20,176	16,829	20,176	16,829
Interest costs	7,641	7,012	7,641	7,012
Gain from actuarial	567	411	567	411
	<b>28,384</b>	<b>24,252</b>	<b>28,384</b>	<b>24,252</b>

For the years ended 31 December 2014 and 2013, the principal actuarial assumptions used were as follows:

(Unit: Baht'000)

	2014	2013
Discount rate as of 31 December	3.60%	3.80%
Salary increase rate – permanent employees	5.00% – 10.00%	5.00% – 10.00%
Salary increase rate – contract employees	4.50%	4.50%
Average turnover rate	0.00% – 13.00%	0.00% – 9.00%
Pre-retirement mortality rate	3.00%	0.08% – 1.03%
Retirement age	60 years old	60 years old

## 24. Fund balances

Details of fund balances are as follows:

### Securities Clearing Reserve Fund

In 1997 and 2013, the Board of Governors of the SET approved an appropriation of general funds of Baht 2,000 million and Baht 500 million, respectively, totalling Baht 2,500 million to the Securities Clearing Reserve Fund, which is operated by a subsidiary of the SET, in order to resolve liquidity risk in the event of default on clearing and settlement from securities trading on SET.

### Derivatives Clearing Reserve Fund

In 2004, the Board of Governors of the SET approved an appropriation of general funds of Baht 300 million to the Derivatives Clearing Reserve Fund in order to assure contingent losses from the clearing system of futures contracts at Thailand Clearing House Co., Ltd.

### Indemnity Fund

In 1993 and 2002, the Board of Governors of the SET approved appropriations of general funds totalling Baht 100 million to the Indemnity Fund in order to assist and assure the Board of Governors of the SET and those appointed assignees on matters requiring consideration and decisions which may affect or cause damages to other parties.

### **SET Building Construction Fund**

In 1992, the Board of Governors of the SET approved an appropriation of general funds totalling Baht 580 million for the construction of SET buildings. Construction of the office buildings was completed in 1998. The remaining fund balance of Baht 246.30 million is reserved for further construction of a parking building.

In 2008, the Board of Governors of the SET approved the construction of the car park building from the above mentioned remaining fund balance. In 2014, the Board Governors of the SET approved the transfer of the remaining fund balance to general fund. (2013: Baht 7.77 million).

### **Staff Welfare Fund**

In 1997 and 2004, the Board of Governors of the SET approved appropriations of general funds was Baht 75 million to the Staff Welfare Fund. All benefits earned from this fund are retained in the fund.

### **Securities Investor Protection Fund**

In 2004, the Board of Governors of the SET approved an appropriation of Baht 300 million from broker seat admission fees as an initial fund for the establishment of the Securities Investor Protection Fund (SIPF).

The SIPF was formally established under SIPF regulations on 1 October, 2004. The objective of the fund is to protect and build investor confidence in trading listed securities on the SET through the members of the SIPF. As of 31 December, 2014, 33 SIPF members from securities companies (2013: 33 SIPF members).

The assets of SIPF consist of:

- 1) the initial fund from the SET of Baht 300 million;
- 2) the cumulative membership entrance fees and monthly fees collected from the members; and
- 3) the future benefits generated from investments in the SIPF.

SIPF will protect the investors' assets which are in the custody of the securities brokers who are members of the SIPF. In the event that the members of the SIPF fail to return the assets to investors, each investor shall be compensated by the SIPF for the related damages at the actual cost, but not exceeding Baht 1 million per SIPF member, in the following cases:

- 1) if any SIPF member is in receivership under the Bankruptcy Act or
- 2) if there are disputes concerning the purchase or sale of securities listed on the SET between investors and any SIPF member, and the arbitrator's award is that the SIPF member shall return the assets to investors, but the SIPF member violates the award.

The protection will not include any losses from securities trading regardless of who makes the investment decision.



The SIPF's financial statements included as part of the consolidated and entity's financial statements are as follows:

(Unit: Baht'000)

	Consolidated and SET	
	2014	2013
<b>Assets</b>		
<b>Current assets</b>		
Cash deposits and short-term investments	415,169	487,632
Accrued interest receivable	7,290	8,318
Other current asset	291	5
<b>Total current assets</b>	<b>422,750</b>	<b>495,955</b>
<b>Non-current assets</b>		
Long-term investments	275,582	169,478
<b>Total non-current assets</b>	<b>275,582</b>	<b>169,478</b>
<b>Total assets</b>	<b>698,332</b>	<b>665,433</b>
<b>Liabilities and fund balances</b>		
<b>Current liabilities</b>		
Other current liabilities	5	10
<b>Total current liabilities</b>	<b>5</b>	<b>10</b>
<b>Non-current liabilities</b>		
Contributions from members	205,132	202,322
Benefits on contributions from members	59,758	48,367
<b>Total non-current liabilities</b>	<b>264,890</b>	<b>250,689</b>
<b>Total liabilities</b>	<b>264,895</b>	<b>250,699</b>
<b>Fund balances</b>		
Initial fund	300,000	300,000
Benefits on contributions from SET	133,437	114,734
<b>Total fund balances</b>	<b>433,437</b>	<b>414,734</b>
<b>Total liabilities and fund balances</b>	<b>698,332</b>	<b>665,433</b>

The SIPF's statement of revenues and expenses for the years ended 31 December 2014 and 2013 are presented in Note 25 to the financial statements "Results of fund operations".

### **Derivatives Investor Protection Fund**

In 2012 the board of directors of Thailand Futures Exchange Public Company Limited (TFEX), a subsidiary, has a resolution to establish the Derivatives Investor Protection Fund (DIPF) and approved an appropriation of Baht 50 million as an initial fund.

The DIPF was established on 15 November, 2012. The objective of the DIPF is to provide protection for derivatives contracts investors in accordance with the rules prescribed by TFEX. Investors need to be protected must become customers of DIPF members and is a Thai natural person, a juristic person incorporated in Thailand who is not an institutional investor under the Derivatives Act B.E. 2546 (2003). As at 31 December, 2014, there were 42 DIPF members from security companies (2013: 41 DIPF members).

Assets of the DIPF consist of the Company's initial capital, admission fees and contributions collected from members of the DIPF, and yields or benefits obtained from the proceeds and assets of the DIPF after the deduction of expenses for the operation of the DIPF. At the time of its establishment, the DIPF will have assets worth no less than Baht 100 million, which consists of initial capital of THB 50 million from the Company and admission fees and contributions from DIPF members in the rest to make the total of Baht 100 million. The Company may collect additional sums of money as it deems necessary and appropriate.

DIPF will protect the investors' assets which are in the custody of the securities brokers who are members of the DIPF. In the event that the members of the DIPF

fail to return the assets to investors, each investor shall be compensated by the DIPF for the related damages at the actual cost, but not exceeding Baht 1 million per DIPF member, in the following cases:

- 1) if any DIPF member is in receivership under the Bankruptcy Act or
- 2) if there are disputes concerning the purchase or sale of securities listed on the SET between investors and any DIPF member, and the arbitrator's award is that the DIPF member shall return the assets to investors, but the DIPF member violates the award.

The protection will not include any losses from securities trading regardless of who makes the investment decision.

The DIPF's financial statement included as part of the consolidated and entity's financial statements are as follows:

(Unit: Baht'000)

	Consolidated	
	2014	2013
<b>Assets</b>		
<b>Current assets</b>		
Cash deposits and short-term investments	64,008	57,622
Contributions from members	545	354
Accrued interest receivable	720	978
<b>Total current assets</b>	<b>65,273</b>	<b>58,954</b>
<b>Liabilities and fund balances</b>		
<b>Current liabilities</b>		
Other current liabilities	336	267
<b>Total current liabilities</b>	<b>336</b>	<b>267</b>
<b>Non-current liabilities</b>		
Contributions from members	12,421	7,601
Benefits on contributions from members	326	93
<b>Total non-current liabilities</b>	<b>12,747</b>	<b>7,694</b>
<b>Total liabilities</b>	<b>13,083</b>	<b>7,961</b>
<b>Fund balances</b>		
Initial fund	50,000	50,000
Benefits on contributions from TFEX	2,190	993
<b>Total fund balances</b>	<b>52,190</b>	<b>50,993</b>
<b>Total liabilities and fund balances</b>	<b>65,273</b>	<b>58,954</b>

The DIPF's statement of revenues and expenses for the years ended 31 December 2014 and 2013 are presented in Note 25 to the financial statements "Results of fund operations".

## 25. Results of fund operations

Details of the results of fund operations which are included as part of the consolidated and the entity's statement of comprehensive revenues and expenses are as follows:

(Unit: Baht'000)

	Consolidated				
	Staff Welfare Fund	Securities Investor Protection Fund (SET's portion)	Derivatives Investor Protection Fund (TFEX's portion)	General Fund	Total
<b>For the year ended 31 December 2014</b>					
<b>Revenues</b>					
Operating revenues	-	-	-	4,200,820	4,200,820
Investment income, net	2,325	14,739	1,633	868,804	887,501
Other income	-	-	-	189,353	189,353
<b>Total revenues</b>	<b>2,325</b>	<b>14,739</b>	<b>1,633</b>	<b>5,258,977</b>	<b>5,277,674</b>
<b>Expenses</b>					
Operating expenses	-	138	137	3,081,727	3,082,002
Contributions to the Stock Exchange of Thailand Foundation	-	-	-	547,222	547,222
Income tax expense	-	-	299	112,674	112,973
<b>Total expenses</b>	<b>-</b>	<b>138</b>	<b>436</b>	<b>3,741,623</b>	<b>3,742,197</b>
<b>Revenues over expenses</b>	<b>2,325</b>	<b>14,601</b>	<b>1,197</b>	<b>1,517,354</b>	<b>1,535,477</b>
Total other comprehensive revenues and expenses-available-for-sale financial assets	-	4,102	-	46,183	50,285
<b>Total comprehensive revenues and expenses</b>	<b>2,325</b>	<b>18,703</b>	<b>1,197</b>	<b>1,563,537</b>	<b>1,585,762</b>
<b>For the year ended 31 December 2013</b>					
<b>Revenues</b>					
Operating revenues	-	-	-	4,309,279	4,309,279
Investment income, net	2,598	15,268	1,392	818,132	837,390
Other income	-	-	-	184,257	184,257
<b>Total revenues</b>	<b>2,598</b>	<b>15,268</b>	<b>1,392</b>	<b>5,311,668</b>	<b>5,330,926</b>
<b>Expenses</b>					
Operating expenses	-	143	151	2,975,519	2,975,813
Contributions to the Stock Exchange of Thailand Foundation	-	-	-	561,633	561,633
Income tax expense	-	-	248	132,020	132,268
<b>Total expenses</b>	<b>-</b>	<b>143</b>	<b>399</b>	<b>3,669,172</b>	<b>3,669,714</b>
<b>Revenues over expenses</b>	<b>2,598</b>	<b>15,125</b>	<b>993</b>	<b>1,642,496</b>	<b>1,661,212</b>
Total other comprehensive revenues and expenses-available-for-sale financial assets	-	(6,821)	-	(487,671)	(494,492)
<b>Total comprehensive revenues and expenses</b>	<b>2,598</b>	<b>8,304</b>	<b>993</b>	<b>1,154,825</b>	<b>1,166,720</b>

(Unit: Baht'000)

	SET				
	Staff Welfare Fund	Securities Investor Protection Fund (SET's portion)	Derivatives Investor Protection Fund (TFEX's portion)	General Fund	Total
<b>For the year ended 31 December, 2014</b>					
<b>Revenues</b>					
Operating revenues	-	-	-	1,861,296	1,861,296
Investment income, net	2,325	14,739	-	1,244,708	1,261,772
Other income	-	-	-	1,699,123	1,699,123
<b>Total revenues</b>	<b>2,325</b>	<b>14,739</b>	<b>-</b>	<b>4,805,127</b>	<b>4,822,191</b>
<b>Expenses</b>					
Operating expenses	-	138	-	2,791,611	2,791,749
Contributions to the Stock Exchange of Thailand Foundation	-	-	-	547,222	547,222
<b>Total expenses</b>	<b>-</b>	<b>138</b>	<b>-</b>	<b>3,338,833</b>	<b>3,338,971</b>
<b>Revenues over expenses</b>	<b>2,325</b>	<b>14,601</b>	<b>-</b>	<b>1,466,294</b>	<b>1,483,220</b>
Total other comprehensive revenues and expenses-available-for-sale financial assets	-	4,102	-	46,063	50,165
<b>Total comprehensive revenues and expenses</b>	<b>2,325</b>	<b>18,703</b>	<b>-</b>	<b>1,512,357</b>	<b>1,533,385</b>
<b>For the year ended 31 December 2013</b>					
<b>Revenues</b>					
Operating revenues	-	-	-	1,864,544	1,864,544
Investment income, net	2,598	15,268	-	1,226,986	1,244,852
Other income	-	-	-	1,752,589	1,752,589
<b>Total revenues</b>	<b>2,598</b>	<b>15,268</b>	<b>-</b>	<b>4,844,119</b>	<b>4,861,985</b>
<b>Expenses</b>					
Operating expenses	-	143	-	2,723,889	2,724,032
Contributions to the Stock Exchange of Thailand Foundation	-	-	-	561,633	561,633
<b>Total expenses</b>	<b>-</b>	<b>143</b>	<b>-</b>	<b>3,285,522</b>	<b>3,285,665</b>
<b>Revenues over expenses</b>	<b>2,598</b>	<b>15,125</b>	<b>-</b>	<b>1,558,597</b>	<b>1,576,320</b>
Total other comprehensive revenues and expenses-available-for-sale financial assets	-	(6,821)	-	(487,622)	(494,443)
<b>Total comprehensive revenues and expenses</b>	<b>2,598</b>	<b>8,304</b>	<b>-</b>	<b>1,070,975</b>	<b>1,081,877</b>

## 26. Operating revenues

(Unit: Baht'000)

	Consolidated		SET	
	2014	2013	2014	2013
Trading fees	1,344,659	1,588,371	1,113,957	1,233,094
Stock registrar fees	867,879	769,709	-	-
Listing fees	434,838	361,030	434,838	361,030
Member services fees	420,246	416,041	-	-
Clearing fees	398,697	487,709	-	-
Depository fees	260,277	234,356	-	-
Information service fees	237,703	216,338	199,026	178,944
Customisation and IT support fees	90,675	68,676	90,675	68,676
Membership fees	81,863	101,146	22,800	22,800
Fund registrar fees	63,983	65,903	-	-
	<b>4,200,820</b>	<b>4,309,279</b>	<b>1,861,296</b>	<b>1,864,544</b>

## 27. Investment income, net

(Unit: Baht'000)

	Notes	Consolidated		SET	
		2014	2013	2014	2013
Interest income		696,656	730,333	416,705	445,177
<u>Less</u> Interest expense					
Short-term borrowings from subsidiaries	7	-	-	(28,949)	(28,263)
Assets for clearing system protection - members' portion		(273,212)	(269,913)	-	-
Interest income, net		423,444	460,420	387,756	416,914
Dividend income from					
Mutual funds		439,119	295,532	438,910	295,307
Subsidiaries	12	-	-	387,928	441,299
Jointly-controlled entity	13	-	-	849	11,754
Associates	14	-	-	26,325	-
Private fund		129	-	74	-
Other entities		2,701	2,151	2,702	2,151
Realised gain (loss) from investments		(17,561)	58,676	(17,579)	58,118
Unrealised gain from investments		20,767	10,642	17,538	10,732
Reversals of impairment/(impairment loss)		2,530	(6,691)	2,530	(6,691)
		<b>871,129</b>	<b>820,730</b>	<b>1,247,033</b>	<b>1,229,584</b>

## 28. Other income

(Unit: Baht'000)

	Consolidated		SET	
	2014	2013	2014	2013
Educational activities income	44,370	35,707	44,370	35,707
Revenues from marketing event	34,728	34,005	34,728	34,005
Revenues from fees and management funds	25,355	23,454	-	-
Service income	15,009	15,977	1,587,607	1,643,302
Fines	14,546	17,154	10,291	10,890
Rental & utilities revenue	11,189	13,701	11,189	13,558
Other income	19,977	31,730	10,938	15,127
	<b>165,174</b>	<b>171,728</b>	<b>1,699,123</b>	<b>1,752,589</b>

## 29. Employee benefit expenses

(Unit: Baht'000)

	Consolidated		SET	
	2014	2013	2014	2013
<b>Management</b>				
Salaries and other benefits	157,390	143,582	157,390	143,582
Contributions to provident fund	10,745	10,757	10,745	10,757
	<b>168,135</b>	<b>154,339</b>	<b>168,135</b>	<b>154,339</b>
<b>Other employees</b>				
Salaries and other benefits	1,031,423	1,028,169	1,031,522	1,028,176
Contributions to provident fund	60,360	57,720	60,360	57,720
	<b>1,091,783</b>	<b>1,085,889</b>	<b>1,091,882</b>	<b>1,085,896</b>
	<b>1,259,918</b>	<b>1,240,228</b>	<b>1,260,017</b>	<b>1,240,235</b>

The defined contribution plans comprise provident funds established by the Group for its employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 3.00% to 10.00% of their basic salaries and by the Group at the rate of 10.00% of the employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by a licensed Fund Manager.



## 30. SEC fees

The Securities and Exchange Act B.E. 2535 requires the SET to pay to the SEC at a rate as determined by the Board of the SEC.

In 2013, the Board of the SEC has approved to charge SET for the year 2014 – 2016 (for the period of 3 years) as follows:

1. Charge at the rate of 0.002% of trading value of the year, and
2. Charge on total equity of listing companies who have never issued securities for sale under the approval of the SEC, at the same rate that the SEC charge from listed companies who issued securities

and submit report to the SEC according to clause 56 of the SEC Act.

However, if there is an event changes or problems of implementation during the period, terms and conditions may be revised.

The Board of the SEC also approved to charge fees from Thailand Future Exchange Public Company Limited for derivatives trading exchange. The rate for year 2014 – 2016 is Baht 2 million per annum.

## 31. Other expenses

(Unit: Baht'000)

	Consolidated		SET	
	2014	2013	2014	2013
Fees and compensation expenses	62,628	60,186	55,158	55,859
Travelling and vehicle expenses	40,095	34,450	40,095	34,052
Contributions to capital market institutions	27,014	29,315	27,014	29,315
Institution membership fees	4,780	4,083	3,936	3,466
Meeting expenses	4,415	3,720	4,410	3,720
Entertainment expenses	1,854	2,581	1,854	2,581
Other expenses	21,345	23,643	17,245	19,653
	<b>162,131</b>	<b>157,978</b>	<b>149,712</b>	<b>148,646</b>

## 32. Income tax expense

(Unit: Baht'000)

	Consolidated	
	2014	2013
<b>Current income tax</b>		
Current income tax	112,095	131,973
Total current income tax	112,095	131,973
<b>Deferred income tax</b>		
Origination and reversal of temporary differences	579	47
Total deferred income tax	579	47
<b>Total income tax expense</b>	<b>112,674</b>	<b>132,020</b>

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the Thailand basic tax rate as follows:

(Unit: Baht'000)

	Consolidated	
	2014	2013
Revenues over expenses before income tax expense	1,648,151	1,793,232
Tax calculated at a tax rate of 20% (2013: 20%)	329,630	358,646
Income not subject to tax	(70)	(250)
Expenses not deductible for tax purposes	1,812	982
Eliminated transaction between related party, net of income tax	78,185	88,105
Revenues over expenses – Stock Exchange of Thailand, net of income tax	(296,644)	(315,264)
Revenues over expenses – Derivatives Investor Protection Fund (TFEX's portion), net of income tax	(239)	(199)
<b>Current income tax</b>	<b>112,674</b>	<b>132,020</b>

The weight average applicable tax rate was 6.84% (2013: 7.36%).

### 33. Commitments with non-related parties

(Unit: Baht'000)

	Consolidated		SET	
	2014	2013	2014	2013
<b>Capital commitments</b>				
Buildings and other constructions	1,623,083	2,176,756	1,623,083	2,176,756
Computer and software	75,384	146,548	75,384	146,548
	1,698,467	2,323,304	1,698,467	2,323,304
<b>Non-cancellable operating lease commitments</b>				
Within one year	13,289	11,607	13,289	11,607
After one year but within five years	27,801	19,014	27,801	19,014
	41,090	30,621	41,090	30,621
<b>Land lease commitments</b>				
Within one year	13,525	13,525	13,525	13,525
After one year but within five years	44,883	58,408	44,883	58,408
Over 5 years	158,994	158,994	158,994	158,994
	217,402	230,927	217,402	230,927
<b>Derivative trading and clearing system maintenance commitments</b>				
Within one year	59,111	80,561	59,111	80,561
After one year but within five years	171,968	200,332	171,968	200,332
Over 5 years	-	20,868	-	20,868
	231,079	301,761	231,079	301,761

Moreover, the SET has an obligation to capital commitment subscription in specific-purpose funds (Note 9). Fund invested directly in energy, alternative a renewable energy firms and businesses that support the government's energy policies. The Asset Management Company will make additional investments from the SET amounting to Baht 18.4 million unless the payment was made in the full amount of capital commitment subscription of due in terms of the 10 years (3 August 2017).

## 34. Litigation, contingent assets and contingent liabilities

### 34.1 Litigation

#### 34.1.1 SET

In 2012, the Group sued the insurance group because the Stock Exchange of Thailand building was fire damaged in 2010. The Group is seeking compensation for alleged damages relating to dismiss a insurance contract amount Baht 123 million combined with interest rate at 7.50% per annum. On 30 September 2013, the case was dismissed by civil court. On 27 December 2013, the Group filed petitions to the appeal court. On 14 November, 2014, the case was dismissed by Appeal court. As at 31 December 2014 the Group filed petitions to the supreme court. The outcome of the case has not presently been finalised. Therefore, the Group has not recorded any potential income in the financial statements for the years ended 31 December 2014 and 2013.

### 34.2 Contingent liabilities

#### 34.2.1 SET

As at 31 December 2014, the SET has letters of guarantee issued by banks totalling Baht 4.61 million (2013: Baht 4.61 million) in respect of electricity usage in the ordinary course of business from which management anticipates that no material liabilities will arise.

The SET has issued a letter of comfort to a bank in respect of an overdraft credit line of Baht 2,400 million (2013: Baht 2,400 million) granted to Thailand Clearing House Co., Ltd. (TCH), a subsidiary, for clearing and settlement of equity instruments and derivatives. Under the terms of the letter of comfort, the SET is required to maintain its shareholding at 99.99% of the registered share capital in TCH to the end of the credit period. In addition, the SET is required to support TCH's operations to ensure its ability to repay the debt to the bank. As at 31 December 2014, TCH had not drawn down the overdraft credit line.

#### 34.2.2 Subsidiaries

34.2.2.1 On 26 March 2009, a civil lawsuit was filed against a subsidiary of a parent company, together with other individuals and juristic persons/entities, for alleged wrongful acts. The plaintiff was seeking for alleged damages relating to the forgery of ordinary share certificates and for the defendant to be jointly responsible for compensation totalling Baht 223 million. On 30 November 2011, the case was dismissed by the Civil court. The plaintiff further appealed to the Appeal Court. The subsidiary had also filed against that appeal on 30 May 2012.

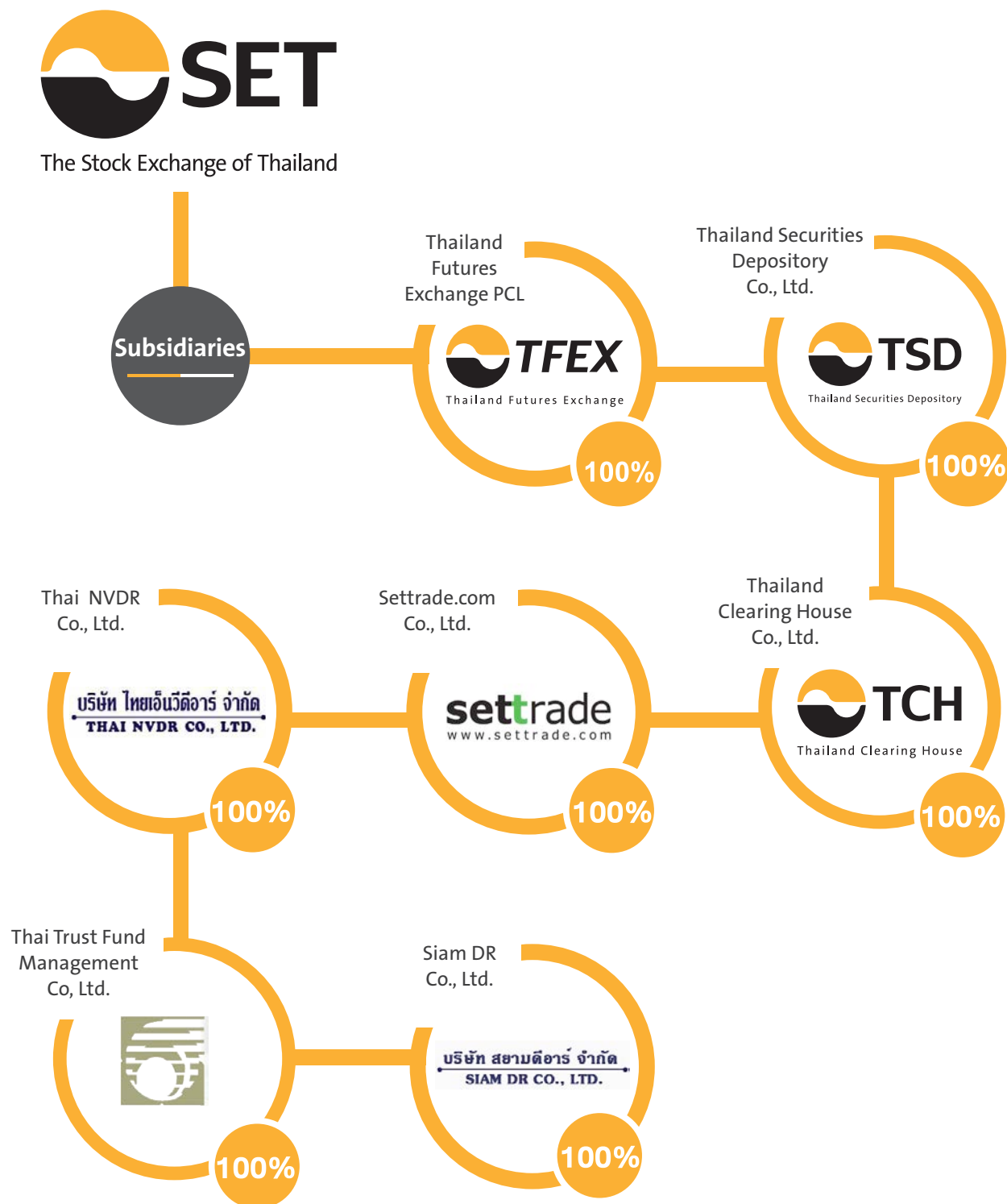
On 29 April 2014, the Appeal Court ruled that the subsidiary and related parties jointly admitted the damage to the plaintiff. The subsidiary filed petitions to the Supreme Court on 6 August 2014 and filed against the plaintiff on 30 September 2014.

As at 31 December 2014 the case is under the consideration of the Supreme Court. The outcome of the case has not currently been finalised. Therefore, the subsidiary has not recorded any potential loss in the financial statements for the years ended 31 December 2014 and the year 2013. The parent entity has insurance coverage for Financial Institutional Professional Indemnity Insurance, which cover liability for such case.

34.2.2.2 On 6 January 2014, the subsidiary was claimed in a civil lawsuit as joint defendant, together with other individuals and juristic persons/entities, related to the performance of certain investment consultant from member which caused damage to the plaintiff. The plaintiff was seeking that alleged damages be jointly responsible for compensation totalling Baht 0.96 million. On 12 November 2014, the case was dismissed by civil court. On 9 December 2014, the plaintiff filed petitions to the appeal court

As at 31 December 2014, the subsidiary was in the process of filing petitions to withdraw the appeal. The outcome of the case had not currently been finalised. Therefore, the subsidiary did not record any potential loss in the financial statements for the year ended 31 December 2014.

# Shareholding Structure



# Subsidiaries

## Thailand Futures Exchange PCL

The Thailand Futures Exchange PCL (TFEX), a subsidiary of The Stock Exchange of Thailand (SET), was established on May 17, 2004, as a derivatives exchange under the Derivatives Act B.E. 2546 (2003). TFEX received a license to be a center of derivatives trading under supervision of the Securities and Exchange Commission (SEC) on February 11, 2005.

### Registered capital and organizational management

TFEX has a total registered capital of THB 100 million (USD 2.91 million), with the SET holding 100% of that amount.

### Board of Directors

Dr. Sathit Kesara	Limpongpan Manchusree	Chairman
Charnchai	Kongthongluck	Vice Chairman
Dr. Pakorn	Peetathawatchai	Member
Pattera	Dilokrunghthirapop	Member
Dr. Somjin	Sornpaisarn	Member
Suthep	Peetakanont	Member
Dr. Rinjai	Chakornpipat	Managing Director

### Operations

TFEX trades derivatives based on equities, bonds, and other consumer products. By law, TFEX is allowed to trade futures, options and options on futures, including those with the following securities as underlying products:

- Indices of securities, including equities
- Debt instruments and interest rates
- Non-agricultural commodities and other financial indices (e.g., gold, crude oil or foreign currencies)

TFEX's objective is to benefit investors and related parties by:

Being a center of derivatives trading, meeting international standards, including on efficiency, and helping individual and juristic investors effectively use the products as hedging instruments.

- Offering alternative investments in a trading system that is fair, transparent and liquid according to international standards, including building confidence in the clearing and settling of every transaction made on TFEX, as TFEX has the Thailand Clearing House Co., Ltd., which is very stable, as its counterparty.
- Providing investors with information that reflects the expectations of market participants as to future prices of securities. Investors and enterprises will thus be able to plan their operations more effectively.

## Thailand Securities Depository Co., Ltd.

The Thailand Securities Depository Co., Ltd. (TSD) is a subsidiary of The Stock Exchange of Thailand. TSD was established on November 16, 1994 and commenced operations on January 1, 1995, to develop and support post-trade services to reach international standards and enhance effectiveness.

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### Registered capital and organizational management

TFEX has a total registered capital of THB 100 million (USD 2.91 million), with the SET holding 100% of that amount.

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### Board of Directors

Kesara	Manchusree	Chairman
Dr. Pakorn	Peetathawatchai	Member
Supakit	Jirapraditkul	Member
Udomwara	Dechsongjarus	Member
Yupawan	Sirichainarumitr	Member

### Operations

The TSD provides two types of securities post-trade services:

- Securities depository services: acts as a central securities depository for stocks and bonds, using a secure and efficient scripless system, provide services for securities deposit, withdrawal, transfer, pledge, and revocation. Investors can conduct the transactions through depository participants, and also responsible for managing the foreign holding proportion of the securities traded on the main board and foreign board of the Stock Exchange of Thailand to comply with related rules and regulations.
- Securities registration services: acts as a registrar for common and preferred stocks, offers service which mainly covers the functions of preparing and maintaining the Register Book that contains correct and complete information. Our service is executed through the cutting edge and efficient computer system that has been developed to have a direct linkage to that of the Securities Depository Center. On the system-wise, we also have secured data storage and processing system with the corresponding back-ups ready for securing the continuity of our service. Also, our vault and data management systems have been in place to secure the rights of the securities holders and for verification and risk minimizing purposes.



## Thailand Clearing House Co., Ltd.

Thailand Clearing House Co., Ltd. (TCH), a subsidiary of The Stock Exchange of Thailand (SET), was established on August 9, 2004 to clear and settle derivatives trades. On February 15, 2010, SET transferred the Securities Clearing and Settlement Unit from Thailand Securities Depository Co., Ltd. (TSD) to TCH. At present, TCH's service is being the center for clearing and settling of securities traded on SET, mai, BEX and TFEX. Thus, there is a clear separation of operations and management between TCH and TSD, reducing the cost of managing risk and placing collateral, thus bringing the Thai capital market's post-trade services to be more in line with international standards.

### Operations

TCH's most important role is to be the center of clearing and settling financial products in the Thai capital market by being the central counterparty and guaranteeing the clearing and settlement of every transaction made on the markets mentioned above, thus reducing risks, building confidence among all market participants that the clearing and settlement system will operate as planned, and promote Thai capital market development in the long-term.

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### Registered capital and organizational management

TCH has a total registered capital of THB 100 million, with the SET holding 100% of total registered capital.

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### Board of Directors

Kesara	Manchusree	Chairman
Supakit	Jirapraditkul	Member
Dr. Pakorn	Peetathawatchai	Member
Udomwara	Dechsongjarus	Member
Yupawan	Sirichainarumitr	Member

## Settrade.com Co., Ltd.

Settrade.com Co., Ltd. (Settrade) was established by The Stock Exchange of Thailand (SET) on October 13, 2000 and commenced operations on November 3, 2000, to provide Internet trading platforms and trading systems for securities companies, thus offering more channels for securities trading and to facilitate investors.

### Operations

Settrade provides Internet trading platforms for equities and derivatives, and investment technology to SET members and TFEX members, to offer a broader range of trading channels to investors.

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### Registered capital and organizational management

Settrade has total registered capital of THB 80 million (USD 2.33 million), with the SET holding 100% of total registered capital

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### Board of Directors

Kesara	Manchusree	Chairman
Kirati	Kosicharoen	Member
Dr. Pakorn	Peetathawatchai	Member
Supakit	Jirapraditkul	Member

## Thai NVDR Co., Ltd.

Thai NVDR is responsible for executing the purchase or sale of those listed company shares whose investors wish to trade through NVDRs. This service is offered to all, irrespective of the number of securities held or the holder's nationality. NVDR holders receive the same full financial benefits as they would receive had they invested directly in shares (i.e. dividends, rights, and warrants) but there are no voting rights for NVDR holders.

### Operations

TCH's most important role is to be the center of clearing and settling financial products in the Thai capital market by being the central counterparty and guaranteeing the clearing and settlement of every transaction made on the markets mentioned above, thus reducing risks, building confidence among all market participants that the clearing and settlement system will operate as planned, and promote Thai capital market development in the long-term.

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### Registered capital and organizational management

Thai NVDR has a total registered capital of THB 10 million, with the SET holding 99.99% of total registered capital.

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### Board of Directors

Kesara	Manchusree	Chairman
Pakorn	Peetathawatchai	Member
Supakit	Jirapraditkul	Member
Udomwara	Dechsongjarus	Member

## Thai Trust Fund Management Co., Ltd.

The Thai Trust Fund Management Co., Ltd. (TTF) was established on December 17, 1996 by The Stock Exchange of Thailand (SET) to promote foreign investment in the Thai stock market by providing foreigners with another channel for investing in Thai listed shares through mutual funds.

### Operations

TTF was licensed by the Securities and Exchange Commission (SEC) and is managed by the SET and the Thailand Securities Depository Co. Ltd. (TSD). The TTF is a passive management arrangement. When an investor places a bid through a broker, the TTF will place a corresponding order to buy the underlying shares and then will issue units to the investor. The TTF will not exercise its voting rights except on motions to delist the underlying shares from the SET. The main function of the TTF is to look after the financial benefits of unit holders, e.g., dividends and right issues. TTF functions as an open-ended fund, and invests in shares of individually-listed securities. The mutual funds are considered to be Thai juristic entities even though foreigners own all of the fund's units.

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### Registered capital and organizational management

The TTF is a wholly-owned subsidiary of the SET. The TTF has THB 100 million of registered capital, with the SET holding 100% of the total.

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### Supervisor of the Mutual Fund

Thai Military Bank Pcl.

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### Board of Directors

Kesara	Manchusree	Chairman
Supakit	Jirapraditkul	Member
Udomwara	Dechsongjarus	Member
Yupawan	Sirichainarumitr	Member

## Siam DR Co., Ltd.

The Siam DR Co., Ltd. was established on October 6, 2003 by The Stock Exchange of Thailand (SET) to increase liquidity in the Thai stock market by issuing and selling depository receipts (DR) to investors.

### Operations

The Siam DR Co. Ltd. is responsible for issuing and selling DRs to investors under Securities and Exchange Commission (SEC) regulations as well as buying the underlying securities of listed companies or any other securities that are approved by the SEC. DR holders will receive the same financial benefits as received by the holders of the underlying securities, including full financial and / or voting rights. However, only Thai DR holders have the right to instruct the SIAM DR CO. LTD. on how to vote in the shareholders' meetings of listed companies.

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### Registered capital and organizational management

The Siam DR Co. Ltd. has a registered capital of THB 10 million, with the SET holding 100% of all registered capital.

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### Board of Directors

Kesara	Manchusree	Chairman
Dr. Pakorn	Peetathawatchai	Member
Supakit	Jirapraditkul	Member
Udomwara	Dechsongjarus	Member



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by using eco-friendly paper and soy inks to reduce carbon dioxide emissions.



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