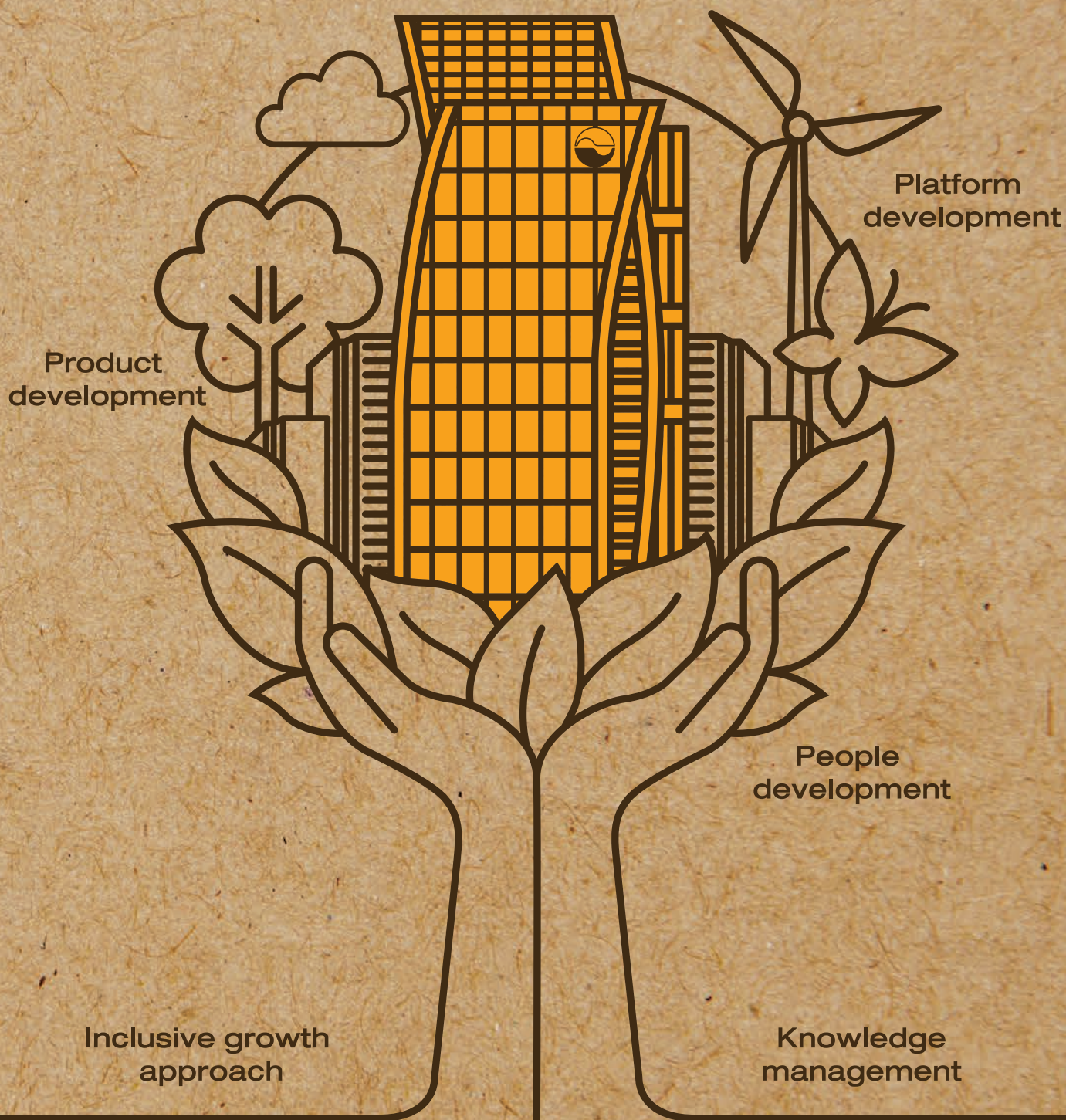


ANNUAL REPORT
2016



**YOU GROW
WE GROOM**



The Stock Exchange of Thailand (SET) greatly values **the Sufficiency Economy Philosophy of His Majesty King Bhumibol Adulyadej.**

This essence truly leads to “sustainability” which can be applied in all facets of operations in the Thai capital market in embracing the combination of environmental, social and good governance or ESG aspects.

In addition, SET also promotes financial literacy and investment knowledge among investors and the general public, while developing the capital market for the benefit of economy, society and the whole country.



Vision

To Make the Capital Market "Work" for Everyone

The Capital Market is an integral tool for economic growth, and should not be privileged to only some.

Hence we work hard to ensure the capital market benefits all stakeholders both directly and indirectly.

We believe that good business growth will lead to national strength and this in turn leads to the betterment of society.

This is what we envision and are committed to.

Mission

To "plant" state-of-the-art financial **Platform Development** that is both innovative and accessible to our customers locally, regionally and globally.

To innovatively "grow" **Product Development** that is not only caters to market needs but also resonates the sustainable growth.



To continuously "cultivate" ourselves and our stakeholders by investing in **Knowledge Management** creating, sharing and generating knowledge as part of an intangible asset.

To "implant" an **Inclusive Growth Approach** that will enable us to perform as the best business partners and social supporters.

To "foster" **People Development** to ensure that our people will be best equipped with business competencies and professional integrity.



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Message from the Chairman



“ The SET Board of Governors supports the quality development of the Thai capital market to be a firm foundation for the economy, society and the country aiming for sustainable growth. ”

Thailand is welcoming the next chapter of future growth as the government is implementing the “Thailand 4.0” economic development policy as a new economic model and roadmap for national economic reforms and growth. With the goals to revamp the structure of the Thai economy and society, the new economic model focuses on innovation and technology as long-term economic drivers which could tremendously add value to the economy and enhance Thai competitive capabilities. Importantly, this policy prioritizes the benefits to the nation’s citizens and is driven by guidelines which rely on the cooperative efforts of both public and private sectors. The Stock Exchange of Thailand (SET) has laid out the strategic plan in line with the “Thailand 4.0” policy for further development of the Thai capital market and the country’s economy towards sustainability.

Throughout 2016, SET promoted innovations in all facets of operations, covering the products, services and operational processes. In addition, listed companies were encouraged to serve as role models to inspire on the significance of innovation in business, in 2016 SET initiated a new prize category for the annual SET Awards function, namely the Best Innovative Company Award, to be presented to listed companies with remarkable achievements in innovation.

In becoming a “Digital Exchange”, SET cultivates the value of developing creative thinking which can result in innovations. In addition, the use of digital technology to enhance services in both information and access to investment channels will be instrumental in benefitting all sectors and stakeholders, enabling broader public to access to and make full use of the capital market more easily, conveniently and effectively.

SET fully embraces the principles of sustainability: environmental, social, and governance (ESG) and has been recognized as a Sustainable Stock Exchange under the framework of the United Nations Sustainable Stock Exchanges Initiative. By focusing on both sustainable economic development and on all stakeholders’ sustainability – whether they are investors, partners, alliances or communities and society as whole – SET is strongly committed to achieving sustainable economic growth and social well-being. In 2016, the progress in promoting the sustainability of Thai listed companies to be recognized internationally could be seen in the seven listed companies from Thailand that were granted 14 awards from IR Magazine for excellence in investor relations within ASEAN. In addition, 14 Thai companies were selected to be constituents in the Dow Jones Sustainability Indices (DJSI), while 30 Thai listed companies were selected for inclusion in the FTSE4Good ASEAN 5 Index, the highest number in ASEAN 5. In 2016, SET announced Thailand Sustainability Investment (THSI), a list of listed companies with outstanding performance on ESG aspects, for the second year in a row. In addition, the results of the Thai Institute of Directors or IOD’s corporate governance assessment showed Thai listed firms’ average Corporate Governance Rating: CGR scored relatively high at 78 percent, reflecting many Thai companies’ strong focus on sustainability in all aspects of business operations.

2016 has been another year of achievements. On behalf of SET Board of Governors, I would like to express our sincere appreciation to the government agencies, private sector, listed companies, member companies, asset management companies, various capital market organizations as well as investors, all stakeholders and the Thai public. Most importantly, the key players to our success are the management and staff of SET who work together to ensure the Thai capital market grows steadily stronger in all dimensions. These efforts will eventually reinforce the Thai economy and society. SET is geared to move forward with its vision “To Make the Capital Market ‘Work’ for Everyone” by continuously enhancing the Thai capital market for the benefit of all sectors of society towards sustainable growth.



Dr. Chaipayat Wibulswasdi
Chairman



Message from the President



In 2016, The Stock Exchange of Thailand (SET) gained considerable momentum as it continued to serve as a key driver of the Thai economy. The SET Index rose 20 percent with a dividend yield of 3.16 percent, reflecting not only the robust capital market growth but also the good returns for investors. Average daily trading value of SET and Market for Alternative Investment (mai) was THB 52.52 billion (approx. USD 1.5 billion), the highest liquidity in ASEAN for five consecutive years, while net profits of listed companies in 2016 increased 30.41 percent from the previous year. The 2016 initial public offerings (IPOs) of 27 securities and secondary market generated the market capitalization of over THB 450 billion.

On the “quality” front, Thai listed companies have achieved remarkable sustainability acclaim at international level. Especially noteworthy were the 14 Thai listed companies that became constituents of the Dow Jones Sustainability Indices (DJSI) and the 30 listed companies that were included in the FTSE4Good ASEAN 5 Index, gaining significant achievements while reflecting the promising potential and sustainability of Thai listed companies in the global capital markets. Importantly, while global fund managers have paid more attention to socially responsible investment, domestic institutional investors have also embraced the environmental, social and governance (ESG) criteria in their investment decisions. In addition, SET’s Thailand Sustainability Investment (THSI), a list of companies with outstanding performance on ESG aspects for long-term sustainable growth, has been introduced for the second consecutive year in 2016.

In its quest to be a catalyst for national growth, SET has focused on empowering new businesses by expanding the knowledge of business development and management to entrepreneurs, reaching more than 1,500 startups and SMEs nationwide, and has launched a portal for startups to access funding sources for the first time via new.set.or.th. The portal serves as a channel for entrepreneurs to get updated news, exchange ideas, knowhow and technologies via the startup community. The funding source has attracted over 600 startups both public and private sectors to cooperatively generate innovative businesses and lead the way to lay a firm foundation for startup platform in 2017.

In developing investor expertise, SET has emphasized expanding the investment channels to attract a wider circle of investors, from currently 1.3 million investor accounts. Throughout the year, SET has enhanced quality investor base to cover a broader range of Thais to benefit from the capital market, by providing knowledge and enabling them to create long-term financial stability in order to be ready for retirement. Moreover, online channels have been developed for convenient and fast knowledge access. By mid-2017, SET plans to launch the FundConnex, a technology-enabled fund service platform for investors to access mutual funds efficiently.

In 2016, SET participated in and hosted a number of international conferences. In addition, the SET President was, for the first time, elected to the Board of Directors of the World Federation of Exchanges (WFE). SET has been a member of WFE since 1990. Most importantly, SET continues to support CLMV and cooperate with ASEAN to effectively serve as a connector of ASEAN and other emerging markets in the global capital market’s context, in order to support the development of ASEAN Exchanges and strengthen sustainability of the Thai capital market and member exchanges.

The achievement in 2016 reflects the strength of the Thai capital market, paving the way for future sustainable growth. A strong capital market contributes to a strong national economy, resulting in the well-being of the entire nation. We aim to grow together under the vision “To Make the Capital Market ‘Work’ for Everyone”.

On behalf of The Stock Exchange of Thailand, I would like to express our heartfelt thanks to all stakeholders for the support to and cooperation with the Thai capital market. The SET management and staff are enthusiastic to work with the industry across the board to drive the capital market towards sustainability.



Kesara Manchusree
President



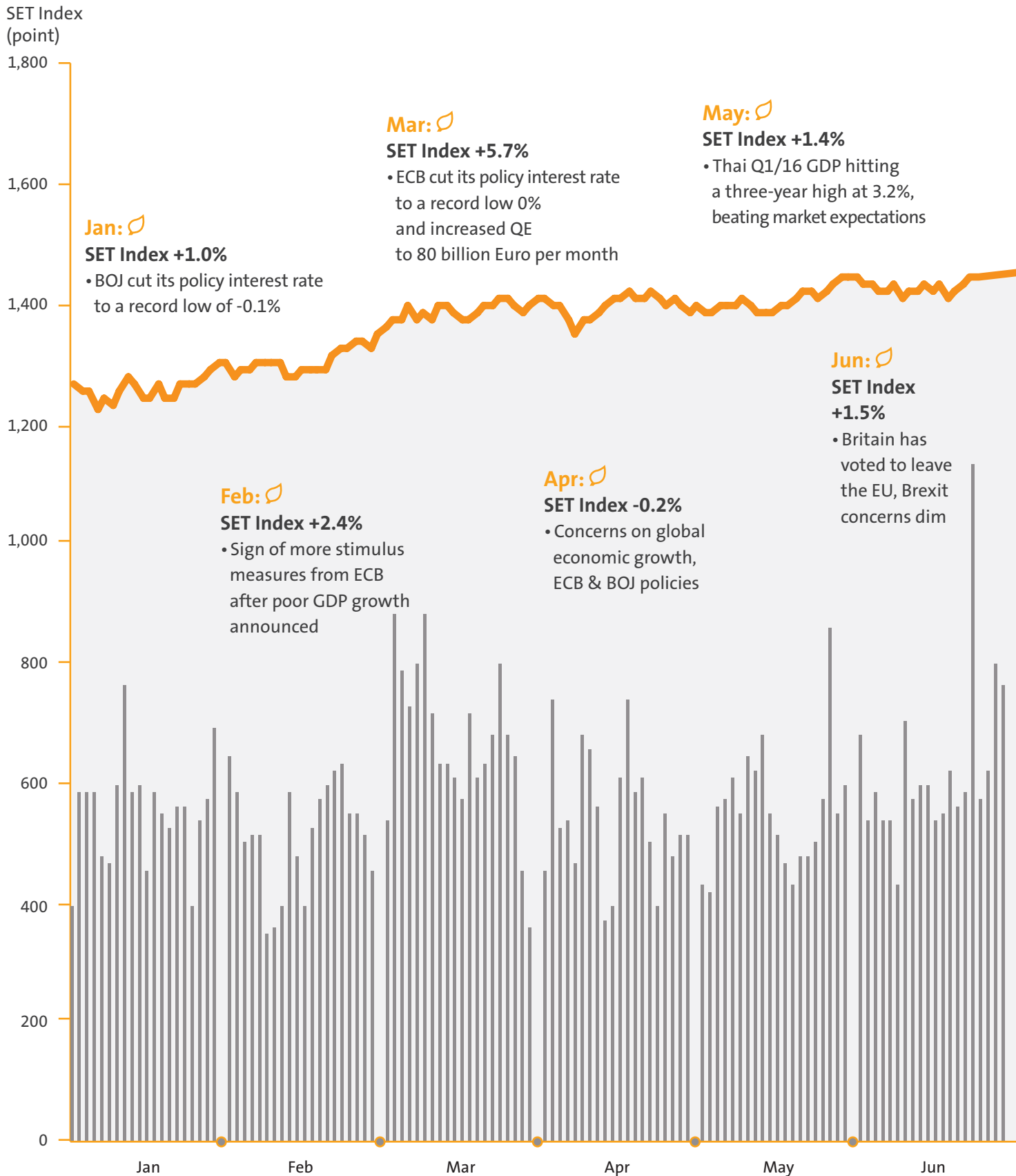


Solid Foundation

Focusing on both continuous business growth
and long-term quality development



SET Market Movement 2016



— Trading value (billion THB) Highest SET Index 1,552.64 (August 11, 2016)
 — SET Index Lowest SET Index 1,224.83 (January 7, 2016)

Jul: 🌱

SET Index +5.5%

- Brexit effects, IMF Cuts Global Growth Forecasts for 2017 by 0.1%

Sep: 🌱

SET Index -4.2%

- Deutsche bank crisis, concerns on new financial crisis

Nov: 🌱

SET Index +1.0%

- Republican Donald Trump prevailed in U.S. Electoral College voting

Aug: 🌱

SET Index +1.6%

- Thai referendum voters back a draft constitution
- The Thai economy gained momentum in Q2, GDP increased 3.5%

Oct: 🌱

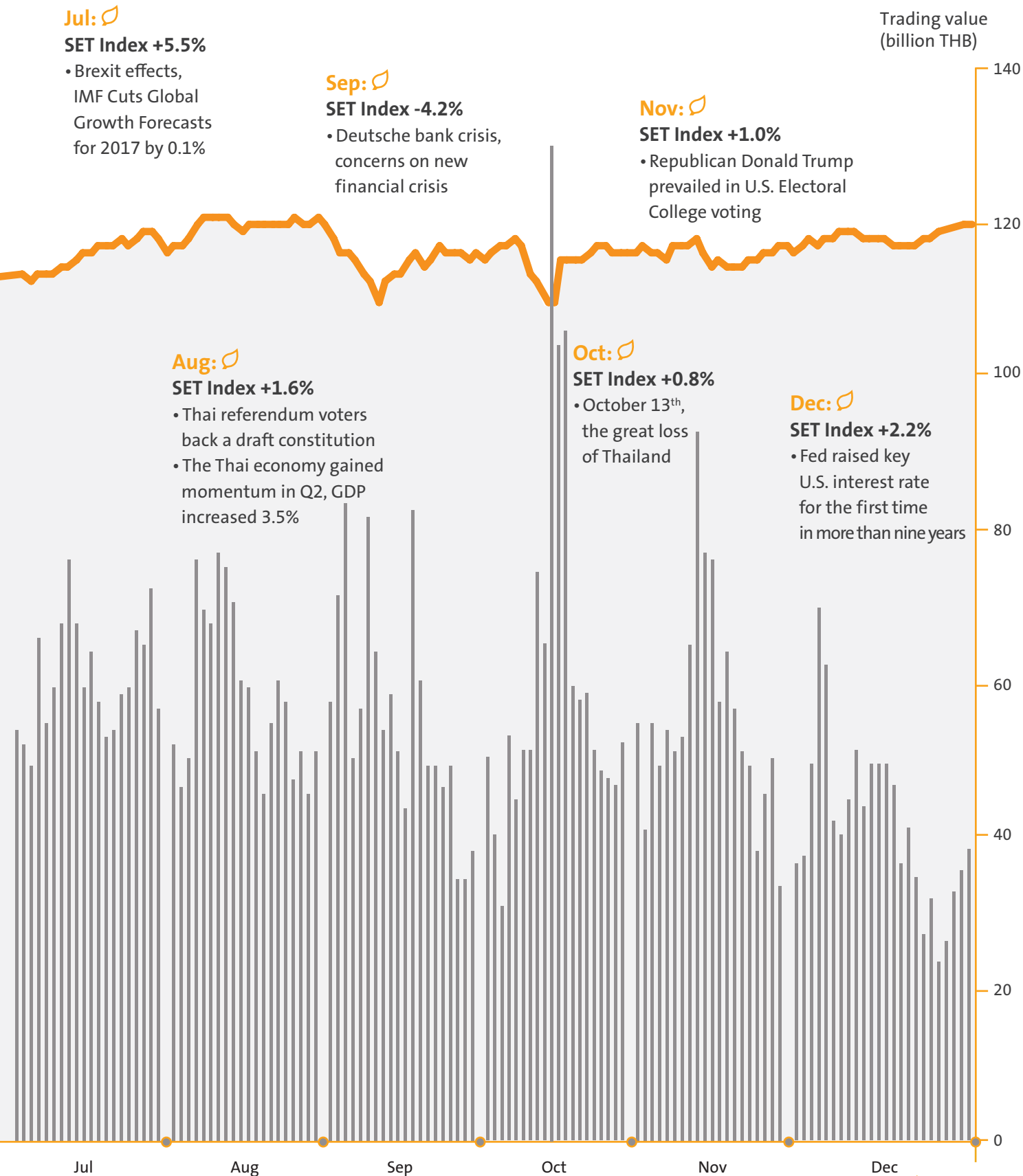
SET Index +0.8%

- October 13th, the great loss of Thailand

Dec: 🌱

SET Index +2.2%

- Fed raised key U.S. interest rate for the first time in more than nine years



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



The SET group's Financial Highlights

(In Million Baht)

	2016	2015	2014	2013	2012
Consolidated statements of revenues and expenses					
Total revenues	6,047	5,215	5,237	5,302	4,499
Operating revenues	5,099	4,518	4,201	4,309	3,365
Investment income, net	767	492	871	821	982
Other income	181	205	165	172	152
Total expenses	3,694	3,335	3,082	2,976	2,599
Revenues over expenses, net	1,662	1,382	1,535	1,661	1,365
Consolidated statements of cashflows					
Net cash provided by operating activities	1,217	636	1,051	1,096	621
Net cash provided by (used in) investing activities	(2,157)	(332)	(1,503)	(329)	118
Consolidated statements of financial position					
Total current assets ¹	21,709	17,324	18,012	22,965	16,077
Long-term investments	8,312	9,263	8,690	5,126	8,315
Total assets	39,539	36,136	34,452	34,039	29,937
Total current liabilities ¹	11,947	10,759	10,346	11,515	8,596
Total liabilities	14,141	12,747	12,213	13,386	10,451
Fund balances	25,398	23,389	22,239	20,653	19,486
Key financial ratio					
Revenue growth (%)	15.95	(0.42)	(1.23)	17.85	8.80
Operating revenue growth (%)	12.86	7.55	(2.51)	28.05	3.70
Expenses to revenues ratio (%)	61.09	63.95	58.85	56.13	57.77
Net profit margin ² (%)	27.48	26.50	29.31	31.33	30.34
Return on fund balance (%)	6.54	5.91	6.90	8.04	7.01
Current ratio (Times)	1.82	1.61	1.74	1.99	1.87
Debt to fund ratio (Times)	0.56	0.54	0.55	0.65	0.54
¹ 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	10,160	8,830	8,054	9,362	6,810
² Net profit margin calculated by revenues over expenses, net / total revenues					
Other income consist of: Educational activities income, Revenues from marketing event, Revenues from fees and management funds etc.					

Thai Bourse 2016 Performance

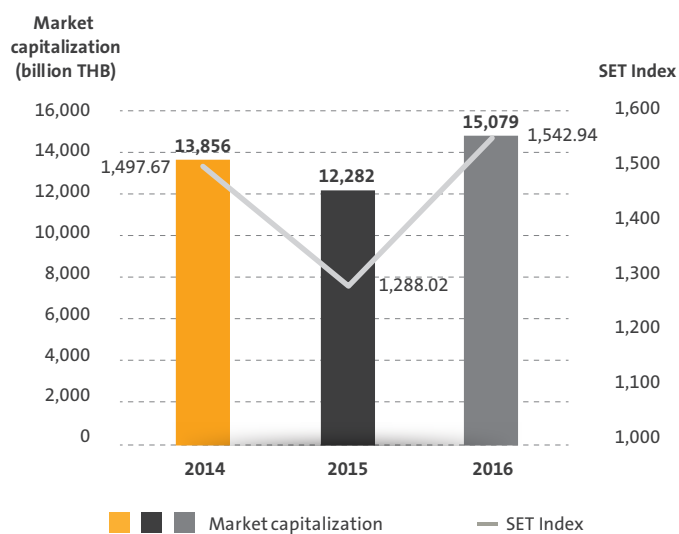
Overview

SET index ended 1,542.94 points in 2016, a 19.8 percent increase compared to the previous year. Such increase was not only the largest among Asian countries but also greater than MSCI Emerging Markets Index and MSCI World index, which increased by 8.6 percent and 5.3 percent, respectively. Despite all the domestic uncertainties and global volatility including EU economic policy, BREXIT, the US presidential election results, especially The Passing of His Majesty King King Bhumibol Adulyadej on October 13, 2016 which was a great loss and the Thai people were in pensive mood and despair, the index rise managed to drive market capitalization increase by 22.8 percent from end-2015

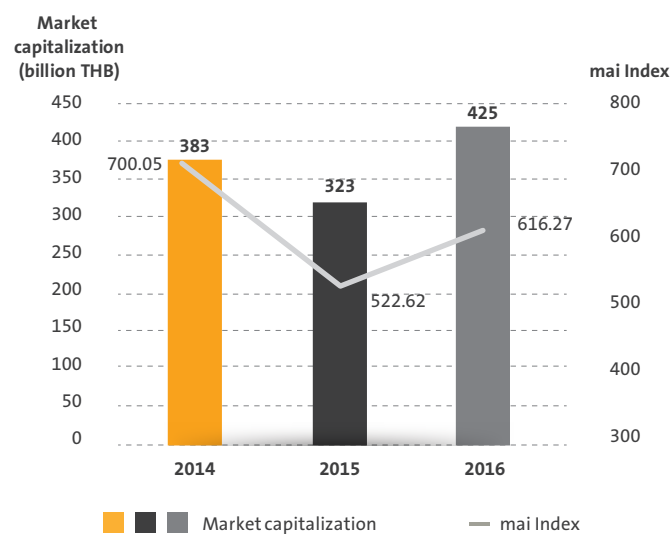
and stood at THB 15.1 trillion as at December 31, 2016. Likewise, mai index increased by 17.9 percent from the previous year and finally closed at 616.27 points in 2016. Moreover, in 2016 mai market capitalization was THB 425.36 billion, a 31.5 percent increase from end-2015.

As at December 31 2016, SET and mai's dividend yield stood at 3.16 percent and 1.26 percent respectively, comparing with 3.58 percent and 1.29 percent in 2015, respectively. However, in 2016 the forward P/E ratio of SET and mai were at 15.98 and 26.30, compared to 14.51 and 27.38 in 2015, respectively.

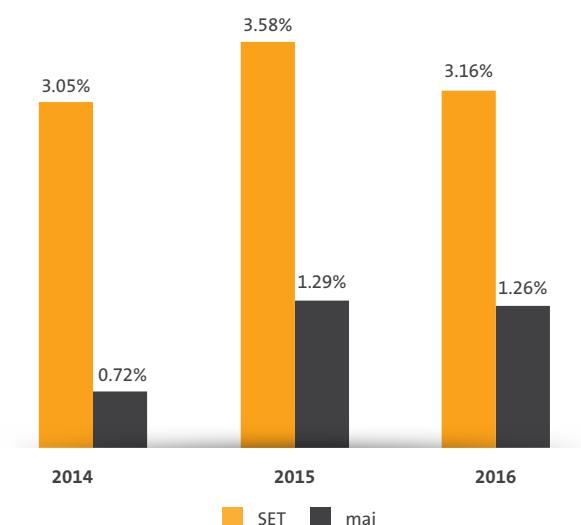
The Stock Exchange of Thailand (SET)



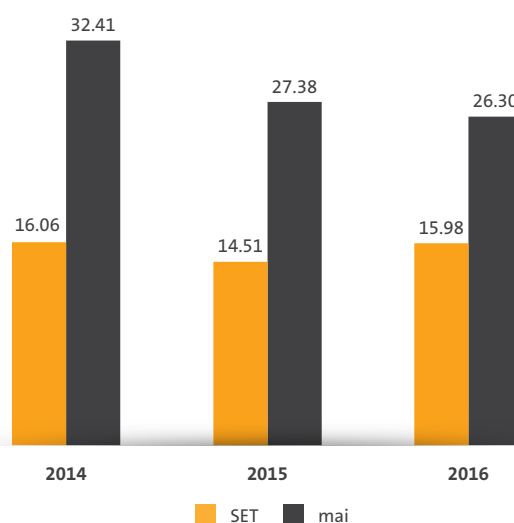
Market for Alternative Investment (mai)



Dividend yield



Forward P/E



Trading activities

In 2016, the Thai bourse recorded the most liquid market in ASEAN for the fifth consecutive year. The average daily trading value of SET and mai was at THB 52.53 billion, an increase of 18.56 percent from THB 44.30 billion in 2015.

In 2016, the total trading of SET and mai, categorized by investor types, consists of: 1) Retail investors, the average daily trading value increased to THB 28.27 billion compared to THB 26.23 billion or a 7.75 percent increase from 2015.

2) Foreign investor, the average daily trading value increased to THB 13.43 billion from THB 9.83 billion in 2015 or 36.60 percent greater than the previous year. 3) Local institutional investors, the average daily trading value was at THB 5.30 billion, a 27.51 percent increase compared to THB 4.16 billion in 2015. 4) Proprietary traders, the average daily trading value totaled THB 5.52 billion, a 35.47 percent increase from THB 4.08 billion in 2015.

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

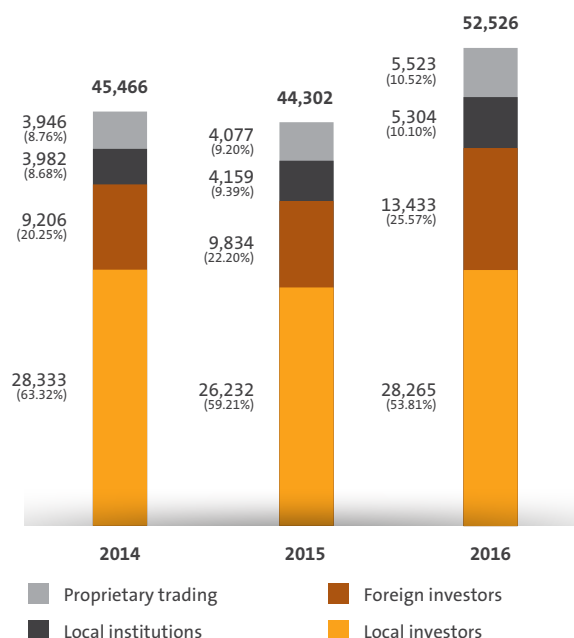
Trading Value (Unit: THB million)	2016	2015	2014
Trading value of SET	12,259,772	9,997,372	10,193,179
Trading value of mai	556,487	768,098	946,112
Total trading value of SET and mai	12,816,259	10,765,470	11,139,291
Average daily trading value of SET and mai	52,526	44,302	45,466
Trading value change (y-o-y percent)	18.56	-2.56	-9.66

Source: SETSMART

Overall, the highest ratio of trading value in the Thai stock market in 2016 was from local retail investors at 53.81 percent of the total trading value, a decrease from 59.21 percent in 2015. Foreign investors ratio recorded an increase to 25.57 percent from 22.20 percent in 2015. The local institutions ratio recorded an increase to 10.10 percent from 9.39 percent. Proprietary trader ratio increased to 10.52 percent from 9.20 percent in 2015.

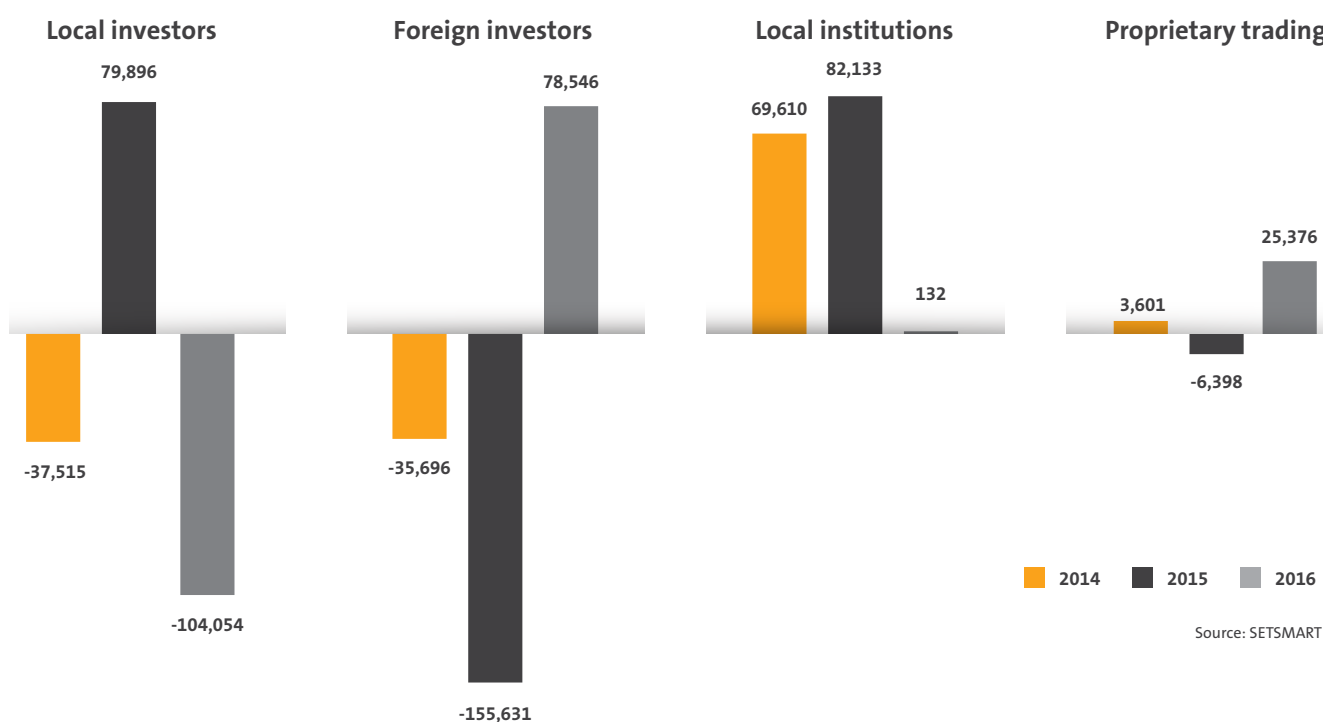
In 2016, foreign investors, proprietary traders, and local institutions were net buyers at THB 78.55 billion, THB 25.38 billion and THB 132 million, respectively. However, local investors were net sellers at THB 104.05 billion.

Trading value combined SET and mai by investor type (unit: THB million per day, percent %)



Source: SETSMART

Net position of SET and mai in 2016 by investors' type (unit: THB million)



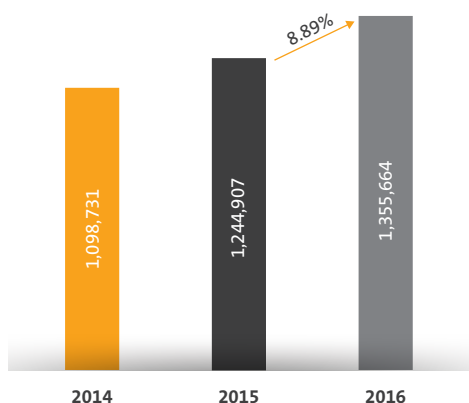
Source: SETSMART



The investor base data showed that in 2016 the number of trading accounts and trading value per account continued on an upward trend and reached a new high. The number of trading accounts at the end of 2016 amounted to 1,355,664 accounts, up by 8.89 percent from the end of 2015. Of these, the average number of active accounts, minimum once a month, was 24.86 percent of total trading accounts, while average trading value per account in 2016 was THB 3.27 million. In 2016, SET continued to expand investor base via various activities to enhance quality investors through collaboration with alliances such as the #investnow project, the Banker-to-Broker project, etc.

Considering trading value by market capitalization size, all categories recorded an increase in average daily trading value. 1) SET 1-10 increased to THB 14.58 billion, or 31.15 percent, from THB 11.12 billion. 2) SET 11-30 increased to THB 11.27 billion, or 37.88 percent, from THB 8.17 billion. 3) SET 31-50 increased to THB 4.66 billion, or 10.33 percent, from THB 4.22 billion. 4) SET 51-100 increased to THB 6.35 billion, or 14.16 percent, from THB 5.57 billion. 5) Non-SET100 and mai increased to THB 15.67 billion, or 2.90 percent, from THB 15.23 billion.

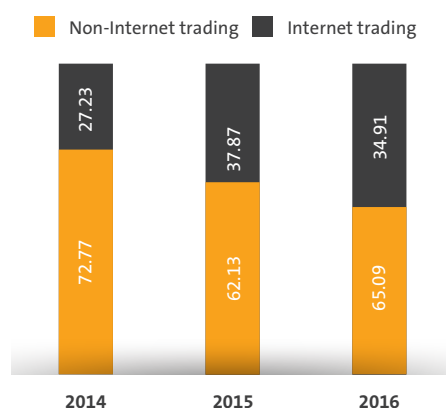
Trading accounts of SET and mai (unit: accounts)



Source: SETSMART

The internet trading activities continued to grow both the number of online trading accounts and trading value. The number of online trading accounts at the end of 2016 totaled 1,188,656 accounts, an increase of 232,766 accounts from the end of 2015. Of these, the number of active accounts amounted to 235,570 accounts, increased by 10,844 accounts from the end of 2015. Overall, value of internet trading accounted for 34.91 percent of total trading, equivalent to 64.87 percent of total trading of local investors.

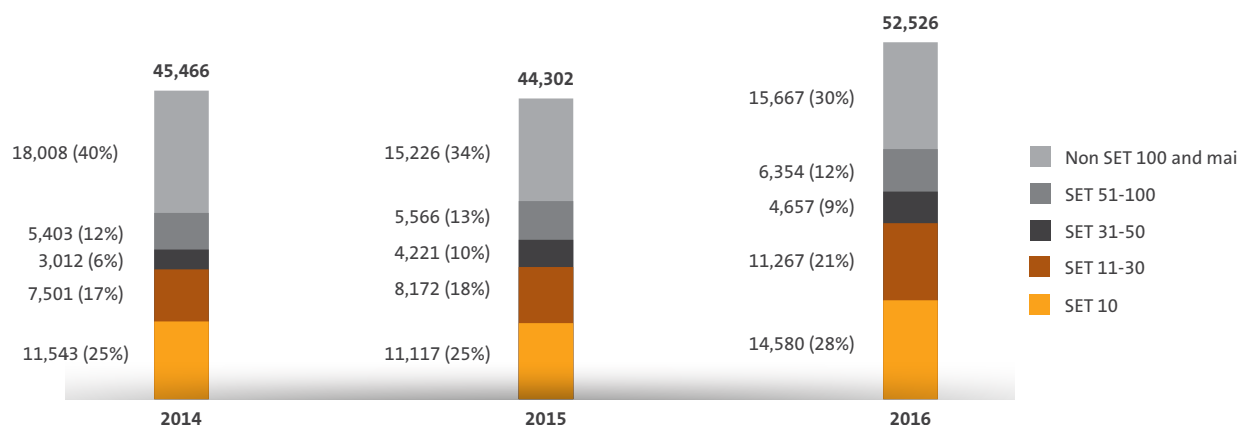
Trading value combined SET and mai by channel (unit: %)



Source: SETSMART

In 2016, trading ratio of each category was as follows: 1) SET 1-10 recorded an increase to 28 percent from 25 percent in the previous year. 2) SET 11-30 recorded an increase to 21 percent from 18 percent in 2015. 3) SET 31-50 recorded a decrease to 9 percent from 10 percent in 2015. 4) SET 51-100 recorded a decrease to 12 percent from 13 percent in 2015. 5) The Non-SET100 and mai recorded a decrease to 30 percent from 34 percent in 2015.

Trading value combined SET and mai by market capitalization size (Value: THB million, %)



Source: SETSMART

In 2016, the Non-Voting Depository Receipt (NVDR) recorded an increase both in the trading quantity and trading value. The NVDR quantity increased 17 NVDRs (from the previous year)

to 804 NVDRs. The trading value totaled THB 2.67 trillion for the 190,861 million shares traded.

Derivatives Trading

In 2016, the derivatives market trading volume on Thailand Futures Exchange (TFEX) rose favorably. The average daily trading volume was up 42.77 percent from 2015 to 285,189 contracts per day. The increase was mainly due to the rise in trading activities of 1) SET50 Index Futures, 2) Single Stock Futures and 3) Gold Futures. In 2016, TFEX carried out many

facets of development including the launch of the first agriculture Futures, "RSS3 Futures", which started trading on February 15, 2016.

Investors' interest in trading on TFEX has grown continuously. At the end of 2016, the derivative trading recorded the total of 129,284 accounts, an increase of 15,709 accounts from 2015.

Average daily trading volume of TFEX (Contracts)

Products	2016	2015	2014
SET50 Index Futures	131,938	110,142	58,790
SET50 Index Options	1,757	1,264	444
Single Stock Futures	138,634	81,103	80,100
50 Baht Gold Futures	747	546	974
10 Baht Gold Futures	11,154	5,469	5,319
Oil Futures	119	107	133
USD Futures	838	1,118	1,265
Agriculture Futures	1	-	-
Total	285,188	199,749	147,025
Change (%)	42.77	35.86	116.20

Source: SETSMART

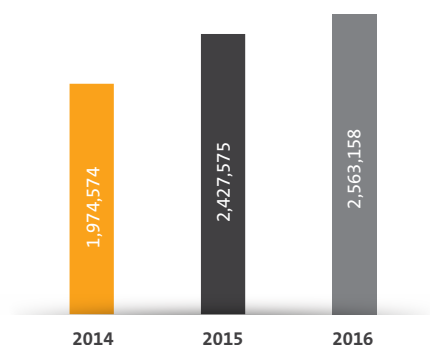


Post-trade operational review 2014-2016

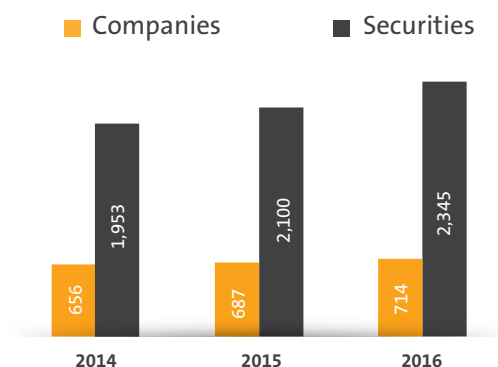
	2016	2015	2014
Securities Depository (exclude Issuers)			
Number of Depository Participants (Participants)	108	106	107
Brokers	39	37	37
Commercial Banks	21	21	21
Custodian Banks	13	13	13
Others	35	35	36
Number of Securities Deposited in the Securities Depository System (Securities)			
Common Stock and Corporate Bond	3,421	2,941	2,741
Government Bond	442	437	482
Securities Clearing and Settlement			
Number of Participants in the Clearing House (Participants)			
Equity & Debt	39	39	39
Derivatives	44	42	42
Securities Registration			
Number of Companies in the Securities Registration System (Companies)	714	687	658
Number of Securities in the Securities Registration System (Securities)	2,345	2,100	1,953
The Stock Exchange of Thailand (SET)	1,914	1,743	1,588
The Market for Alternative Investment (mai)	188	173	160
Bond listed in Thailand Bond Exchange (TBX)	9	10	9
Bond in Over the Counter (OTC)	43	51	53
Others	191	123	143
Number of Shareholder in the Securities Registration System (Citizen ID.)	1,375,332	1,291,094	1,152,297
Scripless	1,067,483	982,024	830,350
Scrip	307,849	309,070	321,947

Key Statistics of Securities Clearing and Settlement

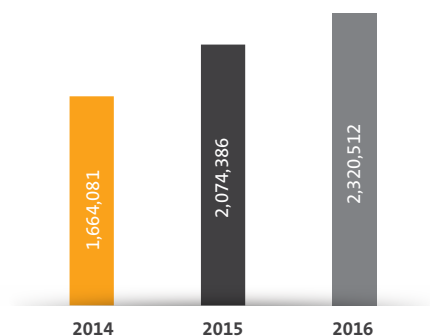
Volume of Securities in the Securities Depository (Million Shares)



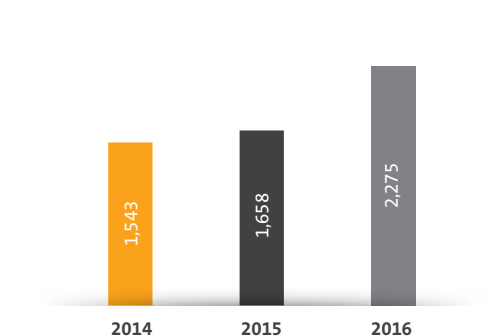
Number of Companies/ Number of Securities in Securities Registrar System



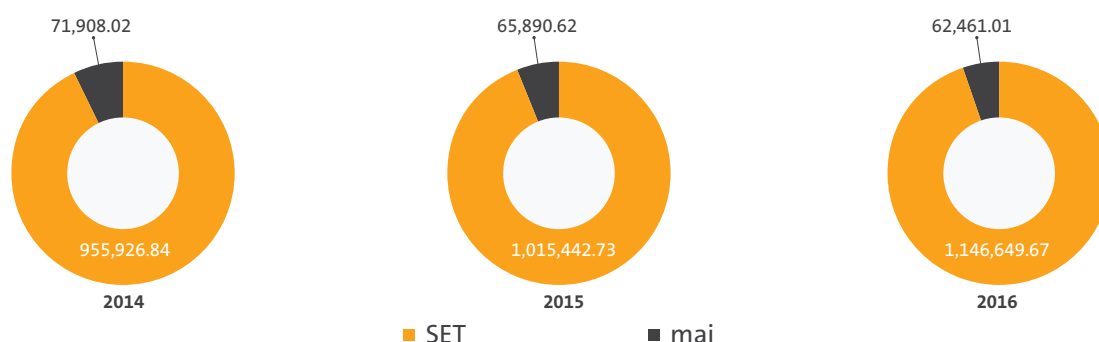
Number of Investors under e-Dividend Service (ID)



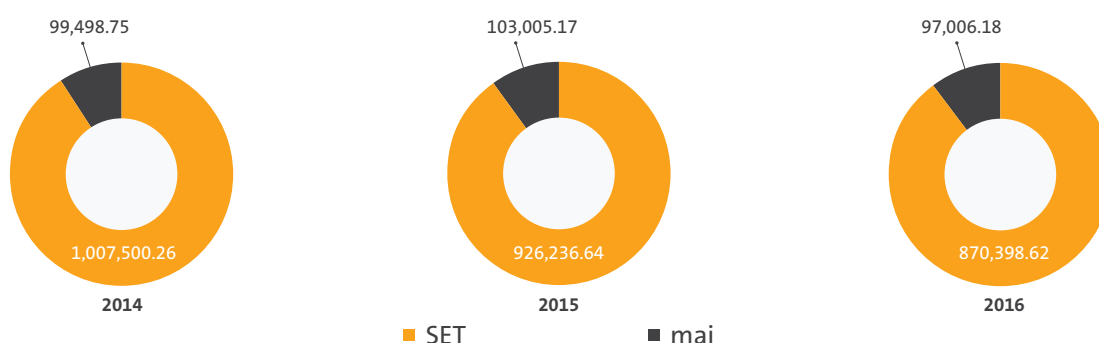
Number of Securities under e-Dividend Service



Total Value of Securities Clearing and Settlement (THB Million)



Total Volume of Securities Clearing and Settlement (Million Shares)



Business operation of the Stock Exchange of Thailand (SET) group

Vision and mission

The Stock Exchange of Thailand and its subsidiaries (the SET group) has a vision **“To Make the Capital Market ‘Work’ for Everyone”**. The objective is to ensure the Thai capital market benefits all stakeholders in all sectors of the society. Good business growth will certainly lead to national strength and will further lead to an improvement in living standard of all Thai people in a sustainable manner.

The SET group has five missions: 1) To “plant” state-of-the-art financial **Platform Development** that is both innovative and accessible to our customers locally, regionally and globally, 2) To innovatively “grow” **Product Development** that is not only relevant to market needs but also resonant with the sustainability of future growth, 3) To “foster” **People Development** to ensure that our people will be best equipped with business competencies and professional integrity, 4) To “implant” an **Inclusive Growth Approach** that will enable us to perform as the best business partners and social supporters, and 5) To continuously “cultivate” ourselves and our stakeholders by investing in **Knowledge Management**—creating, sharing and generating knowledge as part of an intangible asset.

Business overview

The SET group is the only stock exchange in Thailand. It provides end-to-end services to promote capital market development. The SET group’s businesses are as follows:

Exchange business

1. Securities market

Listing and trading: The SET group provides securities listing and trading service for equity and bond instruments through The Stock Exchange of Thailand (SET) and Market for Alternative Investment (mai) for equity; and through Bond

Electronic Exchange (BEX) for bonds. As of December 31, 2016, there were 522 companies listed on SET and 134 on mai as well as 432 bond products listed on TBX. The SET group also lists other types of securities such as warrants, derivative warrants (DW), exchange-traded funds (ETF), real estate investment trust (REIT) and infrastructure fund (IFF), and others.

Clearing and settlement: The SET group is a clearinghouse for transactions taking place on SET, mai and BEX. The 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, the SET group also provides clearing and settlement services for over-the-counter bond trading.

Depository: The SET group acts as a central securities depository for stocks and bonds, using a secure and efficient scripless system. The SET group provides services for securities deposit, withdrawal, transfer, pledge and revocation. Investors can conduct these transactions through our depository member companies.

Market regulation: The SET group supervises trading activities of all market participants to ensure that the market is trustworthy, transparent and efficient. The SET group also requires listed companies to disclose accurate, transparent and updated information to investors and the public.

2. Derivatives market

The SET group operates a derivatives market that trades derivatives products of which underlying assets include securities, commodities, government bonds, short-term interest rate and foreign exchange, etc. The SET group also performs a clearing and settlement function for transactions occurring in the derivatives market. In addition, the SET group supervises all market participants’ activities to ensure well-functional market operations.

3. Technology services

The SET group provides front-office service bureau (FSB), back-office service bureau (BSB), and internet trading system for members. The benefits are the efficiency in economy of scale and cost-effectiveness in shortening their time to be spent on new products and services development.

In addition, the SET group also provides market data services to data vendors and directly to investors for their decision making, as well as producing and promoting key success indices.

4. Registrar services

The SET group acts as a registrar for equity products and always keeps the Register Book accurate complete and current. The services cover information of shareholder benefits, connecting with direct linkage to Securities Depository system.

Furthermore, the SET group also manages secured data storage and processing system with corresponding back-ups ready to ensure the continuity of services. The vault and security system are highly efficient in securing the documents of securities and securities holders' rights and for verification purposes.

Capital market development

The SET group is committed to promoting long-term development to become a sustainable capital market, as such enhancing the Thai economy and society. The four major capital market developments are as follows:

1. Capital market education

The SET group categorizes the educational development according to target groups: 1) Professional Education, 2) Enterprise Education, 3) Investor Education, 4) General Public Education, focusing on financial literacy for students and all the Thai people and knowledge center for the public such as Maruey Knowledge & Resource Center, INVESTORY discovery

museum and SET Investment Center, etc., and 5) Executive Education, focusing on educating public sector, business leaders and young entrepreneurs, while building a network among capital market leaders.

2. Sustainable development

The SET group promotes 1) Corporate Governance (CG), to enhance the best practice as role model in the region and 2) Sustainable Development (SD) for listed companies, creating friendly ecosystem for SD in the Thai capital market, such as encouraging local institutional investors to invest responsibly, while motivating listed companies to invest in social enterprises (SE). The SET group also promotes and keeps listed companies well prepared to conform to criteria and indicators defined by leading global sustainability indices such as Dow Jones Sustainability Index (DJSI), etc.

3. Capital market development infrastructure

The SET group has strengthened the capital market's infrastructure to enhance the Thai economy and society by supporting projects of various Thai capital market associations, disseminating news and information nationwide and worldwide, projecting attractive products and services and goodwill, as well as advocating changes in rules and regulations that are barriers to capital market development.

4. Capital market research

The SET group conducts and disseminates relevant capital market research studies and leading indicators of the Thai capital market to benefit stakeholders and Thai investors. The SET group continues to establish a platform where market practitioners and academic researchers can contribute the knowledge for the long-term development of Thai capital market. Apart from promoting the capital market research to be more accessible by the general public, the SET group also organizes and hosts international capital market conferences.



Revenue structure

SET Group's revenue structure during past 3 years (2014–2016) is as follow.

(Unit: THB million)

Products and services	2016		2015		2014	
	Revenue	(%)	Revenue	(%)	Revenue	(%)
Securities Market						
• Trading	1,282	25.14	1,077	23.84	1,114	26.52
• Listing	539	10.57	494	10.93	435	10.35
• Clearing and settlement	339	6.65	293	6.48	300	7.14
• Depository	290	5.69	283	6.26	260	6.19
• Membership	76	1.49	37	0.82	31	0.74
Total	2,526	49.54	2,184	48.33	2,140	50.94
Derivatives Market						
• Trading	368	7.22	295	6.53	230	5.47
• Clearing	159	3.12	127	2.81	99	2.36
• Membership	57	1.12	50	1.11	51	1.21
Total	584	11.46	472	10.45	380	9.04
Technology Services						
• Member services	509	9.98	466	10.31	420	10.00
• Information services	340	6.67	307	6.80	238	5.67
• IT support	122	2.39	106	2.35	91	2.17
Total	971	19.04	879	19.46	749	17.84
Registrar Services						
• Securities registrar	1,018	19.96	982	21.74	868	20.66
• Fund registrar	–	–	1	0.02	64	1.52
Total	1,018	19.96	983	21.76	932	22.18
Total operating revenues	5,099	100.00	4,518	100.00	4,201	100.00

Business competition

As a result of financial liberalization and capital market linkage all over the world, the SET group has been operating under highly competitive environment. Although The SET group is the only stock exchange in Thailand, local companies have a chance to fulfill funding needs via exchanges abroad. At the same time, investors can choose to invest in other exchanges according to their own preferences. In addition, foreign exchanges anywhere in the world can always develop similar investment products or substitutes to attract both Thai and international investors.

Furthermore, new types of competitors likely to expand to Thailand in the future, such as Alternative Trading System (ATS) and order internalization process which could affect the SET group's competitiveness once they are allowed to enter the Thai market.

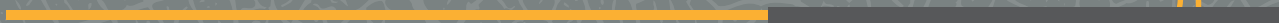
Another newcomer is the new financial technology (FinTech) innovation which has been growing significantly over the past few years to serve a host of needs in the financial industry. The FinTech industry could be an opportunity for the SET group as business partner, and could also be a threat as competitor in the future.





The Foundation of Success

Attaining sustainable business models for
the benefit of all business and social sectors



Major Developments in 2016

Throughout 2016, The Stock Exchange of Thailand (SET) maintained its important role in promoting the growth of businesses and investors. As a driving force of the nation's economy, SET is a core organization that facilitates the allocation of financial resources for businesses while remaining committed to being a role model for sustainable, transparent and fair business practices for the benefit of the society and the nation.

During the past year, SET has concretely integrated sustainable development into business processes in order to encourage stable growth in all sectors of the capital market and the Thai economy. By building strong foundation for the capital market, the Thai bourse continued to enhance the nation's competitiveness on the global stage along with social development under a strategic plan to achieve six major goals. These include: 1) Expand and enhance the quality of listed companies, as well as strengthening SMEs; 2) Increase new asset classes and enlarge coverage of existing products and services; 3) Strengthen the domestic institutional investor base; 4) Promote quality investors and expand the retail investor base; 5) Develop capability of investment professionals and capital market infrastructure to support future competition; 6) Become an employer of choice consisting of proper organizational structure.

The implementation of this strategic plan resulted in significant developments in all dimensions of SET operations in 2016.

The business dimension: The Thai capital market shows outstanding potential with continuous benefits to businesses and investors. Liquidity ranked highest in the region for the fifth consecutive year with an average daily trading value of THB 52.53 billion (approx. USD 1.5 billion). Listed companies raised capital totaling THB 256.15 billion, with market capitalization value of THB 451.42 billion, while the investor base grew to more than 1.3 million accounts.

Quality: Thai listed companies' outstanding performance has been internationally recognized. A total of 14 Thai listed companies has been included in the Dow Jones Sustainability Indices (DJSI), the highest number of companies within ASEAN. In addition, 30 Thai listed companies were selected for the FTSE4Good ASEAN 5 Index, out of the total of 78 companies, the highest number in ASEAN 5. Thai listed firms also won 14 out of 24 investor relations

awards from IR magazine, the highest number among ASEAN members. Corporate governance ratings (CGR) of Thai listed companies maintained good score at 78 percent, while the MSCI Index added five Thai companies, bringing the total to 34.

World-class Infrastructure and efficient operational systems:

SET has received both the ISO/IEC 27001: 2013 Certificate for information security management system standard, and ISO/IEC 20000-1:2011 certification for information technology services management system standard. SET's post-trade clearing and settlement system has always been in accordance with the regulatory standards of the Principle for Financial Market Infrastructure (PFMI). In addition, a digital platform has been developed to expand access to mutual fund investing.

In addition, in 2016 **SET also played a prominent role internationally.** A number of International conferences were hosted. In addition, the SET President was elected for the first time to the Board of Directors of the World Federation of Exchanges (WFE), a platform to further connect the Thai and ASEAN capital markets to the world.

The Stock Exchange of Thailand's successes in 2016 will be a firm foundation to step into 2017, contributing to the growth of the capital market, economy, society and nation.

1. Expanding the base and enhancing the quality of listed companies, while strengthening SMEs

1.1 Increasing the number of listed securities

In 2016, companies listed on SET and Market for Alternative Investment (mai) raised capital totaling THB 256.15 billion, while

market capitalization increased to THB 451.42 billion. The majority of fundraising was for business investment and expansion in the Services and Technology industries.

In many industries, the overall fundraising slowed down due to the sluggish economic recovery, especially in the first half of the year. The initial public offerings (IPOs) for 27 securities raised THB 52.8 billion. Among these, one foreign security, namely Banpu Power plc (BPP), raised capital worth THB 13.6 billion. However, the value of fund raising of newly listed companies through IPOs decreased from 2015 as large companies postponed their listing plans.

For the long-term plan, SET has continued to encourage Thai listed companies to be flexible in raising funds to expand their businesses in line with the high growth of ASEAN economies. Seminars such as IPO Focus—which presented listing regulations and opportunities available for foreign businesses—were held at both the basic and advanced levels to keep companies, especially for operation in key economic zones nationwide, well-prepared for listing.

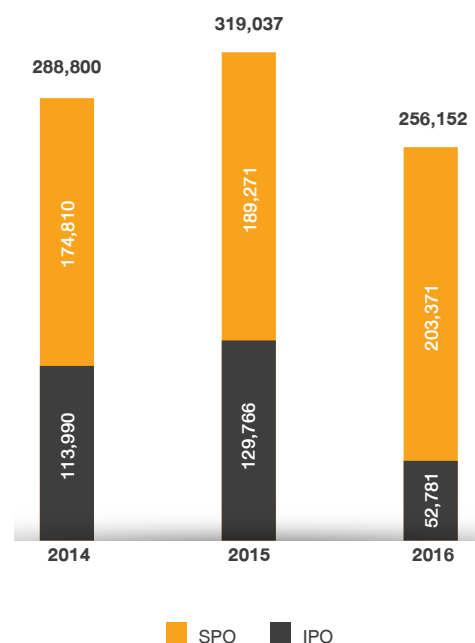
The 162 companies with secondary public offerings (SPO) raised THB 203.37 billion, an increase of seven percent from 2015, as large corporations increased investment capital and expansion. Berli Jucker plc (BJC) in the Services industry and True Corporation plc (TRUE) in the Technology sector had SPOs valued at THB 83.95 billion and THB 61.47 billion, respectively.

SET focused on educating listed companies about various financial instruments so they could better understand and use financial instruments in line with economic conditions. Apart from continuing the “Strategic CFO in Capital Markets” training program, SET implemented a variety of specific activities in 2016 catering to each specific group, such as the “Quarterly Economic Wrap Up”, the economic and capital market seminar to provide financial officers and corporate strategists a better understanding of the current economic situation. The “CEO Networking” activity provided executives from listed companies with the opportunity to meet and exchange ideas and experiences.

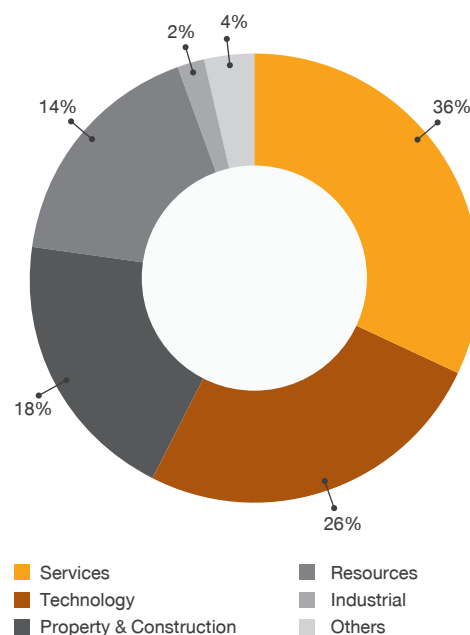
To promote the use of information for investment decision making, SET organized “Opportunity Day” to provide opportunity for

listed companies to present financial and operational information directly to investors and interested parties. By making such activities available live via the SET website, the valuable information was disseminated to a wide audience. In 2016, a total of 231 companies participated in Opportunity Day, or 35 percent of all listed companies, up from 30 percent in the previous year. Approximately 20,000 participants attended Opportunity Day. There were 490,515 website visitors, up 18 percent from a year earlier.

Capital raised 2014 – 2016 (THB million)



Funds raised by industry via IPOs and SPOs in 2016 (%)



1.2 Developing listed companies and SMEs

The Stock Exchange of Thailand aims at developing sustainable growth of listed companies, under sustainable development strategies appropriate for the respective industries and businesses of listed companies. These have been conducted through the transfer of knowledge via training and seminars, and in-depth consulting services. SET has also promoted the sustainability assessment of international standards among listed companies. All these have been practiced concretely. In addition, SET has also encouraged listed firms to disclose information on environmental, social and corporate governance operations (ESG Disclosure), or to produce sustainability report according to the SEC Form 56-1 and the Global Reporting Initiative (GRI), which have been used as tools for investors to analyze potential of listed companies on top of financial reports.

In the meantime, SET aims at enhancing recognition of Thai businesses at global capital markets by encouraging potential listed companies to enter assessment through international sustainability indices, particularly the Dow Jones Sustainability Indices (DJSI) and the FTSE4 Good ASEAN 5 Index. Both are sustainability indices accepted at international level. SET also encourages listed firms to go through sustainability assessment in economic, social and environment aspects to be selected as Thailand Sustainability Investment (THSI) List. SET also grants Sustainability Awards that show listed firms' outstanding performance in sustainability development.



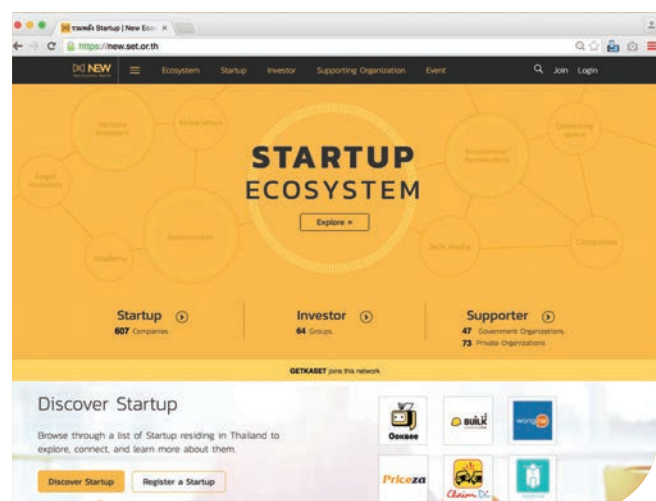
In addition, SET also promotes listed companies to adopt CG principles and best practices in their business undertaking via training, seminars and activities. SET aims to upgrade their business operations with emphasis on transparency, stakeholders, society, community and environment together with the creation of returns to their businesses with integrity. The business can then



grow with quality, sustainability and competitiveness at international level.

**Remark: More detail on sustainable development of companies listed on SET can be found in 2016 Sustainability Report.*

In 2016, SET focused on promoting startup businesses to get connected with the startup ecosystem consisting of investors and sponsors from both public and private sectors, by establishing a web portal platform at <https://new.set.or.th> through the launch of the “New Economic Warrior” project. There were 607 startups signed up for the web portal by the end of 2016, including 64 investors and 120 supporters from both public and private sectors. The web portal initiative has been supported by several agencies, especially the Ministry of Science and Technology, the Fiscal Policy Office, Thailand Tech Startup Association and Thai Venture Capital Association, successfully creating a central information hub of the ecosystem, marking it a new infrastructure system of the country. This web portal “<https://new.set.or.th>” was granted Startup Enabler of the Year 2016 Award from the National Innovation Agency (NIA).



1.3 Developing securities listing and listed companies supervision in all dimensions

SET aims at upgrading quality in securities listing and maintenance in all dimensions, ranging from criteria adjustment to the quality upgrade of products for listing and information disclosure. In addition, it also includes operational processes development to facilitate listed firms and to provide investors with the more timely and complete information. The details are as follows:

- Revise the listing criteria to emphasize the quality development of securities and enhancement of trading liquidity to ensure a solid foundation of growth for the Thai capital market, in line with the current trend of listing firms in larger size than before. Effective date: January 1, 2017. Samples of the new criteria are as follows:
 - A company to raise funds from the public and get listed on SET and mai must have positive figure of shareholders' equity.
 - Expanding sizes of companies listed on Market for Alternative Investment (mai), from paid-up capital of not less than THB 20 million to not less than THB 50 million, with net profit in the latest fiscal year not less than THB 10 million, as against previously no minimum requirement. In addition, there is more requirement for free float from not less than 20 percent to not less than 25 percent, similar to the criteria of companies to be listed on SET, in order to ensure a higher number of securities circulated in the market.
 - Increasing market capitalization of companies to be listed on SET to not less than THB 7,500 million, against the prior criteria of THB 5,000 million.
- Set a minimum par value for current listed companies at THB 0.50, effective from October 1, 2016. As for the newly listed companies, the effective date is from January, 2017 onwards.
- Revise information disclosure criteria of infrastructure fund, Real Estate Investment Trust (REIT) and property fund, in order that investors can receive information of significant events completely.
- Increase efficiency of information disclosure by listed companies via SET Portal to keep up with the changing technology under the SET Digital Disclosures (SET DD) project. These include the development of data transmission system in line with

new technology, expansion of capacity to accommodate greater data transmission, modernization of format friendlier to users, and enhancement of services to make it convenient for listed companies, effective from January 4, 2017.

In regard to the surveillance of securities trading, SET continues to real-time monitor trading securities and derivatives in order to ensure fair trading and to prevent trading irregularities and/or the placement of inappropriate trading orders, or other infractions of securities trading regulations and laws. There are efficient measures to prevent risks likely to incur to investors. In 2016, SET referred 41 cases to the SEC.

In 2016, SET took disciplinary actions by putting two SET's members on probation and fining five members for the total fines of THB 3.52 million. Five traders were put on probation and three traders were put on temporary suspension of license. Concerning monitoring of report of all SET's members, some members were found to be in non-compliance with the regulations, and fined a total of THB 3.71 million.

1.4 Developing of personnel of listed companies and SMEs

SET has strengthened potential of listed companies in preparation for efficient growth and competitiveness by continuously enhancing knowledge for personnel of listed companies. Throughout 2016, there were training sessions organized for various target personnel of listed companies, comprising:

- The "Strategic CFO in Capital Markets" training course was held in continuation of 2015, in order to enable CFOs of listed companies and interested companies to acquire knowledge about financial management techniques, guidelines for building the team and operational systems, including ways to effectively utilize the capital market for continuous and sustainable growth. There were two training classes, attended by 126 CFOs and potential CFOs.
- "Consolidated Financial Reporting and Fair Valuation: 2015 Financial Statement Case Study" training course aimed at providing knowledge and understanding about the consolidated financial statement preparation and fair valuation process in



accordance with standard of the Federation of Accounting Professions, for personnel of listed companies responsible for accounting and financial reporting preparation. A total of 161 participants from 161 listed companies attended this course.

- “Funding Provision for Sustainable Increase in Market Capitalization through Capital Markets Instruments” training course aimed at enabling personnel responsible for treasury and investment management to understand the concept of financial decision making, capital demand analysis, cost and funding projection, and how to create appropriate funding structure. They also had a chance to learn about long-term funding channels via the capital market’s various instruments for efficient funding management of their companies. A total of 212 participants from 136 listed companies attended this course.
- The “IT Future for Listed Company” project aimed at providing IT trends for listed companies in paving the way towards digital era and for business development. A total of 200 participants from over 100 companies attended this event.

In 2016, SET initiated an Entrepreneurial Education Department for the first time, as a knowledge center for the business sector while strengthening startups to grow substantially for the Thai economic foundation, in accordance with the government’s 4.0 policy. Major achievements included:

- “STARTUP Fundamental Course” aimed at developing knowledge for startups. In cooperation with the National Science and Technology Development Agency (NSTDA). SET developed a training curriculum that could provide knowledge and understanding about the composition and systematic process for startup business. SET also launched a television program to educate startups entrepreneurs

(via Money Channel), prepared printed materials and organized seminars for those interested in startup investment. The activities all year round drew enormous attention. More than 1,500 participants joined these activities.



- “SET Startup Teacher” training program aimed at providing startup business management for university lecturers to understand the lean business concept and steps to operate startups, so as to transfer this knowledge to students. Lecturers from 19 universities in the SET network participated in this program.
- “Capital Market: SET Your Growth, Create Your Value and Wealth” , a new course, aimed at preparing entrepreneurs in expanding their businesses via the capital market, in cooperation with the Thai Credit Guarantee Corporation (TCG), by providing knowledge about sustainable business amid rapid changes in the current economic and social surrounding. A total of 18 entrepreneurs attended this event.

2. Expanding new asset class development and products and services

SET is determined to create efficient and various products and services according to investors’ demand. In 2016, a significant product development was the sSET Index, a new set of index representing the price movements of common stocks apart from constituents in SET100 to highlight more listed companies to investors, keeping pace with index development in the global market. Investors can use sSET Index as benchmark index to compare with their investment performance, while sSET Index can also be used as underlying index of financial products to be offered. SET announced a list of stock as composition of sSET index in December 2016 and officially launched on January 4, 2017. SET has also provided



more information and analyses for investment in such stocks. Furthermore, SET has also encouraged information and analysis on the sSET constituents.

In addition, SET has also updated information on the SET website, by classifying contents that fit new investors and providing frequently asked questions (FAQ) for their decision making by interested investors before trading in derivative warrants, especially the financial products that require thorough understanding about the nature of products and risks involved.

In 2016, Thailand Futures Exchange (TFEX) PCL developed new products, while improving the existing products and services to provide more alternatives for investment and risk management, to fit investors' needs. TFEX launched the ribbed smoked rubber sheet futures (RSS3 Futures and RSS3D Futures), as risk management tools for farmers and entrepreneurs in Q1/2016. The merger with the Agricultural Futures Exchange of Thailand (AFET) was completed in November 2016.

In 2016, SET boosted liquidity of Single Stock Futures and SET50 Index Option via the market maker project in order to enable investors to use TFEX products as investment alternatives more efficiently. By the end of 2016, there were three and five market makers for Single Stock Futures and SET50 Index Option, respectively. There was also an improvement in the minimum requirement for Block Trade and Single Stock Futures trading, to ensure greater flexibility and suitability with prices of each stock, together with the preparation process for the increase of 24 new underlying stocks for trading on January 16, 2017.

TFEX has developed its products continuously by preparing for the trading of TFEX Gold-D, an electronic gold futures trading with physical delivery, providing opportunity for investors to deposit gold bullions in the central vault storage. This was in response to investors' demand in gaining profits from changes in gold prices, as well as investment in gold bullion as an asset. The trading of TFEX Gold-D was expected to commence in the first half of 2017.



3.Strengthening the domestic institutional investor base

Institutional investors are vital to equilibrium in the Thai capital market. SET has set a plan to increase a proportion of institutional investors, by cooperating with the Association of Investment Management Companies (AIMC), asset management companies and relevant agencies to promote asset management industry and expand investment via mutual funds, including continuous development of all services concerned. These are aimed at promoting public awareness and greater attention to financial planning, which will strengthen financial status, prepare for retirement, and respond to individual life targets, through different channels, notably online media, for widespread reach to people from all groups.

SET also promotes investment culture and planning through long-term equity funds (LTF) and retirement mutual funds (RMF). Employers are encouraged to prepare Employee's Choice program, as investment options for employees to strengthen financial foundation via solid retirement plan.



Thailand Securities Depository Co., Ltd. (TSD), has developed FundConnex, a technology-enabled fund service platform to process buying and selling of mutual fund orders, to-date participated by more than 50 firms in mutual fund industry. The development of FundConnex provides a key infrastructure of the Thai capital market which standardizes mutual fund operation for long-term growth, by easing operational system burdens of asset management companies and selling agents. Asset management firms can then focus more on creating favorable returns for investors, whereas selling agents can offer a greater variety of unit trusts, appropriately and efficiently providing advice. Investors can then have easy access to mutual funds. FundConnex platform is scheduled to be ready for operation in the first half of 2017.

4. Expanding the retail investor base with quality

SET has set a target to expand quality investor base, by providing them with investment knowledge and developing skills to ensure they understand alternative investment products, and risks that match their appetites. Plenty of information is available for their investment decision. Throughout 2016, SET and allied intermediaries joined hands in organizing activities, such as:

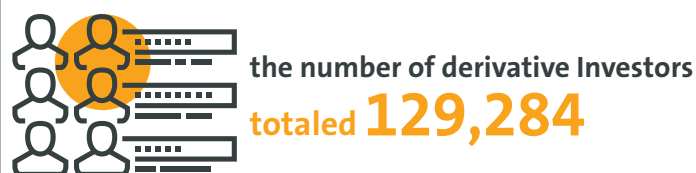
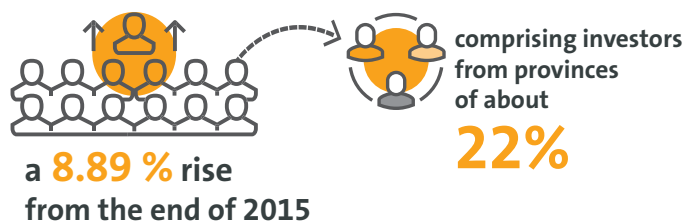
“#Investnow” campaign aims at promoting the importance of investment and encouraging investors to start now in order to create wealth and happy retirement. Emphasis has been placed on education via online channels that reach target groups widely, including cooperation with securities companies in organizing



roadshows to educate investors both in Bangkok, and urban areas of key provinces. In addition, SET has also developed an online system to facilitate securities services and the opening of securities trading accounts, via www.set.or.th/investnow, the ongoing Banker-to-Broker project has been instrumental in encouraging a shift from savers to quality investors.

By the end of 2016

there were a total of 1,355,664 investors



Financial knowledge and skills development project (Financial Matters Need Planning) has been implemented by SET for four years in a row. It aims to promote awareness among employees of the private sector, state enterprise and government officials nationwide on the necessity of financial planning and investment for financial stability for themselves and their families. In 2016, the program was implemented more widely and efficiently, which could lead to concrete learning and implementation of financial planning. Participants were required to draft the financial plan, under the concept: “Learn before it’s too late for a brighter financial future”. The program could attract more than 3.3 million participants.

SET also expands its educational service coverage among investors both in Bangkok and provinces through the “Investor Classroom” project, organizing training classes and seminars from fundamentals to in-depth curricula for quality investment. In the provinces, the knowledge can be transferred via seven SET Investment Centers (SET IC) in universities. In addition, interesting and simple educational channels and online media have been developed to enhance investment knowledge of investors and savers.

SET has allocated a spacious area for integrated investment learning in the SET building, comprising Maruey Library and INVESTORY. **Maruey Library**, in particular, has been upgraded as a leading capital market library in the country, featuring Capital Market Knowledge Digital Library. The Maruey eLibrary is connected to other 20 libraries with SET Corner for a quick and easy access to investment knowledge among investors in various provinces. In 2016, Maruey Library won an outstanding theme library award – private sector category from the Thai Library Association (TLA) under the Royal Patronage of Her Royal Highness Princess Maha Chakri Sirindhorn. Over 250,000 visitors have used the library’s services for investment information.



INVESTORY: On January 4, 2016, SET launched INVESTORY as the first investment discovery museum in Thailand, a new learning dimension to instill discipline and create savings and investment inspiration among youth and the public (Inspire to Invest). INVESTORY features a story through a Money Monster (financial devil) and SET Heroes (financial experts). Both characters will enable visitors to learn about financial planning and discover appropriate investment alternatives. Visitors can acquire investment experience in a virtual stock market simulation under historical data on prices and situations. The museum has modern design and is equipped with technology and interactive media, using



an edutainment approach. The SET Ecosystem and the prominent Bull & Bear sculpture are icons of INVESTORY. Exhibitions of significant events in the past through SET Timeline illustrated the development of the Thai capital market and SET. There were over 35,000 visitors in the first year. SET also organized mobile exhibitions at 15 educational institutions, with over 40,000 students participating in the activities.

5. Developing expertise of investment professionals and capital market infrastructure

5.1 Strengthen the base and knowledge of capital market professionals

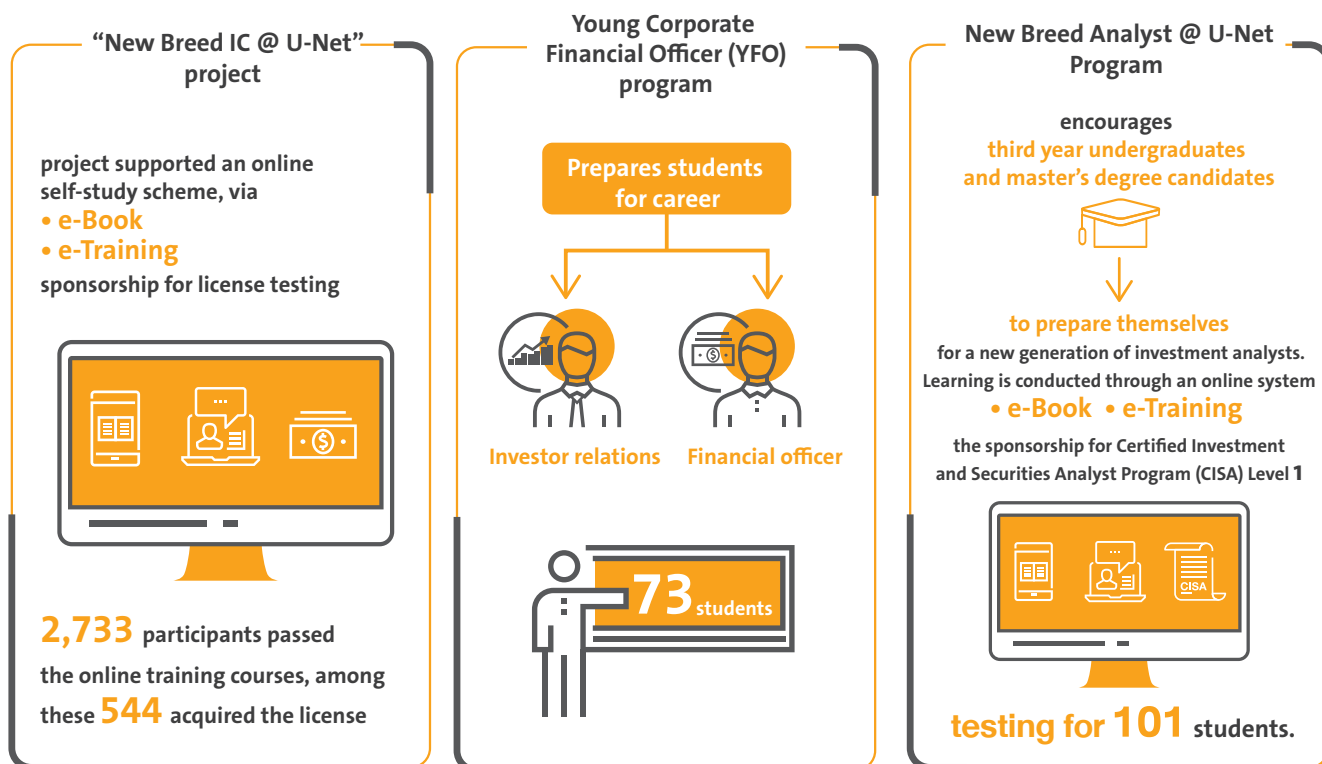
SET emphasizes the development and education of investment consultants in order to upgrade capability ready for the new asset classes to be introduced in the market. SET cooperated with the Association of Thai Securities Companies (ASCO) and the Association of Investment Management Companies (AIMC) in developing tailor-made training courses that meet the needs of

financial professionals at different levels, classified by working experience and responsibility, through “The Strengthening@Brokers” program. In 2016, there were 3,049 investment consultants attending various training courses.

In addition, SET also cooperated with more than 20 professional associations and university network in encouraging students to prepare themselves for capital market career, both at intermediary institutions and listed companies, as follows:

SET, as an agency that sets the capital market’s professional standard, has carried out its task in supervising the professional licensing standard. Throughout 2016, there were 66,119 persons entering licensing tests. As for the Certified Investment and Securities Analyst Program (CISA), there were 2,688 persons entering the tests. In regard to the supervision of license renewal standard, SET conducted 176 license renewal training courses.

SET has produced quality research studies, serving as a resource center for complete and accurate research work in



capital market development. SET has built network of academic institutions and business sectors by providing funding for research implementation and granting awards for outstanding research papers, aiming to support the creation of knowledge and high quality research papers among educational institutions in Thailand. The move in 2016 achieved cooperation from 10 universities in submitting research papers in 23 topics for the awards, including the organizing of “Capital Market Research Clinic”, where the local capital market experts joined in to provide recommendations and exchange experiences so as to enable researchers to understand the real practices, and apply in their research papers to meet the real needs and benefit the market more.



SET has regularly organized the “Capital Market Research Forum”, as a venue for exchanging research experiences among experts and specialists in the capital market industry and leading universities. In 2016, Professor Robert C. Merton, Nobel Laureate in Economics (1997), now serving as Distinguished Professor of Finance at MIT Sloan School of Management, delivered a special lecture on “Financial education and innovation for sustainable tomorrows” in an exclusive session.

In 2016, SET cooperated with the country’s IT specialists – the National Electronics and Computer Technology Center (NECTEC) in studying blockchain technology and conducting a feasibility study in developing a trading platform for startups in order to apply new technology for business development in the Thai capital market.



5.2 Develop infrastructure to support capital market development

Recognizing that capital market is seen as a major mechanism for the national economic growth, SET has placed emphasis on infrastructure development to enhance capital market development, by applying technology to provide services for all parties concerned, especially listed companies, member companies and investors, in accordance with the government’s policies to promote digital economy and Thailand 4.0.

Concerning channels to monitor investment information, SET has continuously developed the existing and new channels for quick monitoring of information by investors, in line with the current demand, as follows:

- New features on SET application on Android and iOS, such as Notification Center for significant information real-time alerts and Live Chat for communications with SET, in addition to telephone and e-mail. By the end of December 2016, the application downloads totaled 270,000.



- A LINE Official Account “SET Thailand” has been created as an additional channel for information monitoring on top of the existing channels: Facebook, Twitter and YouTube. By the end of 2016, there were over 105,000 followers of “SET Thailand” LINE account.



- Websites of the SET group, by revamping its www.settrade.com, as a major and complete data center for investors. It can facilitate the use of PC smart phones and tablets of all models and brands.
- Securities information display on SETSMART system for use on tablet has been improved, as well as database of SETSMART Enterprise to facilitate data volume and greater complexity of database structure, which will shorten data update time and enhance efficiency of the membership system.

SET has adopted new technology for cooperation with issuers and member companies to ensure greater efficiency, while reducing process and working time, as follows:

- A subscription system for recapitalization and convertible securities via digital subscription system, which will be initially applied with NVDR securities to reduce working time and documents.
- FundConnex, a technology-enabled fund service platform enabling investors to access mutual funds efficiently, as a mutual fund infrastructure to facilitate long-term business growth.
- SET FEED system to increase efficiency in disseminating securities prices, by increasing speed in data transmission time in line with the higher securities trading volume, by cooperating with member companies and network service providers to

assure that application systems of member companies can accommodate the higher data transmission volume, thus reducing data transmission time by 20 percent.

- “SETNET3 Add-on Services” project introduces new technology, i.e. video conference, Enterprise Cloud and Smart Voice Recording in order to ensure greater safety, which can be applied for member companies. There were 31 member companies confirming the use of such technology.
- Corporate contract database for member companies has been developed to be used as a digital corporate contact book, with modern search engines, which will quicken communications between member companies and SET. The system is well-accepted, and able to better respond to the fast-changing communication technology.

SET places emphasis on the adoption of technology for improvement of SET services and preparing the capital market for rapid changes in technology, as follows:

- Maintain IT service quality and standard, as the IT security system has been certified with an international standard ISO 27001 since 2013, and IT service standard has been certified with ISO 20000 since 2016. In addition, SET cooperated with capital market agencies to establish the Computer Emergency Response team (CERT) for capital market under a banner of Capital Market Sector (CM-CERT) to strengthen cooperation and preparation for cyber security to enhance confidence and strength of Thailand’s capital market.
- Adopt agile methodology for system development in order to ensure flexible and swift response to the customer demand, through closer cooperation with all parties concerned, together with application of Cloud Computing technology for growth at international scale.
- Organize “IT Future for Listed Company” special session to update listed companies on information technology (IT) innovations to strengthen their businesses, helping them keep pace with technological advances in the digital era. In addition, SET also held “ISV Forum” to support the development of technology via exchanges of experience among IT system developers, as well as a “SET Ecosystem” session for member companies in order to ensure sustainable development of the capital market, which was well received.

- Gain widespread attention by foreign Independent Software Vendors (ISV) who tendered their proposals for the development of equity and derivatives markets. By the end of 2016, 30 ISVs, from both local and foreign companies, were shortlisted for system development and greater provision of channels and alternatives for member companies in attracting more foreign investors to the Thai capital market.

On an international front, in 2016, SET projected its potential in the global capital market, by hosting the IR Magazine Award for the first time in Thailand in order to exchange views with foreign institutional investors and promote greater recognition of capability of the Thai listed firms. The Thai firms received 14 out of 24 awards the highest number of awards, reaffirming their leading quality in the region. In 2016, SET also hosted the Asian and Oceanian Stock Exchange Federation (AOSEF), a venue for discussion about major development of stock markets and capital market direction, which will move forward economic growth in each country. In addition, SET also hosted the Association of National Numbering Agencies (ANNA)'s General Meeting 2016, with opportunity to showcase the Thai capital prominence among financial organizations around the globe.

In addition, SET also initiated and hosted the first ASEAN CIO Forum, to strengthen IT cooperation among leading stock exchanges in ASEAN. There were Chief IT Officers of six stock exchanges in five countries participating in the event. Following the success of this event, ASEAN stock markets agreed to hold the ASEAN CIO



Forum on an annual basis, and each country will take turn hosting the event. Significantly, in 2016 the SET President was elected to the Board of Directors of the World Federation of Exchanges (WFE), for the first time, in order to serve as intermediary between ASEAN stock markets and members worldwide so as to promote exchanges of information on the global stock market development. SET will host the WFE General Assembly and Annual Meeting 2017 during September 6–8, 2017, to discuss key collaboration and developments among exchanges all over the world.

The Thailand Clearing House Co. Ltd. (TCH), as a Central Counterparty (CCP) for SET and Thailand Futures Exchange (TFEX), submitted an application to the European Securities and Markets Authority (ESMA) so as to seek a certification for operating at equivalent standard to that of clearing houses in Europe (Third Country CCP). It also improved its operation, including risk management standard that has already met the requirement for Qualified Central Counterparty (QCCP), which will enhance confidence among foreign investors.



In 2016, SET continued to strengthen cooperation among stock exchanges of member countries of the Greater Mekong Subregion (GMS), by coordinating with Lao Securities Exchange in organizing the Fourth GMS Capital Market Education Forum during December 8–9, 2016 in Vientiane, Lao PDR. Moreover, the GMS Professional Education Working Committee has developed a standard manual for financial advisers, as a guide for all GMS countries in developing listing knowledge and criteria for financial advisers, including discussion about a framework for developing professional knowledge in the future.



6. Employer of Choice and appropriate organizational structure

In 2016, SET revised its vision statement, as a roadmap that leads to the future, as “To Make the Capital Market ‘Work’ for Everyone”, aiming to promote the capital market as a major mechanism to sustainably drive the economy as a whole, and render benefits to all sectors in society. Education and development process will emphasize participation from employees up to executives, for better understanding and acceptance, which will lead the organization towards the goals.

The mission consists of five dimensions of development:

1. To “plant” state-of-the-art financial Platform Development that is both innovative and accessible to our customers locally, regionally and globally.

2. To innovatively “grow” Product Development that not only caters to market needs but also resonates the sustainable growth.

3. To “foster” People Development to ensure that our people will be best equipped with business competencies and professional integrity.

4. To “implant” an Inclusive Growth Approach that will enable us to perform as the best business partners and social supporters.

5. To continuously “cultivate” ourselves and our stakeholders by investing in Knowledge Management creating, sharing and generating knowledge as part of an intangible asset.

The incubation of personnel is a key part of the SET missions, in terms of potential, skill and capability. The exchange also focuses on transparency in all of the operations, and the five SET DNAs as guidelines for employees to work and drive the organization forward together.

In developing its employees, SET aims at creating, recruiting, developing and retaining potential personnel for future growth. It is vital for staff to support business and take a lead in the regional capital markets in a sustainable manner, through different types of human resource management and development, as follows:

- Leadership Development Program: It aims at developing future leaders, which has been implemented since 2010. In 2016, emphasis was mainly placed on communication skills.
- Succession Plan for Senior Executives: It is a continuous preparation process for the organization. Emphasis has been placed on the development of successor under Individual Development Plan (IDP).
- Job Rotation: It emphasizes job rotation within and across divisions, allowing personnel to gain knowledge, skill and capability to work in a broader scope.
- Performance Management: There is a clear performance management system linked with the organizational targets. The SET President has the KPI that links with the corporate targets, which will be cascaded down to the executives and individual employees, respectively. The KPI is also linked with performance-based compensation for each employee.
- Scholarships Program for Master’s and Doctorate Degrees for Employees: It enables employees to upgrade their knowledge

and capability, as well as application of new technology and innovations for organizational development. The program comprises one scholarship for Ph.D. study and four scholarships for MBA studies and Computer Science. In 2017, SET will initiate scholarships for the general public in order to recruit capable staff to work with SET, and to prepare for future operations.

- SET Trip 2016 Program: It is a team-building camp full of activities for employees and executives to synergize and build teamworking spirit.
- SET promotes internal communications via different channels, such as joint meeting of executives at different levels, townhall meeting, and knowledge sharing for employees, including the regular informal meetings among employees and executives, etc. These include online communication channels, such as intranet and introduction of a Yammer program to create social media platform for knowledge sharing among executives and employees, including the establishment of SET Eng Society in Yammer to develop English language skills.

It is necessary to communicate and promote SET DNA in 5 areas: “Leadership-Proactive-Proficient-Partnership-Sustainable”.

Therefore, a taskforce has been set up consisting of representatives from executives and employees from all divisions in order to create common understanding and participation, through internal communication channels and continuous activities.



All employees are valuable assets. Therefore, employees should possess the pride and trust in the organization. Many projects have been developed to create and enhance the mutual working surroundings to develop their potential and a happy workplace. This has resulted in high quality of work and competitive capability, as such ready to effectively cope with imminent competition and changes in the organization.





The Foundation of Development

Creating products and services to fulfill stakeholder needs, while achieving excellence in all facets of operations



The SET group's strategic plan for 2017 and long-term strategic goal

The Stock Exchange of Thailand (SET) aims to serve as a cultivator to develop the Thai capital market and fulfill stakeholders' needs. Thus, SET has set out a vision "To Make the Capital Market 'Work' for Everyone" and the long-term strategic goal emphasizing sustainable growth for the capital market, economy, society and country.

Under such vision, SET has set key goals to be achieved by 2020: 1) growing the Thai capital market to support the development of the Thai economy, 2) providing infrastructure and various investment services with world-class standard, and 3) continuing to be the regional leader in sustainable development.

Our 2017 plan will be under the three main pillars, as follows:



1. Fund-raising Cultivator

1.1 Attract new high quality listed securities

SET aims to facilitate fund raising for both domestic and international businesses. Key segments are 1) high-potential and government-targeted industries and clusters, such as food and energy, 2) state-owned enterprises' infrastructure funds and spin-off companies, and 3) regional foreign assets. In 2017, SET

targets to increase market capitalization by THB 280 billion from initial public offering (IPO).

1.2 Enhance quality and capability of listed companies

SET aims to increase market capitalization by THB 270 billion from secondary equity offering (SEO) in 2017, through the usage of SEO tools and instruments available in the capital

market. SET will also provide various types of training for corporate professionals so that they can effectively utilize the capital market to meet their firms' financial needs. In addition, SET will continuously promote visibility of listed companies through outbound roadshow in key markets and new markets to attract foreign investors to promote listed companies for inclusion in leading international indices.

Furthermore, SET will focus on sustainable development of listed companies. SET will encourage them to embrace their business model with the environment, social, and governance (ESG) principles to be eligible for inclusion in local and international sustainability indices.

1.3 Build startup ecosystem to promote growth of stakeholders

SET plans to support the development of a sustainable startup ecosystem in Thailand. We aim to incubate high potential startups to enhance their capabilities in doing business, and will facilitate matching scheme among the startups and investors to promote business linkage and funding opportunities. Moreover, SET plans to build a new over-the-counter (OTC) trading platform to help startups to access capital and to provide Accredited Investors (AI) with alternative investment opportunities.

2. Investment Cultivator

2.1 Encourage sustainable investment culture through investment platform for retail investors

Collaborating with our partners in the capital market, SET will encourage retail investors, especially the young generation and new investors, to sign up on a regular Investment Saving Plan (ISP). SET will offer a digital platform that will allow investors to plan their investment that best suits their lifestyle and risk appetite.

In addition, SET will build an investment portal that will provide retail investors with the ability to manage multi-asset investment portfolio enabling them to manage and monitor their asset allocations more efficiently.

In 2017, SET targets to attract 110,000 retail investors from equity market and derivatives market.

2.2 Promote investment in provident fund and equity mutual fund to cope with Thailand's aging society

While Thailand is entering the aging society, SET aims to improve the financial stability of the Thai people's post retirement. Cooperating with asset management companies, SET plans to promote Thais to allocate more of their savings to provident funds and equity mutual funds for higher investment yields in the long run.

SET will also encourage employers to offer provident funds with employee-chosen asset allocation scheme (employee's choice), enabling employees to better select investment plan that matches their long-term investment target and risk profile.

2.3 Support business of intermediaries and increase market access of foreign investors

SET will support the business of intermediaries by

- 1) strengthening the capability of investment consultants of securities companies through various training programs,
- 2) educating selling agents of insurance companies and commercial banks on capital market-linked products, and
- 3) launching a centralized fund service platform, called "FundConnex", to enhance the efficiency of distribution channels and increase investment access of retail investors.

Furthermore, SET will increase market access of foreign investors by organizing outbound mutual fund roadshows to promote Thai asset management companies' products and attract new foreign institutional investors. SET will also work with domestic and regional securities companies to promote investment in Thai securities among ASEAN retail investors.



3. Excellent Infrastructure & Capability

3.1 Develop capital market infrastructure to support new business

In 2017, SET plans to focus on four major infrastructure developments, which are:

1) preparing for the shortening of clearing and settlement cycle from T+3 to T+2 to be on a par with the best international practice, 2) developing IT infrastructure to be an Open Architecture, 3) implementing cyber security practices that are international standards such as ISO 27001, etc. and 4) expanding digital disclosure infrastructure of listed companies' information to provide automatic notification on key announcement dates.

Moreover, SET will adopt international practices on sustainable organization, such as operating with such green policy as green purchasing process and promoting social enterprises (SE), among others. SET has also launched the SET Social Impact Platform to help connect SE's products and services with their potential clients consisting of listed companies, consumers, etc.

3.2 Strengthen international recognition and regional collaboration

SET plans to raise international profile by regularly communicating with foreign investors, issuers and major international intermediaries on important information highlights and potential of the Thai capital market. In 2017, SET will host General Assembly & Annual Meeting of the World Federation of Exchanges (WFE) which will showcase SET's strengths and capabilities at international level.

In addition, SET will further expand and create business linkages with other capital markets in the region. SET plans to introduce a Cambodia, Lao, Myanmar and Vietnam or CLMV index to be derived from a number of Thai listed companies generating revenue from or investing in CLMV countries. SET also plans to cooperate with other exchanges in the region to create cross-border products and regional trading system.

Corporate Governance Report

The Stock Exchange of Thailand (SET) places importance and priority to maintain high standards of good corporate governance and business operation with integrity, transparency and fairness to all stakeholders, and drive all listed companies to achieve its performance in line with good governance best practice. SET's key activities to enhance corporate governance are summarized as follows:

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, submit 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.

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.

In 2016, the BoG called an ordinary meeting on April 21, chaired by the BoG Chairman and attended by six governors (out of the total of 11). There was one extraordinary meeting in 2016, with attendance of 91% of members. Among the matters considered were the election of governors, the appointment of the auditor, and the consideration of significant practices relevant to members.

Protection of members' rights above the standard required by law

Before the meeting	On the date of the meeting	After the meeting
<ul style="list-style-type: none"> Meeting documents were disseminated to all members before the meeting date via postal mail. Meeting documents covered information on the date, time, venue of the meeting, meeting agenda, proxy forms and a complete set of supporting documents for the meeting agenda. The meeting is normally held at the SET building and starts at 4.00 p.m., making it convenient for all members to attend. SET members can add items to the meeting agenda ahead of the meeting through electronic or postal mail. 	<ul style="list-style-type: none"> The BoG Chairman presides over all meeting. The BoG Chairman offers all members an equal opportunity to give suggestions and ask questions, including voicing their views, etc. Three-fourths of all members constitute a quorum. 	<p>The minutes of the SET members meeting will be sent to all members via postal mail within 14 days after the meeting.</p>



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, etc., building clear understanding in compliance with the SET regulations. Moreover, 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. In 2016, SET took the following measures to facilitate and promote the equitable treatment of members:

Collaborative activities among members in 2016



SET&ASCO Executive Luncheon Meeting (5 times)

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.



Member meeting (3 times)

Arranged three seminars for members, under the topics of

- 2016 Plan to improve quality of financial advisors and promote investor education
- Progress of the preparation for the Financial Sector Assessment Program (FSAP)
- Preparation for enhancing settlement process to enable a shift to T+2 settlement



CEO Networking (1 times)

This was a panel discussion among senior executives of all brokerage firms to strengthen the good relationship and enable members to express opinions on the securities business.

Roles and treatment of stakeholders

The SET Board of Governors (BoG) is committed to responsibility in governing the SET group to conduct business with transparency and fairness to all stakeholders according to the practical principles and guidelines in the SET Code of Conduct as shown below:

Best practice on stakeholders

Members, listed companies and asset management companies

- 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 standards
- 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

Best practice on stakeholders (cont'd)

Investors and the public	<ul style="list-style-type: none"> • Developing a variety of financial instruments, products and services with service excellence and providing accurate and adequate information about them • Providing complete, accurate and updated information • 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
Employees	<ul style="list-style-type: none"> • Providing development programs to enhance employee competency and career advancement opportunities • 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 • Taking care of its employees consistently well, with equal treatment and welfare benefits • 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.
Suppliers and other business partners	<ul style="list-style-type: none"> • Treating suppliers and business partners with fairness and transparency, based on mutual benefit • Avoiding dishonest conduct purposely carried out to benefit suppliers/business partners. All parties must strictly comply with contractual agreements, obligations and conditions.
Creditors	<ul style="list-style-type: none"> • Complying with contracts or agreements as well as guaranteeing conditions with creditors strictly • Managing effectively to ensure that creditors trust in SET's financial status and debt repayment ability (solvency) • Disclosing financial information accurately, completely and in a timely manner
Competitors	<ul style="list-style-type: none"> • Competing fairly, not seeking to obtain competitive intelligence dishonestly and not being involved in illegal actions to gain competitive information or beat competitors
Government sector	<ul style="list-style-type: none"> • 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
Society, community and the environment	<ul style="list-style-type: none"> • 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 2016.)

SET has placed importance on operating business with sustainable development principles. SET supports the value chain of developing the capital market growth, and continues to move towards becoming a sustainable stock exchange. SET continuously holds activities to support the quality of listed firms to be enhanced with consideration on environmental, social and governance (ESG) aspects, enhance quality investor, develop skills of capital market professionals, groom capital

market professionals and build infrastructure, while enhancing market transparency and market integrity. The results of a survey measuring satisfaction in the SET group's services in 2016 among customers and concerned parties consisting of listed companies, member companies, asset management companies, financial consulting companies, commercial banks and insurance companies, found that the overall satisfaction score was 85%.



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 2016

Number of full-time staff	• 752 employees consisting of 239 males and 513 females
Turnover rate	• 6.5%
Number of sick leave days	• 2.7 days/year
Accident or sickness rate	• There were four cases of work-related accidents or sickness, representing 0.0053 percent of the total number of employees. There were no incidents that risked disruption to work, or contraction of diseases arising from work.

Welfare benefits

- Provident fund scheme, medical welfare, scholarships, financial welfare and emergency loans
- Provident funds for employees: managed by an external fund manager. Contributions to be made monthly by the employees at deduction rates ranging from 3.00% to 15.00% of their basic salaries
- The savings co-operative unit promoting savings and financial support among members
- SET Employees Club consisting of appointed and elected staff to be the center point for promoting employee-relations activities while creating a teamwork spirit, synergy and happiness among executives and staff in the working environment, as well as extending to the society.
- Providing employees with continuous block leave (5 working days in a row) so they could manage their annual leave effectively

Safety and healthcare

- A top priority is to maintain a hygienic and safe working environment for employees. In 2016, there were various operations conducted to ensure a safe and clean workplace such as spraying antibacterial and antivirus disinfectants on all floors of the office buildings four times during the year; spraying insecticides to control mosquitos, termites and ants monthly; and conducting annual fire drills.
- SET realizes that employees are valuable assets and key success factor of the organization. Apart from supporting efficiency at work, SET emphasizes the importance of work-life balance by providing workplace Ergonomics as well as sport facilities such as fitness room, basketball court, table tennis room, etc.
- SET provides welfare benefits and annual physical checkups including physician and nurse available in the first-aid room.

Remuneration and career advancement opportunities

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 2016, four scholarships were granted.

Compensation system	<ul style="list-style-type: none"> • Having a remuneration system competitive to leading corporations, corresponding with the economic situation and SET's long-term achievements. The evaluation system is based on the exchange's achievements, key performance indicators (KPI) and actual individual performance (Performance Based Pay). • Remunerating employees and management on a par with other leading organizations. evaluation system is the balanced scorecard system to cascade SET KPIs to individuals, with measures of performance for financial, customer, internal process, and learning and growth. Furthermore, SET holds an annual ceremony to honor employees who have continuously worked in the organization for long periods, with token of appreciation at every five years of service, starting from year 10 on wards.
Scholarship	<ul style="list-style-type: none"> • 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.

Employees training and development

As employees are valuable resources and key success factor of the organization. SET recognizes the importance of developing its human resources by providing career development programs, both internal and external training as well as functional training to enhance employee competency and career advancement opportunities.

Employees training and development in 2016	
In-house Training	<ul style="list-style-type: none"> • Allocated 80 courses focusing on leadership and management enhancement. Executives and staff attended 4,675 man-days in duration. The total budget was THB 10,663,246. • Provided monthly knowledge-sharing sessions, semi-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.
External Training	<ul style="list-style-type: none"> • 80% of executives and staff attended various types of training for the total of 2,800 man-days in duration.
Executives Training Courses	<ul style="list-style-type: none"> • Arranged for senior management to attend training courses organized by professional executive development institutes, focusing on various areas of development including "Be an Effective Influencer to Lead Change in SET", "TLCA Executive Development Program" and "DCP Program". A total of 112 man-days were spent in these training programs.



Employees training and development in 2016

Enhance knowledge and understanding of environmental conservation

Provided a training program to enhance employees' knowledge and understanding of environmental conservation so that they could become aware of the use of resources and their value, and also help reduce global warming. Examples of such training include:

- "Cabinets and papers" activity to provide information regarding the classification of the documents via infosafe
- "a-b-c for SET Relocation" activity to give employees the knowledge about the use of electrical appliances and system in SET's new building for full efficiency and eco-friendly results
- "Zero foam...No Plastic" campaign to encourage employees to reduce the packaging foam and plastic, promote behavior in using fabric bags instead of plastic bags

Moreover, SET is committed to effective communications and cascading information down from top executives to staff and among all management levels such as:

- Town hall meetings, a regular and continuous internal communications channel between top executives and staff to keep informed and enhance understanding among all staff on SET key strategic plan, guidelines and directions.
- Management meetings, a regular meeting enabling 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.

SET has continuously surveyed employee engagement to the organization for 12 years. In 2016, the survey showed that the performing employee's engagement was in the 70th percentile compared with other organizations around the world, better than the previous year. SET will continue to do this survey to develop work environment in the organization because SET believes the higher employee's engagement rate, the better teamwork and more success.

Business partner selection process

SET has set up the guideline for business partner selection based on fairness and transparency. The selection process must strictly comply with SET's rules and regulations as well as practices regarding purchasing and procurement to avoid any conflict of interest.

SET shows an intention to broaden the idea of transparency in business and anti-corruption to every business partner or potential

business partner. Since 2015, SET regulated "SET's Supplier Code of Conduct", setting forth the standards and practices by providing guidelines to encourage suppliers to conduct their business in such a way that they address social, environmental, and governance concerns, on top of the reasonable price, products and services quality and delivery timeline. In 2016, SET asked for cooperation from every business partners to sign the SET's Supplier Code of Conduct to recognize SET's intention which has been signed by 80 percent of all business partners. SET aims to reinforce the business power against corruption.

Anti-misconduct and anti-corruption policy

SET's BoG realizes the importance of conducting business with integrity, without misconduct and corruption. In 2016, the BoG approved "SET's Anti-Corruption Guidelines", indicating best practices for governors, committee members, advisors/experts, and employees. In addition, some practices have been revised to be in line with best practice of combat corruption as regulated by the Private Sector Collective Action Coalition Against Corruption Council, or CAC. SET is committed to complying with the policy of 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 party and all stakeholders in order to establish a shared understanding and common culture in the fight against misconduct and corruption.

Key supporting activities to implement the Anti-misconduct and Anti-corruption policies in 2016

Communicating the intention in the Anti-misconduct and Anti-corruption policies

Internal	<ul style="list-style-type: none"> Disseminated SET's Anti-Corruption Guidelines via SET's intranet Disseminated articles, via e-mail, to enhance employees' knowledge and understanding of SET's Anti-Corruption Guidelines Organized training session on "Fraud Risk Management" to provide knowledge, promote understanding and realization on fraud risk in practice and risk management, in line with SET anti-corruption measures. Provided an orientation of SET's Anti-Corruption Guidelines to new employees.
Suppliers, listed companies, other stakeholders etc.	<ul style="list-style-type: none"> 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, and terms of reference announcements. Posted "SET's Anti-Corruption Guidelines" on the SET website, and sent the circulate letter and newsletters to requested listed companies and security companies to cooperate in refraining from giving gifts to SET staff in order to create standard for best practice.

Risk assessment of the anti-corruption

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.

Monitoring of the Anti-corruption policy's implementation

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.

Creating awareness in the Anti-misconduct and Anti-corruption policies

- SET executives and employees attended the 2016 annual conference of the Institute of Internal Auditors of Thailand (IIA) under the topic of "Anti-Corruption: Joining Collective Action Coalition to Pave the Way Forward", and "Anti-Corruption: IA's Challenge in Detecting and Preventing Fraud" on October 18, 2016.
- SET governors, executives and employees joined the CG Forum on "Corruption in workplace: The risk which can be prevented and controlled" on August 24, 2016.



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 for the development of anti-corruption guidelines for Thailand.
- Joined the Anti-Corruption Day 2016: “Retribution for Corruption” together with members of Anti-Corruption

Organization of Thailand from both public and private sectors on September 11, 2016

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.

Whistle-blowing policy

SET has set a policy 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 and posted via the SET’s website in the “Whistleblowing policy” section.

Channels for whistleblower	<p>All stakeholders can communicate report on illegal acts to the Chairman of the Audit Committee by</p> <p>1.e-mail: ChairmanofTheAuditCommittee@set.or.th</p> <p>2. Postal mail: Chairman of the Audit Committee Internal Audit Department The Stock Exchange of Thailand 93 Ratchadaphisek Road, Dindaeng Bangkok 10400</p> <p>Moreover, SET has specified the Compliance Department to be responsible for receiving report or complaint from employees about wrongdoings or events that could violate the SET Code of Conduct.</p>
Whisterblower cases	In 2016, no such reports were submitted via SET channels.

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 available in both Thai and English languages. Samples are as follows:

- SET’s published information on its overall operations covering the vision and mission of the SET group, the structure of the SET group operations, names and profiles of SET governors and executives, the SET operations report, whistleblowing channels, including information on corporate governance and corporate social responsibility

- Listed companies' and securities companies' information: rules and regulations for listed companies and securities companies, as well as trading surveillance and compliance, etc.
- Investors and potential investors' information: financial products and services, trading data, SET news and activities, information for new and existing investors, and policy for protecting the rights of investors
- SET financial reports : SET's annual financial report, including audited financial statements and Management Discussion and Analysis will be available on website no

later than 60 days after year-end, (same criteria as listed companies). The 2016 SET financial report was published on February 15 2017, or 45 days following the end of the period covered, which was before the deadline. The BoG provides a statement of its responsibilities related to the SET financial reports alongside the auditor's report in the SET's annual report. SET's annual report is also available on its website no later than 60 days after year-end, (same criteria as listed companies). SET's 2016 annual report was circulated to the members' meeting on April 26, 2017.

SET has set up SET Contact Center for all stakeholders' enquiries via phone calls, e-mail or postal mail.	The Stock Exchange of Thailand Building 93 Ratchadaphisek Road, Dindaeng Bangkok 10400 Tel: 02-009-9000 Fax: 02-009-9991 e-mail : SETContactCenter@set.or.th, Tel : 02-009-9999
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Responsibilities of the Board of Governors

The Board structure

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

The Board Structure		
5 Governors appointed by the Securities and Exchange Commission	5 Governors elected by the SET members' meeting	1 President appointed by the ten previously-appointed governors
The Board of Governors has elected one governor, excluding the SET president		

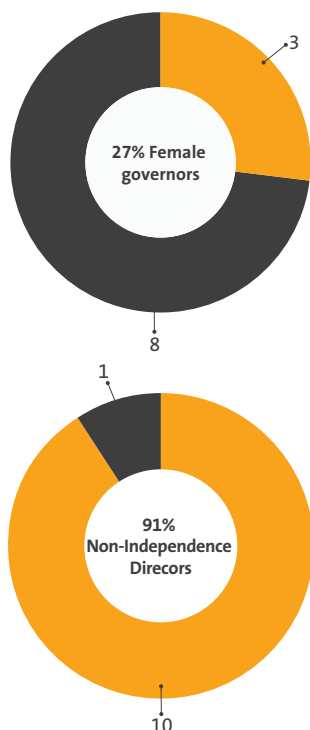
The service term of every governor, other than the SET president, is two years. Each governor may be re-appointed for a maximum of two consecutive terms. The SET president's term is four years and he / she can be re-appointed.

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 the Board activities and monitoring matters in compliance with the resolutions.

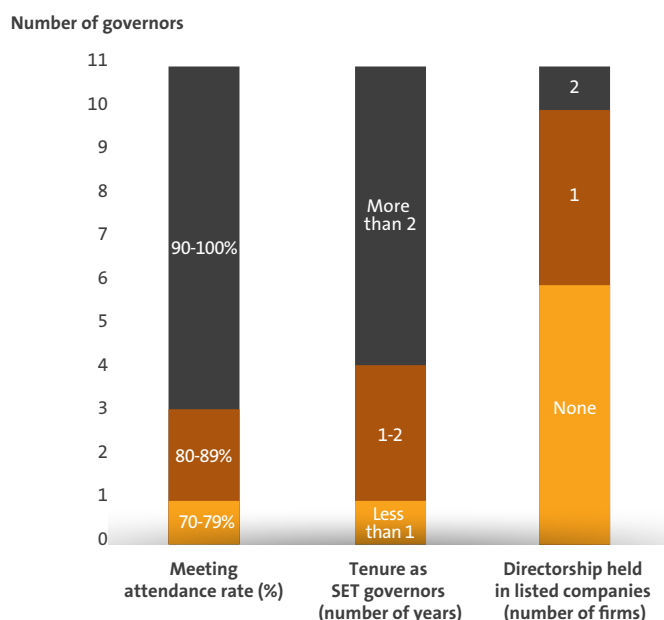


Highlights of the Board of Governors' profile a in 2016

Structure and Independence



Board of Governors' profile



Roles and responsibilities of the Board of Governors

(1) Vision, mission, strategic plan

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 2016, The BoG approved the long term strategic plan in the period of 3 years (2017-2019), and set the new SET's vision "To Make the Capital Market 'Work' for Everyone" and the strategic direction as "Cultivator with integrity toward sustainable growth". The BoG also approved SET's strategic plan, budget, manpower plan as well as the Corporate KPI for

2016 to be in line with the vision and mission of the 3-year period and to support the "Thailand 4.0" strategy.

(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 separate. 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	<ul style="list-style-type: none"> • 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 for efficient operation, with decent internal control
Roles and responsibilities of the President	<ul style="list-style-type: none"> • 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. • The SET president reports 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.
- The purchase or procurement of products or services over THB 10 million must be submitted to the BoG for approval. The purchase or procurement 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 2016, the BoG appointed committee members 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 on page 68

(3) Succession planning

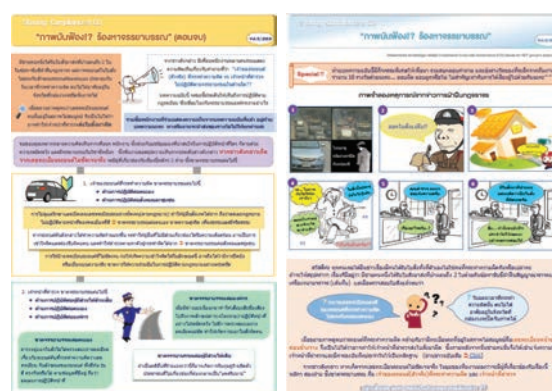
SET realizes the importance of succession planning to ensure the work progress and continuity of such key positions as the SET president and other top executives. The process to select a successor is clear and transparent, considering the background, competency, ethics, leadership skills and vision of 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

- *SET CG policies and Code of Conduct* were guidelines for business operations as well as for SET governors, committee members, consultants/experts, and employees. 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 2016, the BoG approved the use of current Code of Conduct, which is sufficient and in accordance with international standard.
- *Notification of the Board of Governors of The Stock Exchange of Thailand Re: Good Practices and Restrictions regarding the Acquisition or Disposition of Listed Securities and Report on Interest for Governors and Employees: Good Practices and Restrictions regarding the Acquisition or Disposition of Listed Securities and Report on Interest for Governors and Employees:* The practice guidelines for governors and employees of the SET group, including the governors or employees responsible for educating employees and their spouses and children under 18 to comply with these guidelines. The guidelines specified that the buying or selling of listed securities must be carried out as an honest investment, not using information or authority from the operation. The details are as follow:
 - Governors: To report on their securities holding confidentially

- All employees: To seek written approval from their superior before buying or selling securities. Employees are not allowed to sell securities before 30 days of holding.
- Employees who are responsible for the work that can have access to internal information are not allowed to buy or sell listed securities directly.
- *Activities to support employees' knowledge and understanding of Corporate Governance in 2016*
 - Communicating CG policy, Code of Conduct and relating practices via internal website (Intranet) and SET website
 - Regularly preparing articles with updated movements in "Sharing: CG& Compliance" column via SET's intranet
 - In 2016, Sustainability Day was held on October 13 under the theme "SET Way...Sustainability Way", This year the name was changed from CG Day to Sustainability Day to enhance the employees' understanding of CG as a root towards sustainability and communicate SET employees' sustainable characteristics, which is one of SET's core values.



- *Policies and guidelines for managing conflicts of interest issues*

Governors, Committees, Advisors	To sign in Letter of Independence before taking up duties and at the beginning of the year to certify themselves that they will work with good Governance. In case of conflict of interest directly or indirectly, they must inform all related persons in advance and must not involve in any decision making or voting on that project.
President, Executives, Employees	<ul style="list-style-type: none"> • Not allowed to serve as the boards or consultants of listed companies or member firms. • If serving as the board of other companies or organizations, must seek prior approval from the president. If the president is the person in question, must seek prior approval from the chairman. • If involving in transactions with SET, 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 at December 31, 2016 there was no SET president nor senior executives serving as director, committee member, or advisor to other companies aside from companies in SET Group and other organizations relating to capital market development.

- *Policies on confidentiality and data usage*

To protect and safeguard SET confidential information and prevent information leak, SET has created the Data Classification Policy. Written procedures and guidelines for data classification have defined categories and criteria, to be used by SET to classify data and specify the roles and responsibilities of employees within the organization. Compliance will instruct the business functions to follow this policy and provide an appropriate tool for data disclosure to its most effective and efficient manner, as well as preventing data leak.

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

In 2016, SET governors and employees strictly complied with SET CG policies or Code of Conduct. There were no compliants involving wrongdoing or business malpractice by SET governors, management or staff that went against SET CG policies or Code of Conduct. In 2016, 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 Audit and Internal Control

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 putting things in writing. Monitoring system has also been set up. The BoG has 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. In 2016, Chanapai Supphasuk was 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 emphasized the importance of compliance with rules and regulations of the regulator. Internal Audit Department must be prepared to ensure SET operations are based on the internal control guidelines and framework of The Committee of Sponsoring Organization of Tradeway Commission (COSO) which contains five components and 17 principles.

In 2016, 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:

- SET has continued to enhance its computer system so members can make transactions more conveniently and efficiently, by 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. SET always recognizes the importance of security of Information Technology system. SET has been certified by ISO 27001 and ISO 20000.
- The Internal Audit Department has continuously improved the quality of internal audit through training for general audit skills and specialized skills such as Cyber Security/Client site attack/Corporate Income Tax. The training took 76 man-days.
- SET is required to have a Quality Assessment Review (QAR) conducted by external independent appraisers every five years as well as peer and self assessment every year. In 2016, SET hired Deloitte to have a Quality Assurance Reviews to assess the effectiveness of Internal Audit's activity based on the International



standards for the Professional Practice of Internal Auditing (IIA) and benchmark with other leading firms and international exchanges. From the assessment, SET Internal Audit function generally conforms to the Standards, which is the top rating and means. SET has concluded that the relevant structures, policies, and procedures of the activity, as well as the processes by which have been applied, comply with the requirements of the standards, the Code of Ethics, or the Definition of Internal Auditing in all material respects to ensure that SET's overall internal control system has functioned adequately and appropriately.

(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, consisting 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.

- Establish a Business Continuity Plan (BCP), which includes Crisis Management Plan, Business Continuity Plan and IT Disaster Recovery Plan. In addition, the annual review and practice of the implementation of the plan with other agencies in the capital market have to be conducted 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 continuity in securities trading.
- 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 the 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, including the Fraud Risk Management which has been organized for 4 years.

Based on all of the above activities, the BoG concluded that SET has adequately conducted key function of risk management, which cover all important risks suitably, continuously as well as in accordance with the current situation. (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 preparation and disclosure process of financial report together with some information which may have conflict of interest were established to ensure that all information is accurately and adequately disclosed in a timely manner in accordance with the

generally accepted accounting principles and standards, as well as truly reflecting 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) Compensation for External Auditors

- Audit Fee: In 2016, The Stock Exchange of Thailand and its subsidiaries paid the audit fee of THB 2,532,000 to the audit firm relating to an audit work.
- Non-Audit Service Fee: The Stock Exchange of Thailand paid the other service fee of THB 271,000 collaborating with the other 6 parties: The Thai Bankers Association, The Association of International Bank, Association of Thai Securities Companies, Association of Investment Management Companies and The Thai Life Insurance Association to hire the audit firm and other businesses related to the audit firm in preparing the Thailand Local IGA Guidance, which will be used as a guideline for Thai Financial Institutions to perform their duties under relevant local law in connection with the US's Foreign Account Tax Compliance Act (FATCA) and Thailand FATCA IGA.

Management considered that using the audit firms' other services, not an audit work, is not regarded as conflict of interest and not self-examined. This did not result in the lack of independence nor impartial in auditing, and has been approved by the Audit Committee.

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 2016, 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 2016, there were 17 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 president has also received the results of the board meetings.



		Board of Governors	Audit Committee	Nomination and Remuneration Committee	Corporate Governance and Social Responsibility Committee	Risk Management Committee
Number of meetings		17	15	7	6	5
Non-executive directors						
Chaiyawat	Wibulswasdi	17/17				
Charnchai	Kongthongluck	16/17	7/7	4/4	2/2	2/2
Kittipong	Urapeepatanapong ¹	11/17				
Chaipatr	Srivisarvacha	17/17	8/8	6/7	2/2	
Jotika	Savanananda ²	14/17	14/15	7/7		
Prinn	Panitchpakdi ³	9/10			4/4	
Pichet	Sithi-Amnuai ⁴	17/17			6/6	3/4
Voravan	Tarapoom	15/17		7/7		3/4
Somchai	Thaisa-Nguanvorakul ⁵	15/17			5/6	
Subhak	Siwaraksa ⁶	17/17	15/15		5/6	
Governors whose terms ended during 2016						
Suthep	Peetakanont ⁷	7/7		3/3		2/2
Executive director						
Kesara	Manchusree	15/16 (1 NEDs' meetings)		7/7	5/6	4/4
Experts						
Ruchukorn	Siriyodhin					3/4
Somkiat	Sirichatchai					4/4
Anyra	Khanthavit					4/4
Attendance rate		91%	98%	97%	91%	89%

^{1, 4} Term ended May 27, 2016 and re-assigned for another term from May 28, 2016 to May 27, 2018

³ Re-assigned for another term from May 28, 2016 to May 27, 2018

^{2, 5, 6} Term ended August 10, 2016 and re-assigned for another term from September 2, 2016 to September 1, 2018

⁷ Term ended May 27, 2016

Board assessment

The SET's Board of Governors approved the performance evaluation to assess the Board of Governors at least once a year to review the performance, including problems and difficulties to enhance working efficiency, and in accordance with the principles of good corporate governance. In 2016, 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.

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. For the evaluation of the Chairman's performance, the Chairman of the Corporate Governance and Social Responsibility Committee reported the result directly to the chairman. The details are as follows:

Type of performance evaluation	The criteria for assessment (by sections)	Average score
Assessment of the BoG as a whole	1. Strategy and business planning 2. Risk management and internal control 3. Conflict of interest 4. Corporate governance 5. Delegation of authority 6. The BoG's readiness for meetings 7. Meetings 8. Assessment and succession planning for executives	4.40/5.00, or 88%
Individual self-evaluation	1. Duties and responsibilities of the Board	4.40/5.00, or 91.2%
Individual assessment by other board members	2. Meetings 3. Independence 4. Self-development of governor	4.76/5.00, or 95.2%

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 2016, 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 report to the SET Board of Governors.



Board remuneration

Subject to the provisions of the Securities and Exchange Act, the BoG Chairman and other BoG members will 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 the member companies' meeting for approval, in accordance with the provisions of the Securities and Exchange Act, Section 177.

The 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.

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

* Excluding the chairman's special remuneration of 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

Total compensation, except the president, are non-executive directors.	Board of Governors	Audit Committee	Nomination and Remuneration Committee	Corporate Governance and Social Responsibility Committee	Risk Management Committee*	Other committees and boards of subsidiaries
Current governors						
Chaiyawat Wibulswasdi	5,844,000					540,000
Charnchai Kongthongluck	936,000	273,333.33	343,000	287,000	343,000	375,000
Kittipong Urapeepatanapong	936,000					278,000
Chaipatr Srivisarvacha	936,000	326,666.67	420,000	191,333.33		
Jotika Savanananda	936,000	900,000	420,000			
Prinn Panitchpakdi	556,064.52			228,666.67		20,000
Pichet Sithi-Amnuai	936,000			534,333.33	420,000	14,000
Somchai Thaisa-Nguanvorakul	936,000			420,000		75,000
Subhak Siwaraksa	936,000	600,000		420,000		
Voravan Tarapoom	936,000		420,000		420,000	
Governors whose terms ended during 2016						
Suthep Peetakanont	379,935.48		255,725.81		255,725.80	390,000
Total compensation						

* Excluding the Risk Management Committee's remuneration for three members who are experts/advisors: Ruchukorn Siriyodhin, Somkiat Sirichatchai and Anya Khanthavit.

Remuneration for top executives

The Nomination and Remuneration Committee also considered the compensation criteria for individual member 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 are clearly defined. It is to benchmark individual actual performance against their respective KPIs, individual compliance with BoG policies, the overall economic and social situation, and historical records.

In 2016, SET's top executives consisted of the president, six senior executive vice presidents and 13 executive vice presidents, for a total of 20. The monthly salary, cost-of-living, special reward, bonus and provident fund from SET totaled THB 183,476,482.88

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 as essential matters for conducting as a Board of Governors.



In 2016, 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, as follows:

- Advanced Audit Committee Program (AACP) organized by the Thai Institute of Directors (IOD), participated by Chaipatr Srivisarvacha (details in table below)
- Idea exchanging on Disciplinary Process in the view of prosecutors organized by SET, participated by Suthep Peetakanont
- “The 34th AOSEF General Assembly 2016”, attended by Chaiyawat Wibulswasdi, Voravan Tarapoom and Kesara Manthusree
- CG Forum on “Integrity and Carefulness as Immunity for Board Directors” organized by SET, participated by Professor Kitipong Uraepatanapong as guest speaker
- “Investing Transformation towards Prosperity” to share and exchange investment ideas based on Warren Buffett’s theory including such latest trend of Financial or Investment technology as Fintech, highlighting world-class speakers such as Mary Buffett, etc., organized by SET, attended by Voravan Tarapoom, Charnchai Kongthongluck, Prinn Panitchpakdi and Kesara Manthusree
- Seminar: 2016 “Thai Fight II” organized by the Federation of Thai Capital Market Organizations (FETCO), participated as guest speakers by Voravan Tarapoom, Kesara Manthusree, Pichet Sithi-Amnuai and Prinn Panitchpakdi
- Corporate Governance Code, a top-level seminar, jointly organized by three organizations: SET, the SEC and IOD, attended by Pichet Sithi-Amnuai
- SET Social Impact Day 2016: Sustainable Consumption Reform the Next Growth, an annual conference organized by SET, participated as guest speaker by Prinn Panitchpakdi
- Mutual Funds and Investment Management Conference, organized by Investment Company Institute (ICI) in xxxx USA, attended the training and conference by Jotika Savanada
- Exclusive lecture by Prof. Robert C. Merton (Nobel Prize Laureate in Economics) on “Financial Products and Services in the Impending Future”, organized by SET, attended by all SET governors

Due to the passing of His Majesty King Bhumibol Adulyadej of Thailand (October 13, 2016), the mourning period and the ceremonies in remembrance of our beloved King, SET has postponed some activities in 2016 such as SET Sustainability Awards 2016, SET SD Forum 2/2016, among others, to be rescheduled in 2017.

Training at the Thai Institute of Directors Association (IOD) in 2016

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 (AACP)	Audit Committee Program (ACP)	Risk Management Committee Program (RMP)	Financial Institutions Governance Program (FGP)	Role of the Compensation Committee (RCC)	Role of the Nomination and Governance Committee	others
1. Chaipayat	Wibulswasdi	✓		✓								
2. Charnchai	Kongthongluck	✓										CGI
3. Chaipatr	Srivisarvacha	✓			✓	✓ 2016-17*						
4. Jotika	Savanananda	✓				✓		✓				
5. Professor Kittipong Urapeepatanapong		✓			✓							
6. Pichet	Sithi-Amnuai	✓					✓			✓		CGI, ACEP, MFM, SFE, MIA, MIR
7. Prinn	Panitchpakdi											
8. Somchai Thaisa-Nguanvorakul		✓	✓	✓								
9. Subhak	Siwaraksa	✓		✓					✓			
10. Voravan	Tarapoom	✓			✓		✓	✓		✓		MFR, MIR, CGI, ELP
11. Kesara	Manchusree	✓										



Committees of The Stock Exchange of Thailand (SET) 2017

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. Risk Management Committee
8. Securities Investor Protection Fund 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, 2015 to June 30, 2017

Name		Position
1. Pakhawat	Kovithvatanaphong	Chairman
2. Chao	Arunyawat	Member
3. Chokechai	Tanpoonsinthana	Member
4. Manop	Nagadatta	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. Chaipatr	Srvisarvacha	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: Five 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. Pichet	Sithi-Amnuai	Chairman
2. Prinn	Panitchpakdi	Member
3. Somchai	Thaisa-Nguanvorakul	Member
4. Subhak	Siwaraksa	Member
5. 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 market, 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 (CG) Review and advise the SET BoG, as follows:
 - (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 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, 2017 to December 31, 2018

Name		Position
1. Charnchai	Kongthongluck	Chairman
2. Professor Kitipong	Urapeepatanapong	Member
3. Pattera	Dilokrunghthirapop	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:

- 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:
 - securities delisting
 - temporary trading suspension of a member company
 - membership revocation
 - other cases as specified by the SET BoG In the exceptions above, the Disciplinary Committee will examine facts and evidence, then report the findings with recommendations to the BoG for action.
- 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, 2017 to December 31, 2017

Name		Position
1. Professor Kitipong	Urapeepatanapong	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. Charnchai Kongthongluck	Chairman
2. Jotika Savanananda	Member
3. Chaipatr Srivisarvacha	Member
4. Voravan Tarapoom	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 the SET BoG, committees, advisors and SET subsidiaries' board of directors nominated by the 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. 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, 2017 to December 31, 2017

Name		Position
1. Charnchai	Kongthongluck	Chairman
2. Anya	Khanthavit, Ph.D.	Member
3. Pichet	Sithi-Amnuai	Member
4. Somkiat	Sirichatchai	Member
5. Vachira	Arromdee	Member
6. Voravan	Tarapoom	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

8. 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, 2017 to December 31, 2017

Name		Position
1. Somchai	Thaisa-Nguanvorakul, D.P.A.	Chairman
2. Prinn	Panitchpakdi	Member
3. Pithayain	Assavanig	Member
4. Vachira	Na Ranong	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



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 Chaipatr Srivisarvacha as members.

During 2016, the Board of Governors (BoG) appointed Chaipatr Srivisarvacha to the Committee, effective June 15, 2016, to succeed Charnchai Kongthongluck who was appointed Vice Chairman of the Board of Governors, Chairman of Risk Management Committee and Chairman of Nomination and Remuneration Committee.

In 2016, the Committee held 15 meetings, including one with the executive management team and without the presence of the internal auditor. There were three meetings with SET's external auditor to review and discuss the auditing plan and results. One of these meetings was 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. (page 47)

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 68. The Committee formally reported all matters within its duties and responsibilities to the BoG on a quarterly basis. A summary of key activities in 2016 is as follows:

Financial statements

The Committee reviewed SET's quarterly financial statements by meeting with the management and reviewed the 2016 annual financial statements of SET and of its subsidiaries by meeting privately with the external auditor to examine the accuracy and completeness of the financial statements and the disclosure of related transactions. This also included internal control related to the preparation of the financial statements, in compliance with Generally Accepted Accounting Standard.

Moreover, the Committee reviewed Key Audit Matters (KAM) disclosed in the external auditor's report to comply with the new accounting standards, effective fiscal year ended 2016.

Risk management

The Committee has oversight of SET's and its subsidiaries' risk management processes. Quarterly meetings with SET's risk management team were held. The Committee also held two meetings in 2016 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 has placed importance on SET's technology risk management by inviting an expert to share the knowledge and experience on "Cyber Security Trends" topic. Additionally, the Committee has assigned the internal auditor to conduct the pre-implementation review of new systems before launching.

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 auditor's views. The Committee also followed up on internal control system enhancement. In addition, the Committee also invited the management team of key business units to explain their problem-solving process and solutions, as well as views on key issues.

Internal audit

The Committee reviewed and approved the annual internal audit plan and budget, as well as the adequacy and suitability of the personnel and the independence of the internal audit department's operation. The Committee has also continuously provided recommendations on audit quality improvement for more efficiency. The Committee reviewed and examined SET's internal audit operations according to the approved annual plan and concluded that the operations had effectively met the set objectives .

In 2016, the Committee agreed on SET's Quality Assessment Review project, to be conducted by external qualified experts. The Committee viewed that it should also be benchmarked against leading listed companies and a global stock exchange to ensure that its practices meet the International Professional Practices Framework. The review project has been completed and can be concluded that SET's internal audit generally conformed to the standard at the level of 100%.

Furthermore, the Committee has continuously encouraged the internal auditor's professional enhancement activities. In 2016, the Committee supported a participation in Asian Confederation of Institutes of Internal Auditors (ACIIA) Conference in Singapore. In addition, the internal audit department executives also shared knowledge and experience with representatives from Hanoi Stock Exchange during their visit to SET.

Corporate governance (CG)

The Committee held quarterly meetings with the compliance unit's management team to review SET's CG process to make sure it complied with SET CG policy and Code of Ethics. The Committee also supported other good CG practices, such as providing a channel for employees and other stakeholders to direct their complaints on the SET group's wrong doings 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 department to review and exchange views to ensure that SET operations complied with related laws and regulations.

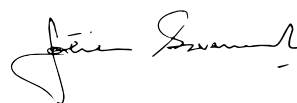
Performance self-assessment

The Committee assessed itself and reported the results to the BoG on an annual basis. The results indicated that the Committee's tasks have completely been fulfilled according to its charter. The performance assessment was reviewed annually and approved by the BoG.

Appointment of 2017 external auditor

The Committee has the duty and responsibility to recommend to the BoG the appointment and removal of the external auditor. The Committee had reviewed the independence of the external auditor in providing audit and non-audit services and considered that the performances, professionalism, experiences and independence were satisfactory. The Committee therefore recommended to the BoG that PricewaterhouseCoopers ABAS Ltd. (PwC) be appointed as the SET group's auditor for 2017, 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 14, 2017



Nomination and Remuneration Committee Report

The Stock Exchange of Thailand (SET)'s Nomination and Remuneration Committee in 2016 consisted of five committee members. More than half of the Committee members, including the Chairperson, were independent non-executive directors. The Committee was chaired by Charnchai Kongthongluck and the four members were Jotika Savanananda, Chaipatr Srivisarvacha, Voravan Tarapoom and Kesara Manthusree.

SET Board of Governors (BoG) appointed Charnchai Kongthongluck as Chairperson, effective June 15, 2016, to succeed Suthep Peetakanont whose term expired.

In 2016, the Committee held a total of 7 meetings. The Committee has completely performed its duties under the scope of responsibilities specified in the Charter. The attendance record of the Committee members is shown in the Corporate Governance Report.

The essence of the meetings in 2016 can be summarized as follows:

Nomination

1. Recruited and screened qualified persons for the SET senior executives and its subsidiaries. Screened and reviewed the specialist list, for the case not under any particular Committee, for the SET BoG's approval. Expressed views concerning the appointment of permanent and temporary experts.
2. Reviewed the Succession Plan for top executives.
3. Ascertained that the orientation session for the new governors, and the knowledge enhancement for the current governors be arranged.

Remuneration

Considered and provided the SET BoG with the following matters for approval:

1. The policies and regulations regarding the remuneration of the BoG, committee members and SET subsidiaries' board of directors appointed by the BoG, including experts/specialists and the SET working groups
2. The SET's salary structure, position level structure, as well as healthcare benefits via health insurance
3. The budgets for annual salary increase and other annual rewards for the SET employees
4. The criteria concerning remuneration, salary adjustments, including remuneration for the SET president and top executives

Performance self-assessment:

The committee conducted the annual self-assessment by using the Nomination and Remuneration Committee Self-Assessment form. The 2016 results indicated that the Committee's performance has completely been fulfilled according to its Charter.

The Committee viewed that the practice of the Committee was in line with the missions, duties, experiences and responsibilities assigned to each member, in accordance with the SET's corporate governance and best practice guidelines.



Charnchai Kongthongluck

Chairperson

Nomination and Remuneration Committee

January 27, 2017

Risk Management Committee Report

In 2016, The Stock Exchange of Thailand (SET)'s Board of Governors (BoG) appointed the Risk Management Committee (RMC) consisting of seven committee members: four members were board members, and three members were non-executive experts in the fields of finance, accounting or risk management, as follows:

1. Charnchai	Kongthongluck (Chairperson)
2. Voravan	Tarapoom
3. Pichet	Sithi-Amnuai
4. Kesara	Manchusree
5. Ruchukorn	Siriyodhin (expert)
6. Professor Dr. Anya	Khanthavit (expert)
7. Somkiat	Sirichatchai (expert)

The BoG appointed Charnchai Kongthongluck as Chairperson, effective June 15, 2016, to succeed Suthep Peetakanont whose term expired.

During 2016, the committee has completely performed its duties under the scope of responsibilities specified in the Charter. The committee held 4 meetings. The attendance record of the committee members is shown in the Corporate Governance Report. A summary of key activities in 2016 is as follows:

- **Risk Management at the corporate and department levels:**

The committee supported integrated sustainability framework and risk management to encourage the business sustainability of the organization and related parties in the Thai capital market. The committee also reviewed and provided recommendations on corporate risk appetite and risk tolerance, corporate risk profile, and key risk indicators (KRIs), risk and control self-assessment (RCSA) result, and risk management policy, as well as risk management framework

to ensure that risk management was in line with the company policy and international standard for utmost benefit to the organization.

- **Strategic risk management:** The committee reviewed, monitored and provided recommendations on risks related to SET's direction and strategic plans 2016 and the progress of strategic plans related to main objectives of each strategy to strengthen integrated risk management and strategic planning.
- **Risk management of new business and strategic projects:** The committee reviewed and provided recommendation on the risk management of SET's new project, FundConnex, technology-enabled fund service platform to enable investors to access the mutual funds efficiently, and to analyze their investment easily, to be launched in 2017.
- **Risk management of SET's subsidiaries:** The committee reviewed and provided recommendation on the risk management of physical delivery process of Gold-D futures, an electronic gold futures trading with physical delivery, to be traded on Thailand Futures Exchange PCL (TFEX) and to be facilitated the physical delivery among members by Thailand Clearing House Co., Ltd. (TCH).
- **Monitoring and overseeing risk:** The committee monitored the status of key risks to ensure continuous and efficient risk monitoring and overseeing. The committee also reported its activities to the BoG quarterly.
- **Risk management and internal audit:** In 2016, the committee held 2 joint meetings with the Audit Committee (AC) to ensure that the risk management and internal audit operations were moving forward in the same direction. These included communications, opinion sharing and coordination between risk management and internal audit functions.



- **Personnel development:** The committee has continuously encouraged the risk management team to enhance knowledge and skills. In 2016, the committee invited an expert to share knowledge and experiences on “Cyber Security Trends” topic. In addition, risk management team and other SET’s representatives also provided information and shared experiences to the delegation from Hanoi Stock Exchange.
- **Performance self-assessment:** The committee assessed itself and presented the results to the BoG on an annual basis. The 2016 results indicated that the committee’s task has completely been fulfilled according to its Charter. The annual performance assessment was approved and reviewed by the BoG.

In summary, the committee viewed that SET has developed and enhanced enterprise risk management covering all key aspects, in line with dynamic environment. All RMC meetings as well as meetings between RMC and AC have strengthened risk management operations to be efficient, appropriate and at acceptable level.



(Charnchai Kongthongluck)

Chairperson

Risk Management Committee

February 28, 2017

Corporate Governance and Social Responsibility Committee Report

In 2016, The Stock Exchange of Thailand (SET)'s Corporate Governance and Social Responsibility Committee consisted of five directors from the SET Board of Governors (BOG): 4 independent directors and the SET president. The Corporate Governance and Social Responsibility Committee members were Pichet Sithi-Amnuai, Subhak Siwaraksa, Somchai Thaisa-Nyuavorakul, Prinn Panitchpakdi and Kesara Manchusree. On June 15, 2016, the BOG appointed Pichet Sithi-Amnuai as Chairman of the committee to replace Charnchai Kongthongluck and appointed Prinn Panitchpakdi as a committee member to replace Chaipatr Srivisarvacha who resigned.

In 2016, the committee held a total of six meetings, including two meetings with special experts on Corporate Governance and Social Responsibility, to give opinions, suggestions and recommendations on the operations of corporate governance and social responsibility development carried out by Sustainable Development Department, Corporate Governance Development Department, Social Development Department and Compliance Unit. The attendance record of the committee members is shown in the SET Corporate Governance Report.

The committee has performed its duties independently and has completely fulfilled in providing practical opinions with recommendations on the operations of corporate governance and social responsibility development as stated in the Corporate Governance and Social Responsibility Committee Charter. The committee reported its performance to the BOG on a quarterly basis. The essence of the matters considered can be summarized as follows:

Corporate Governance and Social Responsibility for listed companies, enterprises and other related organizations in the capital market

The committee provided opinions and suggestions on guidelines for corporate governance and investor relations development, including recommendations to promote listed companies to

operate business towards sustainability with social responsibility. The committee also supported potential listed companies to benchmark against international sustainability standards, as well as considered the guidelines to promote socially responsible investment.

Corporate Governance and Social Responsibility for SET

The committee provided opinions and recommendations on the direction of SET as a Sustainable Stock Exchange in accordance with business strategy. The committee also reviewed guidelines and policy of the SET group's corporate governance development and Ethics in accordance with international corporate governance principles.

In summary, in 2016, the committee viewed that SET performed appropriately and efficiently on corporate governance and social responsibility development for listed companies, enterprises and other related organizations in the capital market according to the set objectives to promote and develop sustainability in the Thai capital market. The committee also viewed that SET had continuous operating process in enhancing policy and promoting best practices on corporate governance and sustainable development for directors, executives and employees. In addition, SET's information disclosure in Corporate Governance Report was suitable and in accordance with international standards.



(Pichet Sithi-Amnuai)
 Chairman, Corporate Governance
 and Social Responsibility Committee



Enterprise risk management

The Stock Exchange of Thailand (SET) uses an enterprise-wide risk management framework to ensure that it can manage risks it faces effectively, in line with the corporate policy and international standards. SET's risk management covers three levels of key risks: **strategic risk, business risk and process risk**, as follows:

Strategic risk

SET focuses on strategic risk in its strategic direction as well as strategic planning and budgeting. Risk management process covers monitoring the progress of strategic plans to push forward to reach the expected outcomes. This includes risk management of new products and services such as the preparation for the launch of FundConnex in 2017, technology-enabled fund service platform to process buying and selling of mutual fund orders, enabling investors to access the mutual funds efficiently as well as Gold-D futures, an electronic gold futures trading with physical delivery, to be traded on Thailand Futures Exchange PCL (TFEX) and to be facilitated the physical delivery among members by Thailand Clearing House Co., Ltd. (TCH) in the near future.

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)

Thailand Clearing House Co., Ltd. (TCH), as central counterparty for SET and Thailand Futures Exchange PCL (TFEX), has kept pace with international standards, namely 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). In 2016, TCH reviewed risk management framework keeping abreast with international standards. In addition, TCH enhanced risk management measures by using financial resources instead of members' net capital to mitigate the risks. Significantly, TCH conducted a study on using pending settlement for default management settlement, contributing this key factor towards T+2 settlement cycle. Moreover, SET increased reserve fund for equity market to THB 4.54 billion from THB 2.04 billion in the previous year in order to strengthen confidence among investors and the Thai capital market as a whole. In 2016, TCH submitted the application for the recognition of Third Country CCP by ESMA. The current TCH's procedures and risk management practices are conformed to the requirements of Qualified Central Counterparty (QCCP), as such providing benefits to the institutional investors to have decreasing transaction cost when trading and clearing in Thailand.

Critical system disruption and business interruption risks

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.

SET has established the Business Continuity Management (BCM) which covers Crisis Management Plan, Business Continuity Plan (BCP), IT Disaster Plan as well as the annual industry-wide BCP exercise to ensure the recovery objectives are achieved. SET focuses on the preparation of all related personnel and systems at primary site and alternate site as well as the testing of back-up system with members in order to ensure that its mission critical business activities can be carried out without interruption in the event of unexpected crises.

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). SET monitors the investment risk status and 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 risk 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.



Management discussion and analysis

Overview

The operating results of the SET group for the years ended December 31, 2016 and 2015 were:

(Unit: THB million)	For the year ended December 31			
	2016	2015	Increase /(Decrease)	
			Amount	%
Operating revenue	5,099	4,518	581	12.86
Other income	181	205	(24)	(11.71)
Investment income	767	492	275	55.89
Operating expenses	(3,694)	(3,335)	359	10.76
Contributions to The Stock Exchange of Thailand Foundation (Foundation)	(401)	(401)	-	-
Income tax expense	(328)	(140)	188	134.29
Revenues over expenses	1,662	1,382	280	20.26

Revenues over expenses for the year ended December 31, 2016 of THB 1,662 million increased by THB 280 million, or 20.26%, in comparison with 2015. Operating revenue rose by THB 581 million, or 12.86%, mainly from increases in daily average trading volume of equity and derivatives, number of new listed securities, and number of users in technology service increase. Investment income increased by THB 275 million, or 55.89%, mainly from dividend received from mutual fund and profit from changing in investment policy in debt securities to comply with the European Market Infrastructure Regulation (EMIR). Operating expenses rose by THB 359 million, or 10.76%, mainly due to the increase of building and office expenses and the higher depreciation from SET's new systems and new office building. SET has moved to a new office building since January 4, 2016. Income tax rose

as SET has to pay for corporate income tax since August 9, 2016 [as announced by the Director-General of the Revenue Department Notification on Income Tax (No. 271) on August 8, 2016 to be company or juristic partnership under section 39 of the Revenue Code].

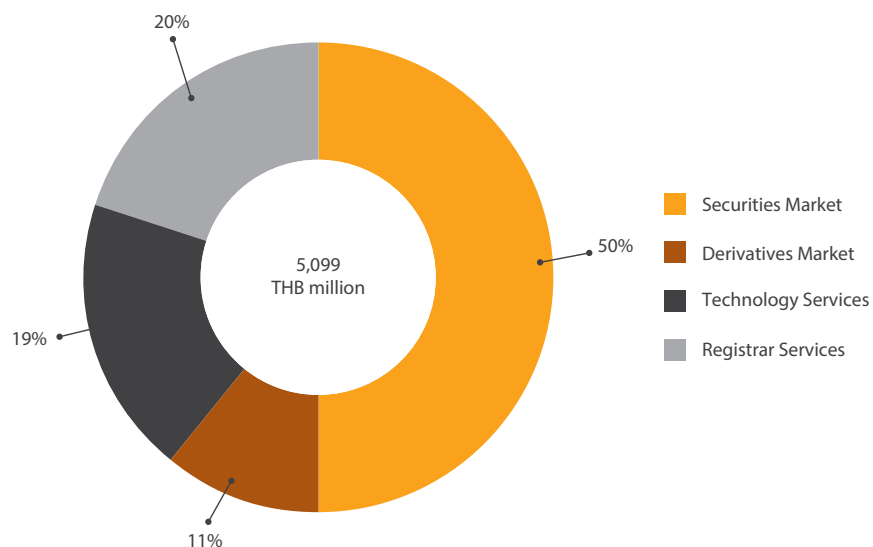
1. Analysis of operating results

1.1 Operating revenue

Operating revenue by segment

Operating revenue is classified by segment as follows: Securities market, Derivatives market, Technology services and Registrar services.

Operating revenue by segment



For the year ended December 31, 2016		(Unit: THB million)
Securities Market		
- Trading		1,282
- Listing		539
- Clearing and settlement		339
- Depository		290
- Membership		76
Total		2,526
Derivatives Market		
- Trading		368
- Clearing		159
- Membership		57
Total		584
Technology Services		
- Member services		509
- Information services		340
- IT support		122
Total		971
Registrar Services		
- Securities registrar		1,018
Total		1,018
Total operating revenue		5,099



1.1.1 Securities Market

(Unit: THB million)	2016	2015	Increase /(Decrease)	
			Amount	%
Revenue - Securities Market	2,526	2,184	342	15.66
Trading fees	1,282	1,077	205	19.03
Listing fees	539	494	45	9.11
Clearing and settlement fees	339	293	46	15.70
Depository fees	290	283	7	2.47
Membership fees	76	37	39	105.41
Key market indicators				
SET Index at the end of the year (point)	1,543	1,288	255	19.80
Daily average trading value – Equity (THB million)	52,526	44,302	8,224	18.56
Average market capitalization (THB trillion)	14.33	14.04	0.29	2.07
No. of listed securities at the end of the year (securities)	2,016	1,812	204	11.26

Operating revenue from securities market rose by THB 342 million, or 15.66%, compared to 2015. This revenue increase resulted from the rise in trading as well as clearing and settlement fees were from an increase in the daily average trading value. In addition, listing fees increased in proportion to the increase of the number of listed securities.

1.1.2 Derivatives Markets

(Unit: THB million)	2016	2015	Increase /(Decrease)	
			Amount	%
Revenue-Derivatives Market	584	472	112	23.73
Trading fees	368	295	73	24.75
Clearing fees	159	127	32	25.20
Membership fees	57	50	7	14.00
Key market indicators				
Daily average trading volume – Derivatives (contracts)	285,189	199,749	85,440	42.77

Operating revenue from derivatives market rose by THB 112 million, or 23.73%, compared to 2015, resulting from the rise in daily average trading volume of derivatives, especially from Single Stock Futures, SET50 Index Futures and Gold Futures. The use of derivative instruments is to reduce the volatility of the stock price.

1.1.3 Technology services

(Unit: THB million)	2016	2015	Increase /(Decrease)	
			Amount	%
Revenue-Technology services	971	879	92	10.47
Member services fees	509	466	43	9.23
Information service fees	340	307	33	10.75
Customization and IT support fees	122	106	16	15.09

Operating revenue from technology services rose by THB 92 million, or 10.47%, compared to 2015. This increase was mainly from the increase number of user for information and market access services.

1.1.4 Registrar services

(Unit: THB million)	2016	2015	Increase /(Decrease)	
			Amount	%
Revenue-Registrar services	1,018	983	35	3.56
Securities registrar fees	1,018	982	36	3.67
Fund registrar fees	-	1	(1)	(100.00)

Operating revenue from registrar services rose by THB 35 million, or 3.56%, compared to 2015. This was contributed by the rise in annual fee from securities registrar as number of listed securities increased. The registrar service for provident funds was terminated during 2015.

1.2 Other income

(Unit: THB million)	2016	2015	Increase /(Decrease)	
			Amount	%
Other income	181	205	(24)	(11.71)
Educational activities income	73	54	19	35.19
Revenue from marketing events	25	22	3	13.64
Revenue from fund management	21	11	10	90.91
Revenue from fines	12	11	1	9.09
Revenue from rental and utilities	3	34	(31)	(91.18)
Revenue from securities borrowing & lending	1	19	(18)	(94.74)
Others	46	54	(8)	(14.81)



Other income decreased by THB 24 million, or 11.71%, compared to 2015 due to the marketing activities rescheduling, such as the SET in the City event and SET award event that were originally scheduled in the 4th quarter of 2016 and had been postponed to 2017. In addition, there was a certain amount of fee from membership rights transfer which is a one-time fee payment in 2015.

1.3 Investment income

(Unit: THB million)	2016	2015	Increase /(Decrease)	
			Amount	%
Investment income	767	492	275	55.89
Interest income	208	300	(92)	(30.67)
Dividend income	405	114	291	255.26
Realized gain (loss) from investments	192	67	125	186.57
Unrealized gain (loss) from investments	(38)	11	(49)	(445.45)

Investment income rose by THB 275 million, or 55.89% from 2015, mostly from dividend received from mutual fund as well as profit from changing in investment policy in debt securities to comply with EMIR. The investment in held-to-maturity debt securities, which are carried at cost, has been adjusted to investment in government bonds, and managed by private fund, which are trading investments and measured at fair value.

1.4 Operating expenses

(Unit: THB million)	2016	2015	Increase /(Decrease)	
			Amount	%
Operating expenses	3,694	3,335	359	10.76
Employee benefit expenses	1,466	1,372	94	6.85
The SEC fees	536	456	80	17.54
Depreciation and amortization	467	295	172	58.31
Direct service expenses	286	281	5	1.78
Building and office expenses	232	189	43	22.75
Fees and compensation expenses	191	184	7	3.80
Educational activities expenses	179	196	(17)	(8.67)
Technology expenses	159	195	(36)	(18.46)
Others	76	59	17	28.81

In 2016, operating expenses of THB 3,694 million, a 10.76% increase from 2015. This increase was mainly from building and office expenses, the higher depreciation from SET's new core systems and new head office building (SET moved to the new office building on January 4, 2016) and the SEC fees as the equity trading volume increase.

2. Analysis of financial position

(Unit: THB million)	Dec 31, 2016	Dec 31, 2015	Increase /(Decrease)	
			Amount	%
Total assets	39,539	36,136	3,403	9.42
Total liabilities	14,141	12,747	1,394	10.94
Fund balances	25,398	23,389	2,009	8.59

Significant movements in assets, liabilities and funds of the SET group as at December 31, 2016 when compared with the balance as at December 31, 2015, were as follows:

2.1 Analysis of assets

2.1.1 Cash and cash equivalents, cash at banks for financial

As at December 31, 2016, total assets of the SET group amounted to THB 39,539 million, an increase of THB 3,403 million, or 9.42%, in comparison with the balance as of December 31, 2015. **benefits payable and investments** were THB 19,272 million or 48.74% of total assets, a THB 2,199 million, or 12.88% increases:

(Unit: THB million)	Dec 31, 2016	Dec 31, 2015	Increase /(Decrease)	
			Amount	%
Cash and cash equivalents	717	1,661	(944)	(56.83)
Cash at banks for financial benefits payable	66	62	4	6.45
Investment portfolio	18,489	15,349	3,140	20.46
Trading	7,828	2,798	5,030	179.77
Available-for-sale	8,521	7,903	618	7.82
Held-to-maturity	2,103	4,611	(2,508)	(54.39)
General investments	37	37	-	-
Total	19,272	17,073	2,199	12.88

SET group maintains a policy to invest in several types of investments such as equity, property fund, debt (fixed deposits, government bonds, corporate debentures) and others. In 2016, the investment management of debt has been adjusted to comply with the criteria of EMIR in the provision for the stability of the clearing house by changing from investment in held-to-maturity debt securities to investment in government bonds, and managed by private funds, and considered as trading securities that will be accounted for at fair value.



2.1.2 Assets for margin deposits and benefits, and assets for clearing system protection and benefits were THB 11,881 million or 30.05% of total assets, up by THB 1,452 million or 13.92%. This margin deposits and benefits of Thailand Clearing House increased in accordance with the increase in trading volume of derivatives.

2.2 Analysis of liabilities

As at December 31, 2016, total liabilities of the SET group amounted to THB 14,141 million, up by THB 1,394 million, or 10.94%, in comparison with the balance as at December 31, 2015. Significant details are:

2.2.1 Margin deposits and assets for clearing system protection and benefits payable were THB 11,741 million, or 83.03% of total liabilities, a THB 1,450 million, or 14.09%

increase, in accordance with the increase in trading volume of derivatives.

2.2.2 Accounts payable and accrued expenses were THB 1,032 million, a THB 194 million or 15.82% decrease. The amount was the payment of construction costs of SET's new office building.

2.3 Analysis of funds

As at December 31, 2016, total funds of the SET group amounted to THB 25,398 million, up by THB 2,009 million or 8.59%, in comparison with the balance as at December 31, 2015. This resulted from the revenues over expenses for 2016 reaching THB 1,662 million, including an increase in the market value of investment in equity fund of THB 347 million.

3. Analysis of liquidity

Cash flows of the SET group for the year ended December 31, 2016 and 2015 can be summarized as follows:

(Unit: THB million)	2016	2015	Increase /(Decrease)	
			Amount	%
Cash flows from operating activities	1,217	636	581	91.35
Cash flows from investing activities	(2,157)	(332)	1,825	549.70
Cash and cash equivalents at the end of year	783	1,723	(940)	(54.56)

Cash and cash equivalents as at December 31, 2016 amounted to THB 783 million, a THB 940 million, or 54.56% decrease, in comparison with 2015. The details of the sources and uses of funds are as follows:

- Net cash receipts from operating activities were THB 1,217 million.
- Net cash used in investing activities were THB 2,157 million. This was mainly from an investment in financial instruments of THB 2,798 million, payment for construction of SET's new office building and new operating systems development of THB 275 million. However, there was investment income of THB 863 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, 2016 have been prepared in accordance with Thai Financial Reporting Standards. In preparing the financial statements, appropriate accounting policies have been adopted and regularly adhered to, using careful discretion and reasonable estimates. Important information has also been adequately disclosed in the notes to financial statements, so as to reflect the financial status, performance and cash flows in transparent manner, providing benefits to the public.

The Board of Governors has provided and maintained the risk management system, internal control system, internal audit system including effective corporate governance to ensure that accounting records are accurate, complete and adequate to secure its assets and prevent risks, while preventing fraud or irregular operations in essence as well.

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, the review of internal control system, internal audit system and risk management system. The opinions of the Audit Committee are included in the Audit Committee Report section of this annual report.

The financial statements of The Stock Exchange of Thailand (SET) and its subsidiaries and of The Stock Exchange of Thailand have been examined by an external auditor, PricewaterhouseCoopers ABAS Ltd. In conducting the audit, SET has provided supporting information and documents so that the auditor could examine and express opinions in accordance with generally accepted auditing standards. The auditor's opinion is presented in the auditor's report as part of this annual report.

The Board of Governors is of the opinion that the SET's overall internal control system is adequate and appropriate, and can create 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, 2016 are reliable and in compliance with Thai Financial Reporting Standards and related regulations.



(Mr. Chaipayat Wibulswasdi)

Chairman



(Mrs. Kesara Manchusree)

President



Independent Auditor's Report

To the Members of The Stock Exchange of Thailand

My opinion

In my opinion, the consolidated financial statements of The Stock Exchange of Thailand and its subsidiaries (the Group) and the separate financial statements of The Stock Exchange of Thailand present fairly, in all material respects, the consolidated and separate financial position of the Group and of The Stock Exchange of Thailand as at 31 December 2016, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

What I have audited

I have audited the accompanying consolidated and separate financial statements of the Group and The Stock Exchange of Thailand, which comprise the consolidated and separate statements of financial position as at 31 December 2016, and the related consolidated and separate statements of comprehensive revenues and expenses, changes in fund balances and cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

Basis for opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of my report. I am independent of the Group and The Stock Exchange of Thailand in accordance with the Federation of Accounting Professions under the Royal Patronage of his Majesty the King's Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key audit matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Key audit matter	How my audit addressed the key audit matter
<p>Fair value estimation on equity and debt investment securities</p> <p>As at 31 December 2016, investments in trading, available for sale and held-to-maturity securities for consolidated financial statements of The Stock Exchange of Thailand and its subsidiaries (the Group) and the separate financial statements of The Stock Exchange of Thailand (SET) measured at fair value level 2 by using inputs other than quoted prices, were valued at Baht 18,996 million and Baht 17,935 million, respectively and represented 96% of total investments in both consolidated and the separate financial statements of The Stock Exchange of Thailand.</p> <p>I focused on fair value measurement of trading, available for sale and held to maturity investments in both equity and debt securities defined to be level 2 because the valuation of fair value at level 2 depends on estimates and assumptions in valuation techniques which uses inputs, either directly or indirectly, other than quoted prices in active market that are observable for the asset. As refer to note 33 on the financial statements for fair value estimations. Moreover, The Group has invested in variety of investments, therefore the accuracy of fair value estimation disclosure in note to the financial statements is a significant area.</p>	<p>I tested the assumptions and valuation techniques for the measurement and disclosures of the fair value of trading, available for sale and held to maturity investments measured at fair value by valuation method level 2 as follows :</p> <p>For the investments in trading and available for sale including Mutual funds and Private funds, I tested the fair value valuation by checking the last bid price at the end of the date in the statement of financial position by referring to the Association of Investment Management Companies</p> <p>For the investment in held-to-maturity securities including</p> <ol style="list-style-type: none"> 1) long term fixed deposit accounts, I assessed the assumptions used and tested the calculations for the discounted cash flows based on each contract with an average yield of 4 commercial banks. 2) bonds and debentures, I tested values against the clean price of debt securities published by the Thai Bond Market Association at the end of the date in the statement of financial position. <p>I did not find any significant differences through the above testing.</p> <p>I assessed the adequacy of the disclosures, particularly regarding completeness and accuracy of the valuation of equity and debt securities defined to be level 2 and I didn't identify any issues.</p>



Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and separate financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the consolidated and separate financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated and separate financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to the audit committee.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with TFRSs, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and The Stock Exchange of Thailand's ability to continue as a going concern, disclosing, as applicable, matters related to going

concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and The Stock Exchange of Thailand or to cease operations, or has no realistic alternative but to do so.

The audit committee assists the directors in discharging their responsibilities for overseeing the Group and The Stock Exchange of Thailand's financial reporting process.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.


- Obtain an understanding of internal control relevant to the audit 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 Group and The Stock Exchange of Thailand's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and The Stock Exchange of Thailand's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and The Stock Exchange of Thailand to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the audit committee with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, I determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers ABAS Ltd.



Unakorn Phruithithada
Certified Public Accountant (Thailand) No. 3257

Bangkok

15 February 2017



Statements of Financial Position

The Stock Exchange of Thailand and its Subsidiaries

As at 31 December 2016

		(Unit : Baht'000)			
	Notes	Consolidated		SET	
		2016	2015	2016	2015
Assets					
Current assets					
Cash and cash equivalents	8	717,184	1,661,333	612,363	1,513,084
Cash at banks for financial benefits payable		65,775	62,112	-	-
Assets for margin deposits and benefits	17	10,159,968	8,829,615	-	-
Short-term investments, net	9	10,177,043	6,086,024	10,177,043	6,086,024
Accounts receivable and accrued income, net	7,10	342,743	349,032	335,760	312,504
Accrued interest receivable		37,687	87,600	35,727	85,423
Other current assets	7, 11	208,216	248,498	109,490	159,732
Total current assets		21,708,616	17,324,214	11,270,383	8,156,767
Non-current assets					
Investments in subsidiaries	12	-	-	1,497,291	1,097,291
Investments in associates and joint venture entity, net	13	953,512	967,734	800,620	800,620
Long-term investments, net	14	8,312,060	9,263,105	8,312,060	9,263,105
Assets for clearing system protection and benefits	18	1,721,360	1,599,603	140,043	138,242
Securities Investor Protection Fund	23	751,532	717,021	751,532	717,021
Derivatives Investor Protection Fund	23	82,875	73,256	-	-
Property, plant and equipment, net	15	5,537,293	5,680,104	5,535,860	5,678,315
Intangible assets, net	16	466,673	506,021	465,441	504,446
Deferred tax assets	19	2,322	2,026	-	-
Refundable deposits		2,614	3,035	2,614	3,025
Total non-current assets		17,830,241	18,811,905	17,505,461	18,202,065
Total assets		39,538,857	36,136,119	28,775,844	26,358,832

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 2016

		(Unit : Baht'000)			
	Notes	Consolidated		SET	
		2016	2015	2016	2015
Liabilities and fund balances					
Current liabilities					
Margin deposits and benefits payable	17	10,159,968	8,829,615	-	-
Accounts payable and accrued expenses	7, 20	1,031,503	1,226,232	1,015,505	1,209,922
Fees received in advance	7	319,629	317,375	277,684	266,379
Income tax payable		118,404	46,063	74,957	-
Short-term borrowings from subsidiaries	7	-	-	2,574,500	1,896,500
Current portion of provision for employee benefits	22	-	4,785	-	4,785
Other current liabilities	7, 21	317,321	334,797	150,830	175,962
Total current liabilities		11,946,825	10,758,867	4,093,476	3,553,548
Non-current liabilities					
Assets for clearing system protection and benefits payable	18	1,581,317	1,461,361	-	-
Contributions and benefits to Securities Investor Protection Fund	23	293,874	275,086	293,874	275,086
Contributions and benefits to Derivatives Investor Protection Fund	23	28,835	19,980	-	-
Provision for employee benefits	22	238,263	222,459	238,263	222,459
Deferred tax liabilities	19	44,684	1,191	44,684	-
Other non-current liabilities		7,396	7,619	7,396	7,619
Total non-current liabilities		2,194,369	1,987,696	584,217	505,164
Total liabilities		14,141,194	12,746,563	4,677,693	4,058,712
Fund balances					
Funds	23	24,912,516	23,250,689	23,605,014	22,153,272
Other components of fund balances		485,145	138,865	493,137	146,848
Non-controlling interests		2	2	-	-
Total fund balances		25,397,663	23,389,556	24,098,151	22,300,120
Total liabilities and fund balances		39,538,857	36,136,119	28,775,844	26,358,832

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 2016

(Unit : Baht'000)

	Notes	Consolidated		SET	
		2016	2015	2016	2015
Revenues					
Operating revenues	25	5,099,000	4,518,405	2,300,790	1,955,884
Investment income, net	26	766,861	492,014	1,144,429	905,411
Other income	27	181,153	204,665	1,960,975	1,798,252
Total revenues		6,047,014	5,215,084	5,406,194	4,659,547
Expenses					
Employee benefit expenses	28	1,465,774	1,371,923	1,456,333	1,372,023
Directors' remuneration	7	25,287	24,431	22,203	22,395
Marketing expenses		158,801	194,672	144,589	180,161
Educational activity expenses		178,925	196,130	178,990	196,138
Direct service expenses		286,133	281,160	-	-
Building and office expenses		231,602	189,043	231,389	188,526
Technology expenses		190,757	183,698	190,622	183,634
SEC fees	29	536,451	455,700	534,451	453,700
Depreciation and amortisation	15, 16	467,132	294,768	466,440	294,195
Other expenses	30	152,797	143,362	160,832	136,542
Total expenses		3,693,659	3,334,887	3,385,849	3,027,314
Share of profit of investments in associates and joint venture entity, net of tax	13	25,831	32,114	-	-
Revenues over expenses		2,379,186	1,912,311	2,020,345	1,632,233
Non-operating items					
Income derived from Securities Investor Protection Fund, net	24	11,124	10,304	11,124	10,304
Income derived from Derivatives Investor Protection Fund, net	24	764	1,086	-	-
Contributions to the Stock Exchange of Thailand Foundation	7	(401,190)	(401,379)	(401,190)	(401,379)
Revenues over expenses before income tax expense		1,989,884	1,522,322	1,630,279	1,241,158
Income tax expense	31	(327,996)	(139,966)	(178,537)	-
Revenues over expenses		1,661,888	1,382,356	1,451,742	1,241,158
Revenues over expenses for the year attributable to:					
Owners of the parent		1,661,888	1,382,356	1,451,742	1,241,158
Non-controlling interests		-	-	-	-
		1,661,888	1,382,356	1,451,742	1,241,158

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 2016

(Unit : Baht'000)

	Notes	Consolidated		SET	
		2016	2015	2016	2015
Revenues over expenses		1,661,888	1,382,356	1,451,742	1,241,158
Other comprehensive revenues and expenses:					
Items that will be reclassified subsequently to revenues and expenses					
Share of profit in investments in associates	13	(11)	(4)	-	-
Change in value of available-for-sale investments managed by SET		341,690	(215,966)	341,690	(215,966)
Change in value of available-for-sale investments from Securities Investor Protection Fund	23	4,599	(1,806)	4,599	(1,806)
Income tax relating to items that will be reclassified subsequently to revenues and expenses		2	1	-	-
Total items that will be reclassified subsequently to revenues and expenses		<u>346,280</u>	<u>(217,775)</u>	<u>346,289</u>	<u>(217,772)</u>
Items that will not be reclassified subsequently to revenues and expenses					
Remeasurements of post-employment benefits obligations		(61)	(13,702)	-	(13,702)
Total items that will not be reclassified subsequently to revenues and expenses		<u>(61)</u>	<u>(13,702)</u>	<u>-</u>	<u>(13,702)</u>
Other comprehensive revenues and expenses for the year, net of tax		<u>346,219</u>	<u>(231,477)</u>	<u>346,289</u>	<u>(231,474)</u>
Total comprehensive revenues and expenses for the year		<u>2,008,107</u>	<u>1,150,879</u>	<u>1,798,031</u>	<u>1,009,684</u>
Total comprehensive revenues and expenses for the year attributable to:					
Owners of the parent		2,008,107	1,150,879	1,798,031	1,009,684
Non-controlling interests		-	-	-	-
		<u>2,008,107</u>	<u>1,150,879</u>	<u>1,798,031</u>	<u>1,009,684</u>

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 2016

(Unit : Baht'000)

(Unit : Baht 000)

	Notes	Consolidated							
		Fund balances	Other components of fund balances				Total fund balances	Non- controlling interests	Total fund balances
			Change in value of available- for-sale investments managed by SET (net of tax)	Change in value of available- for-sale investments from Securities Investor Protection Fund (net of tax)	Share of other comprehensive loss of associates (net of tax)	Total other components of fund balances			
Opening balance at 1 January 2015		21,882,035	352,237	4,472	(69)	356,640	22,238,675	2	22,238,677
Other comprehensive revenues and expenses, net of tax	24	(13,702)	(215,966)	(1,806)	(3)	(217,775)	(231,477)	-	(231,477)
Revenues over expenses	23	1,382,356	-	-	-	-	1,382,356	-	1,382,356
Closing balance at 31 December 2015		23,250,689	136,271	2,666	(72)	138,865	23,389,554	2	23,389,556
Opening balance at 1 January 2016		23,250,689	136,271	2,666	(72)	138,865	23,389,554	2	23,389,556
Other comprehensive revenues and expenses, net of tax	24	(61)	341,690	4,599	(9)	346,280	346,219	-	346,219
Revenues over expenses	23	1,661,888	-	-	-	-	1,661,888	-	1,661,888
Closing balance at 31 December 2016		24,912,516	477,961	7,265	(81)	485,145	25,397,661	2	25,397,663

(Unit : Baht'000)

	Notes	SET				
		Fund balances	Other components of fund balances		Total fund balances	Total fund balances
			Change in value of available- for-sale investments managed by SET (net of tax)	Change in value of available- for-sale investments from Securities Investor Protection Fund (net of tax)		
					Total other components of fund balances	
Opening balance at 1 January 2015		20,925,816	360,148	4,472	364,620	21,290,436
Other comprehensive revenues and expenses, net of tax	24	(13,702)	(215,966)	(1,806)	(217,772)	(231,474)
Revenues over expenses	23	1,241,158	-	-	-	1,241,158
Closing balance at 31 December 2015		22,153,272	144,182	2,666	146,848	22,300,120
Opening balance at 1 January 2016		22,153,272	144,182	2,666	146,848	22,300,120
Other comprehensive revenues and expenses, net of tax	24	-	341,690	4,599	346,289	346,289
Revenues over expenses	23	1,451,742	-	-	-	1,451,742
Closing balance at 31 December 2016		23,605,014	485,872	7,265	493,137	24,098,151

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 2016

(Unit : Baht'000)

	Notes	Consolidated		SET	
		2016	2015	2016	2015
Cash flows from operating activities					
Revenues over expenses before income tax expense		1,989,884	1,522,322	1,630,279	1,241,158
Adjustments for					
Depreciation and amortisation	15, 16	467,132	294,768	466,440	294,195
Investment income, net	26	(804,757)	(481,338)	(1,180,946)	(896,088)
Income derived from Securities Investor Protection Fund, net	24	(11,124)	(10,304)	(11,124)	(10,304)
Income derived from Derivatives Investor Protection Fund, net	24	(764)	(1,086)	-	-
Reversal allowance for impairment of investments		-	(250)	-	(250)
Doubtful debts expenses (reversal)		(3,913)	27	(3,886)	27
Provision for employee benefits		26,576	23,096	26,576	23,096
Adjust work in process to expenses		-	2,985	-	2,985
(Gain) loss on disposals of assets		(325)	95	(332)	95
Share of profit of investments in associates and joint venture entity, net of tax	13	(25,831)	(32,114)	-	-
		1,636,878	1,318,201	927,007	654,914
Changes in operating assets and liabilities					
(Increase) decrease in operating assets					
Assets for margin deposits and benefits		(1,330,353)	(775,985)	-	-
Accounts receivable and accrued income		10,202	16,461	(19,370)	(6,581)
Other current assets		40,743	(13,957)	46,610	(15,371)
Assets for clearing system protection and benefits		(121,757)	(80,668)	(1,801)	(3,399)
Securities Investor Protection Fund		(35,469)	(19,623)	(35,469)	(19,623)
Derivatives Investor Protection Fund		(10,023)	(8,343)	-	-
Refundable deposits		421	(20)	411	(20)
Increase (decrease) in operating liabilities					
Margin deposits and benefits payables		1,330,353	775,985	-	-
Accounts payable and accrued expenses		(203,926)	(531,490)	(203,614)	(527,119)
Fees received in advance		2,254	67,648	11,305	70,080
Other current liabilities		(17,477)	(67,067)	(25,132)	(54,212)
Assets for clearing system protection and benefits payable		119,956	77,269	-	-
Contributions and benefits to Securities Investor Protection Fund		18,788	10,191	18,788	10,191
Contributions and benefits to Derivative Investor Protection Fund		8,855	6,897	-	-
Employee benefits paid	22	(10,772)	(11,386)	(10,772)	(11,386)
Employee benefits paid for current portion		(4,785)	-	(4,785)	-
Other non-current liabilities		(223)	(738)	(223)	(738)
Cash flows generated from operations		1,433,665	763,375	702,955	96,736
<u>Less</u> Income tax paid		(216,551)	(127,162)	(58,896)	-
Net cash generated from operating activities		1,217,114	636,213	644,059	96,736

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 2016

		(Unit : Baht'000)			
		Consolidated		SET	
	Notes	2016	2015	2016	2015
Cash flows from investing activities					
Investment income received		453,882	381,599	444,589	372,432
Dividend received		409,019	110,256	826,294	558,094
Purchase of short-term investments	9	(6,727,979)	(1,051,902)	(6,727,979)	(1,051,902)
Proceeds from disposals of short-term investments	9	3,825,321	4,638,501	3,825,321	4,638,501
Purchase of investment in subsidiaries	12	-	-	(400,000)	(500,000)
Purchase of long-term investments	14	(2,519,728)	(4,806,774)	(2,519,728)	(4,806,774)
Proceeds from disposals of long-term investments	14	2,624,102	2,183,508	2,624,102	2,183,508
Purchase of property, plant and equipment		(208,742)	(1,715,482)	(208,742)	(1,714,799)
Proceeds from disposals of property, plant and equipment		2,471	3,839	2,471	3,839
Purchase of intangible assets		(69,180)	(97,158)	(69,180)	(97,158)
Proceeds from share of profit of investments in joint venture entity		8,497	-	-	-
Proceeds from share of profit of investments in associates		31,487	9,446	-	-
Benefits received from Securities Investor Protection Fund		12,082	11,238	12,082	11,238
Benefits received from Derivatives Investor Protection Fund		1,168	1,446	-	-
Net cash used in investing activities		(2,157,600)	(331,483)	(2,190,770)	(403,021)
Cash flows from financing activities					
Cash inflow on short-term borrowings from subsidiaries	7	-	-	895,000	875,000
Repayment of short-term borrowings from subsidiaries	7	-	-	(217,000)	(249,814)
Interest paid		-	-	(32,010)	(26,546)
Net cash generated from financing activities		-	-	645,990	598,640
Net increase (decrease) in cash and cash equivalents		(940,486)	304,730	(900,721)	292,355
Opening balance		1,723,445	1,418,715	1,513,084	1,220,729
Closing balance		782,959	1,723,445	612,363	1,513,084
Supplemental disclosures of cash flows information					
Cash and cash equivalents are as follows:					
Cash and cash equivalents	8	717,184	1,661,333	612,363	1,513,084
Cash at a banks for financial benefits payable		65,775	62,112	-	-
		782,959	1,723,445	612,363	1,513,084
Significant non-cash transactions					
Unrealised gain (loss) on available-for-sale securities ;		341,690	(215,969)	341,690	(215,966)
Unrealised gains (loss) on available-for-sale securities is from Securities Investor Protection Fund		4,599	(1,806)	4,599	(1,806)
Other payables from purchase of assets		9,197	155,879	9,197	155,195
Classification of investments		1,193,260	1,825,657	1,193,260	1,825,657

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 2016

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 93 Floor 17 Ratchadapisek Road, Kwaeng Din Daeng, Khet Din Daeng, Bangkok 10400, 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.

The consolidated and entity financial statements were authorised for issue by the Board of Governors of the Stock Exchange of Thailand on 15 February 2017.



Details of the SET's subsidiaries, associates and joint venture entity as at 31 December 2016 and 2015 are as follows:

Name of entity	Type of business	Country of incorporation	Ownership interest %	
			2016	2015
Direct subsidiaries				
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
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
Joint venture entity				
Family Know-how Co., Ltd. (1)	Media business specialising in financial and investment information	Thailand	50.00	50.00
Associates				
Clearing Fund (2)	Fund	Thailand	11.37	12.80
TSFC Securities Public Company Limited (3)	Securities financing services and securities borrowing and lending	Thailand	40.65	40.65

1) Family Know-how Co., Ltd.

Family Know-how Co., Ltd. is a media company that broadcasts information about economics and investment for the benefits of investor. The business of Family Know-how is support to the objectives of the SET group in promoting an investment culture. The SET has performed joint arrangement with a company which have rights to the net assets of the arrangement. Therefore the investment in Family Know-how is classified as investment in joint venture entity.

Family Know-how Co., Ltd. is a private limited company and its stock is not traded in the market price.

2) 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 Baht 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 associates.

3) TSFC Securities Public Company Limited (TSFC)

TSFC Securities Public Company Limited has been established to provide liquidity for securities companies and to support to the further development of securities market. The SET has appointed 4 representatives to be member of the 12-member Board of Directors of TSFC. The Board of Directors will participate in the decision-making on monetary policies and operations of the company. Therefore, the investment in TSFC is classified as investment in an associates.

TSFC Securities Public Company Limited is a public company and its stock is not traded in the market price.



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.

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.

2.2 New/revised financial reporting standards, and related interpretations

2.2.1 New/revised financial reporting standards and interpretations are effective on 1 January 2016.

- a) New/revised financial reporting standards and interpretation which are relevant and have a significant impact to the Group:

TAS 16 (revised 2015)	Property, plant and equipment
TAS 19 (revised 2015)	Employee benefits
TAS 24 (revised 2015)	Related party disclosures
TAS 27 (revised 2015)	Separate financial statements
TAS 36 (revised 2015)	Impairment of assets
TAS 38 (revised 2015)	Intangible assets
TFRS 8 (revised 2015)	Operating segments
TFRS 10 (revised 2015)	Consolidated financial statements
TFRS 13 (revised 2015)	Fair value measurement

TAS 16 (revised 2015), 'Property, plant and equipment' clarifies how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model. This standard has no impact to the Group.

TAS 19 (revised 2015), 'Employee benefits' is amended to apply to contributions from employees or third parties to defined benefit plans and to clarify the accounting treatment of such contributions. The amendment distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period. This standard has no impact to the Group.

TAS 24 (revised 2015), 'Related party disclosures' includes as a related party an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity (the 'management entity'). Disclosure of the amounts charged to the reporting entity is required. This standard has no impact to the Group, except for disclosures.

TAS 27 (revised 2015) allows an investment entity that is exempted from consolidating its subsidiaries presenting Company as its only financial statements. It requires the investment entity to measure its investment in subsidiaries at fair value through profit or loss. This standard has no impact to the Group.

TAS 36 (revised 2015), 'Impairment of assets' is amended to provide additional disclosure requirement when the recoverable amount of the assets is measured at fair value less costs of disposal. The disclosures include 1) the level of fair value hierarchy and 2) when fair value measurement categorised within level 2 and level 3, disclosures is required for valuation technique and key assumption. This standard has no impact to the Group, except for disclosures.

TAS 38 (revised 2015), 'Intangible assets' is amended to clarify how the gross carrying amount and the accumulated amortisation are treated where an entity uses the revaluation model. This standard has no impact to the Group.

TFRS 8 (revised 2015), 'Operating segments' requires disclosure of the judgements made by management in aggregating operating segments. It is also amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported to chief operating decision maker. This standard has no impact to the Group, except for disclosures.



TFRS10 (revised 2015) 'Consolidated' is amended to define an investment entity and introduce an exception from consolidation. These amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead, they will measure them at fair value through profit or loss. . This standard has no impact to the Group.

TFRS 13 (revised 2015), 'Fair value measurement' is amended to clarify that the portfolio exception in TFRS 13 applies to all contracts (including non-financial contracts) within the scope of TAS 39 (when announced) or TFRS 9 (when announced). This standard has no impact to the Group.

- b) Revised financial reporting standards and interpretations with minor changes and do not have impact to the Group are as follows:

These are 40 financial reporting standards with minor changes. The management assesses that they do not have an impact to the Group's financial statements.

2.2.2 Revised financial reporting standards are effective for annual periods beginning on or after 1 January 2017. The Group has not yet early adopted these revised standards.

- a) Financial reporting standards, which have significant changes and are relevant to the Group:

TAS 1 (revised 2016)	Presentation of financial statements
TAS 16 (revised 2016)	Property, plant and equipment
TAS 19 (revised 2016)	Employee benefits
TAS 27 (revised 2016)	Separate financial statements
TAS 28 (revised 2016)	Investments in associates and joint ventures
TAS 38 (revised 2016)	Intangible assets
TFRS 10 (revised 2016)	Consolidated financial statements

TAS 1 (revised 2016), the amendments provide clarifications on a number of issues, including:

- Materiality – an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.
- Disaggregation and subtotals – line items specified in TAS 1 may need to be disaggregated where this is relevant to an understanding of the entity’s financial position or performance. There is also new guidance on the use of subtotals.
- Notes – confirmation that the notes do not need to be presented in a particular order.
- OCI arising from investments accounted for under the equity method – the share of OCI arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of other comprehensive income.

TAS 16 (revised 2016), key amendments are 1) The amendments clarify that depreciation of an item of property, plant and equipment based on revenue generated by using the asset is not appropriate and 2) The amendments include bearer plants in scope of TAS 16.

TAS 19 (revised 2016), the amendments clarify that when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important and not the country where they arise.

TAS 27 (revised 2016), the amendments allow an entity a policy choice to account for investments in subsidiaries, joint ventures and associates in its separate financial statements using the equity method as described in TAS 28. While current TAS 27 allows entities to measure their investments in subsidiaries, joint ventures and associates either at cost or at fair value (when announced). The election can be made independently for each category of investment (subsidiaries, joint ventures and associates). Entities wishing to change to the equity method must do so retrospectively.

TAS 28 (revised 2016), the significant changes are 1) the amendments allow an entity which is not an investment entity, but has an interest in an associate or joint venture which is an investment entity, a policy choice when applying the equity method of accounting. The entity may choose to retain the fair value measurement applied by the investment entity associate or joint venture, or to unwind the fair value measurement and instead perform a consolidation at the level of the investment entity associate or joint venture and 2) the amendments allow an entity a policy choice to account for investments in subsidiaries, joint ventures and associates in its separate financial statements using the equity method.

TAS 38 (revised 2016), the amendments include a rebuttable presumption that the amortisation of intangible assets based on revenue is inappropriate. This presumption can be overcome if either the intangible asset is expressed as a measure of revenue (i.e. where a measure of revenue is the limiting factor on the value that can be derived from the asset), or it can be shown that revenue and the consumption of economic benefits generated by the asset are highly correlated.

IFRS 10 (revised 2016), the amendments clarify that: 1) the exception from preparing consolidated financial statements is also available to intermediate parent entities which are subsidiaries of investment entities and 2) an investment entity should consolidate a subsidiary which is not an investment entity and whose main purpose and activity is to provide services in support of the investment entity's investment activities.

The management is currently assessing the impact of these financial reporting standards.

- b) Revised financial reporting standards and interpretations with minor changes and do not have impact to the Group are as follows:

There are 47 financial reporting standards with minor changes. The management is currently assessing the impact of these financial reporting standards.

2.3 Group Accounting - Investments in subsidiaries and associates and interests in joint ventures

1) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains or loss on transactions between the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the SET's separated financial statements, investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

2) Transactions and non-controlling interests

The Group treats transactions with non-controlling interests as transactions with the Fund. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in the Fund. Gains or losses on disposals to non-controlling interests are also recorded in the Fund.

3) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognised in revenues and expenses. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive revenues and expenses in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

4) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in

associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive revenues and expenses is reclassified to revenues and expenses where appropriate.

The Group's share of its associates' post-acquisition profits or losses is recognised in the revenues and expenses, and its share of post-acquisition movements in other comprehensive revenues and expenses is recognised in other comprehensive revenues and expenses. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.



The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to share of profit/(loss) of associates in the statement of comprehensive revenues and expenses.

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

Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group. Dilution gains and losses arising in investments in associates are recognised in the revenues and expenses.

In the SET's separated financial statements, investments in associates are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

5) Joint arrangements

The Group has applied TFRS11 to all joint arrangements as of 1 January 2015. Under TFRS11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive revenues and expenses. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

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 joint ventures 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 investments 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 quoted 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 statement of comprehensive revenues and expenses. The unrealised gains and losses of available-for-sale in investments are recognised in other comprehensive revenues and expenses.

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

General investments are carried at cost less impairment loss.

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 revenues and expenses. When disposing of part of the Company'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 – 50 years
Building improvements	3 – 30 years
Furniture and fixtures	5 – 20 years
Office equipment	5 – 15 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

2.14.1 Retirement benefits

The Group operates various retirement benefits schemes. The Group has both defined benefit and defined contribution plans.

A defined contribution plan is a retirement plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The Group pays contributions to a separate fund which is managed by an external fund manager in accordance with the provident fund Act, B.E. 2530. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

A defined benefit plan is a retirement plan that is not a defined contribution plan. Typically defined benefit plans define an amount of retirement benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.



The liability recognised in the statement of financial position in respect of defined benefit retirement plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related retirement liability. The Group reviews the assumptions used annually.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to the Fund in other comprehensive revenues and expenses in the period in which they arise.

Past-service costs are recognised immediately in revenues and expenses.

2.14.2 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 possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

2.15 Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

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 for security companies who provided initial support and for security companies subscribed from 2015 onward, the initial fee are recognised as revenue in the commencing. 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 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 the 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 investment
Government securities, debentures or bonds of state enterprises or entities incorporated by specific laws and guaranteed by the Ministry of Finance	Unlimited (2015: 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% of total debt investment per institution (2015: Not to exceed 15% per institution)
Debentures or warrants of debentures and bills of exchange	Not to exceed 5% of total debt investment per issuer (2015: Not to exceed 5% per issuer)
Investment units or warrants of investment units in mutual funds invested in debt securities	Not to exceed 10% of total debt investment per mutual fund (2015: Not to exceed 10% per mutual fund)

2) Investments in equity securities

Type of investment	Proportion of investment
Investment units or warrants of investment units in mutual funds invested in equity securities	Not to exceed 10% of total equity investment per each Fund, and not to exceed 10% of fund size (2015: Not to exceed 25% per mutual fund)

3) Investments in property funds

Type of investment	Proportion of investment
Property funds	Not to exceed 10% of fund size per each Fund, except for Fund of Property Funds, not to exceed 20% of fund size (2015: Not to exceed 10% of total investments)

4) Investments in foreign investment funds

Type of investment	Proportion of investment
Foreign investment funds	Not to exceed 20%–30% of fund size per each Fund (2015: Not to exceed 20% of total investments)

5) Investments in gold funds

Type of investment	Proportion of investment
Gold funds	Not to exceed 10% of fund size per mutual fund (2015: Not to exceed 3% of total investments)

Investments in each asset management company should not exceed 40% of total investments (2015: 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)
- 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 sustainable development of capital market industry, conducting of capital market research, and promoting leadership management.

Financial information presented in the consolidated financial statements as at 31 December 2016 and 2015 and for the years ended 31 December 2016 and 2015 are as follows:

(Unit : Baht'000)

	Consolidated						Total
	Securities Markets	Derivatives Markets	Technology Services	Registrar Services	Capital Market Development and others	Elimination	
For the year ended							
31 December 2016							
Revenues from operation	2,816,856	792,389	511,357	1,018,481	141,069	-	5,280,152
Revenue from inter-segment	741,936	586,368	108,248	523,853	16,099	(1,976,504)	-
Total revenue	3,558,792	1,378,757	619,605	1,542,334	157,168	(1,976,504)	5,280,152
Segment revenues over expenses	1,188,012	434,024	188,812	339,946	(564,300)	-	1,586,494
Investment income, net							766,861
Share of profit of investments in joint venture entity, net of tax							5,007
Share of profit of investments in associates, net of tax							20,824
Revenues over expenses in operations							2,379,186
Non-operating items:							
Income derived from Securities Investor Protection Fund, net							11,124
Income derived from Derivatives Investor Protection Fund, net							764
Contributions to the Stock Exchange of Thailand Foundation							(401,190)
Revenues over expenses before income tax expenses							1,989,884
Income tax expense							(327,996)
Revenues over expenses							1,661,888
As at 31 December 2016							
Segment assets	4,713,233	12,796,467	1,214,340	643,562	147,615	(347,599)	19,167,618
Other assets	-	-	-	-	24,290,138	(3,918,899)	20,371,239
Total assets	4,713,233	12,796,467	1,214,340	643,562	24,437,753	(4,266,498)	39,538,857
Segment liabilities	1,234,010	12,092,857	161,458	313,941	686,527	(347,599)	14,141,194
Other liabilities	-	-	-	-	2,574,500	(2,574,500)	-
Total liabilities	1,234,010	12,092,857	161,458	313,941	3,261,027	(2,922,099)	14,141,194



(Unit : Baht'000)

	Consolidated						
	Securities Markets	Derivatives Markets	Technology Services	Registrar Services	Capital Market Development and others	Elimination	Total
For the year ended 31 December 2015							
Revenues from operation	2,440,632	661,735	461,242	983,509	175,955	-	4,723,073
Revenue from inter- segment	678,917	484,329	97,512	471,967	6,124	(1,738,849)	-
Total revenue	3,119,549	1,146,064	558,754	1,455,476	182,079	(1,738,849)	4,723,073
Segment revenues over expenses	1,023,937	245,822	121,038	354,485	(357,099)	-	1,388,183
Investment income, net							492,014
Share of profit of investments in joint venture entity, net of tax							3,249
Share of profit of investments in Associates, net of tax							28,865
Revenues over expenses in operations							1,912,311
Non-operating items:							
Income derived from Securities Investor Protection Fund, net							10,304
Income derived from Derivatives Investor Protection Fund, net							1,086
Contributions to the Stock Exchange of Thailand Foundation							(401,379)
Revenues over expenses before income tax expense							1,522,322
Income tax expense							(139,966)
Revenues over expenses							1,382,356
As at 31 December 2015							
Segment assets	3,986,745	11,732,069	961,260	911,389	188,248	(296,958)	17,482,753
Other assets	-	-	-	-	21,480,043	(2,826,677)	18,653,366
Total assets	3,986,745	11,732,069	961,260	911,389	21,668,291	(3,123,635)	36,136,119
Segment liabilities	1,142,747	10,665,609	148,728	315,241	771,196	(296,958)	12,746,563
Other liabilities	-	-	-	-	1,896,500	(1,896,500)	-
Total liabilities	1,142,747	10,665,609	148,728	315,241	2,667,696	(2,193,458)	12,746,563

Reconciliation of reportable segment assets/liabilities were as follow:

(Unit : Baht'000)		
	Consolidated	
	2016	2015
Assets		
Assets for reportable segments	19,167,618	17,482,753
Unallocated amounts:		
– Cash and investments	18,352,073	16,555,357
– Investments in related parties	37,687	87,600
– Accrued interest receivables	953,512	967,734
– Land and building under construction	1,027,967	1,042,675
Total assets	39,538,857	36,136,119
Liabilities		
Liabilities for reportable segments	14,141,194	12,746,563
Total liabilities	14,141,194	12,746,563

7 Related party transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the entity, including holding companies, subsidiaries and fellow subsidiaries are related parties of the entity. Associates and individuals owning, directly or indirectly, an interest in the voting power of the entity that gives them significant influence over the enterprise, key management personnel, including directors and officers of the company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related-party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

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	The interest rate on the loan is based on the floating market interest rate which is referred to the higher interest rate for one-year government bond or one-year fixed deposit on average of 4 banks for corporate credit line of Baht 10 million

Related party transactions for the years ended 31 December 2016 and 2015 were as follows:

(Unit : Baht'000)				
	Consolidated		SET	
	2016	2015	2016	2015
Service income				
Subsidiaries	-	-	1,826,333	1,631,723
Joint venture entity	19,534	11,728	13,907	11,698
Associates	1,710	1,838	-	-
	21,244	13,566	1,840,240	1,643,421
Purchase of services				
Subsidiaries	-	-	15,120	3,058
Joint venture entity	92,629	93,043	92,029	93,043
	92,629	93,043	107,149	96,101
Interest income				
Subsidiaries	-	-	2,160	3,750
Interest expense				
Subsidiaries	-	-	32,010	26,546

Related party balances as at 31 December 2016 and 2015 were as follows:

(Unit : Baht'000)				
	Consolidated		SET	
	2016	2015	2016	2015
Accounts receivable				
Joint venture entity	137	191	137	137
	137	191	137	137
Accrued income				
Subsidiaries	-	-	187,929	144,837
Joint venture entity	2,236	401	1,636	401
Associates	140	170	-	-
	2,376	571	189,565	145,238
Other current assets				
Subsidiaries	-	-	84	39
Joint venture entity	5	85	5	85
	5	85	89	124
Payables				
Subsidiaries	-	-	139	-
Joint venture entity	81	1,300	81	1,300
	81	1,300	220	1,300
Accrued expenses				
Subsidiaries	-	-	5,914	1,331
Joint venture entity	9,340	45,285	8,740	45,285
	9,340	45,285	14,654	46,616
Fees received in advance				
Joint venture entity	1,759	-	1,759	-
	1,759	-	1,759	-
Other current liabilities				
Joint venture entity	139	14	139	10
	139	14	139	10



Short-term borrowings from subsidiaries

(Unit : Baht'000)

	Interest rate (% per annum)		SET	
	2016	2015	2016	2015
Short-term borrowings from subsidiaries	1.36 – 2.00	0.90 – 2.26	2,574,500	1,896,500

The Group has a policy of centralising the investments and managed by the SET in order to maximize its efficiency and overall returns. The parent will borrow from its subsidiaries in the form of one-year promissory notes. The interest rate on the loan is based on the floating market interest rate which is referred to the higher interest rate for one-year government bond or one-year fixed deposit on average of 4 banks for corporate credit line of up to Baht 10 million (interest rate may be revised as appropriate).

Movements of short-term borrowings from subsidiaries for the years ended 31 December 2016 and 2015 were as follows:

(Unit : Baht'000)

	SET	
	2016	2015
Subsidiaries		
Opening balance	1,896,500	1,271,314
Additions	895,000	875,000
Repayments	(217,000)	(249,814)
Closing balance	2,574,500	1,896,500

Contributions to the Stock Exchange of Thailand Foundation

SET realizes the importance of corporate social responsibility (CSR) alongside the core business. To grow the business sustainably, the corporation must be CSR-minded and must put into practice basis, SET has established The Stock Exchange of Thailand Foundation to support outstanding CSR projects that greatly benefit the society and the country as a whole.

The Foundation was established on 9 August 2006. The SET's Board governors are also the committee members of the foundation, by position. The Foundation supports three key CSR areas; 1) Doing Good 2) Region, Arts and Culture, and 3) Sports and Society.

SET allocated its annual revenues over expenses to support the implementation of the Foundation. Since 2006, SET appropriated one-third of revenues over expenses. On 9 August 2016, an adjustment was made to allocate 13% of revenues over expenses before income tax.

For the year ended 31 December 2016, the SET appropriated its annual revenues over expenses of Baht 401.19 million (2015: Baht 401.38 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	
	2016	2015	2016	2015
Director's remuneration	25,287	24,431	22,203	22,395
	25,287	24,431	22,203	22,395



8 Cash and cash equivalents

(Unit : Baht'000)

	Consolidated		SET	
	2016	2015	2016	2015
Cash on hand	314	319	310	308
Saving and current accounts	716,870	1,561,014	612,053	1,412,776
Fixed deposit with maturities less than 3 month from acquisition date	-	100,000	-	100,000
	717,184	1,661,333	612,363	1,513,084

For the year ended 31 December 2016, saving accounts carried the interest at rates ranging from 0.10% – 1.25% per annum (2015: from 0.10% – 2.07% per annum).

As at 31 December 2016, no fixed deposit accounts at banks (2015 : fixed deposit accounts at banks represented fixed deposit accounts at call that carried the interest at the rate of 1.50% per annum).

9 Short-term investments, net

(Unit : Baht'000)

	Note	Consolidated		SET	
		2016	2015	2016	2015
Investments managed by SET					
General investments		35,507	35,507	35,507	35,507
<u>Less</u> Allowance for impairment losses		(10,918)	(10,918)	(10,918)	(10,918)
		24,589	24,589	24,589	24,589
Available-for-sales		1,662,810	1,387,778	1,662,810	1,387,778
Held-to-maturity debt securities	14	10,000	1,174,079	10,000	1,174,079
		1,697,399	2,586,446	1,697,399	2,586,446
Investments managed by private funds					
Held-to-maturity debt securities		650,882	701,841	650,882	701,841
Trading securities		7,828,762	2,797,737	7,828,762	2,797,737
		8,479,644	3,499,578	8,479,644	3,499,578
		10,177,043	6,086,024	10,177,043	6,086,024

Movements of short-term investments for the years ended 31 December 2016 and 2015 were as follows:

(Unit : Baht'000)

	Consolidated		SET	
	2016	2015	2016	2015
Opening balance	6,086,024	7,837,836	6,086,024	7,837,836
Purchases	6,727,979	1,051,902	6,727,979	1,051,902
Disposals	(3,825,321)	(4,638,501)	(3,825,321)	(4,638,501)
Classification of investments (Note14)	1,193,260	1,825,657	1,193,260	1,825,657
Unrealised (loss) gain on available-for-sale securities	(4,899)	8,880	(4,899)	8,880
Reversal allowance for impairment	-	250	-	250
Closing balance	10,177,043	6,086,024	10,177,043	6,086,024

As at 31 December 2016 and 2015, fair value of investment in specific-purpose funds were as follows:

(Unit : Baht'000)

	Consolidated and SET					
	Cost		Fair Value		Impairments	
	2016	2015	2016	2015	2016	2015
Investment in specific-purpose funds	35,507	35,507	27,889	26,522	(10,918)	(10,918)

Investments managed by the SET

As at 31 December 2016, no fixed deposit accounts (2015: fixed deposit accounts represented fixed deposit accounts at banks which had maturities not over 12 months and carried interest at rates ranging from 3.28% – 3.30% per annum).

As at 31 December 2016, investments in money market funds represent investments in 7 open-ended funds (2015: seven open-ended fund). The investment policy emphasises investments in short-term debt securities.

As at 31 December 2016, investments in specific-purpose funds represented investments in 2 open-ended venture capital funds (2015: two 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. On 27 February 2015, the fund is at maturity date. The fund made a repayment for the remaining unit of 1,542,863.7414, at the cost of Baht 15.45 million plus a return to SET on 9 March 2015.
- 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 32).

As at 31 December 2016, debenture had coupon rate at 4.50% per annum (2015: Bank of Thailand bonds, foreign bonds and debentures had coupon rates from 4.17% – 6.00% per annum) and market yields at 1.83% per annum (2015: from 1.50% – 2.60% per annum).

Investments managed by private funds

As at 31 December 2016 investments in private funds are managed by 3 asset management companies (2015: two 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 2016, the return rates for investments managed by private funds ranged from 0.96 – 1.93% per annum (2015: from 3.34% – 3.77% per annum).

10 Accounts receivable and accrued income, net

		(Unit : Baht'000)			
	Note	Consolidated		SET	
		2016	2015	2016	2015
Accounts receivable					
Related parties	7	137	191	137	137
Other parties		72,055	83,228	34,182	44,141
		72,192	83,419	34,319	44,278
<u>Less</u> Allowance for doubtful accounts		(15,128)	(19,041)	(5,024)	(8,910)
		57,064	64,378	29,295	35,368
Accrued income					
Related parties	7	2,376	571	189,565	145,238
Other parties		283,303	284,083	116,900	131,898
		285,679	284,654	306,465	277,136
		342,743	349,032	335,760	312,504

Aging analysis for accounts receivable is as follows:

		(Unit : Baht'000)			
	Note	Consolidated		SET	
		2016	2015	2016	2015
Related parties					
Within credit terms	7	137	191	137	137
		137	191	137	137
Other parties					
Within credit terms		46,730	49,787	21,500	25,980
Overdue:					
Less than 3 months		10,197	12,254	7,658	7,393
3 – 6 months		-	1,221	-	1,077
6 – 12 months		-	925	-	781
Over 12 months		15,128	19,041	5,024	8,910
		72,055	83,228	34,182	44,141
<u>Less</u> Allowance for doubtful accounts		(15,128)	(19,041)	(5,024)	(8,910)
		56,927	64,187	29,158	35,231
		57,064	64,378	29,295	35,368

The normal credit terms granted by the Group range from 15 days to 30 days.

11 Other current assets

(Unit : Baht'000)

	Consolidated		SET	
	2016	2015	2016	2015
Financial benefits to unitholders	72,942	67,150	-	-
Thai Stock Market Flood Relief Fund	36,775	36,606	36,775	36,606
Prepaid expenses	27,512	21,599	27,102	21,599
Loans to employees	25,882	26,382	25,882	26,382
Withholding tax receivable	19,456	15,148	-	-
Value added tax receivable	5,211	16,267	-	10,042
Inventory – publication	5,139	7,132	5,139	7,132
Other receivables from sale of investments	5,000	45,033	5,000	45,033
Pending input tax	4,859	4,951	4,682	4,951
Cash at bank for clearing collateral	480	30	-	-
Dividend receivable	-	3,632	-	3,632
Others	4,960	4,568	4,910	4,355
	<u>208,216</u>	<u>248,498</u>	<u>109,490</u>	<u>159,732</u>

12 Investments in subsidiaries

Investments in subsidiaries as at 31 December 2016 and 2015, and dividend income for the years then ended were as follows:

	(Unit : Baht*000)							
	Ownership interest %		SET					
			Paid-up capital		Cost method		Dividend income	
	2016	2015	2016	2015	2016	2015	2016	2015
Subsidiaries								
Thailand Securities Depository Co., Ltd.	100.00	100.00	200,000	200,000	200,000	200,000	376,194	320,832
Thai Trust Fund Management Co., Ltd.	100.00	100.00	100,000	100,000	100,000	100,000	196	414
Thai NVDR Co., Ltd.	100.00	100.00	10,000	10,000	10,000	10,000	829	2,240
SETTRADE.COM Co., Ltd.	100.00	100.00	80,000	80,000	74,591	74,591	-	48,926
Siam DR Co., Ltd.	100.00	100.00	10,000	10,000	10,000	10,000	98	218
Thailand Futures Exchange Public Company Limited ⁽¹⁾	100.00	100.00	500,000	100,000	500,000	100,000	-	1,875
Thailand Clearing House Co., Ltd.	100.00	100.00	600,000	600,000	602,700	602,700	-	63,894
			1,500,000	1,100,000	1,497,291	1,097,291	377,317	438,399

The business place of all subsidiaries is in Thailand and the nature of business of each subsidiaries has already disclosed in Note 1.

⁽¹⁾ The total number of authorized ordinary shares is 50,000,000 shares (2015: 10,000,000 shares) with a par value of Baht 10 per share (2015: Baht 10 per share).

All issued shares are fully paid. On 2 June 2016, the shareholders at the Extraordinary Meeting no.03/2016 passed a resolution to approve increase the authorized share capital from 10,000,000 ordinary shares with a par value of Baht 10 per share to 50,000,000 ordinary shares with a par value of Baht 10 per share. On 16 September 2016, Subsidiary received subscription of 40,000,000 additional shares at Baht 10 par value which were priced at Baht 10 per share. The paid-up share capital totaling Baht 400,000,000. Subsidiary registered the increased share capital with the Ministry of Commerce on 20 September 2016.



13 Investments in associates and joint venture entity, net

Investments accounted for using equity method

The amounts recognised in the statement of financial position are as follows:

		(Unit: Baht'000)			
		Consolidated		SET	
		2016	2015	2016	2015
Associates		890,787	901,458	775,620	775,620
Joint venture entity		62,725	66,276	25,000	25,000
At 31 December		953,512	967,734	800,620	800,620

The amounts recognised in the statement of comprehensive revenues and expenses in share of profit of investments in associates and joint venture entity, net of tax are as follows:

		(Unit: Baht'000)			
		Consolidated		SET	
		2016	2015	2016	2015
Associates		20,824	28,865	-	-
Joint venture entity		5,007	3,249	-	-
For the year ended 31 December		25,831	32,114	-	-

13 (a) Investment in associates

Set out below are the associates of the Group as at 31 December 2016 and 2015, which, in the opinion of the directors, are not material to the Group. The associates as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group.

(Unit : Baht'000)

	Ownership interest		Consolidated					
			Paid-up capital		Cost method, net		Equity method	
	2016	2015	2016	2015	2016	2015	2016	2015
Associates								
Clearing Fund ("CLF")	11.37	12.80	1,699,421	1,475,965	100,000	100,000	196,763	193,265
TSFC Securities Public Company Limited ("TSFC")	40.65	40.65	1,549,126	1,549,126	675,620	675,620	694,024	708,193
					775,620	775,620	890,787	901,458
							-	-
							-	-

(Unit : Baht'000)

SET													
Ownership interest													
%		Paid-up capital				Cost method		Impairment		At cost, net		Dividend income	
2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Associates													
Clearing Fund	11.37	12.80	1,699,421	1,475,965	100,000	100,000	-	-	100,000	100,000	-	-	-
TSFC Securities Public	40.65	40.65	1,549,126	1,549,126	679,015	679,015	(3,395)	(3,395)	675,620	675,620	31,487	31,487	9,446
Company Limited			779,015	779,015	779,015	779,015	(3,395)	(3,395)	775,620	775,620	31,487	31,487	9,446

The business place of all associates is in Thailand and the nature of business of each associates has already disclosed in Note 1.



The Group also has interests in a number of individually immaterial associates that are accounted for using the equity method in the Consolidated.

(Unit: Baht'000)						
	2016			2015		
	CLF	TSFC	Total	CLF	TSFC	Total
Aggregate carrying amount of individually immaterial associates	196,763	694,024	890,787	193,265	708,193	901,458
Aggregate amounts of the reporting entity's share of;						
Revenues over expenses from continuing activities, net of tax	3,498	17,326	20,824	4,290	24,575	28,865
Other comprehensive revenues and expenses, net of tax	-	(9)	(9)	-	(3)	(3)
Total comprehensive revenues and expenses, net of tax	3,498	17,317	20,815	4,290	24,572	28,862

The Group has no contingent liabilities relating to associates.

13 (b) Investment in joint venture entity

The joint venture listed below has share capital consisting solely of preferred shares, which is held directly by the group.

	(Unit : Baht'000)					
	Ownership interest			Consolidated		
	%			Paid-up capital		Dividend income
	2016	2015		2016	2015	2016
Joint venture entity						
Family Know-how Co., Ltd.	50.00	50.00		50,000	50,000	-
					66,276	-

	(Unit : Baht'000)					
	Ownership interest			SET		
	%			Paid-up capital		Dividend income
	2016	2015		2016	2015	2016
Joint venture entity						
Family Know-how Co., Ltd.	50.00	50.00		50,000	50,000	8,497
					25,000	-

The business place of all joint venture entity is in Thailand and the nature of business of each joint venture entity has already disclosed in Note 1.



The Group also has interests in a immaterial joint venture entity that is accounted for using the equity method.

(Unit : Baht'000)		
	2016	2015
Aggregate carrying amount of individually immaterial joint venture entity	62,725	66,276
Aggregate amounts of the reporting entity's share of:		
Revenues over expenses from continuing activities, net of tax	5,007	3,249
Other comprehensive revenues and expenses, net of tax	-	-
Total comprehensive revenue and expenses, net of tax	5,007	3,249

The Group has no contingent liabilities related to joint venture entity.

14 Long-term investments, net

(Unit : Baht'000)				
	Consolidated		SET	
	2016	2015	2016	2015
Available-for-sale investments	6,857,996	6,515,242	6,857,996	6,515,242
Held-to-maturity debt securities	1,441,728	2,735,527	1,441,728	2,735,527
General investments	12,336	12,336	12,336	12,336
	8,312,060	9,263,105	8,312,060	9,263,105

Held-to-maturity debt securities:

As at 31 December 2016, fixed deposit accounts represented fixed deposits at banks which had maturities over one year and carried interest at rates 4.00% per annum (2015: 4.00% per annum).

As at 31 December 2016, cash at banks by M.O.U. used as security for housing loans provided to employees of the Group by a bank under a Memorandum of Understanding is Baht 544.19 million (2015: Baht 540.59 million).

As at 31 December 2016, debenture which had maturities over one year to six years, coupon rate at 4.95% per annum (2015: government bonds and debentures had coupon rates from 3.80% - 6.34% per annum) and market yields at 4.15% per annum (2015: from 1.47% - 4.22% per annum).

Available-for-sale investments :

As at 31 December 2016, investments in general mutual funds represented investments in 17 open-ended funds, which have a policy of emphasising investment in equity securities of listed companies (2015: 19 funds) and 1 gold fund (2015: no funds).

As at 31 December 2016, investments in property funds represented 11 closed-end non-redeemable mutual funds (2015: 12 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 2016, investment in infrastructure fund represented investment in one closed-end and non-redeemable mutual fund. (2015: 1 fund). Key objective of this fund is to raise money from both local and foreign investors and invest in potential infrastructure that has capability to generate stable and sustainable income for the fund so that the fund could make continuous distribution to its unitholders. This infrastructure fund is listed and traded on the Stock Exchange of Thailand.

As at 31 December 2016, investments in foreign investment funds represented investments in 23 open-ended funds (2015: 20 funds). The Feeder Fund policy is to emphasise investment in foreign fund securities.

Movements of long-term investments for the years ended 31 December 2016 and 2015 were as follows:

	(Unit : Baht'000)			
	Consolidated		SET	
	2016	2015	2016	2015
Opening balance	9,263,105	8,690,342	9,263,105	8,690,342
Purchases	2,519,728	4,806,774	2,519,728	4,806,774
Disposals	(2,624,102)	(2,183,508)	(2,624,102)	(2,183,508)
Classification of investments (Note 9)	(1,193,260)	(1,825,657)	(1,193,260)	(1,825,657)
Adjustment	-	3	-	3
Unrealised gain (loss) on available-for-sale securities	346,589	(224,849)	346,589	(224,849)
Closing balance	8,312,060	9,263,105	8,312,060	9,263,105



As at 31 December 2016 and 2015, 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
31 December 2016				
Held-to-maturity debt securities				
Government bonds	-	-	-	-
Bank of Thailand bonds	-	-	-	-
Foreign bond	-	-	-	-
Debentures	10,000	10,000	-	20,000
Deposits at banks	-	887,540	544,188	1,431,728
	10,000	897,540	544,188	1,451,728
31 December 2015				
Held-to-maturity debt securities				
Government bonds	-	1,019	-	1,019
Bank of Thailand bonds	100,000	-	-	100,000
Foreign bond	20,000	-	-	20,000
Debentures	145,227	1,043,002	263,379	1,451,608
Deposits at banks	908,852	887,540	540,587	2,336,979
	1,174,079	1,931,561	803,966	3,909,606

(Unit : Baht'000)

	SET			
	Due			
	Within 1 year	1 to 5 years	Over 5 years	Total
31 December 2016				
Held-to-maturity debt securities				
Government bonds	-	-	-	-
Bank of Thailand bonds	-	-	-	-
Foreign bonds	-	-	-	-
Debentures	10,000	10,000	-	20,000
Deposits at banks	-	887,540	544,188	1,431,728
	10,000	897,540	544,188	1,451,728
31 December 2015				
Held-to-maturity debt securities				
Government bonds	-	1,019	-	1,019
Bank of Thailand bonds	100,000	-	-	100,000
Foreign bonds	20,000	-	-	20,000
Debentures	145,227	1,043,002	263,379	1,451,608
Deposits at banks	908,852	887,540	540,587	2,336,979
	1,174,079	1,931,561	803,966	3,909,606



As at 31 December 2016 and 2015, the fair value of held-to-maturity debt securities were as follows:

(Unit : Baht'000)

	Consolidated			
	Amortised cost, net		Fair value	
	2016	2015	2016	2015
Government bonds	-	1,019	-	1,048
Bank of Thailand bonds	-	100,000	-	102,995
Foreign bonds	-	20,000	-	20,155
Debentures	20,000	1,451,608	20,417	1,530,463
Deposits at banks	1,431,728	2,336,979	1,386,360	2,282,936
	1,451,728	3,909,606	1,406,777	3,937,597
<u>Less</u> Classification of investments				
to short-term investment (Note 9)	(10,000)	(1,174,079)	(10,198)	(1,178,672)
	1,441,728	2,735,527	1,396,579	2,758,925

(Unit : Baht'000)

	SET			
	Amortised cost, net		Fair value	
	2016	2015	2016	2015
Government bonds	-	1,019	-	1,048
Bank of Thailand bonds	-	100,000	-	102,995
Foreign bonds	-	20,000	-	20,155
Debentures	20,000	1,451,608	20,417	1,530,463
Deposits at banks	1,431,728	2,336,979	1,386,360	2,282,936
	1,451,728	3,909,606	1,406,777	3,937,597
<u>Less</u> Classification of investments				
to short-term investment (Note 9)	(10,000)	(1,174,079)	(10,198)	(1,178,672)
	1,441,728	2,735,527	1,396,579	2,758,925

15 Property, plant and equipment, net

(Unit : Baht'000)

	Consolidated					Total
	Land and land improvements	Buildings and building improvements	Furniture, fixtures and office equipment	Motor vehicles	Work in process /building under construction	
As at 1 January 2015						
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	1,014,097	1,037,785	219,229	1,780	1,753,148	4,026,039
For the year ended 31 December 2015						
Opening net book amount	1,014,097	1,037,785	219,229	1,780	1,753,148	4,026,039
Additions	-	4,062	225,103	-	1,619,175	1,848,340
Disposals/write-off	-	-	(3,933)	-	-	(3,933)
Depreciation charge	-	(109,162)	(81,025)	(155)	-	(190,342)
Transfer	-	3,110,578	233,167	-	(3,343,745)	-
Closing net book amount	1,014,097	4,043,263	592,541	1,625	28,578	5,680,104
As at 31 December 2015						
Cost	1,014,097	4,865,513	1,453,206	3,238	28,578	7,364,632
<u>Less</u> Accumulated depreciation	-	(822,250)	(860,665)	(1,613)	-	(1,684,528)
Net book amount	1,014,097	4,043,263	592,541	1,625	28,578	5,680,104
For the year ended 31 December 2016						
Opening net book amount	1,014,097	4,043,263	592,541	1,625	28,578	5,680,104
Additions	-	6,047	67,447	2,372	139,985	215,851
Disposals/write-off	-	(30)	(44)	(2,072)	-	(2,146)
Depreciation charge	-	(233,054)	(123,367)	(95)	-	(356,516)
Transfer	-	83,510	71,184	-	(154,694)	-
Closing net book amount	1,014,097	3,899,736	607,761	1,830	13,869	5,537,293
As at 31 December 2016						
Cost	1,014,097	4,955,022	1,474,651	3,538	13,869	7,461,177
<u>Less</u> Accumulated depreciation	-	(1,055,286)	(866,890)	(1,708)	-	(1,923,884)
Net book amount	1,014,097	3,899,736	607,761	1,830	13,869	5,537,293



(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
As at 1 January 2015						
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
For the year ended						
31 December 2015						
Opening net book amount	1,014,097	1,037,387	219,002	1,780	1,753,148	4,025,414
Additions	-	4,062	223,736	-	1,619,175	1,846,973
Disposals/write-off	-	-	(3,933)	-	-	(3,933)
Depreciation charge	-	(109,121)	(80,863)	(155)	-	(190,139)
Transfer	-	3,110,578	233,167	-	(3,343,745)	-
Closing net book amount	1,014,097	4,042,906	591,109	1,625	28,578	5,678,315
As at 31 December 2015						
Cost	1,014,097	4,863,796	1,373,707	3,238	28,578	7,283,416
<u>Less</u> Accumulated depreciation	-	(820,890)	(782,598)	(1,613)	-	(1,605,101)
Net book amount	1,014,097	4,042,906	591,109	1,625	28,578	5,678,315
For the year ended						
31 December 2016						
Opening net book amount	1,014,097	4,042,906	591,109	1,625	28,578	5,678,315
Additions	-	6,047	67,447	2,372	139,985	215,851
Disposals/write-off	-	(30)	(37)	(2,072)	-	(2,139)
Depreciation charge	-	(233,013)	(123,059)	(95)	-	(356,167)
Transfer	-	83,510	71,184	-	(154,694)	-
Closing net book amount	1,014,097	3,899,420	606,644	1,830	13,869	5,535,860
As at 31 December 2016						
Cost	1,014,097	4,953,305	1,402,212	3,538	13,869	7,387,021
<u>Less</u> Accumulated depreciation	-	(1,053,885)	(795,568)	(1,708)	-	(1,851,161)
Net book amount	1,014,097	3,899,420	606,644	1,830	13,869	5,535,860

16 Intangible assets, net

(Unit : Baht'000)

	Consolidated			Total
	Computer software	Patent	Work in process	
As at 1 January 2015				
Cost	1,255,244	2,784	39,664	1,297,692
<u>Less</u> Accumulated amortisation	(804,307)	(131)	-	(804,438)
Net book amount	450,937	2,653	39,664	493,254
For the year ended 31 December 2015				
Opening net book amount	450,937	2,653	39,664	493,254
Additions	54,201	35	62,957	117,193
Amortisation charge	(104,042)	(384)	-	(104,426)
Transfer	100,206	-	(100,206)	-
Closing net book amount	501,302	2,304	2,415	506,021
As at 31 December 2015				
Cost	1,409,652	2,819	2,415	1,414,886
<u>Less</u> Accumulated amortisation	(908,350)	(515)	-	(908,865)
Net book amount	501,302	2,304	2,415	506,021
For the year ended 31 December 2016				
Opening net book amount	501,302	2,304	2,415	506,021
Additions	14,748	48	56,472	71,268
Amortisation charge	(110,228)	(388)	-	(110,616)
Transfer	43,186	-	(43,186)	-
Closing net book amount	449,008	1,964	15,701	466,673
As at 31 December 2016				
Cost	1,467,625	2,867	15,701	1,486,193
<u>Less</u> Accumulated amortisation	(1,018,617)	(903)	-	(1,019,520)
Net book amount	449,008	1,964	15,701	466,673



(Unit : Baht'000)

	SET			
	Computer software	Patent	Work in process	Total
As at 1 January 2015				
Cost	1,173,737	1,923	39,664	1,215,324
<u>Less</u> Accumulated amortisation	(724,013)	(2)	-	(724,015)
Net book amount	449,724	1,921	39,664	491,309
For the year ended 31 December 2015				
Opening net book amount	449,724	1,921	39,664	491,309
Additions	54,201	35	62,957	117,193
Amortisation charge	(103,795)	(261)	-	(104,056)
Transfer	100,206	-	(100,206)	-
Closing net book amount	500,336	1,695	2,415	504,446
As at 31 December 2015				
Cost	1,328,144	1,958	2,415	1,332,517
<u>Less</u> Accumulated amortisation	(827,808)	(263)	-	(828,071)
Net book amount	500,336	1,695	2,415	504,446
For the year ended 31 December 2016				
Opening net book amount	500,336	1,695	2,415	504,446
Additions	14,748	48	56,472	71,268
Amortisation charge	(110,008)	(265)	-	(110,273)
Transfer	43,186	-	(43,186)	-
Closing net book amount	448,262	1,478	15,701	465,441
As at 31 December 2016				
Cost	1,386,117	2,006	15,701	1,403,824
<u>Less</u> Accumulated amortisation	(937,855)	(528)	-	(938,383)
Net book amount	448,262	1,478	15,701	465,441

17 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 2016 and 2015, the details of investments for which margin deposits were placed by members amounting to Baht 10,159.97 million and Baht 8,829.62 million, respectively are as follows:

	(Unit : Baht'000)	
	Consolidated	
	2016	2015
Savings and fixed deposit accounts	9,598,086	8,291,930
Savings account in foreign currency	519,744	492,008
Accrued benefits	42,138	45,677
	<u>10,159,968</u>	<u>8,829,615</u>

As at 31 December 2016, savings account in foreign currency of USD 14.57 million (2015: USD 13.70 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.

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 payable” in current liabilities in the statement of financial position.



18 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:

18.1 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.

18.2 Clearing fund contributions comprising contributions from:

(1) The SET amounting to Baht 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 2016 and 2015, assets for clearing system protection and benefits consist of:

(Unit : Baht'000)

	Consolidated					
	Securities Deposit and benefits		Clearing fund and benefits		Total	
	2016	2015	2016	2015	2016	2015
Investments managed by TCH	656,832	625,551	-	-	656,832	625,551
Investments managed by private fund						
Savings accounts	1,023	872	511	925	1,534	1,797
Fixed deposit accounts	-	71,002	-	238,036	-	309,038
Trading Securities	221,543	138,917	830,540	508,184	1,052,083	647,101
	879,398	836,342	831,051	747,145	1,710,449	1,583,487
Accrued interest receivable	794	4,211	2,603	6,125	3,397	10,336
Other assets	61	86	7,453	5,694	7,514	5,780
	880,253	840,639	841,107	758,964	1,721,360	1,599,603

(Unit : Baht'000)

	SET	
	2016	2015
Clearing fund and benefits		
Contributions	100,000	100,000
Benefits	40,043	38,242
	140,043	138,242

Investment managed by TCH

For the year ended 31 December 2016, savings accounts carried interest at rates ranging from 0.25% - 1.00% per annum (2015: from 1.00% - 2.07% per annum).

For the year ended 31 December 2016, fixed deposit accounts carried interest at the rates 0.90% per annum (2015: from 1.00% - 1.25% per annum).

Investments managed by private fund

Investments in private fund are managed by 1 asset management company (2015: 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 2016, the investment in private fund have return rates ranging from 1.54% - 1.60% per annum (2015: from 2.82% - 3.95% per annum).

As at 31 December 2016 and 2015, assets for clearing system protection and benefits payable consist of:

(Unit : Baht'000)		
	Consolidated	
	2016	2015
Securities Deposit and benefits		
Contributions	877,000	835,000
Benefits (semi-annually distribute to members)	3,283	5,688
	880,283	840,688
Clearing fund and benefits		
Contributions	608,834	536,907
Benefits	92,200	83,766
	701,034	620,673
	1,581,317	1,461,361

19 Deferred income taxes

Statement of Financial Position shows the balance as follows:

(Unit : Baht'000)				
	Consolidated		SET	
	2016	2015	2016	2015
As at 31 December				
Deferred tax assets	2,322	2,026	-	-
Deferred tax liabilities	(44,684)	(1,191)	(44,684)	-
Deferred tax, net	(42,362)	835	(44,684)	-

The gross movement of the deferred income tax account is as follows:

Deferred tax asset:

(Unit : Baht'000)

	Consolidated		SET	
	2016	2015	2016	2015
Opening balance	2,026	2,021	-	-
Charged/(credited) to revenues over expenses	53,501	5	53,481	-
Tax charged/(credited) directly to fund balance	-	-	-	-
Closing balance	55,527	2,026	53,481	-

Deferred tax liabilities:

(Unit : Baht'000)

	Consolidated		SET	
	2016	2015	2016	2015
Opening balance	1,191	1,191	-	-
Charged/(credited) to revenues over expenses	96,698	-	98,165	-
Tax charged/(credited) directly to fund balance	-	-	-	-
Closing balance	97,889	1,191	98,165	-



The movement in deferred tax assets and deferred tax liabilities during the year is as follows:

(Unit : Baht'000)

	Consolidated			
	Allowance for doubtful accounts	Provision for annual leave	Provision for employee benefits	Total
Deferred tax assets				
At 1 January 2015				
Charged (credited)	2,021	-	-	2,021
to revenues over expenses	5	-	-	5
At 31 December 2015	2,026	-	-	2,026
Charged (credited)	1,005	4,844	47,652	53,501
to revenues over expenses				
At 31 December 2016	3,031	4,844	47,652	55,527

(Unit : Baht'000)

	SET			
	Allowance for doubtful accounts	Provision for annual leave	Provision for employee benefits	Total
Deferred tax assets				
At 1 January 2015				
Charged (credited)	-	-	-	-
to revenues over expenses	-	-	-	-
At 31 December 2015	-	-	-	-
Charged (credited)	1,005	4,824	47,652	53,481
to revenues over expenses				
At 31 December 2016	1,005	4,824	47,652	53,481

(Unit : Baht'000)

	Consolidated		
	Unrealised gain on revaluation of available-for-sale securities	Unrealised gain on revaluation of trading securities	Total
Deferred tax liabilities			
At 1 January 2015	-	1,191	1,191
Charged (credited) to revenues over expenses	-	-	-
Charged (credited) to components of other comprehensive revenues over expenses	-	-	-
At 31 December 2015	-	1,191	1,191
Charged (credited) to revenues over expenses	97,382	(684)	96,698
Charged (credited) to components of other comprehensive revenues over expenses	-	-	-
At 31 December 2016	97,382	507	97,889

(Unit : Baht'000)

	SET		
	Unrealised gain on revaluation of available-for-sale securities	Unrealised gain on revaluation of trading securities	Total
Deferred tax liabilities			
At 1 January 2015	-	-	-
Charged (credited) to revenues over expenses	-	-	-
Charged (credited) to components of other comprehensive revenues over expenses	-	-	-
At 31 December 2015	-	-	-
Charged (credited) to revenues over expenses	97,382	783	98,165
Charged (credited) to components of other comprehensive revenues over expenses	-	-	-
At 31 December 2016	97,382	783	98,165



20 Accounts payable and accrued expenses

(Unit : Baht'000)

	Note	Consolidated		SET	
		2016	2015	2016	2015
Accounts payable					
Subsidiaries	7	-	-	139	-
Joint venture entity	7	81	1,300	81	1,300
Other parties		87,268	103,002	83,296	102,547
		87,349	104,302	83,516	103,847
Accrued expenses					
Subsidiaries	7	-	-	5,914	1,331
Joint venture entity	7	9,340	45,285	8,740	45,285
Other parties		934,814	1,076,645	917,335	1,059,459
		944,154	1,121,930	931,989	1,106,075
		1,031,503	1,226,232	1,015,505	1,209,922

21 Other current liabilities

(Unit : Baht'000)

	Consolidated		SET	
	2016	2015	2016	2015
Dividend payable from registrar services to shareholders	72,942	67,150	-	-
Financial benefits payable	65,775	62,112	-	-
Thai Stock Market Flood Relief Fund	36,775	36,606	36,775	36,606
Other retention payables	35,728	70,959	35,724	70,955
Withholding tax payable	33,305	44,363	10,938	20,299
Provision for employee benefits from accumulated annual leave	24,223	21,878	24,121	21,878
Value added tax payable	18,924	-	18,921	-
Ngoen-Thong-khong-Mee-Kha Fund	11,570	11,568	11,570	11,568
Clearing collateral payable	480	30	-	-
Refund for unalotted TNVDR	-	1,239	-	-
Others	17,599	18,892	12,781	14,656
	317,321	334,797	150,830	175,962

22 Provision for employee benefits

(Unit : Baht'000)

	Consolidated		SET	
	2016	2015	2016	2015
Statement of financial position				
Retirement benefits	207,353	195,392	207,353	195,392
Other benefits	30,910	31,852	30,910	31,852
	238,263	227,244	238,263	227,244
Expenses charge included in the statement of revenues and expenses				
Retirement benefits	23,598	19,820	23,598	19,820
Other benefits	2,978	3,276	2,978	3,276
	26,576	23,096	26,576	23,096

The amounts recognised in the statement of financial position are determined as follows:

(Unit : Baht'000)

	Consolidated		SET	
	2016	2015	2016	2015
Present value of obligations				
Retirement benefits	207,353	195,392	207,353	195,392
Other benefits	30,910	31,852	30,910	31,852
Liabilities in the statement of financial position	238,263	227,244	238,263	227,244



The movement in the defined benefit obligation over the year is as follows:

(Unit : Baht'000)				
	Consolidated		SET	
	2016	2015	2016	2015
At 1 January	222,459	203,040	222,459	203,040
Current service costs	18,727	15,945	18,727	15,945
Interest costs	7,849	7,151	7,849	7,151
Remeasurements:				
Return on plan assets, excluding amounts included in interest expense/(income)	-	-	-	-
(Gain)/loss from change in demographic assumptions	-	(31,004)	-	(31,004)
(Gain)/loss from change in financial assumptions	-	15,810	-	15,810
Experience (gain)/loss	-	27,688	-	27,688
Change in asset ceiling, excluding amounts included in interest expense	-	-	-	-
	249,035	238,630	249,035	238,630
<u>Less</u> Benefits paid	(10,772)	(11,386)	(10,772)	(11,386)
At 31 December	238,263	227,244	238,263	227,244
<u>Less</u> Current portion	-	(4,785)	-	(4,785)
Total non-current portion	238,263	222,459	238,263	222,459

For the years ended 31 December 2016 and 2015 the amounts recognised in the statement of comprehensive revenues and expense are as follows:

(Unit : Baht'000)				
	Consolidated		SET	
	2016	2015	2016	2015
Current service costs	18,727	15,945	18,727	15,945
Interest costs	7,849	7,151	7,849	7,151
	26,576	23,096	26,576	23,096

For the years ended 31 December 2016 and 2015, the principal actuarial assumptions used were as follows:

	2016	2015
Discount rate as of 31 December	3.60%	3.60%
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% – 13.00%
Pre-retirement mortality rate	3.00%	3.00%
Retirement age	60 years old	60 years old

	Impact on defined benefit obligation					
	Change in assumption		Increase in assumption		Decrease in assumption	
	2016	2015	2016	2015	2016	2015
Discount rate	1 %	1 %	Decrease by 11%	Decrease by 11%	Increase by 13%	Increase by 13%
Salary growth rate	1 %	1 %	Increase by 15%	Increase by 15%	Decrease by 13%	Decrease by 13%
Turnover growth rate	20 %	20 %	Decrease by 8%	Decrease by 8%	Increase by 9%	Increase by 9%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

The weighted average duration of the defined benefit obligation is 22 years (2015: 22 years).



Expected maturity analysis of undiscounted retirement and other benefits:

(Unit : Baht'000)

	Consolidated and SET			
	Within a year	1-5 years	Over 5 years	Total
At 31 December 2016				
Retirement benefits	44	35,618	674,075	709,737
Other benefits	2,382	14,214	50,322	66,918
Total	2,426	49,832	724,397	776,655

(Unit : Baht'000)

	Consolidated and SET			
	Within a year	1-5 years	Over 5 years	Total
At 31 December 2015				
Retirement benefits	4,490	20,708	689,028	714,226
Other benefits	3,651	12,673	54,245	70,569
Total	8,141	33,381	743,273	784,795

23 Fund balances

The statement of change in the fund for the years ended 31 December 2016 and 2015 presented as part of the consolidated and entity's financial statements as follows;

(Unit : Baht*000)

	Consolidated									
	Fund balances									
	Securities Clearing Reserve Fund	Derivatives Clearing Reserve Fund	Indemnity Fund	Staff Welfare Fund	Securities Investor Protection Fund	Derivatives Investor Protection Fund	General Fund	Total		
Opening balance at 1 January 2015	2,500,000	300,000	100,000	104,836	428,965	52,190	18,396,044	21,882,035		
Other comprehensive revenues and expenses, net of tax	-	-	-	-	-	-	(13,702)	(13,702)		
Revenues over expenses	-	-	-	2,956	10,304	1,086	1,368,010	1,382,356		
Closing balance at 31 December 2015	2,500,000	300,000	100,000	107,792	439,269	53,276	19,750,352	23,250,689		
Opening balance at 1 January 2016	2,500,000	300,000	100,000	107,792	439,269	53,276	19,750,352	23,250,689		
Appropriation of general fund	2,040,000	-	-	-	-	-	(2,040,000)	-		
Other comprehensive revenues and expenses, net of tax	-	-	-	-	-	-	(61)	(61)		
Revenues over expenses	-	-	-	1,748	11,124	764	1,648,252	1,661,888		
Closing balance at 31 December 2016	4,540,000	300,000	100,000	109,540	450,393	54,040	19,358,543	24,912,516		



(Unit : Baht*000)

	SET									
	Fund balances									
	Securities Clearing Reserve Fund	Derivatives Clearing Reserve Fund	Indemnity Fund	Staff Welfare Fund	Securities Investor Protection Fund	General Fund	Total			
Opening balance at 1 January 2015	2,500,000	300,000	100,000	104,836	428,965	17,492,015	20,925,816			
Other comprehensive revenues and expenses, net of tax	-	-	-	-	-	(13,702)	(13,702)			
Revenues over expenses	-	-	-	2,956	10,304	1,227,898	1,241,158			
Closing balance at 31 December 2015	2,500,000	300,000	100,000	107,792	439,269	18,706,211	22,153,272			
Opening balance at 1 January 2016	2,500,000	300,000	100,000	107,792	439,269	18,706,211	22,153,272			
Appropriation of general fund	2,040,000	-	-	-	-	(2,040,000)	-			
Other comprehensive revenues and expenses, net of tax	-	-	-	-	-	-	-			
Revenues over expenses	-	-	-	1,748	11,124	1,438,870	1,451,742			
Closing balance at 31 December 2016	4,540,000	300,000	100,000	109,540	450,393	18,105,081	23,605,014			

Details of fund balances are as follows:

Securities Clearing Reserve Fund

In 1997, 2013 and 2016, the Board of Governors of the SET approved an appropriation of general funds of Baht 2,000 million, Baht 500 million and Baht 2,040 million, respectively, totalling Baht 4,540 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.

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 at 31 December 2016, there were 34 SIPF members from securities companies (2015: 34 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	
	2016	2015
Assets		
Current assets		
Cash deposits and short-term investments	444,204	414,267
Accrued interest receivable	5,791	5,838
Other current asset	203	341
Total current assets	450,198	420,446
Non-current assets		
Long-term investments	301,334	296,575
Total non-current assets	301,334	296,575
Total assets	751,532	717,021
Liabilities and fund balances		
Current liabilities		
Other current liabilities	1,590	10
Total current liabilities	1,590	10
Non-current liabilities		
Contributions from members	213,494	209,627
Benefits on contributions from members	78,790	65,449
Total non-current liabilities	292,284	275,076
Total liabilities	293,874	275,086
Fund balances		
Initial fund	300,000	300,000
Benefits on contributions from SET	157,658	141,935
Total fund balances	457,658	441,935
Total liabilities and fund balances	751,532	717,021



The SIFP's statement of comprehensive revenues and expenses for the years ended 31 December 2016 and 2015 are presented in Note 24 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 2016, there were 41 DIPF members from security companies (2015: 39 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 Baht 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 derivatives 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	
		2016	2015
Assets			
Current assets			
Cash deposits and short-term investments		81,860	71,947
Contributions from members		460	562
Accrued interest receivable		555	747
Total current assets		82,875	73,256
Total assets		82,875	73,256
Liabilities and fund balances			
Current liabilities			
Income tax payable		257	333
Other current liabilities		-	-
Total current liabilities		257	333
Non-current liabilities			
Contributions from members		27,600	19,000
Benefits on contributions from members		978	647
Total non-current liabilities		28,578	19,647
Total liabilities		28,835	19,980
Fund balances			
Initial fund		50,000	50,000
Benefits on contributions from TFEX		4,040	3,276
Total fund balances		54,040	53,276
Total liabilities and fund balances		82,875	73,256

The DIPF's statement of comprehensive revenues and expenses for the years ended 31 December 2016 and 2015 are presented in Note 24 to the financial statements "Results of fund operations".

24 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					Total
		Securities	Derivatives			
		Investor	Investor			
		Protection	Protection			
	Staff	Fund	Fund			
Welfare	(SET's	(TFEX's	General			
Fund	portion)	portion)	Fund			
For the year ended 31 December 2016						
Revenues						
Operating revenues	-	-	-	5,099,000	5,099,000	
Investment income, net	1,748	12,059	1,042	765,113	779,962	
Other income	-	-	-	206,984	206,984	
Total revenues	1,748	12,059	1,042	6,071,097	6,085,946	
Expenses						
Operating expenses	-	87	88	3,693,659	3,693,834	
Contributions to the Stock Exchange of Thailand Foundation	-	-	-	401,190	401,190	
Income tax expense	-	848	190	327,996	329,034	
Total expenses	-	935	278	4,422,845	4,424,058	
Revenues over expenses	1,748	11,124	764	1,648,252	1,661,888	
Other comprehensive revenues and expense						
Items that will be reclassified subsequently to revenues and expenses						
Share of profit in investments in associates	-	-	-	(11)	(11)	
Change in value of available-for-sale investments managed by SET	-	-	-	341,690	341,690	
Change in value of available-for-sale investments from Securities Investor Protection Fund	-	4,599	-	-	4,599	
Income tax relating to items that will be reclassified subsequently to revenues and expenses	-	-	-	2	2	
Total items that will be reclassified subsequently to revenues and expenses	-	4,599	-	341,681	346,280	

(Unit : Baht'000)

	Consolidated				
		Securities	Derivatives		
		Investor	Investor		
		Protection	Protection		
	Staff Welfare Fund	Fund (SET's portion)	Fund (TFEX's portion)	General Fund	Total
Items that will not be reclassified subsequently to revenues and expenses					
Remeasurements of post-employment benefits obligations	-	-	-	(61)	(61)
Total items that will not be reclassified to revenues and expenses	-	-	-	(61)	(61)
Total comprehensive revenues and expenses	1,748	15,723	764	1,989,872	2,008,107

(Unit : Baht'000)

	Consolidated				
		Securities	Derivatives		
		Investor	Investor		
		Protection	Protection		
	Staff Welfare Fund	Fund (SET's portion)	Fund (TFEX's portion)	General Fund	Total
For the year ended 31 December 2015					
Revenues					
Operating revenues	-	-	-	4,518,405	4,518,405
Investment income, net	2,956	10,409	1,466	489,058	503,889
Other income	-	-	-	236,779	236,779
Total revenues	2,956	10,409	1,466	5,244,242	5,259,073
Expenses					
Operating expenses	-	105	108	3,334,887	3,335,100
Contributions to the Stock Exchange of Thailand Foundation	-	-	-	401,379	401,379
Income tax expense	-	-	272	139,966	140,238
Total expenses	-	105	380	3,876,232	3,876,717



(Unit : Baht'000)

	Consolidated				
	Staff Welfare Fund	Securities Investor Protection Fund (SET's portion)	Derivatives Investor Protection Fund (TFEX's portion)	General Fund	Total
Revenues over expenses	2,956	10,304	1,086	1,368,010	1,382,356
Other comprehensive revenues and expense					
Items that will be reclassified subsequently to revenues and expenses					
Share of profit in investments in associates	-	-	-	(4)	(4)
Change in value of available-for-sale Investments managed by SET	-	-	-	(215,966)	(215,966)
Change in value of available-for-sale investments from Securities Investor Protection Fund	-	(1,806)	-	-	(1,806)
Income tax relating to items that will be reclassified subsequently to revenue and expense	-	-	-	1	1
Total items that will be reclassified subsequently to revenues and expenses	-	(1,806)	-	(215,969)	(217,775)
Items that will not be reclassified subsequently to revenues and expenses					
Remeasurements of post-employment benefits obligations	-	-	-	(13,702)	(13,702)
Total items that will not be reclassified to revenues and expenses	-	-	-	(13,702)	(13,702)
Total comprehensive revenues and expenses	2,956	8,498	1,086	1,138,339	1,150,879

(Unit : Baht'000)

	SET					Total
	Securities		Derivatives			
	Investor		Investor			
	Protection		Protection			
	Staff	Fund	Fund			
	Welfare	(SET's	(TFEX's	General		
Fund	portion)	portion)	Fund			
For the year ended 31 December 2016						
Revenues						
Operating revenues	-	-	-	2,300,790	2,300,790	
Investment income, net	1,748	12,059	-	1,142,681	1,156,488	
Other income	-	-	-	1,960,975	1,960,975	
Total revenues	1,748	12,059	-	5,404,446	5,418,253	
Expenses						
Operating expenses	-	87	-	3,385,849	3,385,936	
Contributions to the Stock Exchange of Thailand Foundation	-	-	-	401,190	401,190	
Income tax expense	-	848	-	178,537	179,385	
Total expenses	-	935	-	3,965,576	3,966,511	
Revenues over expenses	1,748	11,124	-	1,438,870	1,451,742	
Other comprehensive revenues and expenses						
Items that will be reclassified subsequently to revenues and expenses	-	-	-	-	-	
Change in value of available-for-sale investments managed by SET	-	-	-	341,690	341,690	
Change in value of available-for-sale investments from Securities Investor Protection Fund	-	4,599	-	-	4,599	
Total items that will be reclassified subsequently to revenues and expenses	-	4,599	-	341,690	346,289	
Items that will not be reclassified subsequently to revenues and expenses						
Remeasurements of post-employment benefits obligations	-	-	-	-	-	
Total items that will not be reclassified subsequently to revenues and expenses	-	-	-	-	-	
Total comprehensive revenues and expenses	1,748	15,723	-	1,780,560	1,798,031	



(Unit : Baht'000)

	SET				
	Staff Welfare Fund	Securities Investor Protection Fund (SET's portion)	Derivatives Investor Protection Fund (TFEX's portion)	General Fund	Total
For the year ended 31 December 2015					
Revenues					
Operating revenues	-	-	-	1,955,884	1,955,884
Investment income, net	2,956	10,409	-	902,455	915,820
Other income	-	-	-	1,798,252	1,798,252
Total revenues	2,956	10,409	-	4,656,591	4,669,956
Expenses					
Operating expenses	-	105	-	3,027,314	3,027,419
Contributions to the Stock Exchange of Thailand Foundation	-	-	-	401,379	401,379
Total expenses	-	105	-	3,428,693	3,428,798
Revenues over expenses	2,956	10,304	-	1,227,898	1,241,158
Other comprehensive revenues and expense					
Items that will be reclassified subsequently to revenues and expenses					
Change in value of available-for-sale investments managed by SET	-	-	-	(215,966)	(215,966)
Change in value of available-for-sale investments from Securities Investor Protection Fund	-	(1,806)	-	-	(1,806)
Total items that will be reclassified subsequently to revenues and expenses	-	(1,806)	-	(215,966)	(217,772)
Items that will not be reclassified subsequently to revenues and expenses					
Remeasurements of post-employment benefits obligations	-	-	-	(13,702)	(13,702)
Total items that will not be reclassified subsequently to revenues and expenses	-	-	-	(13,702)	(13,702)
Total comprehensive revenues and expenses	2,956	8,498	-	998,230	1,009,684

25 Operating revenues

(Unit : Baht'000)				
	Consolidated		SET	
	2016	2015	2016	2015
Trading fees	1,649,855	1,371,622	1,281,627	1,076,551
Stock registrar fees	1,018,481	982,425	-	-
Listing fees	539,130	494,133	539,130	494,133
Member services fees	508,537	466,375	-	-
Clearing fees	497,657	419,887	-	-
Information service fees	340,012	306,962	290,530	250,130
Depository fees	290,297	282,827	-	-
Membership fees	132,570	87,381	67,189	29,361
Customisation and IT support fees	122,461	105,709	122,314	105,709
Fund registrar fees	-	1,084	-	-
	5,099,000	4,518,405	2,300,790	1,955,884

26 Investment income, net

(Unit : Baht'000)					
		Consolidated		SET	
		2016	2015	2016	2015
Notes					
Interest income		355,300	503,598	198,858	294,966
<u>Less</u> Interest expense					
Short-term borrowings from subsidiaries	7	-	-	(32,010)	(26,546)
Assets for clearing system protection - members' portion		(147,635)	(203,413)	-	-
Interest income, net		207,665	300,185	166,848	268,420
Dividend income from					
Mutual funds		376,095	111,335	376,095	111,335
Subsidiaries	12	-	-	377,317	438,399
Joint venture entity	13	-	-	8,497	-
Associates	13	-	-	31,487	9,446
Private fund		61	18	35	10
Other entities		29,231	2,535	29,231	2,535
Realised gain from investments		191,705	67,265	191,436	65,943
Unrealised gain (loss) from investments		(37,896)	10,426	(36,517)	9,073
Reversals of impairment loss		-	250	-	250
		766,861	492,014	1,144,429	905,411



27 Other income

(Unit : Baht'000)

	Consolidated		SET	
	2016	2015	2016	2015
Educational activities income	72,737	53,757	72,737	53,757
Revenues from fees and management funds	24,513	22,099	-	-
Fines	21,198	11,139	13,094	7,859
Service income	16,237	13,566	1,840,240	1,643,421
Rental & utilities revenue	12,524	11,471	12,524	11,471
Revenues from marketing event	3,355	34,214	3,355	34,214
Transfer rights of membership	1,200	18,500	-	18,000
Other income	29,389	39,919	19,025	29,530
	181,153	204,665	1,960,975	1,798,252

28 Employee benefit expenses

(Unit : Baht'000)

	Consolidated		SET	
	2016	2015	2016	2015
Management				
Salaries and other benefits	173,781	162,066	173,781	162,066
Contributions to provident fund	9,695	10,003	9,695	10,003
	183,476	172,069	183,476	172,069
Other employees				
Salaries and other benefits	1,219,853	1,138,378	1,210,988	1,138,478
Contributions to provident fund	62,445	61,476	61,869	61,476
	1,282,298	1,199,854	1,272,857	1,199,954
	1,465,774	1,371,923	1,456,333	1,372,023

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 15.00% 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.

29 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 required Thailand Future Exchange Public Company Limited (subsidiary) to pay the fee of derivatives trading exchange. The rate for year 2014 – 2016 is Baht 2 million per annum.

30 Other expenses

(Unit : Baht'000)

	Consolidated		SET	
	2016	2015	2016	2015
Fees and compensation expenses	75,958	58,752	75,838	55,231
Travelling and vehicle expenses	30,386	34,532	30,386	34,531
Contributions to capital market institutions	26,465	28,120	36,367	28,120
Institution membership fees	4,982	4,228	4,207	3,483
Meeting expenses	3,884	3,721	3,786	3,704
Entertainment expenses	2,052	2,491	2,127	2,491
Other expenses	9,070	11,518	8,121	8,982
	152,797	143,362	160,832	136,542



31 Income tax expense

According to the Director-General of the Revenue Department's Notification (No. 271) on Income Tax, SET has been defined as a company or juristic partnership under section 39 of the Revenue Code. As a result, SET will have to be responsible for corporate income tax effective on 9 August 2016, starting from the day after the announcement in The Royal Thai Government Gazette onwards.

(Unit : Baht'000)				
	Consolidated		SET	
	2016	2015	2016	2015
Current income tax				
Current income tax	284,799	139,700	133,853	-
Total current income tax	284,799	139,700	133,853	-
Deferred income tax				
Origination and reversal of temporary differences	43,197	266	44,684	-
Total deferred income tax	43,197	266	44,684	-
Total income tax	327,996	139,966	178,537	-

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		SET	
	2016	2015	2016	2015
Revenues over expenses before income tax expense	1,989,884	1,522,322	1,630,279	1,241,158
Tax calculated at a tax rate of 20% (2015: 20%)	397,977	304,464	326,056	248,232
Income not subject to tax	(17,417)	(439)	(15,931)	-
Expenses not deductible for tax purposes	86,005	1,242	85,418	-
Eliminated transaction between related party, net of income tax	78,285	83,148	-	-
Revenues over expenses – The Stock Exchange of Thailand, net of income tax	(262,288)	(248,232)	(262,288)	(248,232)
Revenues over expenses – Securities/Derivatives Investor Protection Fund, net of income tax	(2,377)	(217)	(2,225)	-
Adjustment of deferred tax not recognised in respect of prior year	47,811	-	47,507	-
Income tax	327,996	139,966	178,537	-

The weight average applicable tax rate was 16.48% (2015: 9.19%).

32 Commitments with non-related parties

(Unit : Baht'000)

	Consolidated		SET	
	2016	2015	2016	2015
Capital commitments				
Buildings and other constructions	-	-	-	-
Computer and software	-	20,680	-	20,680
	-	20,680	-	20,680
Non-cancellable operating lease commitments				
Within one year	14,269	11,207	14,269	11,207
After one year but within five years	28,092	19,516	28,092	19,516
	42,361	30,723	42,361	30,723
Land lease commitments				
Within one year	15,679	13,525	15,679	13,525
After one year but within five years	62,716	47,037	62,716	47,037
Over five years	111,957	143,315	111,957	143,315
	190,352	203,877	190,352	203,877
System maintenance commitments				
Within one year	54,724	55,106	54,724	55,106
After one year but within five years	77,525	133,172	77,525	133,172
	132,249	188,278	132,249	188,278

Moreover, the SET has an obligation to capital commitment subscription in one specific-purpose fund (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).

33 Fair value

33.1 Fair value estimation

The fair value of the financial instruments are defined into the following three different levels by valuation method as follows:

- Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 : Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 : Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 December 2016.

(Unit : Baht'000)

	Consolidated			
	2016			
	Level 1	Level 2	Level 3	Total
- Trading securities	-	8,880,845	-	8,880,845
- Available-for-sales	811,461	7,833,520	-	8,644,981
- Held-to-maturity debt securities	-	650,882	-	650,882
Total	811,461	17,365,247	-	18,176,708

(Unit : Baht'000)

	SET			
	2016			
	Level 1	Level 2	Level 3	Total
- Trading securities	-	7,828,762	-	7,828,762
- Available-for-sales	811,461	7,833,520	-	8,644,981
- Held-to-maturity debt securities	-	650,882	-	650,882
Total	811,461	16,313,164	-	17,124,625



The following table presents the Group's financial assets and liabilities that are not measured at fair value at 31 December 2016.

(Unit : Baht'000)

	Consolidated			
	2016			
	Level 1	Level 2	Level 3	Total
- Held-to-maturity debt securities	-	1,602,741	-	1,602,741
- General investments	-	27,889	12,336	40,225
Total	-	1,630,630	12,336	1,642,966

(Unit : Baht'000)

	SET			
	2016			
	Level 1	Level 2	Level 3	Total
- Held-to-maturity debt securities	-	1,594,187	-	1,594,187
- General investments	-	27,889	12,336	40,225
Total	-	1,622,076	12,336	1,634,412

There was no transfers between Levels 1 and 2 during the year.

Other financial instruments not carried at fair value are typically short-term in nature and reprice to current market rate frequently. Accordingly, their carrying amount is a reasonable approximation of fair value. This includes cash and cash equivalents, cash at banks for financial benefits payable, assets for margin deposits and benefits, accounts receivable, accrued interest receivable, deposits and other benefits in assets for clearing system protection, deposits and other benefits in Securities Investor Protection Fund, deposits and other benefits in Derivatives Investor Protection Fund, accounts payable and short-term borrowings from subsidiaries.

The management believes that the fair value of the Group's financial assets and liabilities does not materially differ from their carrying value.

Valuation techniques used to derive Level 1 fair values

Available-for-sale securities presented as long-term investments and Securities Investor Protection Fund. The fair value of investments is measured by using last bid price at the close of business on the statement of financial position date by reference to the Stock Exchange of Thailand.

Valuation techniques used to derive Level 2 fair values

Available-for-sale securities presented as short-term investments, long-term investments, Securities Investor Protection Fund and general investments, which are short-term. General investments comprise of investments in specific-purpose funds in two open-ended venture capital funds. The fair value of investments is measured by using last bid price at the close of business on the statement of financial position date by reference to the Association of Investment Management Companies.

Held-to-maturity debt securities and trading securities include fixed deposit accounts, bonds and debentures. The fair value of fixed deposit accounts, which is in Level 2, is measured by using discounted cash flows based on each contract with an average yield of 4 commercial banks. The fair value of bonds and debentures are measured by using the bid yield of debt securities published in the Thai Bond Market Association at the end of the date in the statement of financial position.

Valuation techniques used to derive Level 3 fair values

As the Group has a general investment in limited companies which the Group's shareholding was insignificant, the Group has no controlling and decision making power in the invested companies resulting in difficulty in obtaining the information to support the fair value valuation in practice. These investments are not in the stock exchange and do not have any market prices which can be used as fair value. The Group also do not have any plan for selling these investments, so the Group did not assess the fair value for the general investment. Therefore, the Group cannot disclose the fair value of the general investment in the notes to the financial statements and have stated these investments at cost net allowance for impairment (if any).



34 Litigation and contingent liabilities

34.1 Litigation

34.1.1 SET

In 2012, the Group sued the insurance group for the fire damages of the Stock Exchange of Thailand building (old building) in 2010. The Group has been seeking compensation for the damages under the insurance contract and coverage amounting to Baht 123 million combined with interest rate at 7.50% per annum. The case was dismissed by the civil court and the appeal court on 30 September 2013 and 14 November 2014, respectively. The Group then filed petitions to the supreme court. As at 31 December 2016, the case was still under the consideration of 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 2016 and 2015.

34.2 Contingent liabilities

34.2.1 SET

As at 31 December 2016, the SET has letters of guarantee issued by banks totalling Baht 6.99 million (2015: Baht 6.99 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 (2015: 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 2016, TCH had not drawn down the overdraft credit line.

34.2.2 Subsidiaries

34.2.2.1 During 2009, the subsidiary was sued in a civil lawsuit, jointly with certain individuals and juristic persons/entities, for alleged wrongful acts.

On 22 December 2015 the supreme court ordered the subsidiary and all related parties to jointly return shares to the plaintiff; or if such return is not possible, to pay to the plaintiff the share price at the amount equal to the trading price of such shares on the date of payment, plus dividend which the plaintiff was entitled to, totaling Baht 318.68 million.

The Group has insurance coverage for professional liability (Financial Institutional Professional Indemnity Insurance), which could cover the liability for this case. In year 2016, the insurance company has confirmed responsibility for the compensation amount of Baht 106.23 million. On 18 February 2016, the insurance company paid such amount to the plaintiff.

The subsidiary did not record any potential loss in the financial statement for the year ended 31 December 2016 and 2015.

34.2.2.2 On 6 January 2014, the subsidiary was sued in a civil lawsuit as joint defendant, together with other individuals and juristic persons/entities, related to the performance of certain investment consultants from member which caused damage to the plaintiff. The claimed amount supposed to be jointly responsible for was Baht 0.96 million. On 5 October 2016, the supreme court dismissed this case.

The subsidiary did not record any potential loss in the financial statements for the year ended 31 December 2016 and 2015.

34.2.2.3 On 30 April 2015, the subsidiary and its employee were sued in a civil lawsuit as joint defendant, together with juristic entities, related to performance of duties of the subsidiary's employee which caused damage to the plaintiff. The claimed amount supposed to be jointly responsible for was Baht 1.48 million. On 23 February 2016, the plaintiff withdrew the case from civil court.

The subsidiary did not record any potential loss in the financial statements for the year ended 31 December 2016 and 2015.





ตลาดหลักทรัพย์แห่งประเทศไทย The Stock Exchange of Thailand			
SET	1,590.65	+6.36	53,016.35
SET100	996.58	+6.07	35,173.98
mai	2,248.71	+10.71	40,748.79
SET	1,195.02	+0.32	9,088.65
SETHD	642.13	+0.16	2,025.74
mai			

The Foundation of Stability

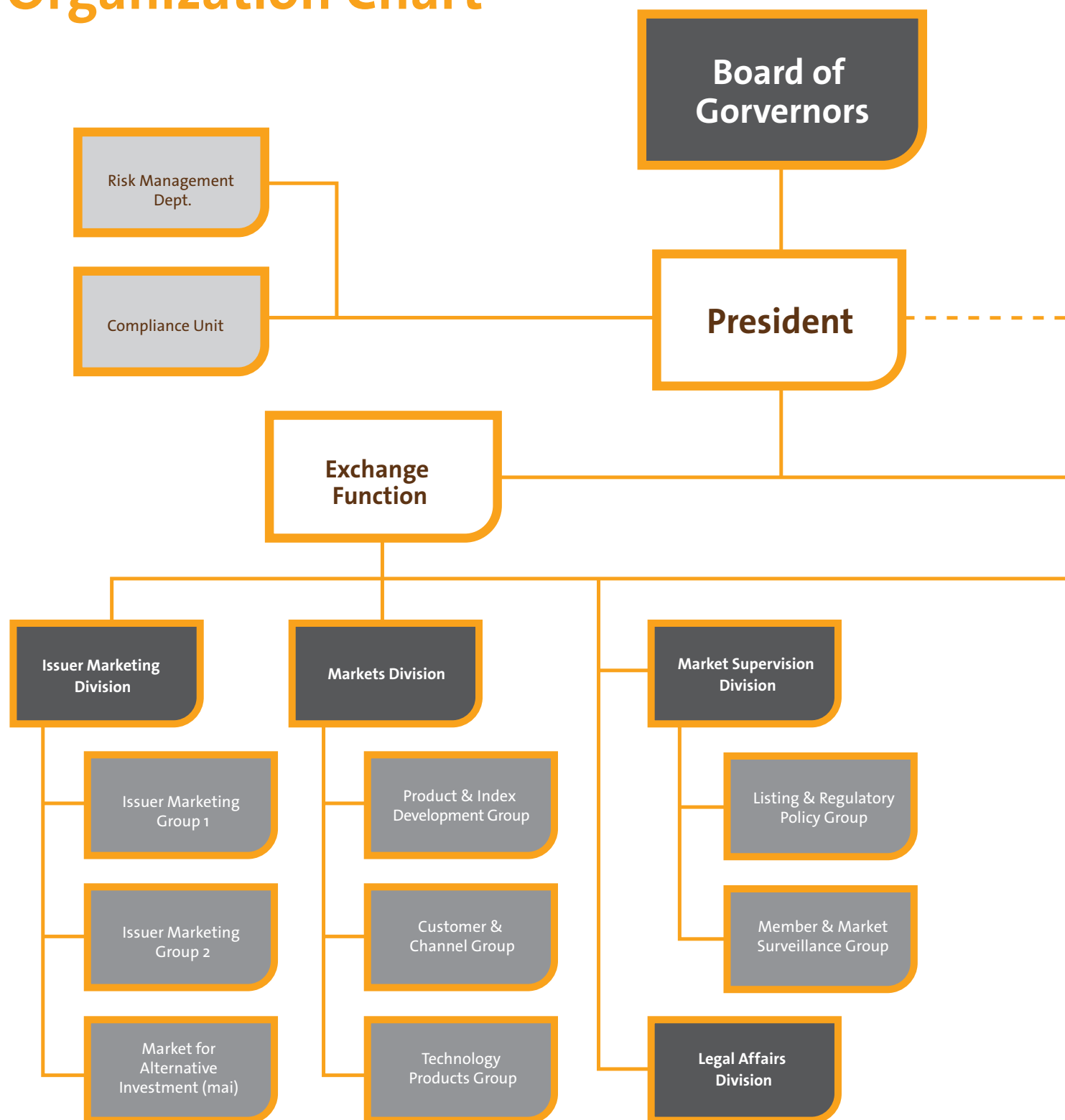
Inspiring personnel to reach full potential...

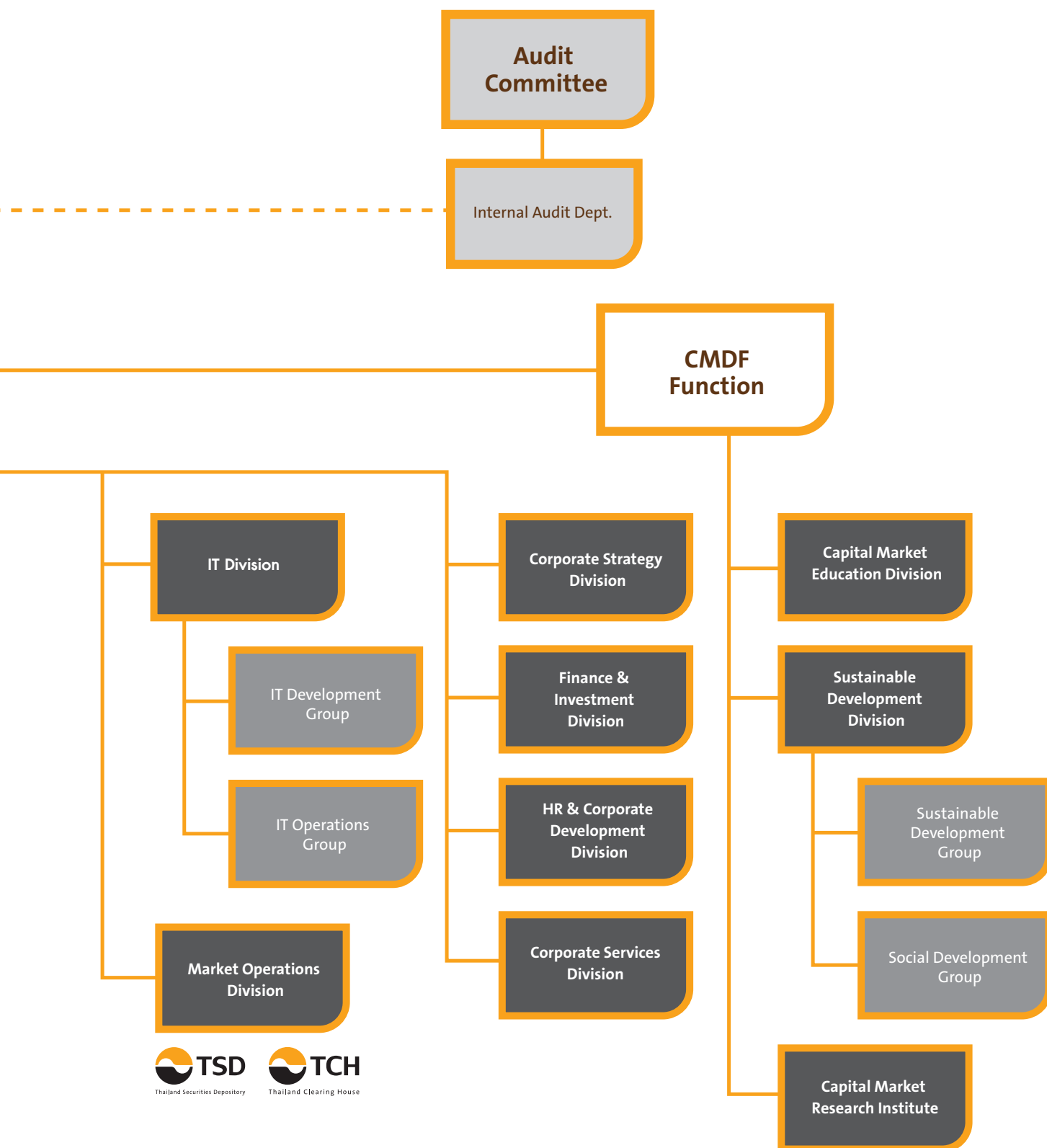
Creating a knowledge-based society...

Cultivating transparency in every process



Organization Chart





Board of Governors



1 Dr. Chaibawat Wibulswasdi
Chairman

2 Charnchai Kongthongluck
Vice Chairman

3 Chaipatr Srivisarvacha
Governor

4 Jotika Savanananda
Governor

5 Professor Kitipong
Urapeepatanapong
Governor

6 Pichet Sithi-Amnuai
Governor



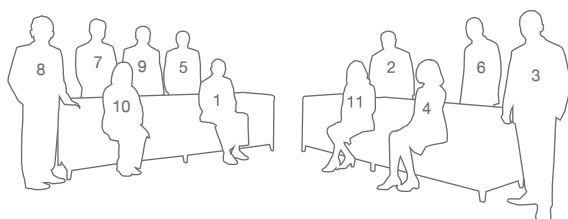
7 Prinn Panitchpakdi
Governor

8 Somchai Thaisa-nguanvorakul
D.P.A
Governor

9 Dr. Subhak Siwaraksa
Governor

10 Voravan Tarapoom
Governor

11 Kesara Manthusree
President



As of April 1, 2017

Board of Governors

Dr. Chaipayat Wibulswasdi Chairman

Education

- Ph.D., Massachusetts Institute of Technology, USA
- B.A., Williams College, USA

Executive Education

- National Defence Course for the Joint State Private Sector, The National Defence College of Thailand
- Certificate, Director Certification Program, Thai Institute of Directors Association
- Certificate, Capital Market Academy Leadership Program, The Stock Exchange of Thailand

Other current positions

Since 2015	Chairman, Thailand Futures Exchange Public Company Limited
Since 2015	Advisor to Deputy Prime Minister on Economy
Since 2015	Member, Puey Ungphakorn Institute for Economic Research
Since 2013	Independent Director and Member of the Audit Committee, Siam Makro Public Company Limited
Since 2012	Director, College of Management Mahidol University
Since 2010	Independent Director and Member of the Audit Committee, Charoen Pokphand Foods Public Company Limited
Since 2005	Honorary Advisor, Fiscal Policy Research Institute

Past experience

2013–2015	Chairman, Executive Board, Corporate Social Responsibility Institute (CSRI)
2007–2008	Vice Chairman, The Securities and Exchange Commission, Thailand
2004–2010	Chairman of the Board of Executive Directors, KrungThai Bank
2001–2006	Advisor to Deputy Prime Minister and Minister of Finance
1997–1998	Governor, Bank of Thailand (Worked at Bank of Thailand for 25 years.)
1996	Deputy Finance Minister and Acting Finance Minister

Charnchai Kongthongluck Vice Chairman

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 Dec 2016	Director and CEO Trinity Watthana Public Company Limited
Since 2016	Chairman, Nomination and Remuneration Committee, The Stock Exchange of Thailand
Since 2016	Chairman, Risk Management Committee, The Stock Exchange of Thailand
Since 2016	Chairman, Disciplinary Committee, The Stock Exchange of Thailand
Since 2013	Director, Thailand Futures Exchange Public Company Limited
Since 2012	Disciplinary of Personnel in Capital Market Industry Committee, The Securities and Exchange Commission, Thailand
Since 2010	Vice Chairman, Association of Thai Securities Companies
Since 2006	Chairperson, Futures Industry Club
Since 2001	Director/President, Trinity Securities Co., Ltd.

Past experience

2015	Chairman, Corporate Governance and Social Responsibility Committee, The Stock Exchange of Thailand
2014–2015	Member, Audit Committee, The Stock Exchange of Thailand
2013–Jun 2014	Member, Disciplinary Sub-committee, Thailand Futures Exchange Public Company Limited
2005–2009	Director, Trinity Polaris Futures Co., Ltd.

Chaipatr Srivisarvacha Governor

Education

- MBA (Finance), Illinois Benedictine College, USA
- Bachelor of Science (Metallurgy), Lehigh University, USA
- Geelong Grammar School, Australia

Executive Education

- Certificate, Advanced Audit Committee Program, Thai Institute of Directors Association
- Certificate, Directors Certification Program, Thai Institute of Directors Association
- Certificate, Chairman 2000, Thai Institute of Directors Association
- Certificate, Corporate Governance for Capital Market Intermediaries, Thai Institute of Directors Association
- Certificate, CMA-GMS 1, Capital Market Academy Executive Education, The Stock Exchange of Thailand
- Certificate, Capital Market Academy Leadership Program, The Stock Exchange of Thailand

Other current positions

Since 2016	Member, Audit Committee, The Stock Exchange of Thailand
Since May 23, 2016	Director, TSFC Securities Public Company Limited
Since Dec 28, 2015	Chairman of the Board of Directors, Thai Foods Group Public Company Limited
Since 2011	Director (Independent), Precious Shipping Public Company Limited
Since 2009	Chief Executive Officer, KT ZMICO Securities Co., Ltd.
Since 2009	Chairman of the Board and Executive Chairman, Thanh Cong Securities Company J.S.C.
Since 2007	Chief Executive Officer, Seamico Securities Public Company Limited
Since 1999	Director, Population & Community Development Association (PDA)

Past experience

2013	Chairman, Securities Investor Protection Fund Committee, The Stock Exchange of Thailand
2012–2013	Director, Thailand Futures Exchange Public Company Limited
2010–2011	Board of Director and Chairman of the Audit Committee, Dhanarak Asset Development Co., Ltd.
2003–2008	President of the Board, New International School of Thailand (NIST-affiliated with the United Nations)
2001–2007	Independent Director, Audit Committee, Thanachart Bank Public Company Limited
1999	Director & Executive Director, Krungthai Bank Public Company Limited

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 Defence College (NDC50), The National Defence College of Thailand
- Certificate, Director Certification Program, Thai Institute of Directors Association
- Certificate, Thailand Insurance Leadership Program, Office of Insurance Commission
- Certificate, Capital Market Academy Leadership Program, The Stock Exchange of Thailand

Other current positions

Since 2015	Independent Director and member of Audit Committee, CPN Public Company Limited
Since 2015	Chairman of the Board, Talis Asset Management Co., Ltd.
Since 2014	Chairman, Audit Committee, The Stock Exchange of Thailand
Since 2014	Member, Nomination and Remuneration Committee, The Stock Exchange of Thailand
Since 2014	Commission Member, Office of Insurance Commission

Past experience

2014-2015	Director, Government Housing Bank
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, Baring 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 (TEPCoT)
- 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 2016	Chairman, Legal Affairs Committee, The Stock Exchange of Thailand
Since 2014	Member, Disciplinary Committee, The Stock Exchange of Thailand
Since 2011	Chairman of Tax and Regulation Committee and Director, The Thai Chamber of Commerce
Since 2011	Professor, The Faculty of Law, Chulalongkorn University
Since 1999	Executive Director, Siam Piwat Co., Ltd.
Since 1990	Chairman, Baker & McKenzie

Past experience

2014-2015	Member, SET Head Office Construction Committee, The Stock Exchange of Thailand
2014-2015	Member, Listing Expansion Committee, The Stock Exchange of Thailand
2014-2015	Executive Member, The National Reform Council

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

Since 2016	Chairman, Corporate Governance and Social Responsibilities Committee, The Stock Exchange of Thailand
Since 2015	Director, SS Family Holding Co., Ltd.
Since 2015	Member, Disciplinary Sub-committee, Thailand Futures Exchange Public Company Limited
Since 2015	Member, Business Conduct Sub-committee, Thailand Clearing House Co., Ltd.
Since 2014	Member, Risk Management Committee, The Stock Exchange of Thailand
Since 2013	Director, Association of Thai Securities Companies
Since 2009	President, Bualuang Securities Public Company Limited

Past experience

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



Prinn Panitchpakdi Governor

Education

- Bachelor's degree in economics and Finance, The London School of Economics and Political Sciences (LSE)

Executive Education

- Certificate, CMA-GMS 1, Capital Market Academy Executive Education, The Stock Exchange of Thailand
- Certification, Institute of Business and Industrial Development Director Certification Program
- Certificate, Capital Market Academy Leadership Program, The Stock Exchange of Thailand

Other current positions

Since 2016	Member, Corporate Governance and Social Responsibilities Committee, The Stock Exchange of Thailand
Since 2016	Member, Securities Investor Protection Fund Committee, The Stock Exchange of Thailand
Since 2012	Managing Director, CLSA Securities (Thailand) Limited
Since 2015	Director, Association of Thai Securities Companies
Since 2011	Director, Four Seasons Restaurant Co., Ltd.

Past experience

2008	Marketing of investors, CLSA Co., Ltd., at Headquarters in Hong Kong
2007	Head of Marketing Institutional Investors, CLSA Securities (Thailand) Limited
2005	Vice President, Tisco Bank Public Company Limited
2001-2005	Vice Chairman, Asean-UK Business Forum
1999	Investment Banking, ABN AMRO, London, The United Kingdom

Somchai Thaisa-nguanvorakul, D.P.A Governor

Education

- Doctor of Public Administration (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, Thai Institute of Directors Association
- Certificate, Director Certification Program, 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 2016	Chairman, Securities Investor Protection Fund Committee, The Stock Exchange of Thailand
Since 2016	Member, Derivatives Investor Protection Fund Committee, Thailand Futures Exchange Public Company Limited
Since 2014	Member, Corporate Governance and Social Responsibilities 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 Public Company Limited

Past experience

2014-2015	Member, Listing Expansion Committee, The Stock Exchange of Thailand
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 of the Audit Committee and Member of the Corporate Governance and Social Responsibilities Committee, The Stock Exchange of Thailand
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Past experience

Oct 2016-Jan 2017	Advisor to the Group Chief Executive Officer, CIMB Group
2013-2016	Chairman, Sathorn Asset Management Co., Ltd.
2009-2016	President and Chief Executive Officer, CIMB Thai Bank Public Company Limited
2011-2013	Governor, Member of the Audit Committee and Member of the Listing Expansion and Development 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 Public Company Limited

Voravan Tarapoom Governor

Education

- MBA, University of North Texas, Denton, Texas, USA
- Bachelor of Architecture, Silpakorn University

Executive Education

- Certificate, Role of the Compensation Committee, Thai Institute of Directors Association
- Certificate, Director Certification Program, Thai Institute of Directors Association
- Certificate, Audit Committee Program, Thai Institute of Directors Association
- Certificate, Role of the Chairman Program, Thai Institute of Directors Association
- Certificate, Risk Management Committee Program, Thai Institute of Directors Association
- Certificate, Capital Market Academy Leadership Program, The Stock Exchange of Thailand

Other current positions

2017	Chairman of executive board, BBL Asset Management Co., Ltd.
Since 2015	Member, The Capital Market Development Committee, Ministry of Finance
Since 2015	Director, TRIS Corporation Limited
Since 2014	Chairperson, Association of Investment Management Companies
Since 2014	Chairman, Federation of Thai Capital Market Organizations

Past experience

2010-2016	Chief Executive Officer, BBL Asset Management Co., Ltd.
2002-2009	Managing Director, BBL Asset Management Co., Ltd.
2000-2002	Deputy Managing Director, MFC Asset Management Public Company Limited
1995-1999	Managing Director, Thai Asia Asset Management Co., Ltd. (currently UOB Asset Management Co., Ltd.)
1992-1994	Senior Vice President, Thana One Finance & Securities Co., Ltd.
1985-1992	Vice President, Bank of Asia Public Company Limited
1982-1985	Account Executive, Datamat Co., Ltd.

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

Other current positions

Since 2016	Director, World Federation of Exchanges (WFE)
Since 2016	Honorary Member, Thammasat University Council Committee
Since 2016	Director, Economics Faculty, Thammasat University
Since 2016	Advisor, New Entrepreneurs Exchange and Transfer Promotion Committee
Since 2015	Director, The Thammasat Economics Association
Since 2015	Director, Center for Building Competitive Enterprises
Since 2014	Director, The Thai Institute of Directors Association
Since 2014	Advisory Board of Sasin Graduate Institute of Business Administration, Chulalongkorn University
Since 2014	Vice Chairman, Thailand Futures Exchange Public Company Limited
Since 2014	Chairman of SET subsidiaries:
	- 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.

Past experience

2014-2015	Executive Vice President, The Stock Exchange of Thailand
2004-2015	Managing Director, Thailand Futures Exchange Public Company Limited
2010-2011	Director - Investment Analysts Association
2009-2011	Director, The Faculty of Economics, Chulalongkorn University
1999-2003	Executive Vice President, Thai Bond Dealing Center

Awards

2016	Outstanding Women Awards 2016, The National Council of Women of Thailand under The Royal Patronage of Her Majesty The Queen
2016	Outstanding Women Leaders for Green Growth Awards 2016, Federation of Business and Professional Women Under The Royal Patronage of Her Majesty The Queen
2014	Honors Distinguished Alumni Award on the Inaugural Thammasat University 80 th Anniversary
2013	Outstanding Alumni Award, Faculty of Economics, Thammasat University



SET Executives



1

Kesara Manchusree
President

2

Dr. Krisada Sektrakul
Senior Executive Vice President
Head of Capital Market Education
Division and Head of Sustainable
Development Division

3

Dr. Pakorn Peetathawatchai
Senior Executive Vice President
Head of Corporate Strategy Division
and Head of Finance & Investment
Division


4

Dr. Rinjai Chakornpipat
 Senior Executive Vice President
 Head of Markets Division
 and Managing Director -
 Thailand Futures Exchange PCL

5

Dr. Santi Kiranand
 Senior Executive Vice President
 Head of Issuer Marketing Division



As of April 1, 2017



SET Executives



1 Amnouy Jiramahapoka
Executive Vice President
Head of Issuer Marketing
Group 1

2 Chirathep Senivongs
Executive Vice President
Corporate Strategy Division

3 Kirati Kosicharoen
Executive Vice President
Head of Customer & Channel Group
and Head of Technology
Products Group

4 Noppakao Sucharitakul
Executive Vice President
Head of Social Development
Group and Corporate
Communication

5 Pannaporn Sapsomboon
Executive Vice President
Information Technology Division

**6 Pannavadee Ladavalaya
Na Ayudhya**
Executive Vice President
Head of Corporate Services Division

7 Pataravasee Suvarnsorn
Executive Vice President
Head of Market Operations
Division and Managing Director -
Thailand Clearing House Co., Ltd.

8 Paveena Sriphothong
Executive Vice President
Head of Market
Supervision Division



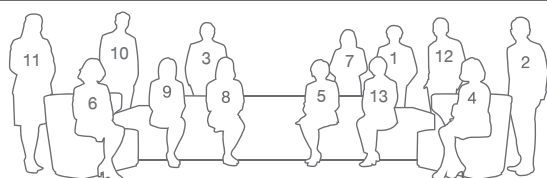
9 **Paythai Petcharat**
Executive Vice President
Head of IT Development Group

10 **Prapan Charoenprawatt**
Executive Vice President
and President - Market for
Alternative Investment (mai)

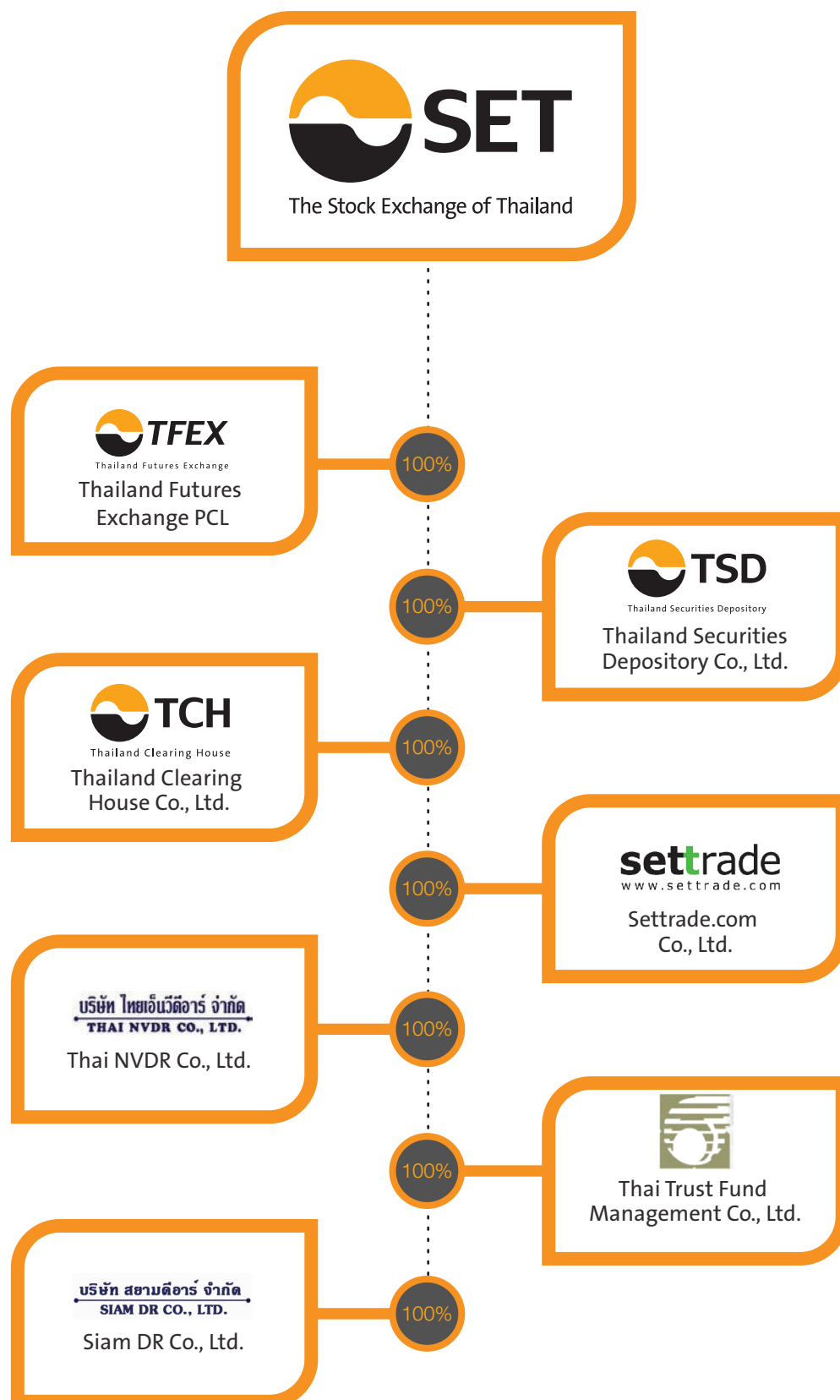
11 **Rungtip Charoervisuthiwong**
Executive Vice President
Head of Issuer Marketing
Group 2

12 **Thirapun Sanpakit**
Executive Vice President
Head of Information
Technology Division

13 **Yupawan Sirichainarumitr**
Executive Vice President
Market Operations Division
and Managing Director - Thailand
Securities Depository Co., Ltd.



Shareholding Structure



Subsidiaries

As of January 1, 2017

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 the supervision of the Securities and Exchange Commission (SEC) on February 11, 2005. Effective on January 1, 2013, TFEX changed its Thai name to be in line with the Derivative Act. In November 2016, TFEX merged with The Agricultural Futures Exchange of Thailand (AFET)

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
- Commodities (e.g. gold, crude oil or foreign currencies, etc.) and other financial indices.

TFEX's objective is to benefit investors and related parties by:

- Being a center of derivatives trading, meeting international standards, especially efficiency, and helping individual and juristic investors to 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.

Registered capital and organizational management

TFEX has a total registered capital of THB 500 million, 100 percent wholly owned by SET.

Board of Directors

1. Chaipayat	Wibulswasdi	Chairman
2. Kesara	Manchusree	Vice Chairman
3. Charnchai	Kongthongluck	Member
4. Pakorn	Peetathawatchai	Member
5. Pattera	Dilokrunthirapop	Member
6. Santi	Kiranand	Member
7. Somjin	Sornpaisarn	Member
8. Suthep	Peetakanont	Member
9. Rinjai	Chakornpipat	Managing Director



Thailand Securities Depository Co., Ltd.

The Thailand Securities Depository Co., Ltd. (TSD) is a subsidiary of The Stock Exchange of Thailand. The 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, including in effectiveness.

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, while providing clearing services of bonds in OTC market.
- **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, 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. 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.

Registered capital and organizational management

TSD has total registered capital of THB 200 million, with the SET holding 100 percent of total registered capital.

Board of Directors

1. Kesara	Manchusree	Chairman
2. Kulpatra	Sirodom	Member
3. Nongram	Wongwanich	Member
4. Rinjai	Chakornpipat	Member
5. Santi	Kiranand	Member
6. Yupawan	Sirichainarumitr	Managing Director

Thailand Clearing House Co., Ltd.

Thailand Clearing House Co., Ltd. (TCH), a subsidiary of The Stock Exchange of Thailand (SET), was established in 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, TBX, 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.

Registered capital and organizational management

TCH has a total registered capital of THB 600 million, with the SET holding 100 percent of total registered capital.

Board of Directors

1. Kesara	Manchusree	Chairman
2. Kulpatra	Sirodom	Member
3. Nongram	Wongwanich	Member
4. Rinjai	Chakornpipat	Member
5. Santi	Kiranand	Member
6. Pataravasee	Suvarnsorn	Managing Director



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 investment technology for securities companies, aiming to offer more channels for securities trading and to make it convenient for investors.

Operations

Settrade provides internet trading system for equities and derivatives, as well as investment technology for SET members and TFEX members. Settrade aims to offer a broader range of trading channels to investors, while developing computer system for securities and derivatives business.

Registered capital and organizational management

Settrade has a total registered capital of THB 80 million (USD 2.33 million), with SET holding 100 percent of the total registered capital.

Board of Directors

1. Kesara	Manchusree	Chairman
2. Kirati	Kosicharoen	Member
3. Pakorn	Peetathawatchai	Member
4. Rinjai	Chakornpipat	Member
5. Santi	Kiranand	Member
6. Amatee	Prapapant	Acting Managing Director

Thai NVDR Co., Ltd.

Thai NVDR Co., Ltd. (Thai NVDR) was established in October 4, 2000, with a registered capital of THB 10 million. The Stock Exchange of Thailand (SET) is the major shareholder, holding 99.99 percent of the total shares. Thai NVDR is responsible for issuing and selling Non-Voting Depository Receipts (NVDRs) to investors.

Nature of business

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.

Registered capital and organizational management

Thai NVDR has a total registered capital of THB 10 million, with the SET holding 100 percent of total registered capital.

Board of Directors

1. Kesara	Manchusree	Chairman
2. Pakorn	Peetathawatchai	Member
3. Pataravasee	Suvarnsorn	Member
4. Santi	Kiranand	Member

Remark : * Resigned on 31st December, 2016



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 capital 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 SET and Thailand Securities Depository Co., Ltd. (TSD). TTF is a passive management arrangement. When an investor places a bid through a broker, 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 SET. The main function of TTF is to look after the financial benefits of unit holders on dividends and right issues. TTF functions as an open-ended fund, and invests in shares of any listed company. The mutual funds are considered to be Thai juristic entities even though foreigners own all of the fund's units.

Registered capital and organizational management

TTF had a total registered capital of THB 100 million with SET holding 100% of the total.

Board of Directors

1. Kesara	Manchusree	Chairman
2. Pataravasee	Suvarnsorn	Member
3. Santi	Kiranand	Member
4. Yupawan	Sirichainarumitr	Member

Supervisor of the Mutual Fund

Thai Military Bank plc

Siam DR Co., Ltd.

Siam DR Co., Ltd. was established by The Stock Exchange of Thailand (SET), with the objective of issuing and selling depository receipts (DR) to investors.

Operations

Siam DR Co., Ltd. is responsible for issuing and selling depository receipts (DR) to investors under the Securities and Exchange Commission (SEC) regulations and then buy underlying securities of a listed company or other securities approved by the SEC. DR holders will receive financial benefits the same way as the holders of those underlying securities such as financial rights or voting rights. However only DR holders who have Thai nationality will have the rights to vote, and will be via Siam DR Co., Ltd. only.

Registered capital and organizational management

Siam DR Co., Ltd. has registered capital of THB 10 million, with the SET's holding 100 percent of all registered capital.

Board of Directors

1. Kesara	Manchusree	Chairman
2. Pakorn	Peetathawatchai	Member
3. Pataravasee	Suvarnsorn	Member





Reduce using
7 Woods

Carbon Dioxide
uptake **0.57 Tons**

Water saving
1,602 Liters

Steam saving
0.22 Tons

Power saving
37 Units

The Stock Exchange of Thailand cares about the environment,
by using eco-friendly paper and soy inks to reduce carbon dioxide emissions,

