



Economic  
Growth



Sustainable  
Growth



Innovation  
& Digitization



Knowledge-based  
Investment



Investment  
Opportunities



Community  
Well-being



Quality  
Enhancement



Sustainable  
Development



Business  
Partnership



Wealth  
Creation



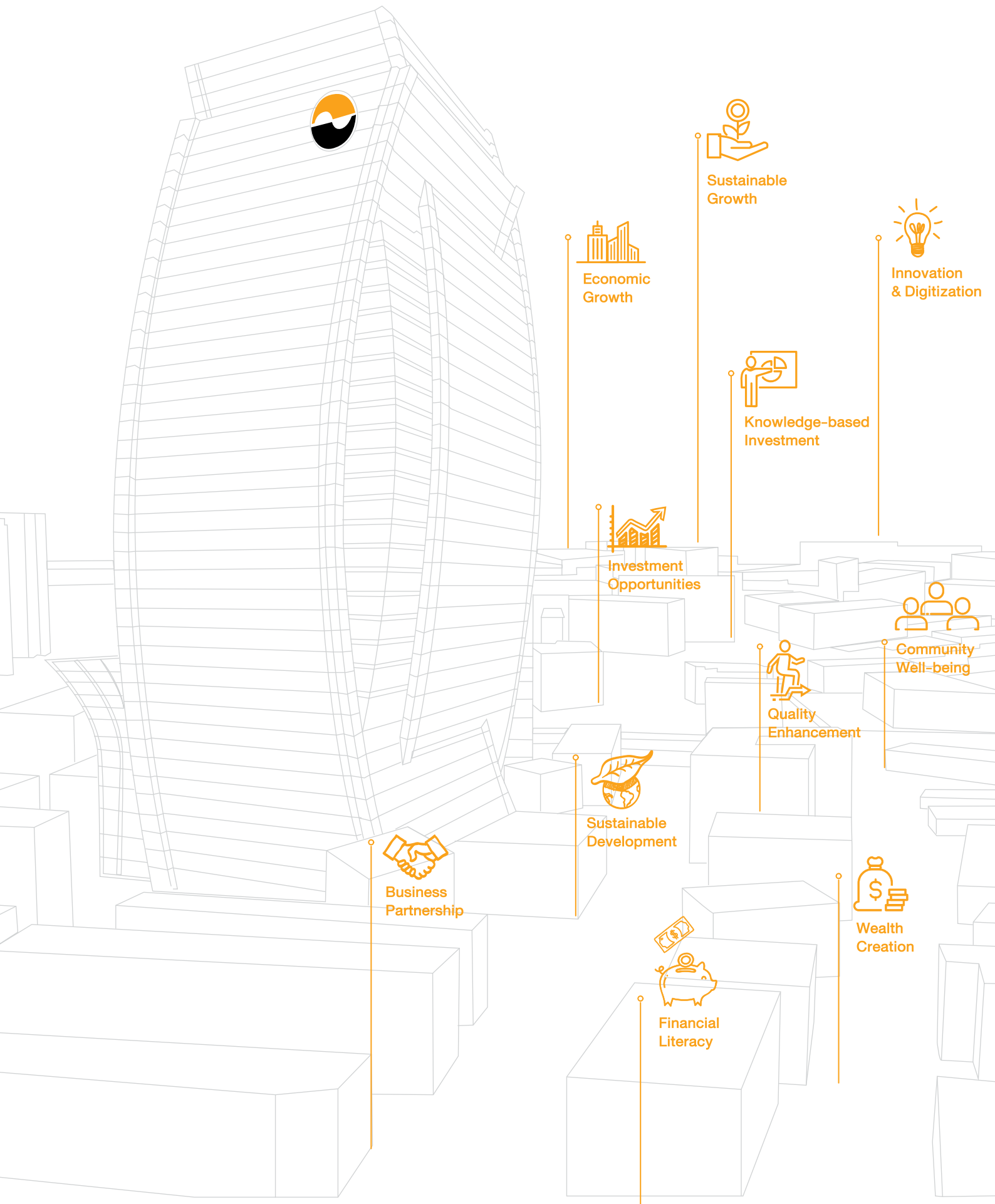
Financial  
Literacy

Annual Report  
**2017**

The Stock Exchange of Thailand

Annual Report 2017 of The Stock Exchange of Thailand  
is presented in Thai and English both printed and digital formats,  
available on [www.set.or.th](http://www.set.or.th)  
or download here.



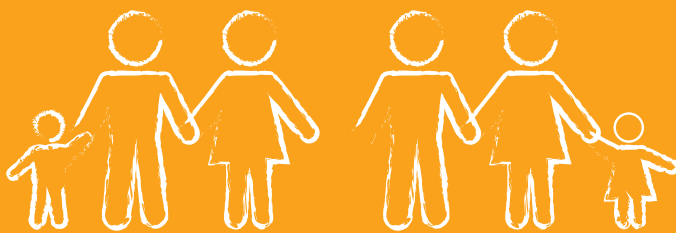


# Vision

## 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 not only caters to market  
needs but also resonates the  
sustainable growth.



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





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



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

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“SET leads innovative organization towards sustainable growth.”

## Message from the Chairman

In 2017, The Stock Exchange of Thailand continued to develop the capital market to benefit all sectors and to grow together: the capital market, the economy, the society and the nation inclusively. Our strategic plan embraced the government’s “Thailand 4.0” policy, propelling startups and SMEs particularly the utilization of digital technology and innovation to promote long-term, sustainable growth in the Thai capital market.

In promoting business sector’s growth, SET has provided opportunities platform for startup entrepreneurs and SMEs, enabling them to access sources of fund to grow their businesses. Besides collaboration with partners to cultivate knowledge for them, SET has launched the LiVE platform as an effective digital fundraising channel. At the same time, SET also places importance on social development in enhancing social entrepreneurs’ potential by establishing the SET Social Impact platform that

can connect the business sector with the social sector through various activities including ongoing sessions from business executives to share knowledge, experience, and successful business models. Furthermore, SET has also supported cooperation among all the three sectors: the government, private and social sectors under the so-called “Pracharath” Public-Private Partnership program initiated by the government to ultimately accelerate the Thai economy and society to achieve strong and sustainable growth.

Growing with quality excellence and sustainability has consistently been key focus of the exchange. SET has encouraged listed companies to conduct business by taking into consideration the environmental, social and governance (ESG) aspects. In 2017, a total of 17 Thai listed companies were outstanding and recognized at international level in being selected as constituents of the Dow Jones Sustainability Indices (DJSI), the highest number of companies in ASEAN. In addition, Thai listed companies also received the 2017 IR Magazine Awards for excellence in investor relations, highest number among ASEAN for the second consecutive year. On top of this, SET continues to promote Thailand Sustainability Investment (THSI) list to encourage listed firms in running business with sustainable business practice, while providing investors an alternative approach for sustainable investment in stocks of companies having positive impact on society and environment.

Furthermore, SET has been proactive in cultivating innovative culture among employees, being a role in this respect. In 2017, the SET Innovation Awards project was organized to promote and reward the innovative and practical ideas among employees, and then apply these

ideas to actual work process. The SET Innovation Awards project will also be organized in 2018 to further promote innovation for the sustainable development of the Thai capital market. For more mileage in promoting listed companies, SET has been motivating listed firms to use innovation and technology to enhance business potential and granting them the Best Innovative Company Awards, as has been granted since 2016, during the annual SET Awards ceremony.

Our journey will be according to the three-year strategic framework (2018–2020): “Towards Sustainable Growth with Innovation”. In 2018, SET will focus on sustainable development based on innovation and technology to meet the needs and to enhance efficiency of all the work of all sectors. SET will move forward in accordance with the SET’s corporate strategy, in line with the current Capital Market Development plan and will support the government’s policy in driving the country economy in a sustainable manner.

On behalf of The Stock Exchange of Thailand, I would like to thank the government agencies, the private sector, listed companies, member companies, asset management companies, as well as the social sector, investors and the general public. I greatly admire the management and staff of SET whose synergy has enriched the Thai capital market to grow firmly, while endlessly boosting the Thai economy and society towards sustainability.



**Dr. Chaiyawat Wibulswasdi**

Chairman



“SET builds strong capital market foundations and thrives on regional and global stages.”

## Message from the President

Over the past four years, The Stock Exchange of Thailand (SET) has continuously worked to build the solid foundation for long-term sustainable growth of Thailand’s capital market. The outcomes of ongoing efforts, in terms of both quantity and quality, have been recognized in the regional and global stages. On the quantity aspect, the SET Index, which continued to rise in 2017, reached a record high of 1,838.96 points on January 24, 2018. Meanwhile, the average daily trading value also rose to THB 50.11 billion (approx. USD 1.52 billion) in 2017. On fundraising, the market capitalization of IPOs peaked at THB 426.35 billion, another record high and the highest among the ASEAN-5. In fact, the accumulative capital raised from 2014 to 2017, another top record for

ASEAN-5, has shown that businesses continued to see attractive fundraising from SET. Notably, foreign securities were also listed on SET in 2017, reflecting the Thai capital market’s positioning as a regional fundraising hub. As a result of the above mentioned, the combined market capitalization of SET and Market for Alternative Investment (mai) recorded a new high of THB 17.9 trillion at the end of 2017.

In parallel with the quantitative achievements, SET has consistently emphasized the quality improvements of our listed companies to promote confidence among investors, domestically and internationally. SET has ensured the quality at all stages, starting from the stage to groom businesses for listing until the day companies are listed.

Once becoming our listed companies, SET continues to closely supervise the quality of information disclosure as well as to actively educate and promote the adoption of best-practiced operations and sustainable business models. In particular, SET has strongly encouraged companies to adopt the considerations of environmental, social and governance (ESG) aspects for sustainable business growth. This has resulted in the selection of 17 Thai listed companies as constituents of the Dow Jones Sustainability Indices (DJSI), the highest in ASEAN.

SET sees its role in the regional and international arena as conducive to promoting Thailand's and regional capital market growth. Close to home, SET has continued to cooperate closely with stock exchanges in the CLMV countries on knowledge-based projects for developing regional capital markets. To promote the international recognition of the Thai business sector and capital market, SET hosted the World Federation of Exchanges (WFE)'s 57<sup>th</sup> Annual Meeting in 2017, following the SET President's representation as the WFE Board of Directors. Earlier in 2018, Thailand Futures Exchange (TFEX), jointly with the Association of Futures Markets (AFM), also hosted the 21<sup>st</sup> AFM Annual Conference, during which TFEX was selected as an AFM committee member. These regional and global accomplishments have demonstrated SET's firm commitment to excellence by international standards in all areas of exchange operations. In this context, SET received a number of prestigious awards, namely the "Best Sustainable Securities Exchange of Southeast Asia Emerging Markets 2017" by the London-based Capital Finance International magazine; the 2nd Runner-up Green Building Award from ASEAN Energy Awards 2017; the top 10 of world stock markets for the sustainability disclosure of listed companies according to the research studies on "Measuring Sustainability Disclosure 2017" conducted by Corporate Knights and AVIVA; and recently, the "Best Central Securities Depository in Southeast Asia 2017" granted to Thailand Securities Depository Co., Ltd. (TSD) by Alpha Southeast Asia, an international media firm.

To strengthen competitiveness in the digital world, SET has taken big steps forward to become a digital exchange

and workplace, embracing digital technology in all facets of operations. These consisted of developing digital services, including Digital IPO, Digital Report, e-Learning Channel, and investment applications such as SET App, Settrade App, and Settrade Streaming for Fund, as well as SET social media serving 1.5 million retail investors with convenient, quick and secure access to information. With the increasing number of retail investors, the proportion of retail to institutional investors' trading volume has remained in good balance at 48:52, respectively. This also reflected the continued stable growth of institutional investor base, promoted by regular informative roadshows and expanding access channels.

On new business innovation, SET has worked to support up-and-coming startups entrepreneurs and SMEs by developing the LiVE platform as a new channel for fundraising. It has also initiated FundConnex to provide investors with efficient access to a variety of mutual funds, along with the new Settrade Streaming for Fund application enabling investors to conveniently trade mutual funds via smart phones. To align with leading global exchanges, SET has already moved to a two-day settlement cycle (T+2) inaugurated on March 2, 2018, being considered one of the leaders in ASEAN to pioneer this.

Needless to say that the achievements of SET as outlined above were the result of a great mix of vision, efforts, and cooperation among all our stakeholders. This is in line with the SET's vision "To Make the Capital Market 'Work' for Everyone", based on the synergy of the SET management teams and employees, and especially the strong support from stakeholders in the capital market over the past 43 years. We firmly believe that The Stock Exchange of Thailand, built upon a solid foundation, will serve as a stable and sustainable capital market for Thailand's prosperous economy and happy society, which will in turn contribute positively to the global economy.



**Kesara Manchusree**

**President**



# Solid

## Expansion

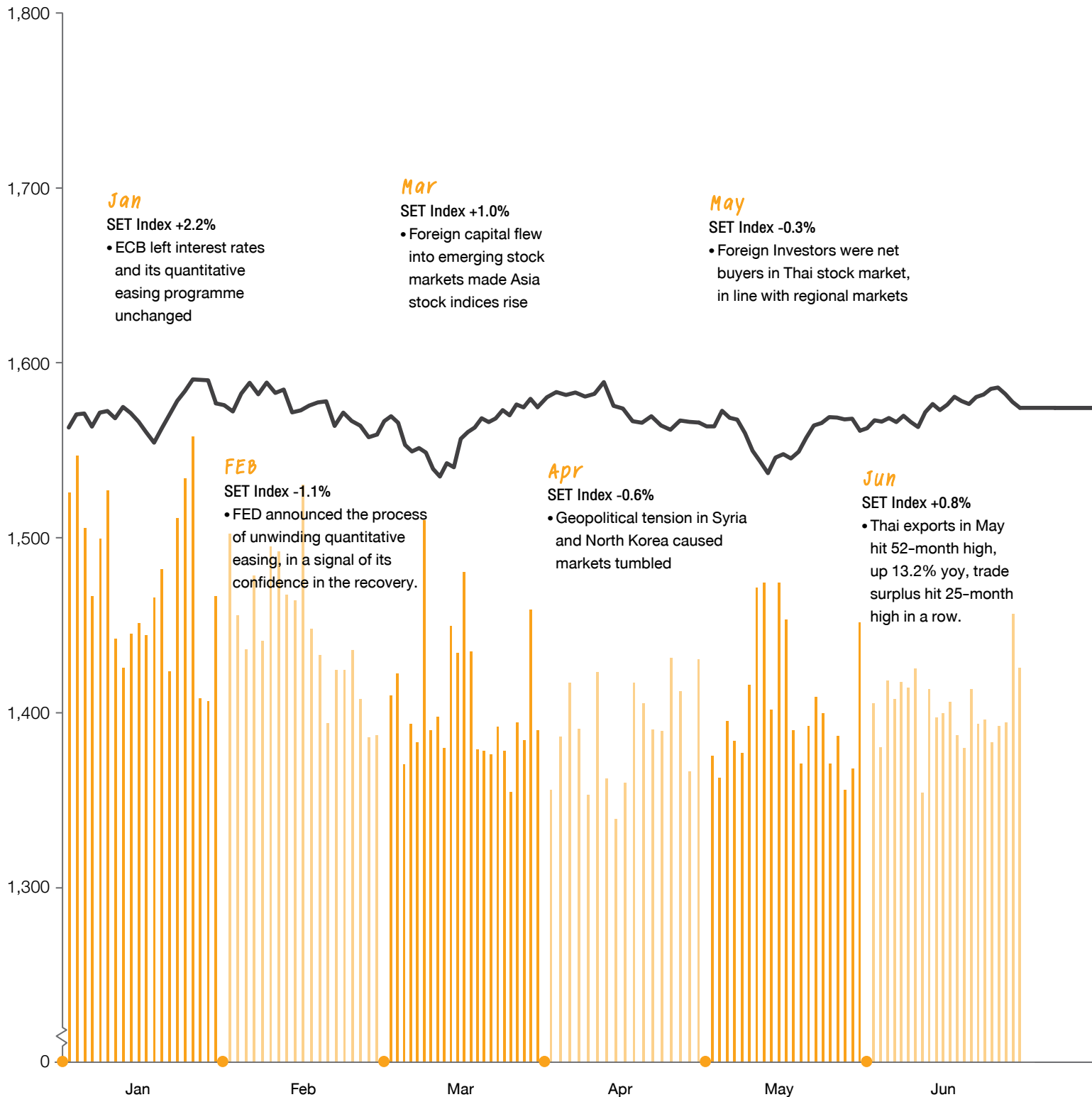






# SET Market Movement 2017

SET Index  
(point)



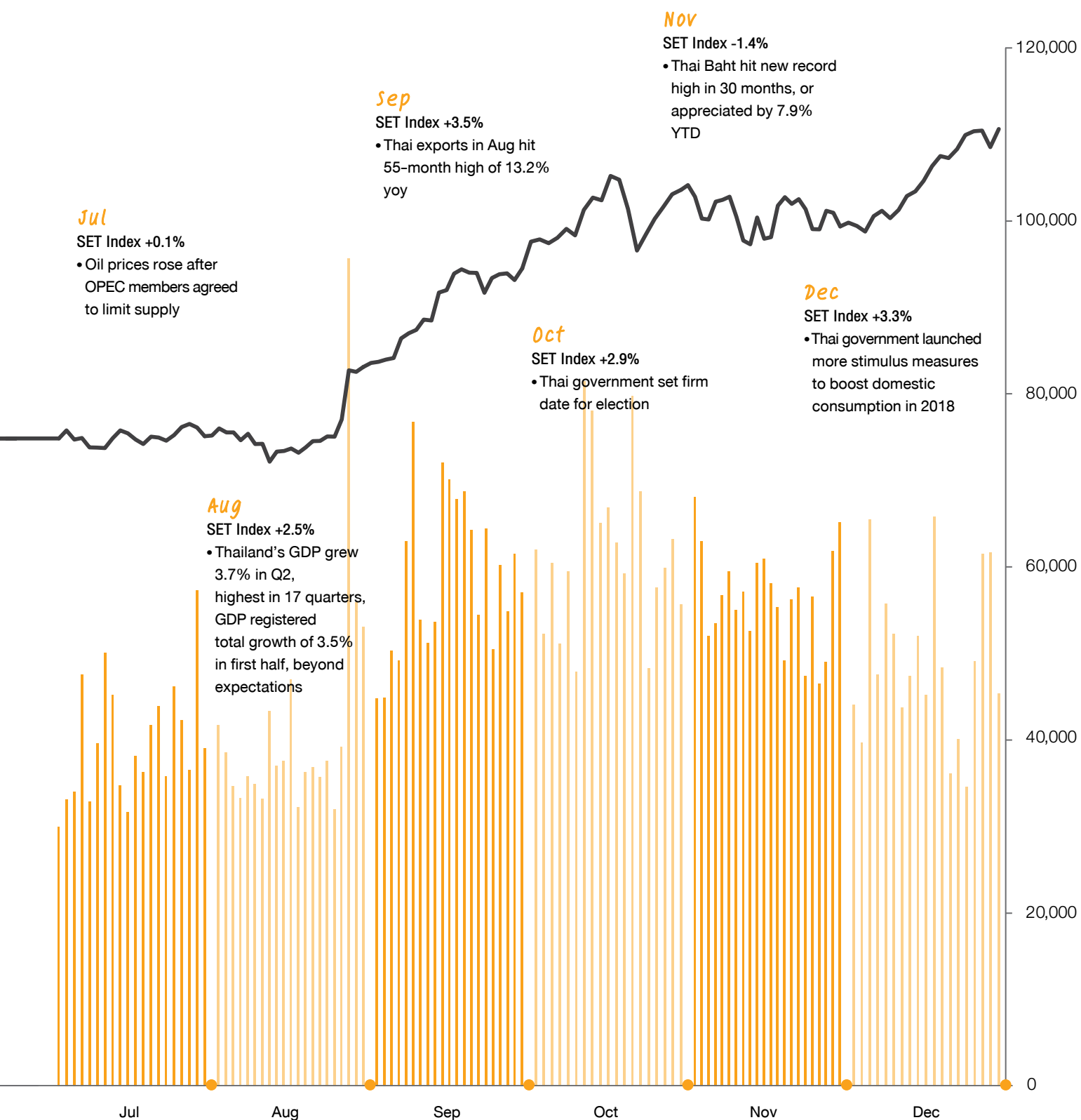
SET Index

Highest SET Index 1,753.71 (29 December 2017)

Trading value (THB million)

Lowest SET Index 1,535.51 (13 March 2017)

Trading value  
(THB million)



# SET Group Financial Highlights

(THB million)

	2017	2016*	2015	2014	2013
<b>Consolidated statements of revenues and expenses</b>					
Total revenues	6,332	6,047	5,215	5,237	5,302
Operating revenues	5,007	5,099	4,518	4,201	4,309
Investment income, net	1,045	767	492	871	821
Other income <sup>1</sup>	280	181	205	165	172
Total expenses	3,818	3,694	3,335	3,082	2,976
Revenues over expenses, net	1,833	1,759	1,382	1,535	1,661
<b>Consolidated statements of cashflows</b>					
Net cash provided by operating activities	763	1,217	636	1,051	1,096
Net cash provided by (used in) investing activities	(217)	(2,157)	(332)	(1,503)	(329)
<b>Consolidated statements of financial position</b>					
Total current assets <sup>2</sup>	22,265	21,709	17,324	18,012	22,965
Long-term investments	8,478	8,312	9,263	8,690	5,126
Total assets	45,196	39,539	36,136	34,452	34,039
Total current liabilities <sup>2</sup>	15,215	11,947	10,759	10,346	11,515
Total liabilities	17,821	14,141	12,747	12,213	13,386
Fund balances	27,375	25,398	23,389	22,239	20,653
<b>Key financial ratios</b>					
Revenue growth (%)	4.70	15.95	(0.42)	(1.23)	17.85
Operating revenue growth (%)	(1.80)	12.86	7.55	(2.51)	28.05
Expenses to revenues ratio (%)	60.31	61.09	63.95	58.85	56.13
Net profit margin <sup>3</sup> (%)	28.95	29.09	26.50	29.31	31.33
Return on fund balance (%)	6.70	6.93	5.91	6.90	8.04
Current ratio (Times)	1.46	1.82	1.61	1.74	1.99
Debt to fund ratio (Times)	0.65	0.56	0.54	0.55	0.65
Assets / payables of margin deposits and benefits <sup>2</sup>	13,398	10,160	8,830	8,054	9,362

\* Change in presentation of deferred tax on change in value of available-for-sale of investment

<sup>1</sup> Other income consist of educational activities income, revenues from marketing event, revenues from fees and management funds etc.<sup>2</sup> Other current assets and other current liabilities included margin deposits and benefits at the same amount (as the guarantee for derivative contracts of the clearing house)<sup>3</sup> Net profit margin calculated by revenues over expenses, net/total revenues

# Thai Bourse's 2017 Performance

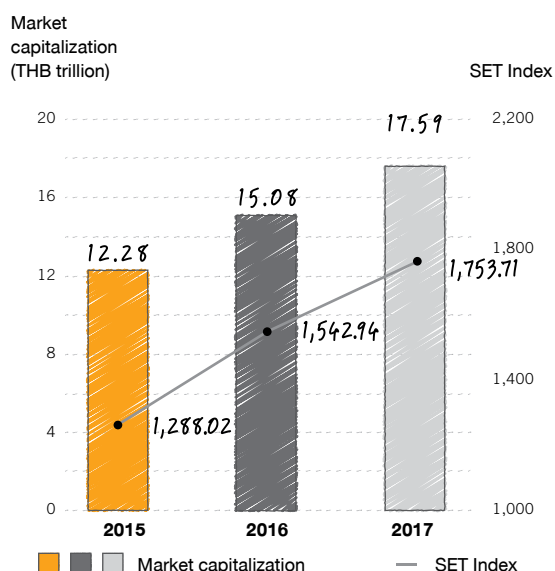
## 2017 Overview of Exchange activities

The Thai stock market continued to perform well under high global volatility and domestic uncertainties. At the end of 2017, SET Index closed at 1,753.71 points up by 210.77 points or 13.66 percent from the end of 2016. The market capitalization of The Stock Exchange of Thailand (SET) and Market of Alternative Investment (mai) increased to THB 17.92 trillion (USD 560 billion), up by 15.62 percent from the end of 2016, according to a stronger Thai economy, leading by exports and tourist sector, especially in the second half of 2017. Moreover, since Thai government announced firmed date for general election, the investor's sentiment has been soaring resulting in the raising value of newly listed companies in SET and mai totaled THB 426 billion (USD 13.3 billion) in term of market capitalization,

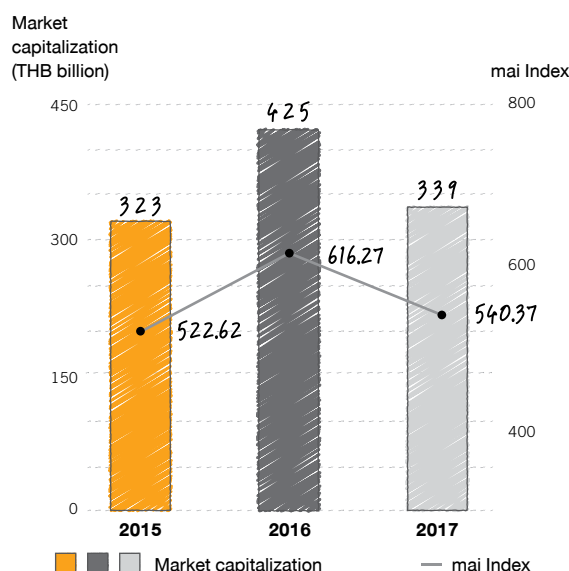
the highest value in ASEAN-5. Furthermore, the daily trading value of SET and mai averaged at THB 50.11 billion (USD 1.57 billion), also the highest in ASEAN in term of trading liquidity since 2012.

Thai listed companies have improved in their quality continuously, and increasingly gained global recognition. 33 Thai listed companies were added to MSCI Standard Index, the leading global index, which was the largest number in any ASEAN countries for five consecutive years. Moreover, the dividend yield and forward P/E ratio of SET and mai at the end of 2017 remained attractive. The dividend yield of SET and mai were 2.81 percent and 1.45 percent respectively. At the same time, forward P/E ratio was at 17.46 times for SET and 35.61 times for mai.

### The Stock Exchange of Thailand (SET)

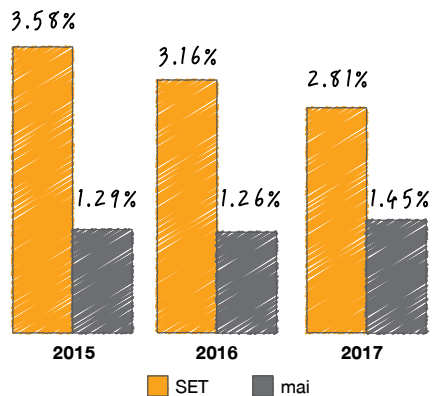


### Market for Alternative Investment (mai)

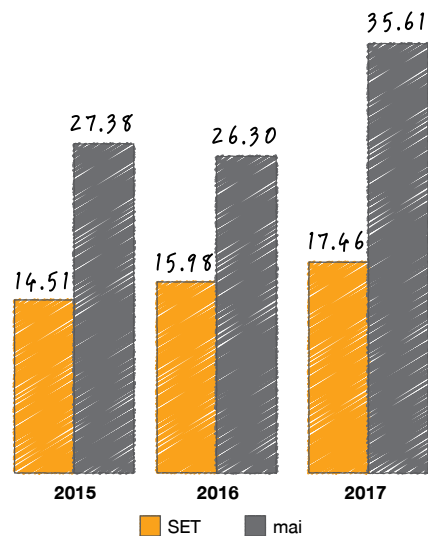


Source: SETSMART

Dividend yield



Forward P/E



Source: SETSMART

## Stock Market Trading Activities

The Thai stock market has become the most liquid market in ASEAN since 2012. In 2017, the daily trading value of SET and mai averaged at THB 50.11 billion (USD 1.57 billion).

In 2017, the total trading of SET and mai, categorized by investor types, consists of: 1) Local investors were the most active segment in 2017 with a daily average trading value at THB 24.2 billion (USD 756 million), about 48.31 percent of total trading value, lower from 53.81 percent in 2016 2) Foreign investor's daily

average trading value was THB 15.1 billion (USD 472 million), 30.23 percent of total trading value, higher than 25.57 percent from the previous year. 3) Local institution's daily average trading value was THB 5.52 billion (USD 172 million), 11.01 percent of total trading value, higher than 10.10 percent from the previous year. 4) Proprietary trading daily average trading value was THB 5.2 billion (USD 163 million), 10.45 percent of total trading value, down from 10.52 percent in 2016.

## Trading Value of SET and mai in 2015-2017

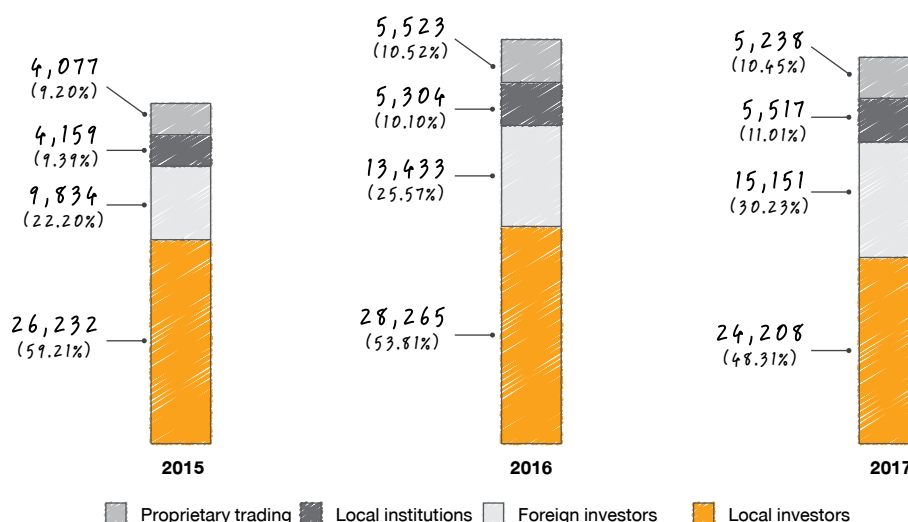
Trading Value (unit: THB million)	2015	2016	2017
Trading value of SET	9,997,372	12,259,772	11,652,312
Trading value of mai	768,098	556,487	575,437
Trading value of SET and mai	10,765,470	12,816,259	12,227,749
Daily average trading value of SET and mai	44,302	52,526	50,114
Trading value change (y-o-y percent)	-2.56	18.56	-4.59

Source: SETSMART

Local institutions were the major net buyer in the Thai stock markets in 2017. Local institutions bought net THB 104.7 billion (USD 3.3 billion), followed by proprietary trading which bought THB 16.6 billion (USD

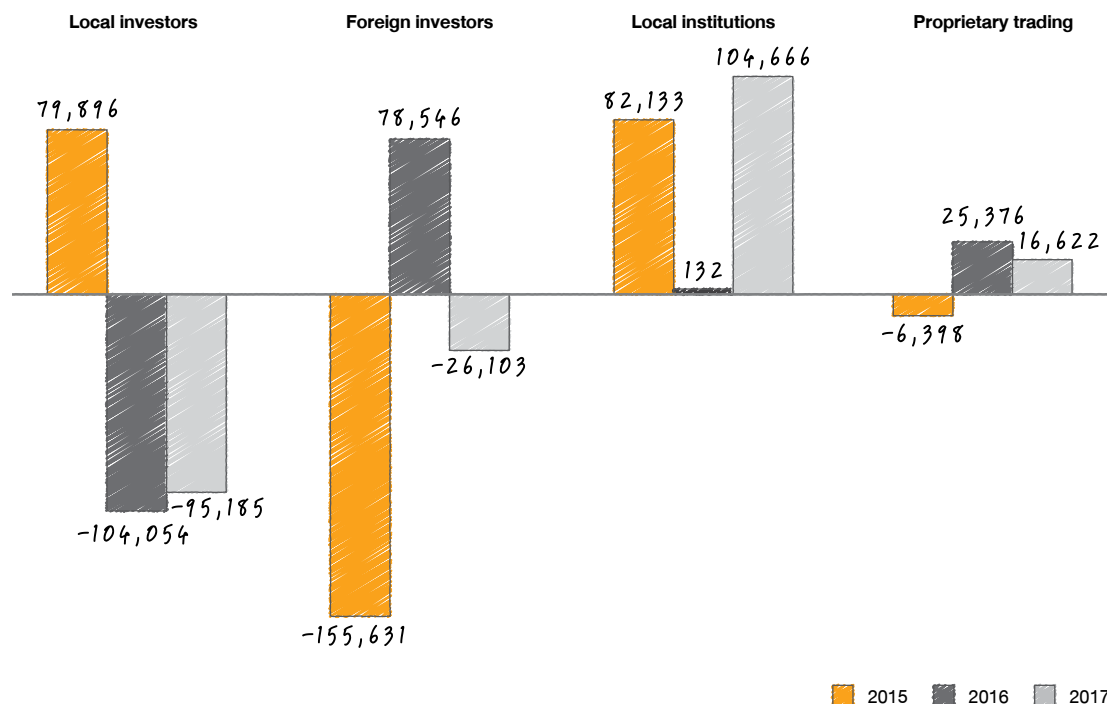
519 million). Local investors and foreign investors sold net THB 95.2 billion (USD 3.0 billion) and THB 26.1 billion (USD 816 million) respectively.

### Trading Value Combined SET and mai by Investor Type (unit: THB million per day, percent %)



Source: SETSMART

### Net Position of SET and mai by Investors' type (unit: THB million)



Source: SETSMART

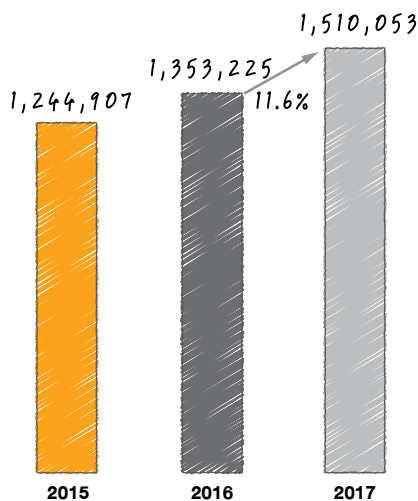
The number of trading accounts and trading value per account reached record highs. The number of trading accounts at the end of 2017 amounted to 1,510,053 accounts, up by 11.6 percent from the end of 2016<sup>1</sup>. Of which, the number of active accounts<sup>2</sup> increased to around 25.2 percent of total trading accounts. In addition, trading value per account in 2017 was THB 2.80 million.

During 2017, Internet trading activity continued to grow. The number of Internet trading accounts at the end of 2017 amounted to 1,349,076 accounts, up by 160,420 accounts from the end of 2016. The number of active Internet trading accounts in 2017 reached 251,599 accounts, up by 16,209 accounts from the previous year. Internet trading value accounted

for 32.46 percent of total trading value and account for 70 percent of total local investors trading value.

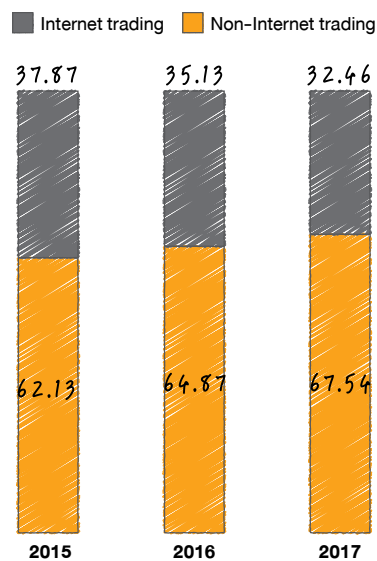
In 2017, a daily average trading composition of stocks was as follows: 1) a daily average trading value of SET 1-10 was THB 12.5 billion, a decline to 25 percent from 28 percent in 2016. 2) a daily average trading value of SET 11-30 was THB 9.0 billion, a decline to 18 percent from 21 percent in 2016. 3) a daily average trading value of SET 31-50 was THB 5.5 billion, an increase to 11 percent from 9 percent in 2016. 4) a daily average trading value of SET 51-100 was THB 7.0 billion, an increase to 14 percent from 12 percent in 2016. 5) a daily average trading value of NON SET 100 and mai was THB 16.0 billion, an increase to 32 percent from 30 percent in 2016.

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



Source: SET

#### Trading Value Combined SET and mai by Channel (unit: %)

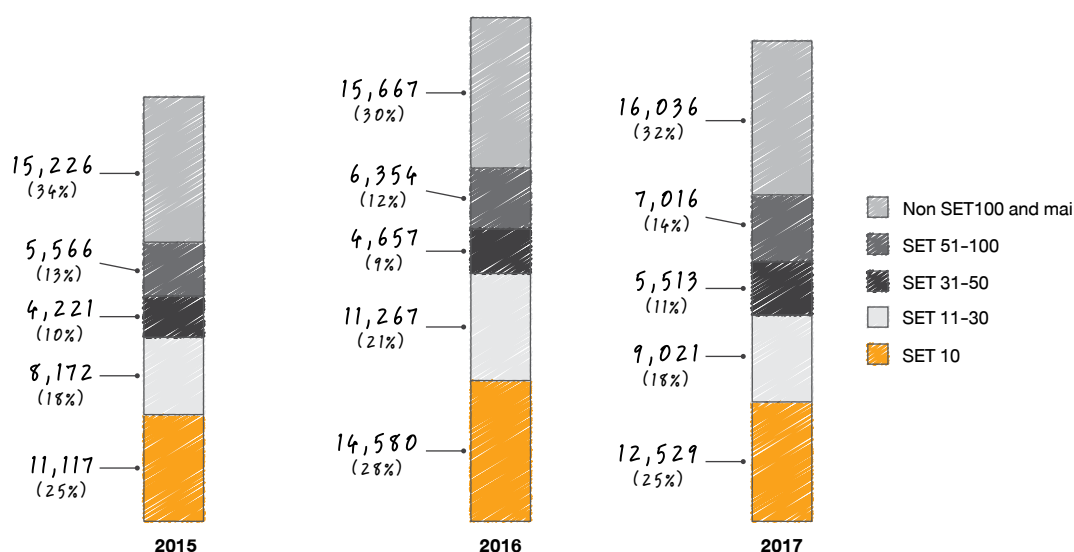


<sup>1</sup> The number of trading accounts of SET and mai in 2016 was adjusted from previous report (SET Annual Report 2016) according to the corrections of securities companies.

<sup>2</sup> Active account is an account which has trading activity at least once a month.



## Trading Value Combined SET and mai by Market Capitalization Size (Value: THB million, %)



Source: SETSMART

## Derivatives market trading activities

The derivatives market activity also rose significantly. In 2017, the average trading volume on Thailand Future Exchange (TFEX) surged to 324,217 contracts per day, up by 13.68 percent from 2016. The significant increase in trading volume was from 1) Single Stock Futures 2) 10 Baht Gold Futures and 3) the SET50 Index

option contract, that their trading volume increased by 40.4, 28.6 and 152.3 percent from 2016 respectively.

In addition, the number of trading accounts in derivatives market also grew significantly to 146,559 accounts up by 17,275 accounts, an increase of 13.4% from end of 2016.

## Daily Average Trading Volume of TFEX (Contracts)

Products	2015	2016	2017
SET 50 Index Futures	110,142	131,938	107,873
SET 50 Index Options	1,264	1,757	4,433
Single Stock Futures	81,103	138,634	194,593
50 Baht Gold Futures	546	747	783
10 Baht Gold Futures	5,469	11,155	14,347
Gold Deferred Futures	-	-	722
Oil Futures	107	119	-
USD Futures	1,118	838	1,422
Agricultural Futures	-	1	44
<b>Total</b>	<b>199,749</b>	<b>285,189</b>	<b>324,217</b>
<b>Change (%)</b>	<b>35.86</b>	<b>42.77</b>	<b>13.68</b>

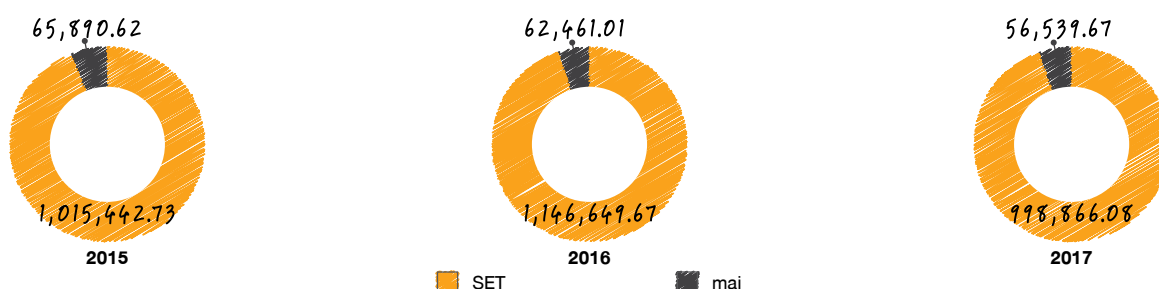
Source: SETSMART

## Post-Trade Operational Review 2015-2017

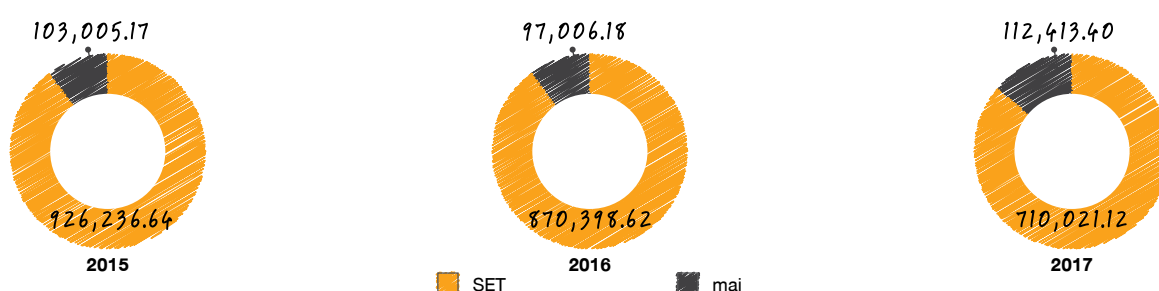
	2015	2016	2017
<b>Securities Depository</b>			
<b>Number of Depository Participants (participants)</b>	<b>106</b>	<b>108</b>	<b>110</b>
Brokers	37	39	40
Banks	34	34	35
Others	35	35	35
<b>Number of Securities Deposited in the Securities Depository System (securities)</b>			
Common Stock and Corporate Bond	2,941	3,421	3,562
Government Bond	437	442	482
<b>Securities Clearing and Settlement</b>			
<b>Number of Participants in the Clearing House (participants)</b>			
Equity & Bond	39	39	40
Derivatives	42	44	40
<b>Securities Registration</b>			
<b>Number of Companies in the Securities Registration System (companies)</b>	<b>687</b>	<b>714</b>	<b>747</b>
The Stock Exchange of Thailand (SET)	535	544	567
The Market for Alternative Investment (mai)	121	134	150
Thailand Bond Exchange (TBX)	0	0	0
Over the Counter (OTC)	1	1	1
Others	30	35	29
<b>Number of Securities in the Securities Registration System (securities)</b>	<b>2,100</b>	<b>2,345</b>	<b>2,599</b>
The Stock Exchange of Thailand (SET)	1,743	1,914	2,187
The Market for Alternative Investment (mai)	173	188	214
Thailand Bond Exchange (TBX)	10	9	9
Over the Counter (OTC)	51	43	48
Others	123	191	141
<b>Number of Shareholders in the Securities Registration System (citizen ID.)</b>	<b>1,291,094</b>	<b>1,375,332</b>	<b>1,455,618</b>
Scripless	982,024	1,067,483	1,284,146
Scrip	309,070	307,849	171,472

## Key Statistics of Securities Clearing and Settlement

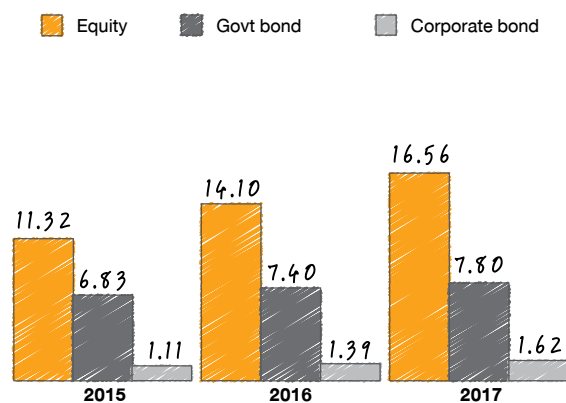
### Total Value of Securities Clearing and Settlement (THB Million)



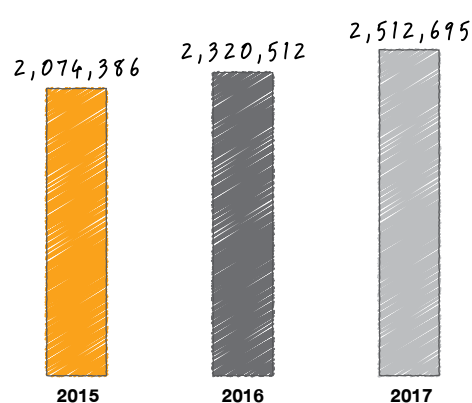
### Total Volume of Securities Clearing and Settlement (Million Shares)



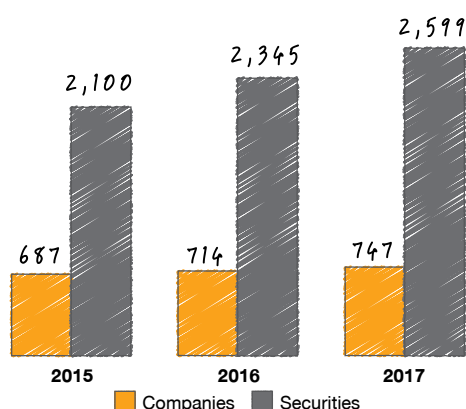
### Value of Securities in the Securities Depository (THB trillion)



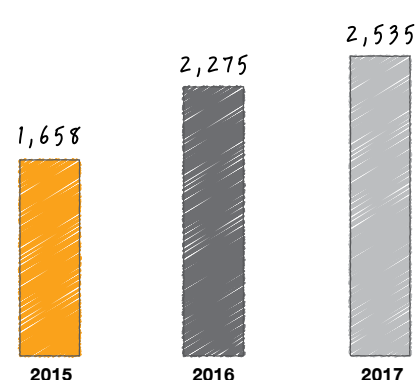
### Number of Investors under e-Dividend Service (ID)



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



### Number of Securities under e-Dividend Service



# Business Operation of SET group

## Vision and Mission

The Stock Exchange of Thailand and its subsidiaries have a vision **“To Make the Capital Market ‘Work’ for Everyone”**. Our objective is to make the Thai capital market benefit all stakeholders both directly and indirectly. We believe that a suitable business growth will lead to national strength and this in turn will lead to the betterment of society.

The SET group operates under 5 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 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, 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. SET provides end-to-end exchange services consisting of the following core businesses as follows:

### Exchange business

#### 1. Securities market

**Listing and trading:** SET Group provides securities listing and trading services for equity instruments through SET and Market for Alternative Investment (mai) and provides services for bond instruments through Thailand Bond Exchange (TBX) for bonds. As of December 31, 2017, there were 538 companies listed on SET and 150 on mai along with 380 bond products listed on

TBX. SET Group also lists other types of securities, e.g., warrants, derivative warrants (DW), exchange-traded funds (ETF), real estate investment trust (REIT) and infrastructure fund (IFF).

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

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

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

#### 2. Derivatives market

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

#### 3. Technology services

SET Group provides both front and back office services for members, e.g., Front-office Service Bureau (FSB), Internet trading system, and Back-office Service

Bureau (BSB). These centralized services support market participants to utilize the benefit of economy scale to expand their business and to shorten their development time for new products and services.

Also, SET Group has a market data business that develops and disseminates stock indexes and provides trading market data and listed companies' information to data vendors and investors.

In addition, SET Group has a FundConnex business that provides a centralized mutual fund platform to connect among asset management companies and selling agents. The platform helps to broaden mutual fund access and to improve market efficiency.

#### 4. Registrar services

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

Furthermore, SET Group has secured data storage and processing system with the corresponding back-ups ready to ensure the continuity of our services. Our vault and data management systems have been in place to secure the rights of the securities holders and for verification purposes.

### Capital Market Development

SET Group is committed to promoting a long-term development of Thai capital market to become a sustainable capital market that will improve competitiveness of Thai economy and support the quality growth of capital market's stakeholders and Thai society. SET Group has set four major capital market development strategies as follows:

**1. Capital market education** SET Group organizes the educational development into five aspects according to target groups that are (1) Professional Education,

(2) Enterprise Education, (3) Investor Education, (4) General Public Education, focusing on financial literacy for Thai people and the use of education centers, e.g., Maruey Knowledge & Resource Center, INVESTORY and SET Investment Center, and (5) Executive Education, focusing on educating public sector and business leaders about capital market and building a network among capital market leaders not only in Thailand but also in CLMV region.

**2. Sustainable development** SET Group promotes Corporate Governance (CG) and Sustainable Development (SD) to be integrated in business model and operation and to build ecosystem that will support SD in Thai capital market, such as encouraging local institutional investors to invest responsibly and motivating listed companies to invest and collaborate with Social Enterprises. SET Group also encourages listed companies to conform to criteria defined by global players in sustainability field such as DJSI.

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

**4. Capital market research** SET Group conducts and disseminates relevant capital market research and leading indicators of Thai capital market to benefit stakeholders and Thai investors. SET Group will continue to establish a platform where market practitioners and academic researchers can contribute the knowledge for the long-term development of Thai capital market. In addition, SET Group promotes the capital market research to be more accessible by Thai general public, as well as organizes international capital market conferences.

## Revenue Structure

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

(Unit: THB Million)

Products and services	2017		2016		2015	
	Revenue	%	Revenue	%	Revenue	%
<b>Securities Market</b>						
- Trading	1,223	24.42	1,282	25.14	1,077	23.84
- Listing	576	11.50	539	10.57	494	10.93
- Clearing and settlement	337	6.73	339	6.65	293	6.48
- Depository	322	6.43	290	5.69	283	6.26
- Membership	44	0.88	76	1.49	37	0.82
<b>Total</b>	<b>2,502</b>	<b>49.96</b>	<b>2,526</b>	<b>49.54</b>	<b>2,184</b>	<b>48.33</b>
<b>Derivatives Market</b>						
- Trading	332	6.63	368	7.22	295	6.53
- Clearing	144	2.88	159	3.12	127	2.81
- Membership	43	0.86	57	1.12	50	1.11
<b>Total</b>	<b>519</b>	<b>10.37</b>	<b>584</b>	<b>11.46</b>	<b>472</b>	<b>10.45</b>
<b>Technology Services</b>						
- Member services	426	8.51	509	9.98	466	10.31
- Information services	343	6.85	340	6.67	307	6.80
- IT support	150	3.00	122	2.39	106	2.35
<b>Total</b>	<b>919</b>	<b>18.36</b>	<b>971</b>	<b>19.04</b>	<b>879</b>	<b>19.46</b>
<b>Registrar and Fund Services</b>						
- Securities registrar	1,065	21.27	1,018	19.96	982	21.74
- Fund services	2	0.04	-	-	-	-
- Fund registrar	-	-	-	-	1	0.02
<b>Total</b>	<b>1,067</b>	<b>21.31</b>	<b>1,018</b>	<b>19.96</b>	<b>983</b>	<b>21.76</b>
<b>Total operating revenues</b>	<b>5,007</b>	<b>100.00</b>	<b>5,099</b>	<b>100.00</b>	<b>4,518</b>	<b>100.00</b>

## Business Competition

The financial liberalization and capital markets linkage around the world can bring huge benefits, but at the same time can also create competition. The SET group has therefore been operating under highly competitive environment. Although the SET group operates the only stock exchange in Thailand, local companies can also find their funding sources through exchanges abroad. Investors can choose to invest in other exchanges freely to suit their preference. On top of that foreign exchanges can also develop similar investment products or substitutes to attract both Thai and international investors.

Furthermore, new types of trading used in other countries may enter Thailand in the near future, such as the alternative trading system (ATS) or the non-exchange trading venue, and the order internalization process within the securities firms' own inventory, etc. could be the SET Group's competitors.

In addition, the new wave of financial technology (FinTech) revolution has been increasingly and significantly popular over the past few years to serve a variety of needs in financial industry. FinTech could be an opportunity for the SET group as a business partners (FinTech firms), and could also be a threat as competitors (financial services) in the future.

# Foundation for Next Growth







## Major Developments in 2017

During the past decades, The Stock Exchange of Thailand (SET) has continuously been committed to the key principles and operations in developing the Thai capital market for sustainable growth while becoming recognized by investors globally as a world-class stock market. SET sets a goal to benefit all sectors while growing together with the economy, society and the country in accordance with the vision **“To Make the Capital Market ‘Work’ for Everyone.”** In 2017, SET further expanded its operations to benefit all sectors by proactively applying technology to increase efficiency and to provide a full range of services inclusively.

In 2017, SET was outstanding in many aspects in both quality and quantity. Particularly in quality, SET received a number of international awards, demonstrating SET’s continuous commitment and implementation on sustainable development in all dimensions. These awards included the “Best Sustainable Securities Exchange of Southeast Asia Emerging Markets 2017” by the London-based Capital Finance International Journal; the top 10 ranking of world stock markets for the sustainability disclosure of listed companies according to the studies on “Measuring Sustainability Disclosure 2017” conducted by Corporate Knights and AVIVA. In addition, 17 Thai listed companies were selected as constituents of the Dow Jones Sustainability Indices: DJSI, the highest number in ASEAN and the fourth highest in Asia. Moreover, eight Thai listed companies received 11 IR Magazine Awards for excellence in investor relations, the highest number of companies in ASEAN.

In terms of quantity, SET has continuously demonstrated its outstanding potential at regional level

both in market capitalization of IPOs at THB 426.35 billion comparatively highest in ASEAN-5 including the secondary offerings of listed companies totaling THB 215.80 billion. SET’s liquidity in average daily trading rose at THB 50.11 billion, the highest in ASEAN for the fifth consecutive year. Meanwhile, Thailand Futures Exchange (TFEX) has also been continuously growing with an average daily trading volume of 324,217 contracts. At end-2017 the combined market capitalization of SET and Market for Alternative Investment (mai) recorded at THB 17.92 trillion. The SET Index closed at 1,753.71 points and has continued to rise in early 2018 with a historic record high of 1,838.96 points on January 24, 2018.

For investors, in 2017 the trading values of institutional investors and retail investors were in a balanced proportion at 52% : 48% ratio respectively, reflecting a stable growth of the Thai stock market, resulting from the activities to expand the institutional investor base, roadshows, with more access channels, while further expanding and developing the retail investor base. At the end of 2017, there were 1,510,053 investor accounts on SET and 146,559 on TFEX. Throughout 2017, SET focused on introducing new technologies and innovations to meet investors’ needs by providing investors with investment knowledge, new tools, investment channels, and digital services. The number of new retail investors on SET and TFEX totaled 148,976 accounts.

2017 was also the year of building foundations to cope with future competition and to prepare for expansion. SET developed infrastructure to support further growth with the application of blockchain technology to initiate the LiVE Platform as a channel

for SMEs and startup entrepreneurs to access funding sources. In addition, SET also developed FundConnex to provide investors with convenient access to mutual fund and to support the growth of the Thai mutual funds industry. To align with the global exchanges, SET has also upgraded the post-trading services by moving to a two-day settlement cycle (T+2) from T+3. SET's role on the global stage has also been enhanced such as the hosting of the World Federation of Exchanges (WFE) 57<sup>th</sup> General Assembly & Annual Meeting in 2017, following the SET President's being elected to the WFE Board of Directors in 2016.

The series of success both in quality and quantity has been a major driving force in reinforcing SET's leading role in the region. The heart of such success originated from the synergy of SET's operations with cooperation from capital market partners in implementing the strategic plan for sustainable development according to the following three key strategies:

## 1. Fund-Raising Cultivator

In 2017, SET encouraged businesses to further capitalize the capital market and gain benefits more extensively. As a result, businesses in various industries nationwide raised funds via The Stock Exchange of Thailand. For the first time, foreign securities were listed on SET. In addition, SET has created more opportunities in terms of sources of funds for new startup entrepreneurs and SMEs, while enhancing knowledge and promoting potential of listed companies to grow quality wise, resulting in continued expansion of related industries, as such enhancing the country's economic growth.

### 1.1 Encouraging the listing of quality securities

In 2017, there were 42 initial public offerings (IPOs) of securities on SET and mai. The IPOs had a phenomenal record-setting total market capitalization of THB 426.35 billion, the highest in ASEAN-5, a significant factor in the expansion of the size of the Thai stock market. Of these IPOs, 25 were listed on SET and 17 on mai. In 2017, companies raised funds through IPOs totaling THB 106.28 billion. The cumulative capital raised via IPOs from 2014 – 2017 was considered the highest amount in the ASEAN-5.

SET has always facilitated and prepared potential businesses to become listed. In 2017, large-sized securities raised funds through IPOs, consisting of Gulf Energy Development pcl (GULF) with market capitalization of THB 96 billion, considered an IPO with the highest value in 16 years; TPI Polene Power pcl (TPIPP) valued at THB 58.80 billion; TOA Paint (Thailand) pcl (TOA) at THB 48.70 billion; and B.Grimm Power pcl (BGRIM) at THB 40.67 billion. In addition, SET has also played an important role in promoting the growth of entrepreneurs under the Thailand 4.0 government policy, aiming to drive the nation's economic expansion. In this regard, four companies in the Health Care Services sector were listed.

There were 17 small and medium-sized firms listed on Market for Alternative Investment (mai), most of which were in the Services, Property and Construction industrial groups. It is apparent that the Thai capital market has successfully served as a source for raising capital for the benefit of entrepreneurs and business operators.




In 2017, SET expanded its role to provide fundraising channel for various firms in the region. This was the first year that foreign securities were fully listed on SET: Strategic Hospitality Extendable Freehold and Leasehold Real Estate Investment Trust (SHREIT), REIT that invests in leading hotels in Indonesia and Vietnam.

### Newly Listed Companies in 2017 (SET and mai)

SET		mai	
Company	Symbol	Company	Symbol
1. SYNERGETIC AUTO PERFORMANCE PCL	ASAP	1. APPLIED DB PCL	ADB
2. B.GRIMM POWER PCL	BGRIM	2. CHIANGMAI RIMDOI PCL	CRD
3. BURIRAM SUGAR GROUP POWER PLANT INFRASTRUCTURE FUND	BRRGIF	3. DENTAL CORPORATION PCL	D
4. CPT DRIVES AND POWER PCL	CPT	4. EASTERN TECHNICAL ENGINEERING PCL	ETE
5. DO DAY DREAM PCL	DDD	5. FLOYD PCL	FLOYD
6. FIRETRADE ENGINEERING PCL	FTE	6. INFORMATION AND COMMUNICATION NETWORKS PCL	ICN
7. GRANDE HOSPITALITY REAL ESTATE INVESTMENT TRUST	GAHREIT	7. JKN GLOBAL MEDIA PCL	JKN
8. GLOBAL GREEN CHEMICALS PCL	GGC	8. MEGACHEM (THAILAND) PCL	MGT
9. GLAND OFFICE LEASEHOLD REAL ESTATE INVESTMENT TRUST	GLANDRT	9. MUDMAN PCL	MM
10. GRAND PRIX INTERNATIONAL PCL	GPI	10. SAHATHAI TERMINAL PCL	PORT
11. GULF ENERGY DEVELOPMENT PCL	GULF	11. SIAMEAST SOLUTIONS PCL	SE
12. HUMANICA PCL	HUMAN	12. SERMSANG POWER CORPORATION PCL	SSP
13. TRIPLE I LOGISTICS PCL	III	13. SUNSWEET PCL	SUN
14. INGRESS INDUSTRIAL (THAILAND) PCL	INGRS	14. THAI MUI CORPORATION PCL	THMUI
15. PRIMA MARINE PCL	PRM	15. RHOM BHO PROPERTY PCL	TITLE
16. RATCHAPHRUEK HOSPITAL PCL	RPH	16. VINTCOM TECHNOLOGY PCL	VCOM
17. RICH SPORT PCL	RSP	17. ZIGA INNOVATION PCL	ZIGA
18. STRATEGIC HOSPITALITY EXTENDABLE FREEHOLD AND LEASEHOLD REAL ESTATE INVESTMENT TRUST	SHREIT		
19. SAKOL ENERGY PCL	SKE		
20. S.KIJCHAI ENTERPRISE PCL	SKN		
21. THONBURI HEALTHCARE GROUP PCL	THG		
22. TOA PAINT (THAILAND) PCL	TOA		
23. TPI POLENE POWER PCL	TPIPP		
24. WHA UTILITIES AND POWER PCL	WHAUP		
25. WATTANAPAT HOSPITAL TRANG PCL	WPH		

Note: This table is sorted by symbol in ascending order.

## Fundraising value and market capitalization of newly listed companies by type of securities in 2017

Number of Securities 	Common Stock <b>38</b> Securities	REIT <b>3</b> Securities	IFF <b>1</b> Securities	Total <b>42</b> Securities
Fundraising Value 	<b>92,394</b> THB million	<b>10,281</b> THB million	<b>3,605</b> THB million	<b>106,280</b> THB million
Market Capitalization of IPO 	<b>412,463</b> THB million	<b>10,281</b> THB million	<b>3,605</b> THB million	<b>426,349</b> THB million

SET places importance on promoting the quality of listed companies, starting from the first steps of the listing process, offering “IPO Focus” and “IPO Roadmap” training programs. The activities included one-on-one company visits to guide and help owners and managers understand the key concept of business management, especially the necessary steps to become a listed company by exchanging views and experiences with experts and companies that have already carried out an IPO. SET, jointly with partners such as the Federation of Thai Industries, the Thai Chamber of Commerce, the National Innovation Agency, Bangkok Bank pcl, and Jones Lang LaSalle (Thailand) Limited, helped educate companies with good prospects for listing in terms of restructuring, preparing financial statements, managing internal control systems, and developing investor relations.

In addition to assisting newly listed companies, SET has also encouraged listed companies to use fundraising tools to expand their businesses, enhance their potentials, and strengthen their operations. In 2017, 170 SET- and mai-listed companies raised THB 156.51 billion in capital from the secondary offerings (SO), representing a total market capitalization of THB 215.80 billion. These were fundraising for

the expansion of large-cap listed companies in various business sectors, consisting of Charoen Pokphand Foods pcl (CPF) in the Food & Beverage sector, Siam City Cement pcl (SCCC) in the Construction Materials sector, and LH Financial Group pcl (LHBANK) in the Banking sector, respectively.

### 1.2 Expanding business opportunities for startups and SMEs

The Stock Exchange of Thailand recognizes the importance of startup and SMEs entrepreneurs in serving as foundation of the new economy, being an important mechanism in the future development of the nation. In line with the government policy, SET fully supports startups and SMEs by increasing their opportunities to access sources of fund and to develop their potential for further business growth.

In 2017, SET through its newly established subsidiary named Live Fin Corp Co., Ltd. introduced blockchain technology to develop its LiVE platform, a platform for startups and SMEs to access sources of fund and increase securities trading liquidity more conveniently.

SET also promoted listed companies with corporate venture capital (CVC) in investing in startup businesses by joining a network, having a forum for

sharing information, discussion on regulation amendment as well as supporting the government's policy in developing the startup ecosystem in Thailand. This networking can open up opportunities for startups to gain access to listed companies and create alliances for future growth.

In addition, SET enhanced startup entrepreneurship by providing education and training in business operations, strategy formulation, and adapting innovations to enhance business. These are basic knowledge for new entrepreneurs to get started firmly in order to grow their businesses. Throughout the year, the "STARTUP Evening Class@SET" project had been going on, attended by over 1,300 entrepreneurs. Additionally, "Innovative Startup@University," an educational training programs in cooperation with the National Science Technology and Innovation Policy Office, National Innovation Agency, and a network of universities, had been carried out to strengthen the foundation of the startup business ecosystem by providing educational opportunities to over 560 university faculty members from across the country. In addition, SET disseminated knowledge via Money Channel, online media, including the handbook "SET Your Startup Business Guide: Getting to know the Startup Business" available in both printed and digital formats.

### 1.3 Enhancing quality and strength of listed companies

The Stock Exchange of Thailand is committed to **enhancing the quality of listed companies for long-term sustainable growth**. In this regard, listed companies are encouraged to conduct their business operations in

line with environmental, social, and governance (ESG) aspects. SET continues to develop educational tools and contents as concrete guidelines for them to operate and implement a sustainability policy in line with their core corporate strategy. In 2017, Thai listed companies were outstanding in terms of quality excellence. A total of 17 listed companies were selected for inclusion in the Dow Jones Sustainability Indices: DJSI, the highest number in ASEAN and the fourth highest in Asia. In addition, eight Thai listed companies received 11 IR Magazine Awards for excellence in investor relations, comparatively the highest number of firms in ASEAN. Moreover, Thailand was also ranked in the top 10 of global stock markets for the sustainability information disclosure of listed companies according to the "Measuring Sustainability Disclosure 2017" studies conducted by Corporate Knights and AVIVA.\*

A listed company's personnel is a key success factor in driving growth. SET has implemented a project to improve the quality of executives and personnel working in listed companies in various fields in order to enhance and benefit business operations. This included developing knowledge in accounting and finance for CFO level by conducting the "Strategic CFO in Capital Markets" course, for accounting and finance staff by conducting the "Getting Prepared-Adoption of Changes in Financial Reporting Standards Applicable to Financial Instruments" course and "Risk Analysis and Management Techniques-Investment Project to Enhance the Enterprise's Sustainable Value" course. In addition, SET has also provided information on technological development that can benefit listed companies at the "IT Future for Listed



\* Please see the "Sustainability Report 2017" for further details and performance of listed companies' sustainable development.

Company” seminar annually. In 2017, the focus was on cyber security, today’s critical issue for businesses.

In addition, the CEO Club and mai Fanzi Club are networking channels for executives to build business alliances in sharing knowledge and experiences.

Significantly, SET has also **promoted the attractiveness of Thai listed companies among foreign investors**. In 2017, SET together with member companies organized Thailand Focus 2017 conference under the theme “Establishing the New Engine.” Institutional investors

consistent with the current situation. The adjustments covered the qualifications of a listed company’s chief financial officer (CFO) and accounting supervisor specifying that individuals holding these positions must possess educational qualifications, work experience, and appropriate ongoing training to stay abreast of developments in the field of accounting. These requirements are in effect for companies applying for listing from January 1, 2018 onwards. Companies registered before January 1, 2018 are required to comply with these



from around the world were invited to get updated information about the business potential of 142 listed companies (highest number ever). At this event, top executives from the capital and financial markets, the government, and the private sector participated, provided information on the 20-year National Strategic Plan and the digital technology driven economy. A total of 116 institutional investors from around the world participated, representing a total value of assets under management (AUM) of USD 2.6 trillion. There were 1,464 group meetings with Thai listed companies (the highest ever), reflecting the high interest in Thailand’s growth potential. Throughout 2017, SET sponsored roadshows in partnership with securities companies, during which 45 listed companies presented highlights of information to investors in Singapore, England, Korea, Japan, and Australia.

In 2017, the **criteria for developing quality listed companies were improved** to make it appropriate for and

requirements from January 1, 2019 onwards. Criteria for delisting was also upgraded to ensure that the delisted company if back for trading will be of quality and with sufficient liquidity, effective from February 1, 2018. SET has encouraged listed companies to disclose information more via SET Portal for more efficiency and less companies’ burden.

SET maintains real-time monitoring of securities and derivatives trading conditions to ensure fairness in trading, to prevent trading irregularities, and/or prevent improper orders, including illegal transactions. In 2017, there were 82 companies under market surveillance’s cash balance accounts criteria. There were 31 cases of possible violation under the Securities and Exchange Act B.E. 2535 already reported to the SEC for further consideration.

In 2017, SET took disciplinary actions in the fine of THB 1.5 million charged to a member company and eight officers were placed on probation. Member companies



were also found not in compliance with SET regulations such as improper clearing of securities transactions or delayed settlement of securities transactions, etc. and were fined for a total of THB 8.9 million.

## 2. Investment Cultivator

In 2017, trading on The Stock Exchange of Thailand (SET) was continuously on the rise recording the highest daily trading liquidity in ASEAN at THB 50.11 billion. At the same time, Thailand Futures Exchange (TFEX) had an average daily trading volume of 324,217 contracts. SET expanded the investor base of all groups by utilizing technology to enable investors and the public to access and benefit from investing. It is vital for the Thai people to understand financial management, especially in the current aging society. At the end of 2017, there were 1,510,053 accounts on SET and 146,559 on TFEX.







The domestic and foreign institutional investors investment combined accounted for more than half of the total trading value, reflecting a well-balanced investor based, a good sign towards a leading capital market with stability. The result was due to the implementation to expand the institutional investor base through the dissemination of information to increase channels of access.

### 2.1 Cultivating culture of savings and sustainable among retail investors

In 2017, there were 1.5 million investors. Out of these, 1.3 million were internet trading accounts representing 89 percent of the total. During the year, there were 148,976 new SET and TFEX investor accounts. SET aimed at creating a savings culture to strengthen each investor's financial status **by promoting long-term investing in securities and mutual funds using on the dollar-cost averaging (DCA) technique to create investment discipline** under the concept of "Save a thousand, save ten thousand, build your dream of a million." To achieve this, SET has been working with securities companies, asset management companies, and alliances in carrying out campaigns to promote information on regular investing habit via both online and offline media to reach investor base across the board.

**SET employs digital technology as an important mechanism to provide investment information and promote investment to reach the target investors with speed, making it convenient for current investors' lifestyle.**

Online tools were developed to provide simple and clear concept of investing with simulation programs for financial planning or Investnow Starter, available

SET & mai	TFEX
 <p>Average daily trading value highest in ASEAN</p> <p>THB <b>50,113.72</b> million/day</p>	 <p>Average daily trading volume</p> <p><b>324,217</b> contracts/day</p>
 <p>No. of investor account (SET)</p> <p><b>1,510,053</b> accounts</p>	 <p>No. of investor account (TFEX)</p> <p><b>146,559</b> accounts</p>





on the SET website together with the ongoing roadshows such as “#Investnow for Office People” and “#Investnow Roadshow” to different destinations nationwide to educate working people about investing. SETs online channel is another important means to reach investors and the public. SET has continuously been polishing its online communication channels by adding new channels, new contents and new features attractive to investors of the current digital age. This included enhancing the TFEX website ([www.tfex.co.th](http://www.tfex.co.th)), adjusting Settrade website ([www.settrade.com](http://www.settrade.com)) to be an investment portal providing comprehensive investment information; updating the SETSMART system such as Stock Screening and DCA Simulation, etc. to improve the data and menus display; as well as making the end-of-day information available earlier. Additionally, SET has focused more on social media channels such as Facebook, YouTube, LINE Official Account, and Twitter to broadcast news, information and activities real time and with speed at investors’ fingertips.



In 2017, the Settrade App was launched focusing on investment information, available on both IOS and



Android systems. Settrade App was downloaded for a total of 150,000 times throughout the year. The Settrade Streaming for Fund application was developed to make it convenient for investors to trade mutual funds via mobile phones, to track their investment portfolios, and to study information on mutual fund to support their investment decision making. The SET App (launched in 2015) had been downloaded more than 500,000 times.

In addition to the efficiency in providing investment information, **technology also plays an important role in promoting investment and financial management education.** SET has developed the SET Digital Education Platform as a learning resource for financial planning and investing in the digital era, both online and via Apps by offering more than 20 e-Learning courses to provide in-depth, step-by-step knowledge to investors and the general public. In 2017, the website received than 11 million views.

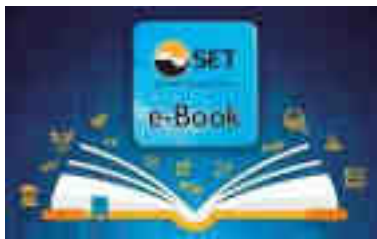




At the same time, the offline investment and financial planning learning channel is still ongoing under the “Investor Class Room” project. There are over 40 courses covering comprehensively from basic knowledge up to intensive courses to cultivate new investors to become professionals. In addition, activities to promote knowledge through the current seven SET Investment Centers (SET IC) have been held nationwide embracing over 18,000 participants. SET has also published 13 titles to promote investment and financial planning in both printed and electronic forms through “SET e-book” application, reaching over 500,000 investors.

SET has enhanced the Maruey Knowledge & Resource Center to become a leading capital market

digital library in Thailand under the concept “Creativity, Technology, and Innovation,” drawing over 300,000 visitors throughout 2017. Maruey Knowledge & Resource Center also provides capital market knowledge services via Maruey e-library. Moreover, the unique “INVESTORY” (located in the SET building) is Thailand’s first investment discovery museum focusing on cultivating disciplined savings and investing among youth and the general public. INVESTORY welcomed over 40,000 visitors in 2017, with additional 45,000 students participating in “INVESTORY Mobile Exhibition on School” activities at 15 schools.



## 2.2 Promoting mutual funds and provident funds catering to Thailand's aging society

SET realizes the importance of Thais having financial stability as the nation moves towards the aging society. Consequently, **SET encourages company employees to invest through Employee's Choice, a provident fund plan tailored for them.** Such investment can build financial security based on one's salary to have happy retirement finally. At the end of 2017, the proportion of companies with an Employee's Choice scheme increased to 45 percent of all companies having provident fund plan.

SET has campaigned to make Thais aware of the importance of financial planning for a happy retirement with the "Happy Money, Happy Retirement" project under the slogan "Happy retirement can be a reality." Proactive activities include roadshows to educate employees in various organizations including government offices, state enterprises, and private sector (businesses) so that they understand the importance and the how-to of financial and investment planning. In 2017, over 700,000 employees in 196 organizations gained this knowledge. At the same time, the project's

learning media reached 3.3 million people among the target groups. In addition, SET has also worked with the Thai Life Assurance Association to promote the unit linked insurance plan (life insurance with investment), as well as to provide capital market education to life insurance agents so they better understand the capital market and innovations and can suitably present specific capital market products to their clients.

In the same year, SET in cooperation with its partners in the mutual fund industry **launched the innovative FundConnex**, a technology-enabled fund service platform to process buying and selling of mutual fund orders, enabling the public to access and invest in mutual funds conveniently and efficiently. At the same time, FundConnex is also a centralized system that allows mutual fund operators to develop their businesses quickly and flexibly. In addition, Settrade Streaming for Fund application was also launched by Settrade.com Co., Ltd. to facilitate securities companies to provide services for investors who can now send their own fund orders via mobile phone.





## 2.3 Supporting the work of intermediaries and ensuring institutional investors' access to the Thai capital market

In order to expand the opportunities for foreign investors to access the Thai capital market, **SET adjusted the trading criteria relating to Direct Market Access (DMA)** to be in line with modern trading trends and international standards. These included the guidelines of the Financial Sector Assessment Program (FSAP); IOSCO's Principles for Direct Electronic Access to Markets; and the trading criteria of the leading global stock markets. At the same time, SET also continued to promote program trading by domestic and foreign institutional investors in order to be in line with current trends of such electronic trading.

SET realizes the importance of intermediaries as a key mechanism that keeps investors connected and has continuously worked **to enhance the knowledge of intermediaries' employees**. In 2017, SET in cooperation with the Association of Thai Securities Companies (ASCO) and the Association of Investment Management Companies (AIMC) developed training courses tailored specifically to meet the needs and roles of the intermediaries' employees to raise the quality of services and investment advice provided to investors. The courses were designed for investment consultants, investment analysts, securities operation officers, and human resource executives, such as "The IC Leader @ Securities Companies and Asset Management Companies," "Equity Product Specialist," "The TFEX Specialist," and the "Junior Investment Consultant," conducted all year round, attended by 3,544 staff of intermediaries.

One of SET's major role is **to develop and enhance professional standards of investment consultants**. In 2017, the "Investment Consultant" exam course was attended by 79,285 participants, and 2,637 persons took all 3 levels of the CISA exam. In addition, SET has kept related parties well-informed about the changing structure of the Investment Consultant license according to the SEC's new regulations and SET's new Investment Consultant exam courses to be used from January 1, 2018. SET organized meetings and communicated via various channels, while overseeing the training courses for license renewal. With 132 training courses for license renewal approved, and 17 training institutions (conducted 19 times) randomly checked to ensure quality standard.

SET has also collaborated with related professional associations and a network of 29 universities to encourage students to choose a career in the capital market, to work either with intermediary institutions or listed firms through such projects as "Young Corporate Financial Officer (YFO)" and "New Breed @ U-Net." These projects not only help develop the skills and experience of young people, but also attract more personnel to work in the capital market.



### Intermediance professional education



"The IC Leader@securities companies and asset management companies" project  
 "Equity Product Specialist" project  
 "The TFEX Specialist" project  
 "Junior Investment Consultant" project

attended by **3,544** participants in 2017.

### Professional Standard Development for investment consultants



Investment Consultants

**79,285** persons



CISA test candidates

**2,637** persons

### Cultivating new generation of capital market professionals (both intermediaries and listed firms)



"Young Corporate Financial Officer (YFO)" project  
 "New Breed @ U-Net" project

### 3. Excellent Infrastructure & Capability

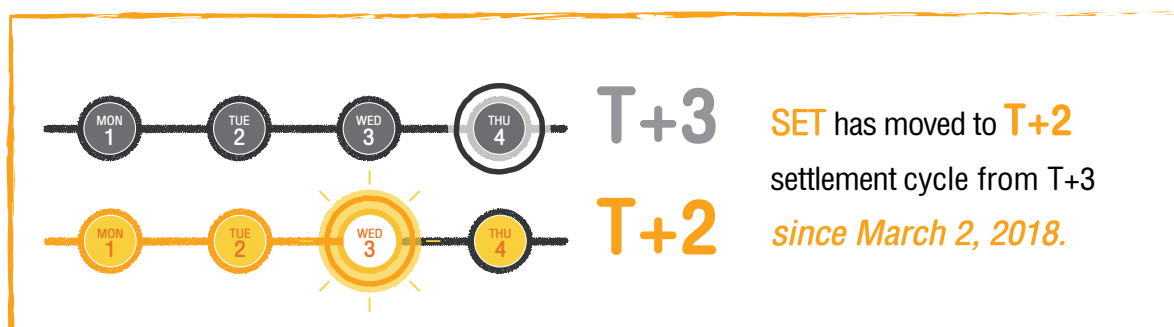
In 2017, SET strengthened the foundation for continued growth by fully utilizing technology and innovation to expand the potential, increase the efficiency, and support the growth of the Thai capital market. At the same time, SET also enhanced operational standards at international level, while continuously expanding its roles in contributing to the global communities and reinforcing the prominence in being a forefront stock market.

#### 3.1 Developing capital market infrastructure to cater to future business trends

The Stock Exchange of Thailand, as a key mechanism to drive the economy and growth of the country, continues to focus on the development of world-class infrastructure and operation systems. In 2017, working together with all related parties in the capital market, **SET began moving towards a T+2 clearing and settlement**

implementation of the Straight Through Processing for Non-Resident Transaction system which allows members to send orders from foreign institutional investors more quickly, as such reducing the risk of settlement defaults. Starting from November 6, 2017, SET, in line with international standards, has been providing securities management services for investors' pending receive of securities when there is settlement default. Both systems will enhance the Thai stock market's settlement process.

In 2017, to meet the needs of related parties, new post-trading services were developed: **the Gold-D Futures clearing and settlement**. On September 4, 2017, Thailand Clearing House Co., Ltd. (TCH) launched a gold bullion deposit service and appointed a delivery agent and vault operator to guarantee clearing and settlement for maturing Gold-D Futures contracts. TCH has developed a non-cash collateral system in the futures market along with criteria to review risk and efficiency of risk management tools so that securities companies have



**cycle**, by reducing to two days instead of three days, to be aligned with leading global capital markets, while increasing competitiveness and potential. The T+2 cycle was fully implemented on March 2, 2018 for the first time. SET was considered one of the leading exchanges in ASEAN to move to T+2, aligning with US and European stock markets. Throughout 2017, SET in conjunction with alliances worked closely together in developing operational and testing systems, as well as in improving working methods and related rules and regulations. On September 11, 2017, SET began the

flexibility in managing collaterals. Full service will be offered in the second quarter of 2018.

SET has continued to expand business operations to benefit market participants more extensively by **launching FundConnex**, a digital system that allows investors more convenient access to mutual funds and also expands mutual fund sales channels for asset management companies and selling agents to support the growth of the Thai mutual fund industry. In addition, the Streaming for Fund Application has also been developed for investors to access mutual fund unit trust trading services via

smart phones. At the end of 2017, a total of 13 asset management companies and 9 selling agents participated in FundConnex. In 2018, there will be a one-stop service on clearing and payment for mutual funds for investors to set faster and more convenient services.



In 2017, SET through its newly established subsidiary named Live Fin Corp Co., Ltd. **used blockchain technology to develop its LiVE platform**, an electronic platform for startups and SMEs to access sources of funds and securities trading so that they can grow their businesses more effectively.

**SET's state-of-the-art information technology standard** adheres to the ISO27001 standards for Information Technology to further enhance the Security Management Systems, and ISO20000 standards for Data Management Services. To further enhance, SET was recertified in 2017 by the British Standards Institution (BSI), an international organization that evaluates administrative and management standards. Furthermore, SET improved its data center by utilizing more

modern and stable technology, reducing energy usage, while increasing safety, as well as reducing cyber security risks. In addition, the equipment selection was based on modular design for future expansion. Co-location service standard was also upgraded in such a way as to increase the IT system stability by operating under the data center (DC Facility) similar to the world's leading stock exchanges.

In the digital era, SET has welcomed system developers or independent software vendors (ISV) to submit applications for systems development. ISVs both in Thailand and abroad have shown interest in developing more advanced system platforms used for SET, consisting of seven equity system vendors, two derivatives system vendors, one back-office system, and four FundConnex system vendors.

### 3.2 Expanding the roles of the Thai capital market in the global arena and collaborating with regional capital markets

SET has continued to expand its role on the world stage. Following the SET President's being elected to the WFE Board of Directors in 2016, **SET hosted the World Federation of Exchanges (WFE) 57<sup>th</sup> General Assembly & Annual Meeting in 2017** under the theme "Social Value of Exchanges." More than 300 leaders from stock exchanges, clearing houses, and the capital market agencies from all over the world participated in the conference from September 6–8, 2017 at the Grand Hyatt Erawan Hotel, Bangkok.



**SET continued to cooperate and develop relationships with stock markets worldwide.** SET signed a memorandum of understanding (MOU), with the Oslo Stock Exchange (OSE) Norway in 2017 to link capital market development, expand business opportunities, promote foreign securities listings, and develop products and services for the future benefit of both capital markets. In addition, SET also signed an MOU to renew its partnership with the Chittagong Stock Exchange (CSE) in Bangladesh.

The Stock Exchange of Thailand has continuously enhanced the cooperation with ASEAN capital markets and Greater Mekong Subregion (GMS) capital markets in order to grow together and promote future growth. In 2017, SET attended the 26<sup>th</sup> **ASEAN Exchanges CEOs Meeting** in Indonesia to share views and information on the major developments in ASEAN stock exchanges. In addition, **SET hosted the GMS Focus event for the fifth time** including the meeting under the topic “Infrastructure Trust/Fund: The engine to drive economic growth,” providing a forum for executives to exchange expertise in establishing infrastructure funds in order to increase fundraising and investment opportunities/alternatives in the region.

Moreover, the Capital Market Academy Leadership Program: **The Capital Market Academy–Greater Mekong Subregion (CMA–GMS) course was also held in 2017 for the third consecutive year** by focusing on providing information on GMS economic growth and investment opportunities, and on using capital markets to expand business for further economic and national development. In 2017, the CMA–GMS program was attended by 60 high-level executives from governments, central banks, regulatory agencies, as well as, financial market, capital market, the business sectors, and mass media from six countries: Thailand, Laos, Cambodia, Vietnam, Myanmar, and China.

Throughout the year, SET has joined both local and international partners to exchange views on capital market development. SET collaborated with the Asian Development Bank (ADB), the Thai Bond Market Association (ThaiBMA), and the Securities and Exchange Commission (SEC) to host the “24<sup>th</sup> ASEAN+3 Bond Market Forum:

ABMF” and the “Workshop on Bond Pricing and Evaluation in ASEAN+3” to discuss the development and promotion of fundraising and investment in the bond market. Together with the SEC, SET hosted “ARFP: The Opportunities for Cross-border Fund Initiatives” to prepare for the launch of cross-border mutual fund offerings by 2018 under the Asia Region Funds Passport (ARFP) project together with South Korea, Japan, New Zealand and Australia. SET, jointly with the SEC and the Thai Institute of Directors (Thai IOD), also held a seminar under the topic of “Driving toward the Sustainable Economic Growth” in Vientiane, Lao PDR. The seminar featured topics about forming trust funds for infrastructure projects, getting listed, and good corporate governance.

SET has developed products to meet the needs of both Thai and foreign investors to invest in the countries with rapidly growing economies in Cambodia, Laos, Myanmar, and Vietnam (CLMV). SET has established the SET CLMV Exposure Index consisting of securities of Thai listed companies with sufficient liquidity and size, generating income from their business operations in CLMV to reflect the price movements of the stocks of listed companies that benefit from the economic growth in these countries, and to be a stepping stone for developing various financial products in the future. SET CLMV Exposure Index is expected to be launched in mid-2018.



### 3.3 Promoting quality research and enhancing the Thai capital market

Quality research studies are significant in helping determine the direction of capital market development. SET’s Capital Market Research Institute (CMRI) is committed to promoting quality capital market research



work and studies. In 2017, **SET conducted the CEO Survey among executives of listed companies** surveying about business operations, the overall economic situation/outlook, government policy, investment, employment, including investments in foreign countries in order to use the data and information to analyze the economic direction and to improve the strategies and policies of the government and private sectors. Additionally, SET also prepared database materials for the purpose of further research studies that focus on providing accurate, complete, and practical solutions, such as the corporate governance database, the economic exposure universe database of listed companies investing and/or having income from foreign countries, and the dividend universe database, etc.



**SET has created networking between the educational sector and the capital market business sector.** In 2017, SET funded capital market research grants and in conjunction with 11 leading educational institutions producing 26 research studies concerning the capital market, while organizing five Capital Market Research Forums to present research results with review and idea-exchanging sessions by capital market experts.

In 2017, SET collaborated with leading technology experts especially the National Electronics and Computer Technology Center (NECTEC) under the National Science and Technology Development Agency (NSTDA) to study the capabilities and limitations of

blockchain technology as it might be applied to the development of trading systems for startup companies, and to explore the application of blockchain technology to other solutions in the development of the Thai capital market, as well as developing of text analytics in extracting and retrieving data from reports to create database for effective research.

### Developing Corporate Culture

Human resources management is one operational aspect that SET always emphasizes because SET's employees are valuable resources for the organization. SET therefore focuses on creating an organization that employees are proud of and have confidence in, while developing employees to be prepared for future competition and organizational changes.

SET places importance on Leadership & Culture Development in preparing its personnel to become leaders in a sustainable capital market. Various human resource management and development projects have been carried out since 2010 such as the Leadership Development Program to ensure leaders' readiness as SET is moving into the future. The program covers special assignments, training, seminars, and study trips both in Thailand and abroad, and with an emphasis on communication courses.



In 2017, SET encouraged its employees to actively use innovations to enhance current work operations by **establishing the SET Innovation Awards for the first time.** Employees submitted 63 innovation projects. This competition will also be organized in 2018 in order



to motivate employees to create and use innovation for the Thai capital market's sustainable development.

SET encourages career path and the opportunities are plenty for employees to grow in their careers. SET has prepared a succession plan for top executives for future growth according to the Individual Development Plan (IDP). A project to strengthen employees' potential in the workplace has been implemented, while the workplace environment enables cooperation and integration. The SET Trip 2017 was organized under the theme "This Trip is Good for your Heart" to promote employee-executive relations and to strengthen teamwork. The "SET DNA" activities are organized all year round to promote the five organizational values: **Leadership – Proactive – Proficient – Partnership – Sustainable.**

Job rotation projects are available both in the same line of work and in other areas to equip employees with broader scopes of knowledge, skills, and work

experience. Scholarships are also offered to employees to further their studies and bring back new technology, new ideas, and innovations for the best of the organization, consisting of one scholarship for a master's degree in Thailand, and four scholarships for a master's degree at universities abroad. Relating to performance evaluation, the Performance Management System is used. The SET President has Key Performance Indicators (KPIs) related to SET's goals, cascading down to management team and individual employees, with a link to employee compensation based on performance.

As SET emphasizes on enhancing and caring for employees, various recreational activities are organized to promote mental and physical health available based on employees' interests. As a result, employee engagement increased to 74 percent in 2017, higher than the previous year, and higher than the average ratio of leading organizations in Thailand.\*



Throughout 2017, The Stock Exchange of Thailand has grown with outstanding performance in both quality and quantity, standing out as a regional leader. SET adheres to the vision "To Make the Capital Market 'Work' for Everyone" in order to create sustainable growth for the economy, society, and country. In 2018, SET will move forward in developing the Thai capital market through the utilization of innovation and technology. According to the 3-year strategic framework (2018–2020), SET will continue to grow continuously based on quality and sustainability to achieve the SET vision: "Towards Sustainable Growth with Innovation."

\* Details and results of employee care and staff development are available in the Sustainability Report 2017.

# Towards Sustainable Growth



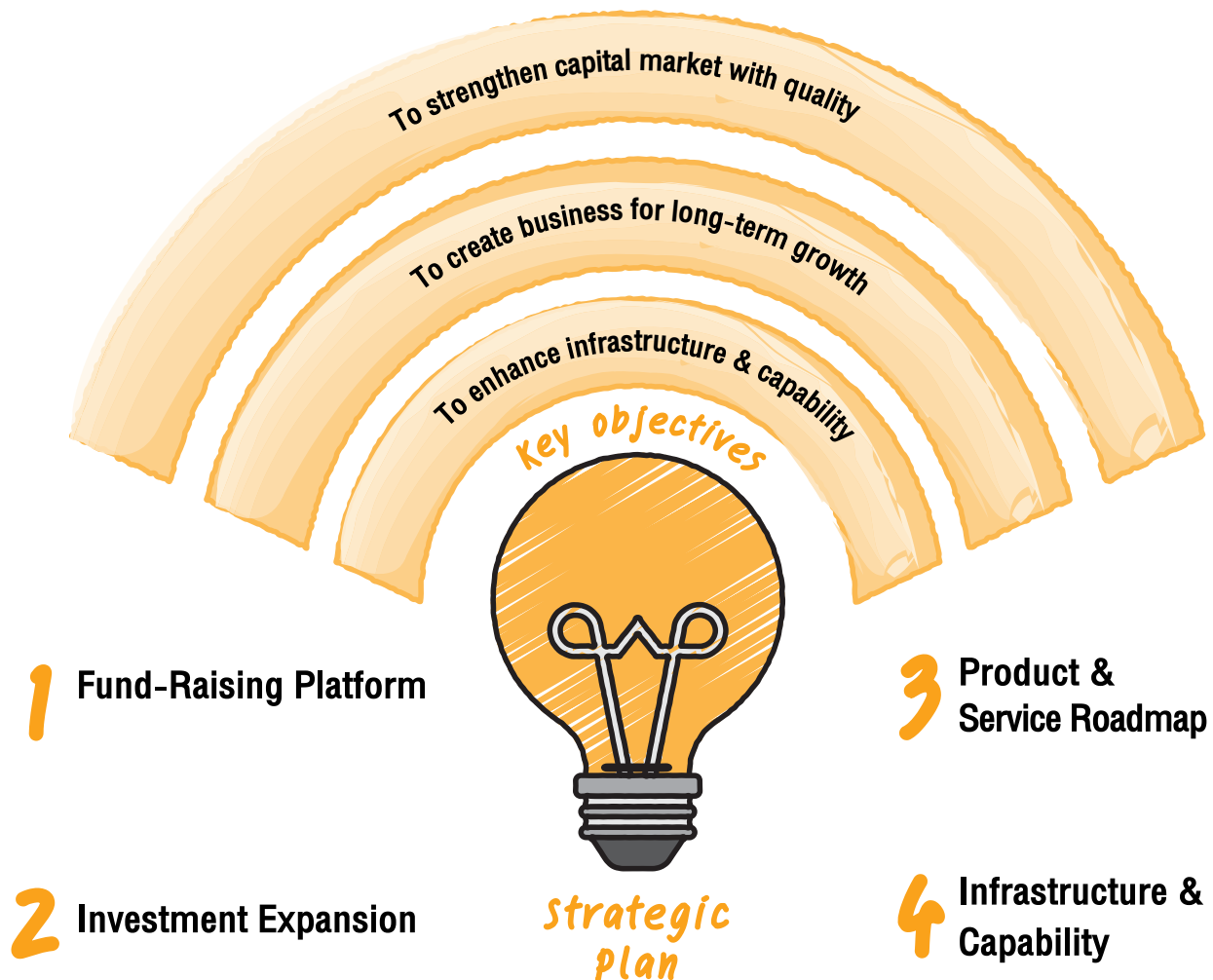


## The SET Group's Strategic Plan for 2018 and Long-Term Strategic Goals

The Stock Exchange of Thailand (SET) aims to develop the Thai capital market in accordance with sustainability principles to benefit all stakeholders inclusive of the capital market, the economy, the society and the country. SET will firmly retain top ranking in ASEAN not only on equity market liquidity but also on listed companies' sustainability. In addition, SET will be innovation-led and will increase business efficiency to cope with innovative technology-based environment.

SET has set three long-term goals: (1) Strengthen capital market with quality, (2) Create business opportunities for long-term growth, and (3) Enhance infrastructure and capability.

The 2018 strategic plan consists of four key areas, as follows:



## 1. Fund-Raising Platform

### 1.1 Attract new high quality listed securities and enhance quality of listed companies across value chain

SET will accelerate fund-raising activities targeting at both domestic and international businesses with focus on high-potential Thai industries and foreign securities. SET will also encourage listed companies to utilize secondary equity offering instruments for capital increase to boost potential and strengthen business capabilities of listed firms.

Simultaneously, in developing listed companies' quality towards sustainable growth, SET encourages them to embrace their business model with the environment, social, and governance (ESG) aspects in doing business. SET will also provide various types of training to approximately 700 corporate professionals to effectively utilize the capital market to meet their firms' financial needs.

In addition, SET has tightened up surveillance measures on listed companies by grouping listed companies with financial and behavioral irregularities and putting up a warning sign to alert investors, all of which to maintain the quality of listed companies across the board.

In 2018, SET targets to increase market capitalization by THB 550 billion from both initial public offering (IPO) and secondary equity offering. Moreover, SET aims to grow the ratio of market capitalization to GDP to 150% by 2021, in line with the goal of Thailand's Capital Market Development Plan (2018–2021).

### 1.2 Support fund-raising opportunities for startups and SMEs

SET realizes the importance of startups and SMEs which will become the foundation of Thailand's long-term economic development. SET will promote a new access to capital of high-potential startups and SMEs through the LiVE platform which is an over-the-counter (OTC) platform

available for accredited investors (AI), to be enhanced by an education program to support high potential startups' and SMEs' capabilities in doing business. In addition, SET will set up a corporate venture capital (CVC) to invest in potential startups and SMEs in Thailand to promote their business growth, as well as to strengthen SET's business development by investing in startups in other countries.

## 2. Investment Expansion

### 2.1 Expand investor base and develop quality of retail investors

SET is committed to promoting saving and investment culture in the Thai society. SET encourages retail investors, especially the young generation and new investors, to sign up on a regular investment saving plan through the dollar-cost averaging (DCA) technique for both equity and mutual fund investments. Together with partners in the capital market, SET plans to encourage the career people to realize the importance of savings via provident funds. In addition, SET will develop more tools and channels on the digital platform such as online education and application for financial health check.

In 2018, SET targets to attract 50,000 new retail accounts signing up for DCA investment, and educate 500,000 persons on financial investment knowledge, preparing them for happy retirement.

### 2.2 Promote the Thai capital market and expand foreign investor base

SET aims to increase the number of listed companies to be included in such internationally recognized indices as MSCI and Dow Jones Sustainability Index (DJSI). SET will continuously promote the development and capabilities of the Thai capital market among foreign investors by highlighting the prominent features, competitive advantages and potential. In addition, SET will initiatively communicate listed companies' information and data in the form of digital roadshow, online via leading international media.

## 2.3 Support business of intermediaries

SET will support the business of intermediaries covering (1) strengthening the capability of 2,500 investment professionals of securities companies, commercial banks and insurance companies through various training programs, (2) developing an application to create an information hub to manage the renewal of professional licensing, (3) promoting intermediaries' channels and services that can help facilitate retail investors such as developing the robo-advisor to give investment advice online, and (4) improving market access for domestic and foreign institutional investors, making it more convenient and faster.

## 3. Product & Service Roadmap

SET targets to boost trading liquidity of existing products, and develop new products in both equity and derivatives markets such as sustainability index and foreign currency-underlying products, etc. SET is also ready to launch a new service on payment catering to securities firms under a newly established company named "FinNet Innovation Network Co., Ltd.", in early 2018.

Furthermore, SET will continue to be a connector on fundraising and investment for other capital markets in Cambodia, Lao, Myanmar and Vietnam or CLMV region to raise fund via SET. There will be securities from CLMV to be listed on SET starting from 2018 onwards. SET will also introduce CLMV-exposure index, a composition of a group of Thai listed companies having revenue from or investing in CLMV countries, as well as encouraging asset management to create new products based on this index.

## 4. Infrastructure & Capability

### 4.1 Develop capital market infrastructure suitable for future landscape

SET has continuously developed IT infrastructure to maintain the capability and stability of the trading system. To improve the business operation efficiency and support businesses, SET has applied innovations and technology such as Blockchain technology, and Big Data analysis, etc. to support business operations for the benefit of the Thai capital market.

Moreover, SET has adjusted the operating process to be in line with international standards such as (1) the implementation of the T+2 settlement cycle to replace the current T+3 settlement cycle, (2) the risk management process in accordance with the Committee of Sponsoring Organizations of the Treadway Commission (COSO)'s new framework, (3) the IT cyber security standards: ISO 27001, and (4) the preparation to enter the Financial Sector Assessment Program (FSAP), among other processes.

### 4.2 Become a role model in sustainability

SET has been operating by taking into consideration the environmental, social and governance (ESG) aspects aiming at being a role model of a sustainable organization. SET has used the green purchasing process and has promoted various activities of social enterprises, all of which having potential to benefit the society as a whole. In addition, SET has internally cultivated innovative culture in such a way as to create awareness among SET employees on innovative thinking and practical adaptability in their working process for sustainable growth. SET will expand this campaign on innovation to all the stakeholders in the capital market by organizing projects and events for them to synergize and compete for Capital Market Innovation Awards.

# Corporate Governance

The Stock Exchange of Thailand's Board of Governors (BoG) adheres firmly to good corporate governance to ensure that business operations have efficiency, transparency, fairness in management, with responsibility for society and environment to build trust to all groups of stakeholders. To support the capital market, which is the mechanism for economic and social development for sustainable growth, the Board has approved the "Corporate Governance Policy and Code of Conduct Manual" and reviews the manual annually.

The summary of key corporate governance activities in 2017 is as follows:

- The Stock Exchange of Thailand (SET) approved the three-year strategic plan (2018–2020) framework under the concept of "Towards Sustainable Growth with Innovation" in order to use innovation as a key driver for the Thai capital market to grow sustainably, and to make the capital market work for everyone. SET has adjusted and added organizational indicators for efficiency and business expansion with innovation in order to prepare the change in business and technology landscape. Some examples are: developing the FundConnex system via FinTech innovation to enable investors to invest in a variety of mutual funds more conveniently and faster; and developing the innovative LIVE platform for startups and SMEs entrepreneurs to access sources of fund.
- SET held the "SET innovation Awards 2017", the first of its kind, to promote innovative inventions among SET employees. The competition aims to enhance the organization towards practical implementation, cultivate innovative culture, as well as increasing motivation in the workplace.
- SET supported the setting up of a creative innovation hub by cooperating with private and public sectors aiming to promote the country's development via innovations and technology to drive the economy towards sustainable growth.
- SET places importance on being a role model for other organizations in the capital market in conducting our business with transparency and strictly in compliance with the laws and the principles of good corporate

governance. SET reviews the roles and responsibilities of the Board and various committees annually in accordance with the OECD Principles of Corporate Governance, SET's Principles of Good Corporate Governance 2012 for listed companies and the SEC Corporate Governance Code for listed companies 2017, while reviewing the SET group's Corporate Governance Policy and Code of Conduct manual. In 2017, SET adjusted the policies regarding Prevention on Money Laundering, Prevention on Conflict of Interest, Insider Dealing and Confidentiality and Information and Communications Technology previously applied to individuals now to be used corporate wide, in line with our business today. In addition, the definition of spouse including cohabiting spouse in the Rules of The Stock Exchange of Thailand Re: Good Practices and Restrictions regarding the Acquisition or Disposition of Listed Securities and Report on Interest by Governors B.E. 2560 (2017) and the Rules of the Stock Exchange of Thailand has also been redefined Re: Acquisition or Disposition of Listed Securities by Employees B.E. 2560 (2017).

To regulate The Thailand Securities Depository Co., Ltd. (TSD) and The Thailand Clearing House Co., Ltd. (TCH), the Board of Directors of these two subsidiaries have approved the Corporate Governance Policy and Code of Conduct for each company mainly based on the SET group's Corporate Governance Policy and Code of Conduct. Adjustments have been made to make it suitable concerning the business operation of each company and in accordance with all applicable laws, rules and regulations, including the



international standards in the operation of securities depository center and securities registrar and the operation of clearing house. Other SET subsidiaries will still use the SET group's Corporate Governance Policy and Code of Conduct, which is sufficient for and covers their overall business operations.

- SET places importance on educating and creating understanding on Corporate Governance (CG) to employees at all levels as well as cultivating CG Culture by implementing the SET Corporate Governance development plan along with the review of all rules and guidelines in compliance with the CG principles.
- SET prioritizes efficient and sufficient internal control, based on framework and guidelines of the Committee of Sponsoring Organization of Treadway Commission (COSO), by setting up an independent internal audit department that reports directly to the Audit Committee to review.
- SET recognizes the importance of the oversight and management of all key risks which may affect the stock exchange operations. SET has specified appropriate risk management policy and framework including organization-wide management and

monitoring on a regular basis in line with COSO Enterprise Risk Management Framework.

- SET has assigned the management team to conduct a customer satisfaction survey for our services annually. In 2017, the customer satisfaction score was 88 percent, higher than the score of 85 percent in 2016. SET has appointed The Thai Institute of Directors Association (IOD) to conduct the Corporate Governance Report (CGR) assessment for SET, by using the same evaluation measures as listed companies every year since 2012 in order to use the results to enhance operations and performance.

SET has continuously supported the activities of related organizations and all stakeholders in the capital market to promote sustainable growth both in quantity and quality. In 2017, SET was awarded "Best Sustainable Securities Exchange Southeast Asia Emerging Market 2017" from Capital Finance International (CFI.co) magazine based in London. Moreover, SET also won the Award for Excellence in Energy Conservation in the creative building for energy conservation category (New and Existing Building) at Thailand Energy Awards 2017 organized by the Ministry of Energy, and then represented Thailand to compete at ASEAN level.

**Please find more details under the topic of "Major Developments in 2017 and SET Sustainability report 2017"**

## Roles towards Stakeholders

SET plays a vital role in developing the capital market and the Thai economy. We treat all groups of stakeholders with transparency and fairness. We also place importance on sustainable development for the capital market and all stakeholders. The key points are as shown below:

Capital market stakeholders e.g. member companies, listed companies, asset management companies, etc.	<ul style="list-style-type: none"> <li>• Listening to stakeholders and related parties' views, both on regulatory adjustments and new regulations issuance, including creating a clear understanding in compliance with the SET regulations and standards</li> <li>• Organizing extensive public relations activities to promote company profiles, including facts and figures of listed firms, securities and asset management companies, for the benefit of investors and the public</li> </ul>
Investors and the public	<ul style="list-style-type: none"> <li>• Developing a variety of financial instruments, products and services with service excellence and providing accurate and adequate information accordingly</li> <li>• Providing complete, accurate and updated information</li> <li>• Providing effective two-way communication channels for investors and the public to access business information as well as to report complaints. Customer information must be kept confidential and not used for the benefit of one's own or other persons'</li> </ul>



Employees	<ul style="list-style-type: none"> <li>• Providing development programs to enhance employee competency and career advancement opportunities</li> <li>• Managing remuneration and other benefits for employees and management, taking into account the economic situation and SET's long-term achievement, competitively to other leading organizations</li> <li>• Protecting the safety and welfare benefits of employees with equal treatment and Non-Violation of Human Rights.</li> <li>• Setting up effective communication channels between management and staff and implementing activities regularly and consistently, covering strategic objectives and directions for the capital market. In addition, all employee opinions and suggestions must be fairly and equally treated.</li> </ul>
Business partners	<ul style="list-style-type: none"> <li>• Treating suppliers and business partners with fairness and transparency, based on mutual benefit</li> <li>• Avoiding dishonest conduct purposely carried out to benefit suppliers / business partners. All parties must strictly comply with contractual agreements, obligations and conditions</li> <li>• Encouraging partners on the importance and respect of human rights, and consideration of social and environmental aspects</li> <li>• Monitoring and evaluating the business partners to develop business transactions in a sustainable manner</li> </ul>
Creditors	<ul style="list-style-type: none"> <li>• Complying with contracts or agreements transparently</li> <li>• Managing effectively to ensure that creditors have trust in SET's financial status and debt repayment ability (solvency)</li> </ul>
Competitors	<ul style="list-style-type: none"> <li>• Competing fairly, not seeking to obtain competitive intelligence dishonestly and not being involved in illegal actions to gain competitive information or beat competitors</li> </ul>
Government sector	<ul style="list-style-type: none"> <li>• Supporting the government's policies, in compliance with the rules and regulations of regulatory commission entities, as well as promoting and supporting various government activities to strengthen national stability and growth</li> </ul>
Society, community and the environment	<ul style="list-style-type: none"> <li>• Keeping in mind the responsibilities to the society community and environment, ensuring the employees are knowledgeable about Social Responsibility and strongly encouraging employees' participation in these activities (Please find more details in SET's Sustainability Report 2017.)</li> </ul>

**Please find more details on Corporate Governance Policy and  
Code of Conduct Manual 2017 on SET website under the topic: "Corporate Governance"**

### Best practice on stakeholders in the capital market

SET realizes the rights and treatment of all groups of stakeholders in the capital market such as member companies, listed companies, asset management companies, etc. based on honesty, integrity and transparency. SET focuses on the synergy of sustainable growth, growing together in all sectors. SET also provides channels for stakeholders to express their constructive opinions or suggestions for improvement. The highlights of operation are as shown below:

- Attended a meeting with the Association of Thai Securities Companies' board of directors to discuss the problems and obstacles in the operation of securities business with suggestions for improvement.
- Attended a meeting with the management of member companies to listen to their viewpoints such as the two-day settlement cycle (T+2) project, the development of personnel in securities business 2017, the impact and operation plan to cope with investment consultants'

structural change, including the CEO Networking for top executives of member companies to strengthen relationship and exchange ideas for securities business development, etc.

- Encouraged qualified companies to be listed on the stock exchange while enhancing listed companies' quality towards sustainable growth by embracing environmental, social and governance aspects before entering an assessment process to be selected and included in the Thailand Sustainability Investment: THSI list or entering the assessment process for the Dow Jones Sustainability Indices (DJSI). SET also encouraged listed companies to disclose any information to investors transparently. In 2017, SET was ranked number 10th out of 55 global stock exchanges for the sustainability disclosure reports of Thai listed companies, according to the research studies conducted by Corporate Knights, a media, research and financial information products company based in Toronto, Canada.

- Developed fundamentals of the capital market structure such as FundConnex giving investors and savers fast and convenient access to a variety of mutual funds, increasing efficiency for asset management companies and brokers; the development of information receiving and disclosure system of listed companies by adding automatic alert for important information, among others.

To comply with the Securities and Exchange Act, the Board held the annual general meeting of member companies on April 26, 2017. The Board appointed the Audit Committee chairman who is independent to verify the vote counting and providing opportunities for members to voice their opinions freely.

### Best practice on investors and general public

SET focuses on developing a variety of products and services as options for investors and general public, while promoting investment knowledge so that they understand the products and risks and can choose appropriate investment plan at acceptable risk level and can finally become quality investors. SET also supports

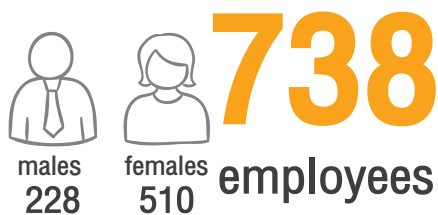
the culture of regular savings and investment such as the investment savings plan project, Investnow project to prepare everyone for happy retirement, and others.

### Human resource management

SET recognizes that employees are SET's most valuable resource so SET is committed to focusing on the importance of recruiting, retaining and developing its human resources, covering safety, benefits, and welfare for all employees, based on righteousness, transparency, fairness and non-violation of human rights. In addition, SET supports and synergizes the positive atmosphere of the workplace, entailing happiness, unity and long-term loyalty to the organization. These include providing provident fund for employees, awarding corporate scholarship for higher education both in Thailand and abroad, providing loan benefit by founding a savings co-operative to encourage savings habits and loan services among members. Moreover, SET also provides annual physical checkup for employees, and a clinic with medical staff. We design and arrange the workplace by applying ergonomic theory, and encourage work-life balance among employees.

### Highlights of human resource management in 2017

#### Number of full-time employees



#### Turnover rate



#### Engagement



Employee engagement compared to worldwide companies, increasing from last year

#### Number of sick leave days



approximately **1.12** days/year

#### Accident or sickness rate



**0**  
None work-related accidents or sickness

#### • Remuneration and career advancement opportunities

SET uses Balance Scorecard to indicate corporate KPIs and cascade to individual KPIs for work performance evaluation including arranging the remuneration to the management and employees by their performance. The Balance Scorecard designs using a “four perspective” approach consist of Financial Perspective, Customer Perspective, Internal Process Perspective and Learning and Growth Perspective. Remunerating employees and management is on a par with other leading organizations. As a tradition, 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 onwards.

#### • 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 2017

In-house Training	Average 3.3 days/ person	Organized a total of 73 courses focusing on leadership and management enhancement, including monthly knowledge-sharing sessions (semi-casual luncheon talks or seminars to update employees on health, communications, information technology and environment issues)
External Training	Average 1.9 days/ person	Encouraged executives to attend various courses organized by leading institutions or organizations to further cultivate working skills and increase work efficiency, including technical skills.
Executives Training Courses	Average 15.4 days/ person	Focused on the development of leadership skills e.g. Strategy and Innovation for Businesses in Asia (SIBA), TLCA Executive Development Program (EDP), Thailand Insurance Leadership Program, Capital Market Academy Leadership Program, Thailand Energy Program, etc.

#### Educating and Training on Environment, Safety, Health and Environment of the Workplace

Enhancing knowledge and understanding of environmental conservation	<p>Provided training programs to enhance employees’ knowledge and understanding of environmental conservation:</p> <ul style="list-style-type: none"> <li>• “Zero foam...No Plastic” campaign to encourage employees to reduce the packaging foam and plastic, promoting behavior in using fabric bags instead of plastic bags</li> <li>• “Garbage Classification” campaign to give employees the knowledge about classifying waste and recycling resources to protect environment</li> <li>• “Green office” campaign to support environmental conservation e.g. Green Work project, Green canteen with no plastic bags and foams usage, Minimal Desk project, etc.</li> </ul>
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### Educating and Training on Environment, Safety, Health and Environment of the Workplace

Occupational Safety, Health and Environment of the workplace

- Arranged 4 training courses for a total of 359 employees or 48% of all employees consisting of safety training for employees, emergency preparedness and response drill, the cardio pulmonary resuscitation (CPR) procedure, and how to use the automated external defibrillator (AED) device. The annual fire drill was practiced in March.
- According to the provision of the law, SET held safety officer training and registered safety officers with Department of Labor Protection and Welfare consisting of 47 Safety Officer – Management level, and 132 Safety Officers – Supervisory level for a total of 179 persons.

### Business partner selection process

SET has set the guideline for selecting business partners based on fairness. The selection process must strictly comply with SET's procedures and processes of the regulations and practices relating to purchasing and procurement to avoid any conflict of interest. SET places importance on best practice on trade terms and agreement.

SET shows an intention to broaden the idea of transparency in business as well as anti-corruption to every business partner or potential business partners. Since 2015, SET has established "SET's Supplier Code of Conduct", setting forth the standards and practices in developing and creating business values. In addition to the quality of products and services, they have to realize the impact to the environment and society, as well as to conduct their business with good corporate governance. For the cooperation of business partners to recognize SET's intention, the agreement has been signed by 80 percent of our business partners at the end of 2017

### Best practice on Society, Community and Environment

SET is committed to being regarded as a good business model which takes part in developing social, community and environment strictly in compliance with all environmental laws, rules and standards, in line with the organization's strategic framework on "Sustainability development in all aspects of operation to create balance on the economy, society and the environment at every turn

(Environmental, Social and Governance: ESG)". In 2017, SET was awarded the Award for Excellence in Energy Conservation in the creative building for energy conservation category (New & Existing building) at Thailand Energy Awards 2017. In addition, SET has also been selected to represent Thailand to enter the regional competition at ASEAN Energy Awards 2017.

### Compliance with Laws, Rules and Regulations

The SET board of governors realizes the importance of and strictly complies with the provision of Securities and Exchange Act B.E.2535 and all related laws regarding money laundering, labor, and intellectual property. In 2017, SET had no case that violated the laws relating to labor, employment, consumer protection, trade competition and environment.

**Please find more details on the topic of "Major Developments in 2017" and "SET Sustainability Report 2017"**

### Anti-Misconduct and Anti-Corruption Policy

SET's BoG realizes the importance of conducting business with integrity, without misconduct and corruption. The BoG approved the "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 to 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 conflict 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 2017

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

Internal	<ul style="list-style-type: none"> <li>Disseminated “SET’s Anti-Corruption Guidelines” and “No Gift Policy” via internal site</li> <li>Provided an orientation of SET’s Anti-Corruption Guidelines to new employees</li> </ul>
Suppliers, listed companies, other stakeholders etc.	<ul style="list-style-type: none"> <li>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</li> <li>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</li> <li>Posted “SET’s Anti-Corruption Guidelines” and “No Gift Policy” on the SET website</li> </ul>

### 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 Department 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 department 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 among governors, executives and staff

SET has continuously encouraged our governors, executives and employees to participate in various activities to support anti-corruption efforts, for example:

- The SET Chairman joined the committee of the Anti-Corruption Organization of Thailand, representing SET in meetings and exchanging ideas which are beneficial to the development of anti-corruption guidelines for Thailand.
- SET governors, executives and employees attended the academic discussion under the concept “The New Government! The Same Old Corruption!?”, organized by the Anti-Corruption Organization of Thailand (ACT) on September 6, 2017.
- SET governors, executives and employees joined the Anti-Corruption Day 2017 under the concept “Zero Tolerance with Corruption” organized by Anti-Corruption Organizations of Thailand jointly with both public and private sectors on December 9, 2017

## 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. However, no significant complaint on ethical issue was made in 2017.

Channels for whistleblower	<p>All stakeholders can communicate report on illegal acts to the Chairman of the Audit Committee by</p> <ol style="list-style-type: none"> <li>1. e-mail <a href="mailto:ChairmanofTheAuditCommittee@set.or.th">ChairmanofTheAuditCommittee@set.or.th</a></li> <li>2. Postal mail Chairman of the Audit Committee Internal Audit Department The Stock Exchange of Thailand 93 Ratchadaphisek Road, Dindaeng Bangkok 10400</li> </ol> <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>
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## 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, trading surveillance and compliance, news and information on various seminars and events, etc.

- Investors and potential investors' information: financial products / services, trading data, listed companies' profile, investment knowledge, policy for protecting the rights and benefits of investors, etc.
- 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 2017 SET financial report was published on February 21, 2018. 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 2017 annual report is planned to circulate to the members' meeting on April 18, 2018.

SET provides various communication channels for all stakeholders for information, enquiry, including advice on the SET group's services, via SET Contact Center, as follows:

Channels		Contact information
	Telephone	+(66) 2009 9999
	website	<a href="http://www.set.or.th/contactcenter">www.set.or.th/contactcenter</a>
	chat	<a href="http://www.set.or.th">www.set.or.th</a>
	Facebook	<a href="http://www.facebook.com/set.or.th">www.facebook.com/set.or.th</a>
	email	SETContactCenter@set.or.th
	Visit the Exchange	Customer Contact Department The Stock Exchange of Thailand 93 Ratchadaphisek Road, Dindaeng, Bangkok 10400

Enquiries on SET services via SET contact Center are handled accordingly and appropriately.

## Responsibilities of the Board of Governors

### The Board Structure

The structure of 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 to elect one governor, excluding the SET president, as Chairman		

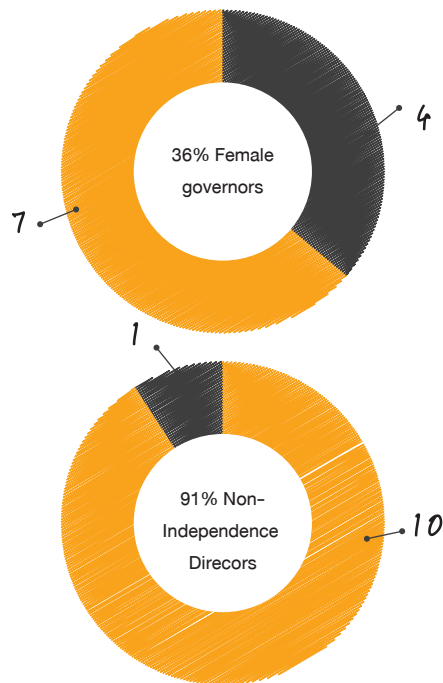
The service term of every governor, other than the SET president, is two years. Each governor may be re-appointed for a maximum of two consecutive terms. The SET president's term is four years and he / she can be re-appointed.

In addition, the BoG has appointed Dr. Santi Kiranand as BoG Secretary. The Corporate Secretary

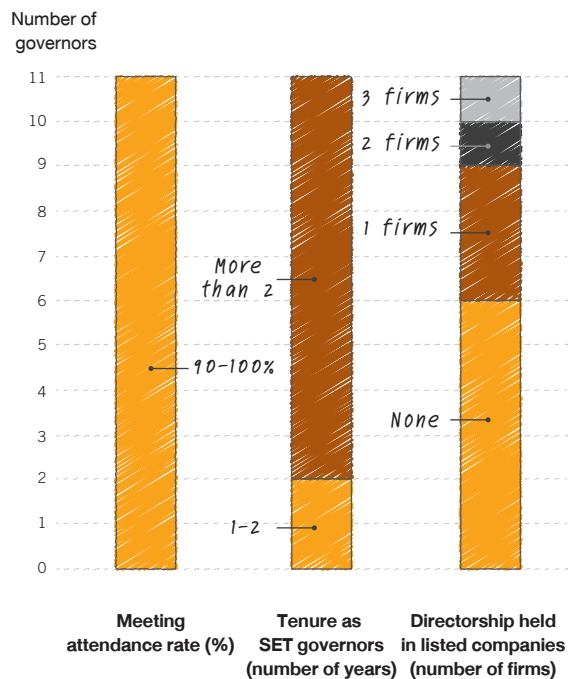
Department supports the board by providing legal advice, keeping informed of key regulations, good corporate governance practices, as well as systematically organizing meetings and meeting documentation, and taking care of the BoG's other activities while monitoring matters in compliance with the resolutions.

## Highlights of the Board of Governors' profile in 2017

### Structure and Independence



### Board of Governors' profile



### Roles of the Board of Governors

The duty of the SET Board of Governors is according to the Securities and Exchange Act B.E. 2535 (1992). The Board of Governors also has the authority and duty to formulate policies, govern and oversee the SET group's operations to ensure sustainable growth, in accordance with the Board's objectives and resolutions including related laws and regulations.

A governor should not hold directorship at more than 3 listed companies so that the governors can efficiently dedicate time and effort. The details of the scope of duties and responsibilities of the SET governors are stated in the "SET's Board Charter" including the chairman's role, the governors' meetings, the Board's performance assessment.

**Details on SET's Board Charter, and Committees' Charter are available on the SET website under the topic "SET CG Principles".**

### The separation of the role and duty between the Board and management

The chairman is a non-executive director, is not the same person as the president and has no relationship with the management. 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. The roles of the chairman and the president are separated to ensure an appropriate balance of power, as summarized below:



The Board	<ul style="list-style-type: none"> <li>• To set SET's strategic policies and direction. Monitor the management's operations to ensure effective implementation in compliance with rules and regulations</li> <li>• To approve the strategic plan, budget and manpower plan</li> <li>• To ensure effective and reliable accounting, financial reporting, internal control, internal audit, CG and risk management systems</li> <li>• To assign and delegate authority to the management appropriately for efficient operation, with decent internal control</li> </ul>
The President	<ul style="list-style-type: none"> <li>• To hold 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</li> <li>• To report the progress of SET operations, subsidiaries companies, and joint-venture capital companies regarding the strategic plan, the performance, and key business operations to the Board on a quarterly basis</li> <li>• 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.</li> </ul>

The SET BoG has delegated authority to the management team to manage certain functions such as:

- For fixed assets and operating expenditures within the budget approved by the BoG: Expenditure over THB 2 million must be submitted to the BoG for approval.
- The purchase or procurement of products or services, within the budget approved by the BoG must not exceed THB 10 million. The purchase or procurement of products or services over THB 10 million must be submitted to the BoG for approval.
- The increase of manpower or the increase of employees' salary base must be within 10 percent. If over 10 percent, must be submitted to the BoG for approval.

### Committees appointment

The BoG has appointed various committees to assist the operation and to review major functions that require expertise and specialization such as the Audit Committee, Nomination and Remuneration Committee, Corporate Governance and Social Responsibility Committee, and Risk Management Committee, and others. All the committees are independent in carrying out their duties as assigned by the BoG.

**More details are available under the topic "Committees of The Stock Exchange of Thailand".**

### Succession planning

SET places importance on succession planning to ensure the work progress and continuity of top executive positions. The Nomination and Remuneration Committee will review and present recommendations to the Board for consideration and approval. The successor recruitment and development process is jointly planned with experienced consultants using criteria on knowledge, experience, capability, attitude and ethics. The committee will regularly report to the Board meetings.

### Board Responsibility

The SET BoG has the authority and duty to formulate policies, supervise SET's operations with the most benefit to the organization, stakeholders and the Thai economy as a whole. The details are as follows:

#### 1. Vision, mission, goals and strategic plan

Starting from 2015, SET's vision, missions, long-term strategic framework have been conceived under the theme of "Towards Sustainable Growth". SET has continuously monitored and assessed the changing economic landscape and has adjusted the framework accordingly. In 2017, the SET BoG approved SET's

three-year strategic plan (2018–2020) under the theme of “Towards Sustainable Growth with Innovation” aiming to promote growth via innovations. SET will focus on developing the Thai capital market with value added for all sectors under the vision “to grow sustainably and to make the capital market work for everyone”. The budget, manpower plan as well as the corporate KPI for 2018 will be in line with this 3-year strategic plan. The management team will report progress on operations and business outcome to the BoG every quarter.

## 2. Corporate Governance

### 2.1 The SET group’s Corporate Governance and Code of Conduct:

The SET Board of Governors has specified that the review of the SET group’s Corporate Governance and Code of Conduct be carried out regularly every year. The SET group’s Corporate Governance and Code of Conduct 2017 was in line with international standards: the Organisation for Economic Co-operation and Development (OECD) as well as the SEC’s Corporate Governance Code for listed companies 2017. In 2017, the code of business conduct section has been enhanced by adding the individual best practice such as money laundering prevention, conflict of interest prevention and management, insider dealing and confidentiality, and the use of information and technology communications. All these have been reviewed by the Corporate Governance and Social Responsibility Committee and approved by the Board on April 20, 2017.

The SET subsidiaries such as Thailand Securities Depository Co., Ltd. (TSD) and Thailand Clearing House Co., Ltd. (TCH) need to have separate Corporate Governance Policy and Code of Conduct accordingly to the nature of business. In 2017, TSD’s and TCH’s

Corporate Governance Policy and Code of Conduct were approved by the meeting of the TSD Board and TCH Board on June 29, based on the SET group’s essence, as well as the international standards in the operation of clearing house such as Principles for Financial Market Infrastructures (PFMIs) and European Market Infrastructure Regulation (EMIR) to ensure appropriateness in accordance with the objectives and mission of the organization. Other subsidiaries have used the SET group’s Corporate Governance and Code of Conduct which are adequate and cover the current business operations.

### 2.2 Acquisition or disposition of listed securities<sup>1</sup> by governors and employees

In 2017, the SET Board of Governors (BoG) approved the adjustment of the definition of spouse including cohabiting spouse in the regulations. It is considered a duty of the governors and employees of the SET group to educate employees and their spouses and children under 18 to comply with these regulations. The details are as follows:

- 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.

The regulations specified that the buying or selling of listed securities must be carried out as an honest investment, not using information or authority from their operations.

<sup>1</sup> Listed Securities means listed securities trading on SET, including derivatives contracts traded on TFEX.

### 2.3 Policies and guidelines for managing conflict 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

- Not allowed to serve as the boards or consultants of listed companies or member firms.
- If serving as a board member 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, 2017, neither the SET president nor senior executives served as director, committee member, or advisor to other listed companies and member firms. However, only one senior executive served as director at a non-listed company.

### 2.4 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 Department will instruct the business functions to follow this policy and will also provide

appropriate tools for data disclosure in the most effective and efficient manner, as well as preventing data leak.

### 2.5 Monitoring compliance with CG policy and Code of Conduct

In 2017, 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 2017, 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.

### 2.6 Activities to support employees' knowledge and understanding of Corporate Governance in 2017

- Communicated CG policy, Code of Conduct, and relating practices via internal website (Intranet) and SET website
- Built CG Knowledge & Awareness by regularly preparing articles with updated movements in "Sharing: CG& Compliance" column via SET's intranet continuously
- Supported all business units to adopt CG principles to their business function or internal process such as joining the working group to facilitate or implement guidelines, organizing seminars or focus groups to promote knowledge and understanding about CG principles in specific jobs.



### 3. 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 and the Internal Audit Department review internal control in various systems such as operation process, financial reporting and compliance with rules and regulations of the regulator to ensure that SET operations are based on the internal control guidelines and framework of The Committee of Sponsoring Organization of Tradeway Commission (COSO).

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 2017, 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 which reviewed annually to match with change of risks, 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.

In 2017, 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 emphasized the importance of compliance with rules and regulations of the regulator and conformity with international standards. The internal Audit Department has reviewed the preparedness to ensure that SET operations comply with related rules, regulations and standards.
- SET developed the computer system to support new businesses such as Fund Connex and Start-up platform, with emphasis on good internal control, with intensive testing. The Internal Audit Department was assigned to conduct a pre-implementation review of the new system before the launch. SET also recognizes the importance of security of Information Technology system and 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 the trip to visit the Stock Exchange in Germany (to learn about internal audit and risk management, corporate governance and regulatory compliance); attending "Asia Pacific CACS 2017" seminar at United Arab Emirates and "Global IA Leadership summit" seminar in Singapore; including attending the seminars for ISO 27001 Lead Auditor and ISO 22301 Lead Auditor certification. The training involved 76.5 man-days.
- SET carried out a Quality Assessment Review (QAR) to assess the effectiveness of Internal Audit's activities based on the International Professional Practices Framework. The Internal Audit Department conducts "peer review" assessment every year and hires external independent appraisers every five years for efficiency in line with international standards. The last assessment by external independent appraisers was in 2016.

#### 4. 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 four aspects: 1.Strategic risk 2. Operational risk 3.Financial risk and 4.Compliance risk. The Risk Management Department has been assigned to coordinate and support management in the implementation of risk management processes according to the set policy.

**Please find more details under the topic “Enterprise risk management”**

#### 5. Information and Communications Technology

The BoG emphasizes the importance of security management of the information technology (IT) system. The BoG approved the Information Technology Management and Information Security Management Policy framework in line with International standards and related rules and criteria as appropriate. All employees have to make use of IT carefully for utmost benefit to the organization with no negative impact on SET or stakeholders.

Today the SET group manages state-of-the-art technology that is efficient and world-class in line with ISO27001 (Information Security Management System), ISO 20000 (Information Technology Service Management System), etc. the IT Management and Information Security Management Policy and measures are based on the principle of Confidential, Integrity, Availability (CIA), in compliance with ISO27001.

## 6. Board meetings and Committees meetings

In 2017 SET convened the board meetings and committees meetings. The details are as follows:

	Board of Governors	Audit Committee	Nomination and Remuneration Committee	Corporate Governance and Social Responsibility Committee	Risk Management Committee
<b>Number of meetings</b>	<b>20</b>	<b>15</b>	<b>9</b>	<b>5</b>	<b>8</b>
<b>Non-executive directors</b>					
Chaiyawat Wibulswasdi	19/20				
Pattera Dilokrunghthirapop <sup>1</sup>	13/13		6/6		5/5
Professor Kittipong Uraepatanapong	18/20				
Chaipatr Srivisarvacha	20/20	14/15	8/9		
Jotika Savanananda	18/20	14/15	8/9		
Prinn Panitchpakdi	18/20			4/5	
Pichet Sithi-Amnuai	19/20			5/5	8/8
Voravan Tarapoom	18/20		9/9		8/8
Somchai Thaisa-Nguanvorakul	19/20			3/5	
Subhak Siwaraksa	18/20	15/15		3/5	
<b>Executive director</b>					
Kesara Manchusree	17/17 (3 NEDs' meeting)		8/8 (1 NEDs' meeting)	5/5	8/8
<b>Governors whose terms ended during 2017</b>					
Charnchai Kongthongluck <sup>2</sup>	7/7		3/3		3/3
<b>Experts / external Specialist</b>					
Vachira Arromdee					8/8
Somkiat Sirichatchai					6/8
Anyakhanthavit					6/8
<b>Attendance rate</b>	<b>94%</b>	<b>96%</b>	<b>95%</b>	<b>80%</b>	<b>92%</b>

Remarks : <sup>1</sup> Appointed May 28, 2017

<sup>2</sup> Term ended May 27, 2017

## 7. Board assessment

The SET's Board of Governors (BoG) 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 2017, the SET Board of Governors considered five types of evaluation: (1) Performance evaluation of the board as a whole (2) Individual self-evaluation (Self-assessment) (3) Individual assessment by other board members (Cross-assessment) (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, including presenting a summary of the assessment with recommendations to the Board of Governors for further improvement and development. 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 assessment of the skills, knowledge and abilities of the board members will be separated from the BoG's performance evaluation and these scores will not be calculated. The results of the Board assessment in 2017 showed the total score out of 5 in such areas as follows:

- **Assessment of the Board as a whole:** The assessment covers performance and responsibility, Board meetings, corporate governance and social responsibility, human resource management and succession planning for executives.

The result of the assessment of the Board as a whole reported an average score of 4.72 or 94.40%.

- **Assessment of Individual Directors:** Two types of performance evaluation have been used: Individual self-evaluation (Self-assessment) and Individual assessment by other board members (Cross-assessment), consisting of four areas: 1) Duties and responsibilities of the Board 2) Board meetings 3) Independence and 4) Self-development of governor

The result of the assessment of Individual self-evaluation (Self-assessment) reported an average score of 4.78 or 95.60%.

The result of assessment of Individual assessment by other board members (Cross-assessment) was an average score of 4.74 or 94.80%.

## 8. 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 2017, 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.

## 9. 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.

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. The details are as follows:

Remuneration	BoG	Audit Committee	Nomination and Remuneration Committee	Corporate Governance and Social Responsibility Committee	Risk Management Committee	Other committees
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**Monthly fees (THB)**

Chairman	135,000	75,000	52,500	52,500	52,500	-
Members	90,000	50,000	35,000	35,000	35,000	-

**Meeting allowance (THB / meeting)**

Chairman	-	-	-	-	-	15,000
Members	-	-	-	-	-	10,000

Total remuneration in 2017 (excluding the president) (THB)	Board of Governors	Audit Committee	Nomination and Remuneration Committee	Corporate Governance and Social Responsibility Committee	Risk Management Committee**	Other committees and boards of subsidiaries
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**Current governors**

Chaiyawat Wibulswasdi	5,902,619*					537,565
Pattera Dilokrunghthirapop	640,065		320,250		320,250	440,000
Professor Kittipong Urapeepatanapong	1,020,000					250,000
Chaipatr Srivisarvacha	1,020,000	600,000	420,000			
Jotika Savanananda	1,020,000	900,000	420,000			
Prinn Panitchpakdi	1,020,000			420,000		30,000
Pichet Sithi-Amnuai	1,020,000			630,000	420,000	16,000
Voravan Tarapoom	1,020,000		420,000		420,000	
Somchai Thaisa-Nguanvorakul	1,020,000			420,000		100,000
Subhak Siwaraksa	1,020,000	600,000		420,000		

**Governors whose terms ended during 2017**

Charnchai Kongthongluck	379,935		255,726		255,726	375,000
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Remarks \*Including 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

\*\*Excluding the Risk Management Committee's remuneration for three members who are experts / advisors



## 10. 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.

As of December 31, 2017, SET's top executives consisting of the president, four senior executive vice presidents and 13 executive vice presidents, for the total of 18 persons received the monthly salary, cost-of-living, special reward, bonus and provident fund from SET totaled THB 147,330,412.43.

## 11. Compensation for External Auditors

- **Audit Fee:** In 2017, The Stock Exchange of Thailand and its subsidiaries paid the audit fee of THB 3,362,000 to the audit firm.
- **Non-Audit Service Fee:** The Stock Exchange of Thailand paid the other service fees of THB 8,411 to the audit firm for the cost of a speaker of the seminar course under the topic of "Basic Knowledge and Strategic Analysis for Effective Investment Decision Making". The management considered that using the audit firm's other services apart from 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.

## 12. 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 the work as a governor .

In 2017, the SET governors attended training and seminars to continuously enhance their understanding of the roles, duties, responsibilities and skills to further benefit the organization, as follows:

- A briefing on financial trend and innovation, disruptive products and services, including the guideline to speed up and develop financial technology (FinTech) in accordance with the SET group's business plan to develop infrastructure of the capital market, attended by all SET governors, in London, England.
- A study trip to visit the Frankfurt Stock Exchange in Germany attended by Jotika Savananada, Chaipatr Srivisarvacha, Subhak Siwaraksa, Pichet Sithi-Amnuai, Charnchai Kongthongluck, Voravan Tarapoom and Kesara Manchusree, along with three external experts in the Risk Management Committee members namely Anya Khathavit, Somkiat Sirichatchai and Vachira Arromdee.
- The course on Advanced Audit Committee Program (AAP) organized by the Thai Institute of Directors (IOD), attended by Chaipatr Srivisarvacha, Subhak Siwaraksa, Somchai Thaisa-Nguanvorakul (details in the table below); as well as the course on Corporate Governance for Capital Market Intermediaries (CGI), by Jotika Savananada.

- Workshop on “Board Oversight of Cyber Risk Management” organized by Thailand Securities and Exchange Commission (SEC) , attended by Jotika Savananada and Pichet Sithi-Amnuai.
- “Listed Companies Unite for Sustainable Thai Society” event organized by The Stock Exchange of Thailand (SET), Thai Listed Companies Association, mai Listed Companies Association, Thai Chamber of Commerce, The Federation of Thai Industries and The Thai Bankers’ Association, participated by Chaibawat Wibulswasdi, Kesara Manchusree and Pichet Sithi-Amnuai.
- Capital Market Research Forum on “Financial Science, Financial Innovation, and Long-Term Asset Management” organized by Thai Capital Market Research, SET, attended by Pichet Sithi-Amnuai.
- “Thailand’s Big Strategic Move Conference” presented by Economic Ministers team and top policy makers from the government sector to highlight key strategic plan initiatives by the government to transform Thailand into an innovation-driven economy under the vision of Thailand 4.0 and to emphasize SMEs & Startups, while connecting to CLMV and Eastern Economic Corridor (EEC), attended by Chaibawat Wibulswasdi, Kesara Manchusree, Pattera Dilokrunthirapop, Voravan Tarapoom and Pichet Sithi-Amnuai.
- Academic seminar to share knowledge and perspective on “Criminal Liability of Corporate’s Directors and Representative” organized by SET, participated as guest speaker by Professor Kittipong Uraepatanapong.
- Capital Market Research Forum on “Study the relationship between Director Remuneration, corporate governance and firm performance in Thai Publicly Listed Firms listing on SET and listing on mai” organized by SET, participated by Somchai Thaisa-Nguanvorakul as guest speaker.
- Seminar and idea exchanging on “Agile Technology Innovation – a new challenge for internal audit and risk management”, attended by Jotika Savananada, Chaipatr Srivisarvacha, Subhak Siwaraksa, Pattera Dilokrunthirapop, Pichet Sithi-Amnuai, Voravan Tarapoom and Kesara Manchusree.

# Training at the Thai Institute of Directors Association (IOD) in 2017

Current governors/Course	Director Certification Program (DCP)	Director Accreditation Program (DAP)	The Role of the Chairman Program (RCP)	Advance Audit Committee Program (AAP)	Audit Committee Program (ACP)	Risk Management Committee Program (RMP)	Role of the Compensation Committee (RCC)	Role of the Nomination and Governance Committee	Corporate Governance for Capital Market Intermediaries (CGI)	Others
1. Chaiyawat Wibulswasdi	/	/								
2. Pattera Dilokrunghthirapop	/	/	/				/		/	
3. Professor Kittipong Uraepatanapong	/		/							DCP Re, TTT
4. Chaipatr Srivisarvacha	/		/	/*					/	
5. Jotika Savanananda	/			/		/			/*	
6. Prinn Panitchpakdi									/	
7. Pichet Sithi-Amnuai	/				/		/		/	ACEP, MFM, SFE, MIA, MIR
8. Voravan Tarapoom	/		/		/	/	/		/	MFR, MIR, ELP, SFE
9. Somchai Thaisa-Nguanvorakul	/	/		/*						DCPU
10. Subhak Siwaraksa	/	/		/*						FGP
11. Kesara Manchusree	/									

/ \* seminar course which governors attended in 2017

As of January 2, 2018

## Committees of The Stock Exchange of Thailand (SET) 2018

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, 2017 to June 30, 2019

Name		Position
1. Pakhawat	Kovithvatanaphong	Chairman
2. Chao	Arunyawat	Member
3. Chokechai	Tanpoonsinthana	Member
4. Wanchart	Santikunchorn	Member
4. 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. Members consist of four SET 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. Pattera	Dilokrunthirapop	Chairman
2. Charnchai	Kongthongluck	Member
3. Professor Kitipong	Urapeepatanapong	Member
4. Sutthi	Sookying	Member
The SET executive at senior vice president level or above, as delegated by the SET president		Member

### Responsibilities of the Disciplinary Committee

are:

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

In the exceptions above, the Disciplinary Committee will examine facts and evidence, then report the findings with recommendations to the BoG for action.



## 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, 2018 to December 31, 2018

Name		Position
1. Professor Kitipong	Urapeepatanapong	Chairman
2. Surasak	Vajasit	Member
3. Tithiphan	Chuerboonchai	Member
4. Somkiet	Kuwawattananont	Member
5. Wichien	Harnpraween	Member

### Responsibility of the Legal Affairs Committee

To provide the SET BoG, SET and SET subsidiaries with advice, opinions and recommendations regarding

Securities and Exchange ACT, the Derivatives ACT, including the SET group's rules and regulations.

## 6. Nomination and Remuneration Committee

**Support unit:** Human Resources Department

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

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

Name		Position
1. Pattera	Dilokrunghirapop	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 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, 2018 to December 31, 2018

Name		Position
1. Pattera	Dilokrunthirapop	Chairman
2. Anya	Khantavit, 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:** In accordance with the rules of membership of the Securities Investor Protection Fund

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

\* Term: 1 year

\*\* Term: 2 years

### 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 accounting, finance, management, and capital market as a whole. It is chaired by Jotika Savanananda, with Dr. Subhak Siwaraksa and Chaipatr Srivisarvacha as committee members.

In 2017, 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. Two of these meetings were without the presence of the management team to ensure the auditor's independence. The attendance record of the Audit Committee's members is shown in the Corporate Governance Report. (page 49)

The Committee has performed its duties and exercised with due responsibility under the scope of authority and responsibilities assigned by the Board of Governors (BoG), as shown on page 70. The Committee formally reported all matters within its duties and responsibilities to the BoG on a quarterly basis. A summary of key activities in 2017 is as follows:

### Financial statements

The Committee reviewed SET's quarterly financial statements by meeting with the management team and reviewed the 2017 annual financial statements of SET and of its subsidiaries by meetings with the external auditor to examine the accuracy and completeness of the financial statements, the disclosure of related transactions and the conflict of interest transactions. This also included internal control related to the preparation of the financial statements, in compliance with Generally Accepted Accounting Standards.

### Risk management

The Committee has oversight the key risk management implementation of SET and its subsidiaries. Quarterly meetings with SET's risk management team were held. In 2017, the Committee held two meetings 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. In addition, the members of the Audit Committee and the Risk Management Committee also visited Deutsche Börse Group in Germany to exchange views and experience as well as to enhance the corporate governance, risk management and internal audit practice.

The Committee has placed importance on SET's technology risk management by inviting an expert to present and share the knowledge and experience on "Agile Technology Innovation – a new challenge for internal audit and risk management" topic. Additionally, the Committee has assigned the internal auditor to conduct the pre-implementation review of new systems such as Fund Connex and Start-up platform before the launch.

### Internal control

The Committee reviewed the adequacy, efficiency 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, and provided recommendations concerning the disclosure process of related party transactions and items that may cause conflict of interest. In addition, the Committee also invited the management team of key business units to provide information and viewpoints on their implementations.

## Internal audit

The Committee 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.

The Committee has continuously encouraged the internal auditor's professional enhancement activities. In 2017, the Committee supported staffs in Internal Audit Department together with Risk Management Department, and Compliance Department to join a business trip to Deutsche Börse Group in Germany to exchange information and experiences. The staff also attended several training courses and seminars, such as the participation of internal auditors in the Asia Pacific CACS 2017 conference in United Arab Emirates, and the Global IA Leadership summit in Singapore, including the training to be certified as the ISO 27001 and ISO 22301 Lead Auditors.

## Corporate governance (CG)

The Committee held quarterly meetings with the compliance unit's management team to review SET's CG practice to make sure it complied with SET CG policy and Code of Ethics. The Committee also supported other areas of good CG practices, such as providing a channel for employees and other stakeholders to direct their complaints on the SET group's wrongdoings 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 discuss and exchange views to ensure

that SET operations complied with rules and regulations by the SEC, related laws and regulations as well as international standards.


## 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 the charter. The performance assessment was reviewed annually and then presented to the BoG.

## Appointment of 2018 external auditor

The Committee has the role and duty to recommend to the BoG the appointment and removal of the external auditor. The Committee considered Deloitte Touche Tohmatsu Jaiyos Audit Company Ltd.'s suitable experience, expertise and professionalism with independence, the Committee then proposed that the auditor from Deloitte Touche Tohmatsu Jaiyos Audit Company Ltd. be the auditor of the SET group for the 2018 financial statement, for the BoG's consideration. The BoG will further seek approval and appointment from the meeting of SET 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 information disclosure. The Committee also viewed that the internal control system and risk management were sufficient and appropriate 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

March 19, 2018

# Nomination and Remuneration Committee Report

In 2017, The Stock Exchange of Thailand (SET)'s Board of Governors (BoG) appointed the Nomination and Remuneration Committee (NRC) consisting of five committee members as follows:

- |             |                                |
|-------------|--------------------------------|
| 1. Pattera  | Dilokrunthirapop (Chairperson) |
| 2. Jotika   | Savanananda                    |
| 3. Chaipatr | Srivisarvacha                  |
| 4. Voravan  | Tarapoom                       |
| 5. Kesara   | Manchusree                     |

The BoG appointed Pattera Dilokrunthirapop as Chairperson, effective June 28, 2017, to replace Charnchai Kongthongluck whose term expired.

During 2017, the Committee has completely performed its duties under the scope of responsibilities specified in the Charter. The committee held 9 meetings. The attendance record of the Committee members is shown in the Corporate Governance Report. A summary of key activities in 2017 is 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 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 continuously.

## Remuneration

Considered and provided the 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 organization structure
- (3) The budgets for annual salary adjustments and other annual rewards for the SET's employees
- (4) The criteria concerning remuneration, salary adjustments, including remuneration for the SET president and top executives

## Performance Self-Assessment:

The committee assessed itself and presented the results to the BoG on an annual basis. The 2017 results indicated that the committee's task has completely been fulfilled according to its Charter.

In summary, 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.



(Pattera Dilokrunthirapop)

Chairperson

Nomination and Remuneration Committee

January 30, 2018



# Risk Management Committee Report

In 2017, 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. Pattera	Dilokrunthirapop (Chairperson)
2. Voravan	Tarapoom
3. Pichet	Sithi-Amnuai
4. Kesara	Manchusree
5. Vachira	Arromdee (expert)
6. Professor Dr. Anya	Khanthavit (expert)
7. Somkiat	Sirichatchai (expert)

The BoG appointed Pattera Dilokrunthirapop as Chairperson, effective June 28, 2017, to replace Charnchai Kongthongluck whose term expired.

During 2017, the committee has completely performed its duties under the scope of responsibilities specified in the Charter. The committee held 8 meetings, including joint meetings between the Risk Management Committee and the Audit Committee. The attendance record of the committee members is shown in the Corporate Governance Report. A summary of key activities in 2017 is as follows:

- **Enterprise Risk Management:** The committee reviewed and provided suggestions and recommendations on corporate risk appetite and risk tolerance, corporate risk profile, key risk indicators (KRIs), as well as RMC Charter, risk management policy and 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 and provided additional recommendations on risks related to SET's strategic direction for

2018 - 2021 and the 2018 strategic plan.

The committee also monitored the progress of the 2017 strategic plan on a quarterly basis and followed up the implementation according to main objectives of each strategy. These helped strengthen the integrated risk management and strategic planning.

- **Risk management of new business and strategic projects:** The committee reviewed and provided additional recommendations on the risks related to SET's new business and various projects, for example: 1. the intermediary of payment system for the capital market, one of the government's projects under the National e-Payment scheme, in which the SET group will act as the payment hub for brokers and commercial banks; 2. the shortening of settlement cycle project (T+2) which will be implemented on March 2, 2018. This project will shorten securities settlement process to two business days from the transaction date, making it aligned with international exchanges; and 3. The LIVE platform which has been developed to facilitate small and medium-sized enterprises (SMEs) and startups to access funding and to be a trading market for those firms; among other projects.
- **Risk management of key operational risks:** The committee reviewed and provided recommendations on the risks related to data center renovation project. This was to ensure that the renovation was smooth and would not affect the major operation. In addition, the committee also considered and provided suggestions on the overall insurance framework of the SET group in order to review the principle of insurance policy more appropriately.
- **Risk management of SET's subsidiaries:** The committee reviewed and provided recommendations

on the Enterprise Risk Management (ERM) and Business Continuity Management (BCM) policy framework of SET's subsidiaries to ensure that risk management and BCM of SET's subsidiaries were in line with the SET group and international standard.

- **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 on a quarterly basis.
- **Risk management and internal audit:** The committee communicated and exchanged information and also coordinated with regard to risk management and internal audit. In 2017, the committee held 2 joint meetings with the Audit Committee (AC) and invited experts to present and share experiences on "Agile Technology Innovation – a new challenge for internal audit and risk management". In addition, the members of the Risk Management Committee and the Audit Committee also visited Deutsche Börse Group in Germany to exchange views and experience as well as to enhance the corporate governance, risk management and internal audit knowledge. All these activities helped harmonize risk management and internal audit operations to move forward in the same direction which benefits to the organization as a whole.

- **Personnel development:** The committee has continuously encouraged the risk management team on knowledge and skills enhancement. In 2017, the risk management team joined the business trip to Deutsche Börse Group in Germany and attended several training and seminars such as the academic conference named Professor Sangvian Indaravijaya – Thai Financial Market aspect, on the topic of "The New COSO 2017 ERM Framework" to learn the latest enterprise risk management framework with an aim to enhance risk management, etc.
- **Performance self-assessment:** The committee assessed itself and presented the results to the BoG on an annual basis. The 2017 results indicated that the committee's task has completely been fulfilled according to its Charter.

In summary, the committee viewed that SET has developed and enhanced enterprise risk management to cover all key aspects continuously, in line with dynamic environment. All the regular RMC meetings as well as the meetings between RMC and AC have enhanced efficiency and appropriateness of SET's risk management operations to minimize risks at acceptable level.



(Pattera Dilokrunthirapop)

Chairperson

Risk Management Committee

February 19, 2018

# Corporate Governance and Social Responsibility Committee Report

In 2017, 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 as Chairman of the committee, as well as Subhak Siwaraksa, Somchai Thaisa-Nyuavorakul, Prinn Panitchpakdi and Kesara Manthusree as committee members.

In 2017, the committee held a total of five meetings, including two meetings with experts on Corporate Governance and Social Responsibility. The committee provided opinions, suggestions and recommendations on the operations of corporate governance and social responsibility development for listed companies, enterprises and other organizations in the capital market. In addition, the committee also discussed the implementation of Corporate Governance and Social Responsibility carried out by the SET group. 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 for the benefit of 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 the SET group

The committee provided opinions and recommendations on the direction of SET as a Sustainable Stock Exchange. The committee reviewed the SET group's operation to be in compliance with the SEC CG Code. Furthermore, the committee also reviewed the SET group's CG Policy & Code of Conduct in accordance with good corporate governance principles at international level. In order to enhance the corporate governance and best practices of the SET group to cope with the changing environment, the committee reviewed and provided directions on

the CG development plan of the SET group from 2018 – 2020 and the action plan 2018. In addition, the committee also reviewed the performance assessment process of the BoG.

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

The committee provided opinions and suggestions on SET's roles and directions in corporate governance development for listed companies. Moreover, to promote listed companies on sustainability development and social responsibility, it was necessary to embrace the SET's three-year plan (2018–2020) and action plan 2018 to enhance the quality of listed companies. The committee encouraged potential listed companies to be listed in international sustainability index. In addition, the committee also considered the guidelines to promote socially responsible investment.

## Performance self-assessment

The Corporate Governance and Social Responsibility Committee assessed itself and presented the report to the BoG on an annual basis. In 2017, the self-assessment scores were “good”.

In summary, in 2017, For sustainability in the Thai capital market, the committee viewed that SET performed appropriately and efficiently on the development of corporate governance and social responsibility for both the SET group and the stakeholders. The committee also viewed that SET had business plan and implementation to enhance policy and promote corporate governance, best practice and sustainability development among directors, executives and employees, both short term and long term. In addition, SET's information disclosure in the Corporate Governance Report was suitable and in line with international standards.



(Pichet Sithi-Amnuai)

Chairman, Corporate Governance and Social  
Responsibility Committee

# Enterprise risk management

## 1. Overview of risk management

The Stock Exchange of Thailand (SET) recognizes the importance of enterprise-wide risk management that support the organization to achieve business objectives, strengthen business, value-added and sustainability of all stakeholders including investors, regulatory

organizations, member companies, employees and related parties. SET manages risks in line with the corporate policy and international standards covering the operations in the SET group. The governance structure of SET's risk management is illustrated below:

### Governance structure of SET's risk management



The Board of Governors (BoG) has established appropriate enterprise risk management policy and risk management framework and monitors the effectiveness of risk management regularly. In addition, SET's BoG has formulated the policy framework of information technology (IT) services and IT security in line with the standards and the industry, as well as monitoring, reviewing and improving the process to make it consistent with and appropriate to the IT risks.

The Risk management committee (RMC) reviews and provides recommendations to the SET BoG and management to ensure that risk management policy

and framework are suitable and all units can manage operations effectively covering all related risks. RMC also provides consultations and suggestions to the risk management department for all types of risk-related matters.

All risk owners in divisions, groups and departments have responsibilities to manage their related risks continuously while the risk management department provides opinions and recommendations to ensure that key risks are monitored and managed at an acceptable level and risk management procedures are performed according to the policy set by the BoG.

## 2. Risk management in all aspects

SET recognizes the importance of overseeing and managing all key risks which may affect SET's business operation. The risk management is in line with COSO<sup>1</sup> Enterprise Risk Management Framework and those of leading exchanges. Key risk indicators (KRIs) of all key risks are set for monitoring and reviewing risk mitigation plan as deemed appropriate. All these risks cover strategic, operational, financial and compliance aspects, as follows:

### Strategic risk

SET focuses on strategic risk management covering SET's long-term strategic direction and annual strategic planning and budgeting. SET's strategic risk management includes not only the process of reviewing and recommending by the RMC prior to the BoG's consideration, but also monitoring the implementation of strategic plans related to key objectives in each aspect, including new products and services. These include the regular progress report to the BoG. New products and services in 2017 are such as (1) developing FundConnex to facilitate the access to mutual funds easily, conveniently, quickly and of high standard; and (2) being an intermediary in the payment system for the capital market, the SET group acting as the payment hub for brokers and commercial banks to efficiently enhance the industry's payment service.

### Financial risk

SET categorizes key financial risks into: credit risk (counterparty or clearing and settlement-related risk) and investment risk.

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

During 2017, Thailand Clearing House Co., Ltd (TCH), as central counterparty (CCP) for SET and Thailand Futures Exchange PCL (TFEX), has been continuously committed to enhancing risk management in line with international standards and best practice continuously. In 2017, TCH assessed the risk value of liquidity risk both in securities market and derivatives market. This was to ensure that TCH has adequate liquidity for any situation. TCH also validated the reverse stress test both for credit and liquidity to assess circumstance of inadequate financial resource and liquidity. In addition, starting from November 2017, TCH has implemented guidelines on pending settlement mechanism in handling the default in securities deliveries to prevent debit balance in compliance with the international standards.

In addition, TCH has also set guideline on risk management of Gold-D futures, with 99.99% gold underlying physical delivery. These include roles and responsibilities of related parties covering members, delivery agent, and vault operator, to strengthen the confidence of all parties in the deposit and delivery process of gold.

### Investment risk

SET's investment portfolio, managed by the Investment Committee (IC), operates under investment and strategic asset allocation policies as approved by the BoG. In addition, SET monitors the investment risk status and reports to the IC, RMC, Audit Committee (AC) and BoG regularly to ensure that risks are within the acceptable level.

<sup>1</sup> The Committee of Sponsoring Organizations of the Treadway Commission (COSO)

SET manages risk by investing in various securities and sets the investment limit in each financial institution or issuer in order to diversify the investment suitably and to ensure the limited loss. In addition, SET also uses the Value at Risk (VAR) technique to ensure that the aggregate portfolio risk is within a specified scope. SET invests in instruments such as government bonds, bank deposits, money market funds and corporate funds with at least “A” credit rating.

### **Operational risk**

SET has continuously monitored and managed operational risk, resulting from inadequate internal control or errors in using people, process, and technology as well as risks caused by external factors.

SET also emphasizes the importance of risk management of various information technology covering confidentiality, integrity and availability of information systems and several types of cyber threat. This is to ensure that technology infrastructure can support strategic operations and provide service continuously to serve investors in consistent with dynamic environment.

### **Risk from critical system failure and business interruption**

SET assesses, monitors and manages risks that may affect critical systems. This includes standard procedures of incident reports, root cause analysis and solution findings in order to provide continuous services.

SET establishes Business Continuity Management (BCM) covering emergency response and crisis management plan, business continuity plan and IT disaster and recovery plan. SET also reviews, exercises and tests business continuity plan with related participants in the capital market to cope with crisis or disaster every year. SET emphasizes the preparedness of its staff, systems of both its main and alternate sites, while testing alternate system with members to ensure that trading can continue without disruption if disasters occur.

### **Cyberattack risk**

Cyberattack risk is on the rise and can devastatingly affect service level and confidence of related parties, especially financial institutions. Therefore, SET has implemented to cover four key areas as follows: (1) setting up information security management systems including information security policy and practice in line with ISO27001 and rules and regulations of related parties. These involve reviewing, setting priority for the strategic plan and objectives, assessment for appropriateness, inclusive of the test of efficiency and effectiveness of IT security policy regularly every year; (2) setting up measures and procedures to cope with situations that may affect IT security, as well as testing those procedures to assess the preparedness every year; (3) communicating and sharing knowledge on IT security to staff regularly; and (4) implementing tools for monitoring and preventing cyberattack risk such as Antivirus and AntiMalware, Firewall, DDoS Protection Service, etc.

### **Fraud and corruption risk**

Fraud and corruption risk is one of SET's key risks. Every unit assesses and identifies measure to mitigate this risk annually. This includes monitoring and reporting risk status regularly to make certain that SET can manage this risk promptly and be within the acceptable level. Risk management department monitors and reports the risk status to the BoG, RMC and executives regularly, while the internal audit department reviews the effectiveness of internal control related to anti-corruption.

### **Compliance risk**

SET assesses, monitors and manages compliance risk, which covers those of violating rules and regulations of regulatory bodies and those not in compliance with policy and practice of the SET group. This is to ensure that SET strictly complies with all related laws and regulations.

### 3. Emerging Risk

Digital technology currently plays an important role in the financial sector. SET realizes that it will affect business operation currently and in the long run. Therefore, SET has to adapt to this dynamic change to maintain competitiveness and seek potential business opportunities to enhance value-added to related parties in the industry. SET has established a working group

to monitor technology trends which may affect business operation of the organization and the capital market as a whole. This covers setting up a business framework to cope with the blockchain technology to support startup developments in the capital market, to enhance knowledge and marketing of the financial technology (fintech) to create a network of digital system development for the capital market among others.





# Management discussion and analysis

## Overview

The operating results of the SET group for the year ended December 31, 2017 were:

(Unit: THB million)	For the year ended December 31			
	2017	2016*	Increase /(Decrease)	
			Amount	%
Operating revenue	5,007	5,099	(92)	(1.80)
Other income	280	181	99	54.70
Investment income	1,045	767	278	36.25
Operating expenses	(3,818)	(3,694)	124	3.36
Contributions to The Stock Exchange				
of Thailand Foundation (Foundation)	(221)	(401)	(180)	(44.89)
Income tax expense	(504)	(231)	273	118.18
Revenue over expenses	1,833	1,759	74	4.21

\* Change in presentation of deferred tax on change in value of available-for-sale of investment

For the year ended December 31, 2017, revenue over expenses amounted to THB 1,833 million and increased by THB 74 million, compared to 2016. The increase was mainly resulted from investment income from the gain on investment both domestic equity funds and foreign funds by THB 278 million, other income from marketing activities by THB 50 million and transfer of rights for building utilization by THB 36 million. Operating revenue dropped by THB 92 million due to the decrease in daily average trading volume of both equity and derivatives for the SET50 Index Futures. Operating expenses increased by THB 124 million as a result of increasing of employee expenses, marketing expenses and technology - related expenses. Contributions to Foundation significantly decreased since reducing contribution rate from 33% to 13% of revenues over

expenses before income tax, starting from August 9, 2016. Income tax expense sharply increased due to the fact that SET has to pay income tax effective from August 9, 2016 as announced by the Director-General of the Revenue Department Notification on Income Tax (No. 271) on July 13, 2016 to be company or juristic partnership under section 39 of the Revenue Code.

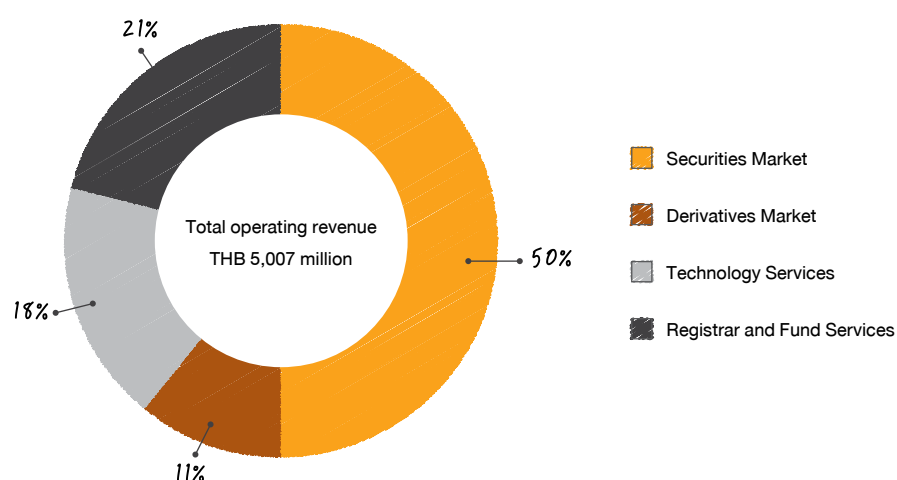
## 1. Analysis of operating results

### 1.1 Operating revenue

#### Operating revenue by segment

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

## Operating revenue by segment



For the year ended December 31, 2017

(Unit: THB million)

### Securities Market

- Trading	1,223
- Listing	576
- Clearing and settlement	337
- Depository	322
- Membership	44

### Total

2,502

### Derivatives Market

- Trading	332
- Clearing	144
- Membership	43

### Total

519

### Technology Services

- Member services	426
- Information services	343
- IT support	150

### Total

919

### Registrar and Fund Services

- Securities registrar	1,065
- Fund services	2

### Total

1,067

### Total operating revenue

5,007

### 1.1.1 Securities Market

(Unit: THB million)	2017	2016	Increase /(Decrease)	
			Amount	%
<b>Revenue - Securities Market</b>	<b>2,502</b>	<b>2,526</b>	<b>(24)</b>	<b>(0.95)</b>
Trading fees	1,223	1,282	(59)	(4.60)
Listing fees	576	539	37	6.86
Clearing and settlement fees	337	339	(2)	(0.59)
Depository fees	322	290	32	11.03
Membership fees	44	76	(32)	(42.11)
<b>Key market indicators</b>				
SET Index at the end of the year (point)	1,754	1,543	211	13.67
Daily average trading value – Equity (THB million)	50,114	52,526	(2,412)	(4.59)
Average market capitalization (THB trillion)	16.36	14.33	2.03	14.17
No. of listed securities at the end of the year (securities)	2,286	2,016	270	13.39

Operating revenue from securities market dropped by THB 24 million or 0.95%, compared to 2016. This decrease mainly resulted from the drop in trading fee as decreased in the daily average trading value. In addition, membership fees also decreased because there were no new members during the year. However, listing fees and depository fees increased by THB 37 million and THB 32 million, respectively in proportion to the increase of the number of listed securities and increase of average market capitalization.

### 1.1.2 Derivatives Market

(Unit: THB million)	2017	2016	Increase /(Decrease)	
			Amount	%
<b>Revenue - Derivatives Market</b>	<b>519</b>	<b>584</b>	<b>(65)</b>	<b>(11.13)</b>
Trading fees	332	368	(36)	(9.78)
Clearing fees	144	159	(15)	(9.43)
Membership fees	43	57	(14)	(24.56)
<b>Key market indicators</b>				
Daily average trading volume – Derivatives (contracts)	324,216	285,189	39,027	13.68

Operating revenue from derivatives market dropped by THB 65 million or 11.13%, compared to 2016, resulting from the drop in daily average trading volume of key derivatives, especially from SET50 Index Futures. Most of the trading volume was from single stock futures with fewer fees than the key derivatives.

### 1.1.3 Technology services

(Unit: THB million)	2017	2016	Increase /(Decrease)	
			Amount	%
<b>Revenue - Technology services</b>	<b>919</b>	<b>971</b>	<b>(52)</b>	<b>(5.36)</b>
Member services fees	426	509	(83)	(16.31)
Information service fees	343	340	3	0.88
Customization and IT support fees	150	122	28	22.95

Operating revenue from technology services decreased by THB 52 million or 5.36%, compared to 2016. This decrease was mainly from the decrease in the daily average trading volume of both equity and derivative instruments of the SET50 Index Futures.

### 1.1.4 Registrar and fund services

(Unit: THB million)	2017	2016	Increase/(Decrease)	
			Amount	%
<b>Revenue - Registrar and fund services</b>	<b>1,067</b>	<b>1,018</b>	<b>49</b>	<b>4.81</b>
Securities registrar fees	1,065	1,018	47	4.62
Fund services	2	-	2	100.00

Operating revenue from registrar services rose by THB 49 million or 4.81%, compared to 2016. This was contributed by the rise in annual fee from securities registrar as number of listed securities increased. During 2017, SET expanded fund services (Fund Connex).

## 1.2 Other income

(Unit: THB million)	2017	2016	Increase/(Decrease)	
			Amount	%
<b>Other income</b>	<b>280</b>	<b>181</b>	<b>99</b>	<b>54.70</b>
Educational activities income	75	73	2	2.74
Revenue from marketing events	53	3	50	1,666.67
Revenue from fees and management funds	28	25	3	12.00
Revenue from rental and utilities	17	12	5	41.67
Revenue from fines	14	21	(7)	(33.33)
Revenue from transfer rights of membership	10	1	9	900.00
Others	83	46	37	80.43

Other income increased by THB 99 million or 54.70%, compared to 2016 due to the rescheduling of marketing activities, such as the SET in the City event and SET award event that were originally scheduled in the fourth quarter of 2016 and had been postponed to the first quarter of 2017. In addition, there was a certain amount of income from the transfer of rights for building utilization which is a one-time payment, recorded as other income.

### 1.3 Investment income

(Unit: THB million)	2017	2016	Increase /(Decrease)	
			Amount	%
<b>Investment income</b>	<b>1,045</b>	<b>767</b>	<b>278</b>	<b>36.25</b>
Interest income	200	208	(8)	(3.85)
Dividend income	216	405	(189)	(46.67)
Realized gain from investments	596	192	404	210.42
Unrealized gain (loss) from investments	13	(38)	51	134.21
Gain on exchange rate and others	20	-	20	100.00

Investment income rose by THB 278 million or 36.25% from 2016, mostly gained from sales on investment. Most of the funds came from local equity funds and foreign funds.

### 1.4 Operating expenses

(Unit: THB million)	2017	2016	Increase /(Decrease)	
			Amount	%
<b>Operating expenses</b>	<b>3,818</b>	<b>3,694</b>	<b>124</b>	<b>3.36</b>
Employee benefit expenses	1,569	1,466	103	7.03
The SEC fees	491	536	(45)	(8.40)
Depreciation and amortization	463	467	(4)	(0.86)
Direct service expenses	292	286	6	2.10
Marketing expenses	222	159	63	39.62
Technology expenses	213	191	22	11.52
Building and office expenses	200	232	(32)	(13.79)
Educational activities expenses	162	179	(17)	(9.50)
Fees and compensation expenses	87	76	11	14.47
Others	119	102	17	16.67

In 2017, operating expenses amounted to THB 3,818 million increased by 3.36% from 2016. This increase was mainly from employee benefit expenses, marketing expenses for the postponement of marketing activities from the end of 2016 to 2017, and the higher technology expenses for IT operating systems development.

## 2. Analysis of financial position

(Unit: THB million)	Dec 31, 2017	Dec 31, 2016	Increase /(Decrease)	
			Amount	%
Total assets	45,196	39,539	5,657	14.31
Total liabilities	17,821	14,141	3,680	26.02
Fund balances	27,375	25,398	1,977	7.78

Significant movements in assets, liabilities and funds of the SET group as at December 31, 2017 when compared with the balance as at December 31, 2016, were as follows:

### 2.1 Analysis of assets

As at December 31, 2017, total assets of the SET group amounted to THB 45,196 million, an increase of THB 5,657 million or 14.31%, in comparison with the balance as at December 31, 2016. Significant details are as follows:

**2.1.1 Cash and cash equivalents, cash at banks for financial benefits payable and investments** were THB 16,457 million or 36.41% of total assets, a THB 2,815 million or 14.61% decreases, categorized as follows:

(Unit: THB million)	Dec 31, 2017	Dec 31, 2016	Increase /(Decrease)	
			Amount	%
<b>Cash and cash equivalents</b>	<b>1,261</b>	<b>717</b>	<b>544</b>	<b>75.87</b>
<b>Cash at banks for financial benefits payable</b>	<b>68</b>	<b>66</b>	<b>2</b>	<b>3.03</b>
<b>Investment portfolio</b>	<b>15,128</b>	<b>18,489</b>	<b>(3,361)</b>	<b>(18.18)</b>
Trading	3,351	7,828	(4,477)	(57.19)
Available-for-sale	9,965	8,521	1,444	16.95
Held-to-maturity	1,792	2,103	(311)	(14.79)
General investments	20	37	(17)	(45.95)
<b>Total</b>	<b>16,457</b>	<b>19,272</b>	<b>(2,815)</b>	<b>(14.61)</b>

The value of trading securities in 2017 decreased by THB 4,477 million, mainly from the transfer of the SET Reserve Fund, totaling THB 5,047 million to “Reserve fund for clearing and settlement” under Thailand Clearing House Co., Ltd., with the objectives to strengthen the security of both the securities settlement and delivery system and the derivatives contracts settlement system as well as to comply with international standards, according to the resolution of the Board of Directors.

**2.1.2 Assets for margin deposits and benefits, and assets for clearing system protection and benefits** recorded as THB 15,300 million or 33.85% of total assets, up by THB 3,419 million or 28.78%. This margin deposits and benefits of Thailand Clearing House Co., Ltd. increased in accordance with the increase in trading volume of derivatives. Members of the clearing house are obliged to place the required margin deposits as a guarantee according to the specified rate, and also to

secure the clearing system of the clearing house against any damage caused by defaults by members or other incidents.

### 2.1.3 Reserve fund for clearing and settlement

amounted to THB 5,124 million or 11.34% of total assets. Reserve for clearing and settlement on SET's part was established in 2017 as a source of funds for the clearing houses. Such reserve has been transferred from SET in accordance with Clause 2.1.1.

## 2.2 Analysis of liabilities

As at December 31, 2017, total liabilities of the SET group amounted to THB 17,821 million, up by THB 3,680 million or 26.02%, in comparison with the balance as at December 31, 2016. Significant details are:

### 2.2.1 Margin deposits and assets for clearing system

**protection and benefits payable** amounted to THB 15,158 million or 85.06% of total liabilities, a THB 3,417 million, or 29.10% increase, in accordance with the increase in trading volume of derivatives.

## 2.3 Analysis of funds

As at December 31, 2017, total funds of the SET group amounted to THB 27,375 million, up by THB 1,977 million or 7.78%, in comparison with the balance as at December 31, 2016. This resulted from the revenue over expenses for 2017 reaching THB 1,833 million, and an increase in the market value of investment in equity fund on available-for-sale securities, net of income tax expense, of THB 263 million, while a loss from re-measurements of post-employment benefits obligations, net of tax, of THB 118 million.

## 3. Analysis of liquidity

Cash flows of the SET group for the year ended December 31, 2017 and 2016 can be summarized as follows:

(Unit: THB million)	2017	2016	Increase /(Decrease)	
			Amount	%
Cash flows from operating activities	763	1,217	(454)	(37.30)
Cash flows from investing activities	(217)	(2,157)	1,940	89.94
Cash and cash equivalents at the end of year	1,329	783	546	69.73

Cash and cash equivalents as at December 31, 2017 amounted to THB 1,329 million, a THB 546 million or 69.73% increase, in comparison with 2016. The details of the sources and uses of funds are as follows:

- Net cash receipts from operating activities totaled THB 763 million.

- Net cash used in investing activities totaled THB 217 million. This was mainly from an investment in financial instruments of THB 1,430 million and payment for new operating systems development of THB 267 million. However, there was investment income of THB 1,042 million and the gain on sales of assets of THB 412 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, 2017 have been prepared in accordance with Thai Generally Accepted Accounting Principles. In preparing the financial statements, appropriate accounting policies have been adopted and regularly adhered to, using careful discretion and reasonable estimates. Important information has 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.

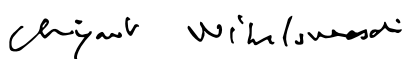
The Board of Governors has provided and maintained the risk management system, internal control system, internal audit system including effective corporate governance to ensure that accounting records are accurate, complete and adequate to secure its assets and prevent risks, while preventing fraud or 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, 2017 are reliable and in compliance with the Generally Accepted Accounting Principles and related regulations.



(Mr. Chaibawat 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 2017, 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

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's financial statements comprise:

- the consolidated and separate statements of financial position as at 31 December 2017;
- the consolidated and separate statements of comprehensive revenues and expenses for the year then ended;
- the consolidated and separate statements of changes in fund balances for the year then ended;
- the consolidated and separate statements of 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. The matter was 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 the matter.

Key audit matter	How my audit addressed the key audit matter
<p><b>Fair value estimation on equity and debt investment securities</b></p> <p>As 31 December 2017, 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), were valued at Baht 24,435 million and Baht 12,322 million, respectively and represented 83% of total investments in consolidated and represented 77% of total investments in the separate financial statements of The Stock Exchange of Thailand.</p> <p>I focused on fair value measurement of those 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 35 on the financial statements for fair value estimations. Moreover, The Group has invested in variety of investments, therefore the accuracy and completeness of fair value estimation presentation and disclosure in the financial statements and notes to the financial statements is a significant area.</p>	<p>I tested the assumptions and valuation techniques of fair value by valuation method level 2 of trading and available for sale investments presented in the statement of financial position and held to maturity investments disclosed in the notes to financial statements 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><b>For the investments in held-to-maturity securities including</b></p> <p>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.</p> <p>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> <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> <p>I found that the valuation method is appropriate based on management's assumptions.</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.

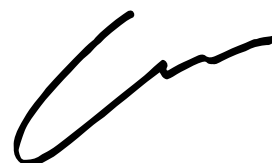
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether 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

21 February 2018

# Statements of Financial Position

## The Stock Exchange of Thailand and its Subsidiaries

As at 31 December 2017

(Unit : Baht'000)

		Consolidated		SET	
			Restated		Restated
		2017	2016	2017	2016
Notes					
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	9	1,261,212	717,184	854,342	612,363
Cash at banks for					
financial benefits payable		67,683	65,775	-	-
Assets for margin deposits and benefits	18	13,397,885	10,159,968	-	-
Short-term investments, net	10	6,649,894	10,177,043	6,649,894	10,177,043
Accounts receivable and accrued income, net	8, 11	662,941	342,743	678,875	335,760
Accrued interest receivable		25,692	37,687	121,569	35,727
Other current assets	8, 12	199,805	208,216	97,012	109,490
<b>Total current assets</b>		<b>22,265,112</b>	<b>21,708,616</b>	<b>8,401,692</b>	<b>11,270,383</b>
<b>Non-current assets</b>					
Investments in subsidiaries	13	-	-	1,697,291	1,497,291
Investments in associates and					
joint venture entity, net	14	973,019	953,512	800,620	800,620
Long-term investments, net	15	8,478,268	8,312,060	8,478,268	8,312,060
Assets for clearing system protection and benefits	19	1,902,397	1,721,360	142,510	140,043
Securities Investor Protection Fund	25	789,710	751,532	789,710	751,532
Derivatives Investor Protection Fund	25	91,486	82,875	-	-
Long-term loans to a subsidiary	8	-	-	5,046,791	-
Reserve Fund for clearing and settlement	20	5,124,320	-	-	-
Property, plant and equipment, net	16	5,137,395	5,537,293	5,136,505	5,535,860
Intangible assets, net	17	426,858	466,673	425,940	465,441
Deferred tax assets	21	2,356	2,322	-	-
Refundable deposits		4,985	2,614	4,985	2,614
<b>Total non-current assets</b>		<b>22,930,794</b>	<b>17,830,241</b>	<b>22,522,620</b>	<b>17,505,461</b>
<b>Total assets</b>		<b>45,195,906</b>	<b>39,538,857</b>	<b>30,924,312</b>	<b>28,775,844</b>

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

# Statements of Financial Position (Cont'd)

## The Stock Exchange of Thailand and its Subsidiaries

As at 31 December 2017

(Unit : Baht'000)

		Consolidated		SET	
			Restated		Restated
		Notes	2017	2016	2017
Liabilities and fund balances					
Current liabilities					
Margin deposits and benefits payable	18	13,397,885	10,159,968	-	-
Accounts payable and accrued expenses	8, 22	1,027,613	1,031,503	1,014,128	1,015,505
Fees received in advance		313,867	319,629	273,530	277,684
Income tax payable		174,364	118,404	115,330	74,957
Short-term borrowings from subsidiaries	8	-	-	2,921,500	2,574,500
Other current liabilities	8, 23	301,125	317,321	124,600	150,830
Total current liabilities		15,214,854	11,946,825	4,449,088	4,093,476
Non-current liabilities					
Assets for clearing system protection and benefits payable	19	1,759,887	1,581,317	-	-
Contributions and benefits to Securities Investor Protection Fund	25	313,375	293,874	313,375	293,874
Contributions and benefits to Derivatives Investor Protection Fund	25	36,824	28,835	-	-
Provision for employee benefits	24	401,318	238,263	401,318	238,263
Deferred tax liabilities	21	85,135	44,684	83,807	44,684
Other non-current liabilities		9,666	7,396	8,769	7,396
Total non-current liabilities		2,606,205	2,194,369	807,269	584,217
Total liabilities		17,821,059	14,141,194	5,256,357	4,677,693
Fund balances					
Funds	4, 25	26,724,008	25,009,898	25,008,151	23,702,396
Other components of fund balances	4	650,837	387,763	659,804	395,755
Non-controlling interests		2	2	-	-
Total fund balances		27,374,847	25,397,663	25,667,955	24,098,151
Total liabilities and fund balances		45,195,906	39,538,857	30,924,312	28,775,844

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 2017

(Unit : Baht'000)

		Consolidated		SET	
			Restated		Restated
		2017	2016	2017	2016
Notes					
<b>Revenues</b>					
Operating revenues	27	5,006,640	5,099,000	2,281,975	2,300,790
Investment income, net	28	1,045,019	766,861	1,308,635	1,144,429
Other income	29	279,603	181,153	1,864,394	1,960,975
<b>Total revenues</b>		<b>6,331,262</b>	<b>6,047,014</b>	<b>5,455,004</b>	<b>5,406,194</b>
<b>Expenses</b>					
Employee benefit expenses	30	1,569,086	1,465,774	1,527,637	1,456,333
Directors' remuneration	8	26,323	25,287	22,761	22,203
Marketing expenses		221,930	158,801	208,861	144,589
Educational activity expenses		161,731	178,925	161,826	178,990
Direct service expenses		292,393	286,133	-	-
Building and office expenses		199,715	231,602	199,476	231,389
Technology expenses		212,787	190,757	212,511	190,622
SEC fees	31	491,110	536,451	489,110	534,451
Depreciation and amortisation	16, 17	463,433	467,132	462,867	466,440
Other expenses	32	179,348	152,797	199,534	160,832
<b>Total expenses</b>		<b>3,817,856</b>	<b>3,693,659</b>	<b>3,484,583</b>	<b>3,385,849</b>
Share of profit of investments in associates and joint venture entity (net of tax)	14	34,150	25,831	-	-
<b>Revenues over expenses</b>		<b>2,547,556</b>	<b>2,379,186</b>	<b>1,970,421</b>	<b>2,020,345</b>
<b>Non-operating items</b>					
Income derived from Securities Investor Protection Fund, net	26	9,215	11,124	9,215	11,124
Income derived from Derivatives Investor Protection Fund, net	26	622	764	-	-
Contributions to the Stock Exchange of Thailand Foundation	8	(221,075)	(401,190)	(221,075)	(401,190)
<b>Revenues over expenses before income tax expense</b>		<b>2,336,318</b>	<b>1,989,884</b>	<b>1,758,561</b>	<b>1,630,279</b>
Income tax expense	4, 33	(503,729)	(230,614)	(335,024)	(81,155)
<b>Revenues over expenses</b>		<b>1,832,589</b>	<b>1,759,270</b>	<b>1,423,537</b>	<b>1,549,124</b>
<b>Revenues over expenses for the year attributable to:</b>					
Owners of the parent		1,832,589	1,759,270	1,423,537	1,549,124
Non-controlling interests		-	-	-	-
		<b>1,832,589</b>	<b>1,759,270</b>	<b>1,423,537</b>	<b>1,549,124</b>

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



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

The Stock Exchange of Thailand and its Subsidiaries

For the year ended 31 December 2017

(Unit : Baht'000)

	Notes	Consolidated		SET	
		2017	Restated 2016	2017	Restated 2016
Revenues over expenses		1,832,589	1,759,270	1,423,537	1,549,124
<b>Other comprehensive revenues and expenses:</b>					
<b>Items that will be reclassified subsequently</b>					
<b>to revenues and expenses</b>					
Share of profit of investments in associates	14	53	(11)	-	-
Change in value of available-for-sale investments managed by SET	26	322,123	341,690	322,123	341,690
Change in value of available-for-sale investments from Securities Investor Protection Fund	26	9,462	4,599	9,462	4,599
Income tax relating to items that will be reclassified subsequently to revenues and expenses	4, 26	(68,564)	(97,380)	(67,536)	(97,382)
<b>Total items that will be reclassified subsequently to revenues and expenses</b>		<b>263,074</b>	<b>248,898</b>	<b>264,049</b>	<b>248,907</b>
<b>Items that will not be reclassified subsequently</b>					
<b>to revenues and expenses</b>					
Remeasurements of post-employment benefits obligations	26	(147,924)	(61)	(147,227)	-
Income tax relating to items that will not be reclassified subsequently to revenues and expenses	26	29,445	-	29,445	-
<b>Total items that will not be reclassified subsequently to revenues and expenses</b>		<b>(118,479)</b>	<b>(61)</b>	<b>(117,782)</b>	<b>-</b>
Other comprehensive revenues and expenses for the year, net of tax		144,595	248,837	146,267	248,907
<b>Total comprehensive revenues and expenses for the year</b>		<b>1,977,184</b>	<b>2,008,107</b>	<b>1,569,804</b>	<b>1,798,031</b>
<b>Total comprehensive revenues and expenses for the year attributable to:</b>					
Owners of the parent		1,977,184	2,008,107	1,569,804	1,798,031
Non-controlling interests		-	-	-	-
		<b>1,977,184</b>	<b>2,008,107</b>	<b>1,569,804</b>	<b>1,798,031</b>

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 2017

(Unit : Baht'000)

		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			
Note									
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)	26	(61)	246,700	2,207	(9)	248,898	248,837	-	248,837
Revenues over expenses	26	1,759,270	-	-	-	-	1,759,270	-	1,759,270
Closing balance at 31 December 2016		25,009,898	382,971	4,873	(81)	387,763	25,397,661	2	25,397,663
Opening balance at 1 January 2017		25,009,898	382,971	4,873	(81)	387,763	25,397,661	2	25,397,663
Other comprehensive revenues and expenses (net of tax)	26	(118,479)	256,671	6,350	53	263,074	144,595	-	144,595
Revenues over expenses	26	1,832,589	-	-	-	-	1,832,589	-	1,832,589
Closing balance at 31 December 2017		26,724,008	639,642	11,223	(28)	650,837	27,374,845	2	27,374,847

(Unit : Baht'000)

		SET				
		Fund balances	Other components of 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	
Note						
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)	26	-	246,700	2,207	248,907	248,907
Revenues over expenses	26	1,549,124	-	-	-	1,549,124
Closing balance at 31 December 2016		23,702,396	390,882	4,873	395,755	24,098,151
Opening balance at 1 January 2017		23,702,396	390,882	4,873	395,755	24,098,151
Other comprehensive revenues and expenses (net of tax)	26	(117,782)	257,699	6,350	264,049	146,267
Revenues over expenses	26	1,423,537	-	-	-	1,423,537
Closing balance at 31 December 2017		25,008,151	648,581	11,223	659,804	25,667,955

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 2017

(Unit : Baht'000)

	Notes	Consolidated		SET	
		2017	2016	2017	2016
<b>Cash flows from operating activities</b>					
Revenues over expenses before income tax expense		2,336,318	1,989,884	1,758,561	1,630,279
Adjustments for					
Depreciation and amortisation	16, 17	463,433	467,132	462,867	466,440
Investment income, net	28	(1,021,190)	(804,757)	(1,292,825)	(1,180,946)
Income derived from Securities Investor Protection Fund, net	26	(9,215)	(11,124)	(9,215)	(11,124)
Income derived from Derivatives Investor Protection Fund, net	26	(622)	(764)	-	-
Reversal allowance for impairment of investments	10	(10,918)	-	(10,918)	-
Doubtful debts expenses (reversal)		-	(3,913)	-	(3,886)
Provision for employee benefits	24	25,222	26,576	23,290	26,576
Gains on disposals of assets	29	(32,971)	(325)	(32,938)	(332)
Share of profit of investments in associates and joint venture entity (net of tax)	14	(34,150)	(25,831)	-	-
		1,715,907	1,636,878	898,822	927,007
Changes in operating assets and liabilities					
(Increase) decrease in operating assets					
Assets for margin deposits and benefits		(3,237,917)	(1,330,353)	-	-
Accounts receivable and accrued income		(320,198)	10,202	(343,115)	(19,370)
Other current assets		11,758	40,743	13,478	46,610
Assets for clearing system protection and benefits		(181,037)	(121,757)	(2,467)	(1,801)
Securities Investor Protection Fund		(41,552)	(35,469)	(41,552)	(35,469)
Derivatives Investor Protection Fund		(8,833)	(10,023)	-	-
Refundable deposits		(2,371)	421	(2,371)	411
Increase (decrease) in operating liabilities					
Margin deposits and benefits payables		3,237,917	1,330,353	-	-
Accounts payable and accrued expenses		(140,328)	(203,926)	(137,118)	(203,614)
Fees received in advance		(5,762)	2,254	(4,154)	11,305
Other current liabilities		(22,556)	(17,477)	(31,138)	(25,132)
Assets for clearing system protection and benefits payable		178,570	119,956	-	-
Contributions and benefits to Securities Investor Protection Fund		19,501	18,788	19,501	18,788
Contributions and benefits to Derivative Investor Protection Fund		7,989	8,855	-	-
Employee benefits paid	24	(3,034)	(10,772)	(2,554)	(10,772)
Current portion of employee benefits paid		-	(4,785)	-	(4,785)
Other non-current liabilities		2,270	(223)	1,373	(223)
Cash flows generated from operations		1,210,324	1,433,665	368,705	702,955
Less Income tax paid		(447,789)	(216,551)	(293,619)	(58,896)
<b>Net cash generated from operating activities</b>		<b>762,535</b>	<b>1,217,114</b>	<b>75,086</b>	<b>644,059</b>

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

# Statements of Cash Flows (Cont'd)

## The Stock Exchange of Thailand and its Subsidiaries

For the year ended 31 December 2017

(Unit : Baht'000)

		Consolidated		SET	
	Notes	2017	2016	2017	2016
<b>Cash flows from investing activities</b>					
Investment income received		826,669	453,882	749,471	444,589
Dividend received		214,644	409,019	506,931	826,294
Purchase of short-term investments	10	(3,607,599)	(6,727,979)	(3,607,599)	(6,727,979)
Proceeds from disposals of short-term investments	10	7,160,566	3,825,321	7,160,566	3,825,321
Proceeds from disposals of investment in subsidiaries	13	-	-	10,000	-
Purchase of investment in subsidiaries	13	-	-	(210,000)	(400,000)
Purchase of long-term investments	15	(3,535,643)	(2,519,728)	(3,535,643)	(2,519,728)
Proceeds from disposals of long-term investments	15	3,676,658	2,624,102	3,676,658	2,624,102
Payment for long-term loans to a subsidiary	8	-	-	(5,046,791)	-
Reserve fund for clearing and settlement		(5,124,320)	-	-	-
Purchase of property, plant and equipment		(189,693)	(208,742)	(189,693)	(208,742)
Proceeds from disposals of property, plant and equipment		411,887	2,471	411,563	2,471
Purchase of intangible assets		(77,202)	(69,180)	(77,202)	(69,180)
Proceeds from share of profit of investments in joint venture entity		4,555	8,497	-	-
Proceeds from share of profit of investments in associates		9,446	31,487	-	-
Benefits received from Securities Investor Protection Fund		12,589	12,082	12,589	12,082
Benefits received from Derivatives Investor Protection Fund		844	1,168	-	-
<b>Net cash used in investing activities</b>		<b>(216,599)</b>	<b>(2,157,600)</b>	<b>(139,150)</b>	<b>(2,190,770)</b>
<b>Cash flows from financing activities</b>					
Cash inflow on short-term borrowings from subsidiaries	8	-	-	457,000	895,000
Repayment of short-term borrowings from subsidiaries	8	-	-	(110,000)	(217,000)
Interest paid		-	-	(40,957)	(32,010)
<b>Net cash generated from financing activities</b>		<b>-</b>	<b>-</b>	<b>306,043</b>	<b>645,990</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>545,936</b>	<b>(940,486)</b>	<b>241,979</b>	<b>(900,721)</b>
Opening balance		782,959	1,723,445	612,363	1,513,084
<b>Closing balance</b>		<b>1,328,895</b>	<b>782,959</b>	<b>854,342</b>	<b>612,363</b>
<b>Supplemental disclosures of cash flows information</b>					
Cash and cash equivalents are as follows:					
Cash and cash equivalents	9	1,261,212	717,184	854,342	612,363
Cash at a banks for financial benefits payable		67,683	65,775	-	-
		<b>1,328,895</b>	<b>782,959</b>	<b>854,342</b>	<b>612,363</b>
<b>Significant non-cash transactions</b>					
Unrealised gain (loss) on available-for-sale securities		322,176	341,679	322,123	341,690
Unrealised gains (loss) on available-for-sale securities					
from Securities Investor Protection Fund		9,462	4,599	9,462	4,599
Other payables from purchase of assets		135,741	9,197	135,741	9,197
Classification of investments		-	1,193,260	-	1,193,260

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 2017

### 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 and other services comprise the operation of securities registrar and fund services.

The consolidated and entity financial statements were authorised for issue by the Board of Governors of the Stock Exchange of Thailand on 21 February 2018.

Details of the SET's subsidiaries, associates and joint venture entity as at 31 December 2017 and 2016 are as follows:

Name of entity	Type of business	Country of incorporation	Ownership interest %		
			2017	2016	
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. (the dissolution was registered on 31 July 2017)	Investment management in Depository Receipts	Thailand	-	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	
Finnet Innovation Network Co., Ltd.	Rendering payment service for the capital market	Thailand	100.00	-	
Live Fin Corp Co., Ltd.	Provider of electronic network system for investment	Thailand	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	10.41	11.37	
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 supported 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 associate.

### **(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 associate.

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 5.

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 Revised financial reporting standards, and related interpretations**

- 1) Revised financial reporting standards and interpretations are effective on 1 January 2017 which are relevant and have a significant impact to the Group:

TAS 27 (revised 2016)	Separate financial statements
TAS 28 (revised 2016)	Investments in associates and joint ventures
TAS 38 (revised 2016)	Intangible assets
TFRS 11 (revised 2016)	Joint arrangements

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 (revised 2016) in addition to measurement at cost or at fair value (when announced) previously allowed. 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 change is 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 perform a consolidation at the level of the investment entity associate or joint venture.

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.

TFRS 11 (revised 2016), the amendments clarify that 1) the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting and 2) existing interests in the joint operation are not remeasured on acquisition of an additional interest, provided joint control is maintained.

2) Revised financial reporting standards are effective for annual periods beginning on or after 1 January 2018 which have significant changes and are relevant to the Group. The Group has not yet adopted these revised standards.

TAS 7 (revised 2017)	Statement of cash Flows
TAS 12 (revised 2017)	Income taxes
TFRS 12 (revised 2017)	Disclosure of interests in other entities

TAS 7 (revised 2017), the amendments require additional disclosure of changes in liabilities arising from financing activities. This includes changes arising from cash and non-cash.

TAS 12 (revised 2017), the amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. Specifically,



the amendments confirm that:

- A temporary difference exists whenever the carrying amount of an asset is less than its tax base at the end of the reporting period.
- An entity can assume that it will recover an amount higher than the carrying amount of an asset to estimate its future taxable profit.
- Where the tax law restricts the source of taxable profits against which particular types of deferred tax assets can be recovered, the recoverability of the deferred tax assets can only be assessed in combination with other deferred tax assets of the same type.
- Tax deductions resulting from the reversal of deferred tax assets are excluded from the estimated future taxable profits.

TFRS 12 (revised 2017), the amendments clarify that the disclosure requirements of TFRS 12 apply to interests in entities that are classified as held for sale in the scope of TFRS 5 (revised 2017), except for the summarised financial information.

The Group's management assessed and considered that the above revised standards will not have a material impact on the Group except for disclosure.

## 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 venture

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:

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Land improvements	5 years
Buildings	10 – 50 years
Building improvements	3 – 30 years
Furniture and fixtures	5 – 20 years
Office equipment	5 – 20 years
Vehicles	5 – 7 years

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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

### 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) 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 in the commencing. Annual fees are recognised on a time proportion basis.

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: 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 are 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, liquidity and return on the appropriate level of risk.

### 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, except for investments in some foreign mutual funds which is in foreign currency. The Group has appropriately applied forward exchange contracts to hedge foreign exchange risk of such investments.

Accounting for derivative financial instruments and hedging activities

Foreign currency forward contracts protect the Group from movements in exchange rates. The Group enters into contract establishing the rate at which a foreign currency asset will be realised or a foreign currency liability will be settled in the future. The Group recognise foreign currency forward contracts transaction in the financial statements in fair value measurement. The unrealised gain (loss) from fair value measurement of foreign currency forward contracts will be included in unrealised gain (loss) on exchange rate in statements of comprehensive revenues and expenses.

Disclosures about derivative financial instruments to which the Group is a party are provided in note 37.

### 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:

Type of investment	Proportion of investment
<b>1) Investments in debt securities</b>	
Government securities, debentures or bonds of state enterprises or entities incorporated by specific laws and guaranteed by the Ministry of Finance	Unlimited
Fixed deposits or NCDs at commercial banks and promissory notes of finance companies or financial institutions incorporated by specific laws	Not to exceed 15% of total debt investment per institution.
Debentures or warrants of debentures and bills of exchange	Not to exceed 5% of total debt investment 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.
<b>2) Investments in equity securities</b>	
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.
<b>3) Investments in property funds</b>	
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.
<b>4) Investments in foreign investment funds</b>	
Foreign investment funds	<ul style="list-style-type: none"> <li>– Foreign direct investment not to exceed 20%–30% of fund size per each Fund (2016: Not to exceed 20% – 30% of total investments)</li> <li>– Direct investment in Exchange Traded Fund “ETF”. Not to exceed 10% of foreign equity value per each fund.</li> </ul>
<b>5) Investments in gold funds</b>	
Gold funds	Not to exceed 10% of fund size per mutual fund.

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

#### 4. Change in presentation

The Group made change in presentation of deferred tax on change in value of available-for-sale of investment amounting to Baht 97.38 million presented in the consolidated and separate financial statements not

appropriate, reclassified the presentation of income tax expense in revenue over expenses to other comprehensive revenues and expenses. Comparative figures have been reclassified to conform with the current year presentation.

The effect of change in presentation of the above the statement of financial position of the Group as at 31 December 2016 are as follows;

(Unit: Baht'000)

	Consolidated		
	As previously reported	Reclassification	Amount after reclassification
<b>Statements of financial position as at 31 December 2016</b>			
Funds	24,912,516	97,382	25,009,898
Other components of fund balances	485,145	(97,382)	387,763

(Unit: Baht'000)

	SET		
	As previously reported	Reclassification	Amount after reclassification
<b>Statements of financial position as at 31 December 2016</b>			
Funds	23,605,014	97,382	23,702,396
Other components of fund balances	493,137	(97,382)	395,755

The effect of the above to the statement of comprehensive revenues and expenses for the year ended 31 December 2016 are as follows;

(Unit: Baht'000)

	Consolidated		
	As previously reported	Reclassification	Amount after reclassification
<b>Statement of comprehensive revenues and expenses for the year ended 31 December 2016</b>			
<b>Comprehensive revenues and expenses</b>			
Income tax expense	(327,996)	97,382	(230,614)
Revenues over expenses	1,661,888	97,382	1,759,270
<b>Other comprehensive revenues and expenses</b>			
Income tax relating to items that will be reclassified subsequently to revenues and expenses	2	(97,382)	(97,380)
Total items that will be reclassified subsequently to revenues and expenses	346,280	(97,382)	248,898

(Unit: Baht'000)

	SET		
	As previously reported	Reclassification	Amount after reclassification
<b>Statement of comprehensive revenues and expenses for the year ended 31 December 2016</b>			
<b>Comprehensive revenues and expenses</b>			
Income tax expense	(178,537)	97,382	(81,155)
Revenues over expenses	1,451,742	97,382	1,549,124
<b>Other comprehensive revenues and expenses</b>			
Income tax relating to items that will be reclassified subsequently to revenues and expenses	-	(97,382)	(97,382)
Total items that will be reclassified subsequently to revenues and expenses	346,289	(97,382)	248,907

## 5. 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.

## 6. 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.

## 7. 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 2017 and 2016 and for the years ended 31 December 2017 and 2016 are as follows:

(Unit: Baht'000)

	Consolidated						
	Securities Markets	Derivatives Markets	Technology Services	Registrar Services	Capital Market Development and others	Elimination	Total
<b>For the year ended 31 December 2017</b>							
Revenues from operation	2,780,527	669,208	540,706	1,064,660	231,142	-	5,286,243
Revenue from inter-segment	702,270	488,977	107,194	514,020	7,588	(1,820,049)	-
Total revenue	3,482,797	1,158,185	647,900	1,578,680	238,730	(1,820,049)	5,286,243
<b>Segment revenues over expenses</b>	<u>1,010,780</u>	<u>227,427</u>	<u>169,863</u>	<u>332,881</u>	<u>(272,564)</u>	<u>-</u>	<u>1,468,387</u>
Investment income, net							1,045,019
Share of profit of investments in joint venture entity, net of tax							1,481
Share of profit of investments in associates, net of tax							32,669
<b>Revenues over expenses in operations</b>							<u>2,547,556</u>
<b>Non-operating items:</b>							
Income derived from Securities Investor Protection Fund, net							9,215
Income derived from Derivatives Investor Protection Fund, net							622
Contributions to the Stock Exchange of Thailand Foundation							(221,075)
<b>Revenues over expenses before income tax expenses</b>							<u>2,336,318</u>
Income tax expense							(503,729)
<b>Revenues over expenses</b>							<u>1,832,589</u>
<b>As at 31 December 2017</b>							
Segment assets	4,307,978	26,622,029	951,291	763,121	358,909	(5,525,054)	27,478,274
Other assets	-	-	-	-	22,164,025	(4,446,393)	17,717,632
<b>Total assets</b>	<u>4,307,978</u>	<u>26,622,029</u>	<u>951,291</u>	<u>763,121</u>	<u>22,522,934</u>	<u>(9,971,447)</u>	<u>45,195,906</u>
Segment liabilities	1,499,238	20,664,034	209,357	441,524	531,960	(5,525,054)	17,821,059
Other liabilities	-	-	-	-	2,921,500	(2,921,500)	-
<b>Total liabilities</b>	<u>1,499,238</u>	<u>20,664,034</u>	<u>209,357</u>	<u>441,524</u>	<u>3,453,460</u>	<u>(8,446,554)</u>	<u>17,821,059</u>

(Unit: Baht'000)

	Consolidated						
	Securities Markets	Derivatives Markets	Technology Services	Registrar Services	Capital Market Development and others	Elimination	Total
<b>For the year ended 31 December 2016</b>							
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
<b>Segment revenues over expenses</b>	<u>1,188,012</u>	<u>434,024</u>	<u>188,812</u>	<u>339,946</u>	<u>(564,300)</u>	<u>-</u>	<u>1,586,494</u>
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
<b>Revenues over expenses in operations</b>							2,379,186
<b>Non-operating items:</b>							
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)
<b>Revenues over expenses before income tax expens</b>							1,989,884
Income tax expense							(230,614)
<b>Revenues over expenses</b>							<u>1,759,270</u>
<b>As at 31 December 2016</b>							
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
<b>Total assets</b>	<u>4,713,233</u>	<u>12,796,467</u>	<u>1,214,340</u>	<u>643,562</u>	<u>24,437,753</u>	<u>(4,266,498)</u>	<u>39,538,857</u>
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)	-
<b>Total liabilities</b>	<u>1,234,010</u>	<u>12,092,857</u>	<u>161,458</u>	<u>313,941</u>	<u>3,261,027</u>	<u>(2,922,099)</u>	<u>14,141,194</u>

Reconciliation of reportable segment assets/liabilities were as follows:

(Unit: Baht'000)

	Consolidated	
	2017	2016
<b>Assets</b>		
<b>Assets for reportable segments</b>	27,478,274	19,167,618
Unallocated amounts:		
– Cash and investments	15,537,537	18,352,073
– Investments in related parties	973,019	953,512
– Accrued interest receivables	25,692	37,687
– Land and building under construction	1,181,384	1,027,967
<b>Total assets</b>	<u>45,195,906</u>	<u>39,538,857</u>
<b>Liabilities</b>		
<b>Liabilities for reportable segments</b>	17,821,059	14,141,194
<b>Total liabilities</b>	<u>17,821,059</u>	<u>14,141,194</u>

## 8. 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	Cost plus margin
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 2017 and 2016 were as follows:

(Unit: Baht'000)				
	Consolidated		SET	
	2017	2016	2017	2016
<b>Service income</b>				
Subsidiaries	-	-	1,639,405	1,826,333
Joint venture entity	16,195	14,527	14,995	13,907
Associates	1,680	1,710	-	-
	<u>17,875</u>	<u>16,237</u>	<u>1,654,400</u>	<u>1,840,240</u>
<b>Purchase of services</b>				
Subsidiaries	-	-	44,629	15,120
Joint venture entity	95,319	92,629	94,119	92,029
	<u>95,319</u>	<u>92,629</u>	<u>138,748</u>	<u>107,149</u>
<b>Interest income</b>				
Subsidiaries	<u>-</u>	<u>-</u>	<u>100,710</u>	<u>2,160</u>
<b>Interest expense</b>				
Subsidiaries	<u>-</u>	<u>-</u>	<u>40,957</u>	<u>32,010</u>

Related party balances as at 31 December 2017 and 2016 were as follows:

(Unit: Baht'000)				
	Consolidated		SET	
	2017	2016	2017	2016
<b>Accounts receivable</b>				
Subsidiaries	-	-	749	-
Joint venture entity	304	137	304	137
	<u>304</u>	<u>137</u>	<u>1,053</u>	<u>137</u>
<b>Accrued income</b>				
Subsidiaries	-	-	204,750	187,929
Joint venture entity	460	2,236	460	1,636
Associates	140	140	-	-
	<u>600</u>	<u>2,376</u>	<u>205,210</u>	<u>189,565</u>
<b>Accrued interest receivable</b>				
Subsidiaries	-	-	97,878	-
	<u>-</u>	<u>-</u>	<u>97,878</u>	<u>-</u>
<b>Other current assets</b>				
Subsidiaries	-	-	124	84
Joint venture entity	16	5	16	5
	<u>16</u>	<u>5</u>	<u>140</u>	<u>89</u>
<b>Account payables</b>				
Subsidiaries	-	-	755	139
Joint venture entity	32	81	32	81
	<u>32</u>	<u>81</u>	<u>787</u>	<u>220</u>
<b>Accrued expenses</b>				
Subsidiaries	-	-	17,669	5,914
Joint venture entity	16,450	9,340	16,450	8,740
	<u>16,450</u>	<u>9,340</u>	<u>34,119</u>	<u>14,654</u>
<b>Fees received in advance</b>				
Subsidiaries	-	-	3,085	-
Joint venture entity	1,759	1,759	1,759	1,759
	<u>1,759</u>	<u>1,759</u>	<u>4,844</u>	<u>1,759</u>
<b>Other current liabilities</b>				
Subsidiaries	-	-	49	-
Joint venture entity	150	139	150	139
	<u>150</u>	<u>139</u>	<u>199</u>	<u>139</u>



## Short-term borrowings from subsidiaries

(Unit: Baht'000)				
	Interest rate (% per annum)		SET	
	2017	2016	2017	2016
Short-term borrowings from subsidiaries	1.36 – 1.56	1.36 – 2.00	2,921,500	2,574,500

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 2017 and 2016 were as follows:

(Unit: Baht'000)		
	SET	
	2017	2016
<b>Subsidiaries</b>		
Opening balance	2,574,500	1,896,500
Additions	457,000	895,000
Repayments	(110,000)	(217,000)
Closing balance	2,921,500	2,574,500

## Long-term loans to a subsidiary

(Unit: Baht'000)		
	SET	
	2017	2016
Long-term loans to a subsidiary	5,046,791	-

SET (the parent) lent to a subsidiary to use as a reserve fund to enhance the competitiveness and support the future business expansion. The loan is in the form of non-convertible promissory notes. The redemption is referred to the net return of a private fund plus 0.50% per annum of principle balance.

Movements of long-term loans to a subsidiary for the years ended 31 December 2017 and 2016 were as follows:

(Unit: Baht'000)

	SET	
	2017	2016
Opening balance	-	-
Additions	5,046,791	-
Repayments	-	-
Closing balance	5,046,791	-

### Sponsorship for joint venture entity

Under the shareholder agreement between the SET and a third party, the SET will be a principal sponsor of a joint venture's program of Baht 90 million in 2017 (2016: Baht 90 million).

### 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 2017, the SET appropriated its annual revenues over expenses of Baht 221.08 million (2016: Baht 401.19 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	
	2017	2016	2017	2016
Director's remuneration	26,323	25,287	22,761	22,203
	26,323	25,287	22,761	22,203

## 9. Cash and cash equivalents

(Unit: Baht'000)				
	Consolidated		SET	
	2017	2016	2017	2016
Cash on hand	350	314	332	310
Savings and current accounts	1,260,862	716,870	854,010	612,053
	<u>1,261,212</u>	<u>717,184</u>	<u>854,342</u>	<u>612,363</u>

For the year ended 31 December 2017, savings accounts carried the interest at rates ranging from 0.10% - 1.20% per annum (2016: from 0.10% - 1.25% per annum).

## 10. Short-term investments, net

for short-term investments, net

(Unit: Baht'000)					
	Note	Consolidated		SET	
		2017	2016	2017	2016
<b>Investments managed by SET</b>					
General investments		7,394	35,507	7,394	35,507
<u>Less</u> Allowance for impairment losses		-	(10,918)	-	(10,918)
		7,394	24,589	7,394	24,589
Available-for-sales		2,925,952	1,662,810	2,925,952	1,662,810
Held-to-maturity debt securities	15	-	10,000	-	10,000
		2,933,346	1,697,399	2,933,346	1,697,399
<b>Investments managed by private funds</b>					
Held-to-maturity debt securities		364,946	650,882	364,946	650,882
Trading securities		3,351,602	7,828,762	3,351,602	7,828,762
		3,716,548	8,479,644	3,716,548	8,479,644
		6,649,894	10,177,043	6,649,894	10,177,043

### Investments managed by the SET

#### General investments:

As at 31 December 2017, investments in specific-purpose funds represented investments in 1 open-ended venture capital funds (2016: 2 open-ended venture capital funds). The details are as follows:

1. 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).

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. On 26 August 2017, the fund is at maturity date, and SET has redeemed all the investment.

**Available-for-sales :**

As at 31 December 2017, investments in money market funds represent investments in 8 open-ended funds (2016: 7 open-ended fund). The investment policy emphasises investments in short-term debt securities.

As of 31 December 2017, investments in foreign investment funds totalling 82,669 units, amounting to Baht 696.44 million represent investments in a direct investment through Siam Commercial Bank (SCB), which is a custodian to the SET. Euroclear is a custodian bank in foreign countries to invest in US dollars in 3 foreign funds (starting from October 2017).

**Held-to-maturity debt securities :**

As at 31 December 2017, no held-to-maturity debt securities (2016: debentures had coupon rates at 4.50% per annum and market yields at 1.83% per annum).

**Investments managed by private funds****Held-to-maturity debt securities:**

As at 31 December 2017 and 2016 presented savings account and fixed deposit accounts.

**Trading securities :**

As at 31 December 2017 investments in private funds are managed by 2 asset management companies (2016: 3 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 2017, the return rates for investments managed by private funds ranged from 2.35% – 2.53% per annum (2016: from 0.96% – 1.93% per annum).

Movements of short-term investments for the years ended 31 December 2017 and 2016 were as follows:

	(Unit: Baht'000)			
	Consolidated		SET	
	2017	2016	2017	2016
Opening balance	10,177,043	6,086,024	10,177,043	6,086,024
Purchases	3,607,599	6,727,979	3,607,599	6,727,979
Disposals	(7,160,566)	(3,825,321)	(7,160,566)	(3,825,321)
Classification of investments (Note15)	-	1,193,260	-	1,193,260
Unrealised gain (loss) on available-for-sale securities	14,900	(4,899)	14,900	(4,899)
Reversal of allowance for impairment	10,918	-	10,918	-
Closing balance	6,649,894	10,177,043	6,649,894	10,177,043

## 11. Accounts receivable and accrued income, net

(Unit: Baht'000)

		Consolidated		SET	
		2017	2016	2017	2016
Note					
Accounts receivable					
Related parties	8	304	137	1,053	137
Other parties		401,189	72,055	364,299	34,182
		401,493	72,192	365,352	34,319
<u>Less</u> Allowance for doubtful accounts		(15,128)	(15,128)	(5,024)	(5,024)
		386,365	57,064	360,328	29,295
Accrued income					
Related parties	8	600	2,376	205,210	189,565
Other parties		275,976	283,303	113,337	116,900
		276,576	285,679	318,547	306,465
		662,941	342,743	678,875	335,760

Aging analysis for accounts receivable is as follows:

(Unit: Baht'000)

		Consolidated		SET	
		2017	2016	2017	2016
Note					
<b>Related parties</b>					
Within credit terms	8	304	137	1,053	137
		304	137	1,053	137
<b>Other parties</b>					
Within credit terms		366,368	46,730	341,437	21,500
Overdue:					
Less than 3 months		19,693	10,197	17,838	7,658
3 – 6 months		-	-	-	-
6 – 12 months		-	-	-	-
Over 12 months		15,128	15,128	5,024	5,024
		401,189	72,055	364,299	34,182
<u>Less</u> Allowance for doubtful accounts		(15,128)	(15,128)	(5,024)	(5,024)
		386,061	56,927	359,275	29,158
		386,365	57,064	360,328	29,295

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

## 12. Other current assets

(Unit: Baht'000)

	Consolidated		SET	
	2017	2016	2017	2016
Financial benefits to unit holders	78,151	72,942	-	-
Prepaid expenses	29,894	27,512	29,969	27,102
Loans to employees	26,949	25,882	26,949	25,882
Withholding tax receivable	21,803	19,456	-	-
Receivables from transferring the rights of building	13,066	-	13,066	-
Accounts receivable from net fair values of forward exchange contracts	9,106	-	9,106	-
Inventory - publication	6,032	5,139	6,032	5,139
Pending input tax	5,726	4,859	5,772	4,682
Value added tax receivable	2,204	5,211	-	-
Thai Stock Market Flood Relief Fund	-	36,775	-	36,775
Other receivables from sale of investments	-	5,000	-	5,000
Others	6,874	5,440	6,118	4,910
	<u>199,805</u>	<u>208,216</u>	<u>97,012</u>	<u>109,490</u>

### 13. Investments in subsidiaries

Investments in subsidiaries as at 31 December 2017 and 2016, and dividend income for the years then ended were as follows:

(Unit: Baht'000)

	Ownership interest		SET					
			Paid-up capital		Cost method		Dividend income	
	2017	2016	2017	2016	2017	2016	2017	2016
Subsidiaries								
Thailand Securities Depository Co., Ltd.	100.00	100.00	200,000	200,000	200,000	200,000	184,014	376,194
Thai Trust Fund Management Co., Ltd.	100.00	100.00	100,000	100,000	100,000	100,000	180	196
Thai NVDR Co., Ltd.	100.00	100.00	10,000	10,000	10,000	10,000	1,050	829
SETTRADE.COM Co., Ltd.	100.00	100.00	80,000	80,000	74,591	74,591	-	-
Siam DR Co., Ltd. <sup>(1)</sup>	-	100.00	-	10,000	-	10,000	70	98
Thailand Futures Exchange Public Company Limited	100.00	100.00	500,000	500,000	500,000	500,000	40,300	-
Thailand Clearing House Co., Ltd.	100.00	100.00	600,000	600,000	602,700	602,700	52,680	-
Live Fin Corp Co., Ltd. <sup>(2)</sup>	100.00	-	10,000	-	10,000	-	-	-
Finnet Innovation Network Co., Ltd. <sup>(3)</sup>	100.00	-	200,000	-	200,000	-	-	-
			1,700,000	1,500,000	1,697,291	1,497,291	278,294	377,317

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

<sup>(1)</sup> At the Extraordinary Shareholder's meeting no. 1/2017 held on 21 July 2017, the shareholders resolved to dissolve the company. The dissolution was registered with the Ministry of Commerce on 31 July 2017 and the repayment of paid-up capital was to Baht 10,000,000 to SET.

<sup>(2)</sup> The total number of authorized ordinary shares is 1,000,000 shares with a par value of Baht 10 per share. All issued shares were fully paid. On 23 June 2017, subsidiary received subscription of 1,000,000 shares at Baht 10 par value which were priced at Baht 10 per share. The paid-up share capital totaling Baht 10,000,000. Subsidiary registered the capital with the Ministry of Commerce on 26 June 2017.

<sup>(3)</sup> The total number of authorized ordinary shares is 20,000,000 shares with a par value of Baht 10 per share. All issued shares were fully paid. On 23 August 2017, subsidiary received subscription of 20,000,000 shares at Baht 10 par value which were priced at Baht 10 per share. The paid-up share capital totaling Baht 200,000,000. Subsidiary registered the capital with the Ministry of Commerce on 25 August 2017.

### 14. 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	
	2017	2016	2017	2016
Associates	914,065	890,787	775,620	775,620
Joint venture entity	58,954	62,725	25,000	25,000
At 31 December	<u>973,019</u>	<u>953,512</u>	<u>800,620</u>	<u>800,620</u>

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	
	2017	2016	2017	2016
Associates	32,669	20,824	-	-
Joint venture entity	1,481	5,007	-	-
For the year ended 31 December	34,150	25,831	-	-

#### 14 (a) Investment in associates

Set out below are the associates of the Group as at 31 December 2017 and 2016, 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		Dividend income	
			2017	2016	2017	2016	2017	2016	2017	2016
<b>Associates</b>										
Clearing Fund ("CLF")	10.41	11.37	1,916,453	1,699,421	100,000	100,000	199,530	196,763	-	-
TSFC Securities Public Company Limited ("TSFC")	40.65	40.65	1,549,126	1,549,126	675,620	675,620	714,535	694,024	-	-
					775,620	775,620	914,065	890,787	-	-

(Unit: Baht'000)

	Ownership interest		SET									
	%		Paid-up capital		Cost method		Impairment		At cost, net		Dividend income	
			2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
<b>Associates</b>												
Clearing Fund ("CLF")	10.41	11.37	1,916,453	1,699,421	100,000	100,000	-	-	100,000	100,000	-	-
TSFC Securities Public Company Limited ("TSFC")	40.65	40.65	1,549,126	1,549,126	679,015	679,015	(3,395)	(3,395)	675,620	675,620	9,446	31,487
					779,015	779,015	(3,395)	(3,395)	775,620	775,620	9,446	31,487

The business place of all associates is in Thailand and the nature of business of each associate 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)

	2017			2016		
	CLF	TSFC	Total	CLF	TSFC	Total
Aggregate carrying amount of individually immaterial associates	199,530	714,535	914,065	196,763	694,024	890,787
Aggregate amounts of the reporting entity's share of;						
Revenues over expenses from continuing activities, net of tax	2,767	29,902	32,669	3,498	17,326	20,824
Other comprehensive revenues and expenses, net of tax	-	55	55	-	(9)	(9)
<b>Total comprehensive revenues and expenses, net of tax</b>	<b>2,767</b>	<b>29,957</b>	<b>32,724</b>	<b>3,498</b>	<b>17,317</b>	<b>20,815</b>

The Group has no contingent liabilities relating to associates.

#### 14 (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		Equity method		Dividend income	
	2017	2016	2017	2016	2017	2016	2017	2016
<b>Joint venture entity</b>								
Family Know-how Co., Ltd.	50.00	50.00	50,000	50,000	58,954	62,725	-	-

(Unit: Baht'000)

	Ownership interest		SET					
	%		Paid-up capital		Cost method		Dividend income	
	2017	2016	2017	2016	2017	2016	2017	2016
<b>Joint venture entity</b>								
Family Know-how Co., Ltd.	50.00	50.00	50,000	50,000	25,000	25,000	4,555	8,497

The business place of joint venture entity is in Thailand and the nature of business of 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)		
	2017	2016
Aggregate carrying amount of joint venture entity	58,954	62,725
Aggregate amounts of the reporting entity's share of:		
Revenues over expenses from continuing activities, net of tax	1,481	5,007
Other comprehensive revenues and expenses, net of tax	697	-
<b>Total comprehensive revenue and expenses, net of tax</b>	<b>2,178</b>	<b>5,007</b>

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

## 15. Long-term investments, net

(Unit: Baht'000)				
	Consolidated		SET	
	2017	2016	2017	2016
Available-for-sale investments	7,039,098	6,857,996	7,039,098	6,857,996
Held-to-maturity debt securities	1,426,809	1,441,728	1,426,809	1,441,728
General investments	12,361	12,336	12,361	12,336
	<u>8,478,268</u>	<u>8,312,060</u>	<u>8,478,268</u>	<u>8,312,060</u>

### Available-for-sale investments :

As at 31 December 2017, investments in general mutual funds represented investments in 33 open-ended funds, which have a policy of emphasising investment in equity securities of listed companies (2016: 17 funds) and 1 gold fund (2016: 1 gold fund).

As at 31 December 2017, investments in property funds represented 5 closed-end non-redeemable mutual funds (2016: 11 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 2017, no investment in infrastructure fund (2016: investment in infrastructure fund represented investment in 1 closed-end and non-redeemable mutual 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 2017, investments in foreign investment funds represented investments in 20 open-ended funds (2016: 23 funds). The Feeder Fund policy is to emphasise investment in foreign fund securities.

### Held-to-maturity debt securities :

As at 31 December 2017, fixed deposit accounts represented fixed deposits at banks which had maturities over one year and carried interest at rates 4% per annum (2016: 4.00% per annum).

As at 31 December 2017, 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 529.27 million (2016: Baht 544.19 million). per annum (2016: 4.95% per annum) and market yields at 3.52% per annum (2016: at 4.15% per annum).

As at 31 December 2017, debenture which had maturities over one year, coupon rate at 4.95%

Movements of long-term investments for the years ended 31 December 2017 and 2016 were as follows:

(Unit: Baht'000)				
	Consolidated		SET	
	2017	2016	2017	2016
Opening balance	8,312,060	9,263,105	8,312,060	9,263,105
Purchases	3,535,643	2,519,728	3,535,643	2,519,728
Disposals	(3,676,658)	(2,624,102)	(3,676,658)	(2,624,102)
Classification of investments (Note 10)	-	(1,193,260)	-	(1,193,260)
Unrealised gain on available-for-sale securities	307,223	346,589	307,223	346,589
Closing balance	8,478,268	8,312,060	8,478,268	8,312,060

As at 31 December 2017 and 2016, held-to-maturity debt securities which were classified by maturity were as follows:

(Unit: Baht'000)				
	Consolidated			
	Due			
	Within 1 year	1 to 5 years	Over 5 years	Total
<b>31 December 2017</b>				
Held-to-maturity debt securities				
Debentures	-	10,000	-	10,000
Deposits at banks	-	887,540	529,269	1,416,809
	-	897,540	529,269	1,426,809
<b>31 December 2016</b>				
Held-to-maturity debt securities				
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

(Unit: Baht'000)

	SET			
	Due			
	Within 1 year	1 to 5 years	Over 5 years	Total

**31 December 2017**

Held-to-maturity debt securities

Debentures	-	10,000	-	10,000
Deposits at banks	-	887,540	529,269	1,416,809
	-	897,540	529,269	1,426,809

**31 December 2016**

Held-to-maturity debt securities

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

As at 31 December 2017 and 2016, the fair value of held-to-maturity debt securities were as follows:

(Unit: Baht'000)

	Consolidated			
	Amortised cost, net		Fair value	
	2017	2016	2017	2016
Debentures	10,000	20,000	10,266	20,417
Deposits at banks	1,416,809	1,431,728	1,353,692	1,386,360
	1,426,809	1,451,728	1,363,958	1,406,777
<u>Less</u> Classification of investments to short-term investment (Note 10)	-	(10,000)	-	(10,198)
	1,426,809	1,441,728	1,363,958	1,396,579

(Unit: Baht'000)

	SET			
	Amortised cost, net		Fair value	
	2017	2016	2017	2016
Debentures	10,000	20,000	10,266	20,417
Deposits at banks	1,416,809	1,431,728	1,353,692	1,386,360
	1,426,809	1,451,728	1,363,958	1,406,777
<u>Less</u> Classification of investments to short-term investment (Note 10)	-	(10,000)	-	(10,198)
	1,426,809	1,441,728	1,363,958	1,396,579

## 16. Property, plant and equipment, net

(Unit: Baht'000)

	Consolidated					
	Land and land improvements	Buildings and building improvements	Furniture, fixtures and office equipment	Motor vehicles	Work in process/ building under construction	Total
<b>As at 1 January 2016</b>						
Cost	1,014,097	4,865,513	1,453,206	3,238	28,578	7,364,632
Less 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
<b>For the year ended</b>						
<b>31 December 2016</b>						
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
<b>As at 31 December 2016</b>						
Cost	1,014,097	4,955,022	1,474,651	3,538	13,869	7,461,177
Less Accumulated depreciation	-	(1,053,286)	(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
<b>For the year ended 31</b>						
<b>December 2017</b>						
Opening net book amount	1,014,097	3,899,736	607,761	1,830	13,869	5,537,293
Additions	-	3,700	36,511	615	281,384	322,210
Disposals/write-off	-	(371,540)	(5,185)	(2,185)	-	(378,910)
Depreciation charge	-	(220,396)	(122,742)	(60)	-	(343,198)
Transfer	-	2,660	36,443	-	(39,103)	-
Closing net book amount	1,014,097	3,314,160	552,788	200	256,150	5,137,395
<b>As at 31 December 2017</b>						
Cost	1,014,097	3,990,700	1,321,750	388	256,150	6,583,085
Less Accumulated depreciation	-	(676,540)	(768,962)	(188)	-	(1,445,690)
Net book amount	1,014,097	3,314,160	552,788	200	256,150	5,137,395

(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 2016						
Cost	1,014,097	4,863,796	1,373,707	3,238	28,578	7,283,416
Less 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
Less Accumulated depreciation	-	(1,053,845)	(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
For the year ended 31 December 2017						
Opening net book amount	1,014,097	3,899,420	606,644	1,830	13,869	5,535,860
Additions	-	3,700	36,511	615	281,384	322,210
Disposals/write-off	-	(371,252)	(5,182)	(2,185)	-	(378,619)
Depreciation charge	-	(220,368)	(122,518)	(60)	-	(342,946)
Transfer	-	2,660	36,443	-	(39,103)	-
Closing net book amount	1,014,097	3,314,160	551,898	200	256,150	5,136,505
As at 31 December 2017						
Cost	1,014,097	3,990,699	1,278,358	388	256,150	6,539,692
Less Accumulated depreciation	-	(676,539)	(726,460)	(188)	-	(1,403,187)
Net book amount	1,014,097	3,314,160	551,898	200	256,150	5,136,505

## 17. Intangible assets, net

(Unit: Baht'000)

	Consolidated			
	Computer software	Patent	Work in process	Total
<b>As at 1 January 2016</b>				
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
<b>For the year ended 31 December 2016</b>				
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
<b>As at 31 December 2016</b>				
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
<b>For the year ended 31 December 2017</b>				
Opening net book amount	449,008	1,964	15,701	466,673
Additions	28,374	-	52,052	80,426
Disposals	(6)	-	-	(6)
Amortisation charge	(119,850)	(385)	-	(120,235)
Transfer	33,746	-	(33,746)	-
Closing net book amount	391,272	1,579	34,007	426,858
<b>As at 31 December 2017</b>				
Cost	1,519,025	2,867	34,007	1,555,899
<u>Less</u> Accumulated amortisation	(1,127,753)	(1,288)	-	(1,129,041)
Net book amount	391,272	1,579	34,007	426,858

(Unit: Baht'000)

	SET			
	Computer software	Patent	Work in process	Total
<b>As at 1 January 2016</b>				
Cost	1,328,144	1,958	2,415	1,332,517
<u>Less</u> Accumulated amortisation	<u>(827,808)</u>	<u>(263)</u>	<u>-</u>	<u>(828,071)</u>
Net book amount	<u>500,336</u>	<u>1,695</u>	<u>2,415</u>	<u>504,446</u>
<b>For the year ended 31 December 2016</b>				
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	<u>448,262</u>	<u>1,478</u>	<u>15,701</u>	<u>465,441</u>
<b>As at 31 December 2016</b>				
Cost	1,386,117	2,006	15,701	1,403,824
<u>Less</u> Accumulated amortisation	<u>(937,855)</u>	<u>(528)</u>	<u>-</u>	<u>(938,383)</u>
Net book amount	<u>448,262</u>	<u>1,478</u>	<u>15,701</u>	<u>465,441</u>
<b>For the year ended 31 December 2017</b>				
Opening net book amount	448,262	1,478	15,701	465,441
Additions	28,374	-	52,052	80,426
Disposals	(6)	-	-	(6)
Amortisation charge	(119,659)	(262)	-	(119,921)
Transfer	33,746	-	(33,746)	-
Closing net book amount	<u>390,717</u>	<u>1,216</u>	<u>34,007</u>	<u>425,940</u>
<b>As at 31 December 2017</b>				
Cost	1,440,305	2,006	34,007	1,476,318
<u>Less</u> Accumulated amortisation	<u>(1,049,588)</u>	<u>(790)</u>	<u>-</u>	<u>(1,050,378)</u>
Net book amount	<u>390,717</u>	<u>1,216</u>	<u>34,007</u>	<u>425,940</u>

## 18. Assets for margin deposits and benefits

Thailand Clearing House Co., Ltd. (TCH) is the clearing house for derivatives market. Members of TCH who have outstanding positions are obliged to place the required margin deposits as a guarantee according to the rate or amount called by TCH. TCH may invest

the margin proceeds according to specified terms and conditions. The benefits, after deducting management fees, shall be distributed to members at the announced rates and procedures.



As at 31 December 2017 and 2016, the details of investments for which margin deposits were placed by members amounting to Baht 13,397.89 million and Baht 10,159.97 million, respectively are as follows:

(Unit: Baht'000)

	Consolidated	
	2017	2016
Savings and fixed deposit accounts	12,853,973	9,598,086
Savings account in foreign currency	488,319	519,744
Accrued benefits	55,593	42,138
	<u>13,397,885</u>	<u>10,159,968</u>

As at 31 December 2017, savings account in foreign currency of USD 15.02 million (2016: USD 14.57 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.

## 19. Assets for clearing system protection and benefits

The assets for clearing system protection are established to secure the clearing system of Thailand Clearing House Co., Ltd. (TCH) against any damage caused by defaults by members or other incidents.

Assets for clearing system protection comprise of 2 categories as the following:

### 19.1 Securities Deposit

Members of TCH are required to place a Securities Deposit according to the announcement made by TCH (the current Securities Deposit for members, who are allowed to clear all types of derivatives, is not less than

Baht 5 million and for only one type of derivatives is not less than Baht 4 million). TCH will invest the proceeds from the Securities Deposit and return any benefits derived from the Securities Deposit, after deducting management fees, to members in accordance with the announced rates and procedures. Assets held as Securities Deposit will be returned to members after their membership is terminated.

### 19.2 Clearing fund contributions comprising contributions from:

- (1) The SET amounting to 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, are 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 2017 and 2016, assets for clearing system protection and benefits consist of:

(Unit: Baht'000)

	Consolidated					
	Securities Deposit and benefits		Clearing fund and benefits		Total	
	2017	2016	2017	2016	2017	2016
Investments managed by TCH	753,295	656,832	-	-	753,295	656,832
Investments managed by private fund						
Savings accounts	698	1,023	846	511	1,544	1,534
Trading Securities	200,595	221,543	926,700	830,540	1,127,295	1,052,083
	954,588	879,398	927,546	831,051	1,882,134	1,710,449
Accrued interest receivable	639	794	2,259	2,603	2,898	3,397
Other assets	74	61	17,291	7,453	17,365	7,514
	955,301	880,253	947,096	841,107	1,902,397	1,721,360

(Unit: Baht'000)

	SET	
	2017	2016
<b>Clearing fund and benefits</b>		
Contributions	100,000	100,000
Benefits	42,510	40,043
	142,510	140,043

### Investments managed by TCH

For the year ended 31 December 2017, savings accounts carried interest at rates ranging from 0.375% - 1.00% per annum (2016: from 0.25% - 1.00% per annum).

### Investments managed by private fund

Investments in private fund are managed by 1 asset management company (2016: 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 2017, the investment in private fund have return rates ranging from 2.02% - 2.04% per annum (2016: from 1.54% - 1.60% per annum).

As at 31 December 2017 and 2016, assets for clearing system protection and benefits payable consist of:

(Unit: Baht'000)		
	Consolidated	
	2017	2016
<b>Securities Deposit and benefits</b>		
Contributions	951,220	877,000
Benefits (semi-annually distribute to members)	4,081	3,283
	<u>955,301</u>	<u>880,283</u>
<b>Clearing fund and benefits</b>		
Contributions	699,554	608,834
Benefits	105,032	92,200
	<u>804,586</u>	<u>701,034</u>
	<u>1,759,887</u>	<u>1,581,317</u>

## 20. Reserve Fund for clearing and settlement

Reserve Fund for clearing and settlement from SET established as a source of funds for clearing house to compensate for any damage that may result from default or damages that may be caused by the actions of members in the business relating to the settlement and delivery of securities of the clearing house.

On 14 January 2015 and 27 April 2016, the Board of Directors approved an appropriation of reserve fund

for clearing and settlement in the approximately Baht 5,690 million during 2016–2020 for compliance with the standard of clearing house set by the Overseas Securities Regulator and for enhance competitiveness and support future business expansion. As at 31 December 2017, the reserve fund for clearing and settlement was Baht 5,124.32 million.

As at 31 December 2017 and 2016, reserve fund for clearing and settlement consist of:

(Unit: Baht'000)		
	Consolidated	
	2017	2016
<b>Investments managed by private fund</b>		
Savings accounts	1,165	-
Trading Securities	5,110,622	-
	<u>5,110,787</u>	<u>-</u>
Accrued interest income	11,710	-
Other assets	823	-
	<u>5,124,320</u>	<u>-</u>

Investments in private fund are managed by 2 asset management companies.

The investment 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 2017, the investments in private fund have return rates ranging from 1.53% – 1.68% per annum.

## 21. Deferred income taxes

Statement of financial position shows the balance as follows:

	(Unit: Baht'000)			
	Consolidated		SET	
	2017	2016	2017	2016
As at 31 December				
Deferred tax assets	2,356	2,322	-	-
Deferred tax liabilities	(85,135)	(44,684)	(83,807)	(44,684)
Deferred tax, net	(82,779)	(42,362)	(83,807)	(44,684)

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

### Deferred tax asset:

	(Unit: Baht'000)			
	Consolidated		SET	
	2017	2016	2017	2016
Opening balance	55,527	2,026	53,481	-
Tax charged/(credited) to revenues over expenses	4,817	53,501	4,507	53,481
Tax charged/(credited) relation to components of other comprehensive revenues and expenses	29,445	-	29,445	-
Closing balance	89,789	55,527	87,433	53,481

### Deferred tax liabilities:

	(Unit: Baht'000)			
	Consolidated		SET	
	2017	2016	2017	2016
Opening balance	97,889	1,191	98,165	-
Tax charged/(credited) to revenues over expenses	7,143	(684)	5,539	783
Tax charged/(credited) relation to components of other comprehensive revenues and expenses	67,536	97,382	67,536	97,382
Closing balance	172,568	97,889	171,240	98,165
<b>Deferred tax asset (liabilities), net</b>	<b>(82,779)</b>	<b>(42,362)</b>	<b>(83,807)</b>	<b>(44,684)</b>

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
<b>Deferred tax assets</b>				
At 1 January 2016	2,026	-	-	2,026
Tax charged/(credited) to revenues over expenses	1,005	4,844	47,652	53,501
At 31 December 2016	3,031	4,844	47,652	55,527
Tax charged/(credited) to revenues over expenses	(5)	383	4,439	4,817
Tax charged/(credited) to components of other comprehensive revenues and expenses	-	-	29,445	29,445
At 31 December 2017	3,026	5,227	81,536	89,789

(Unit: Baht'000)

	SET			
	Allowance for doubtful accounts	Provision for annual leave	Provision for employee benefits	Total
<b>Deferred tax assets</b>				
At 1 January 2016	-	-	-	-
Tax charged/(credited) to revenues over expenses	1,005	4,824	47,652	53,481
At 31 December 2016	1,005	4,824	47,652	53,481
Tax charged/(credited) to revenues over expenses	-	359	4,148	4,507
Tax charged/(credited) to components of other comprehensive revenues and expenses	-	-	29,445	29,445
At 31 December 2017	1,005	5,183	81,245	87,433

(Unit: Baht'000)

	Consolidated		
	Unrealised gain on revaluation of available-for-sale securities	Unrealised gain on revaluation of trading securities	Total
<b>Deferred tax liabilities</b>			
At 1 January 2016	-	1,191	1,191
Tax charged/(credited) to revenues over expenses	-	(684)	(684)
Tax charged/(credited) to components of other comprehensive revenues over expenses	97,382	-	97,382
At 31 December 2016	97,382	507	97,889
Tax charged/(credited) to revenues over expenses	-	7,143	7,143
Tax charged/(credited) to components of other comprehensive revenues over expenses	67,536	-	67,536
At 31 December 2017	164,918	7,650	172,568

(Unit: Baht'000)

	SET		
	Unrealised gain on revaluation of available-for-sale securities	Unrealised gain on revaluation of trading securities	Total
<b>Deferred tax liabilities</b>			
At 1 January 2016	-	-	-
Tax charged/(credited) to revenues over expenses	-	783	783
Tax charged/(credited) to components of other comprehensive revenues over expenses	97,382	-	97,382
At 31 December 2016	97,382	783	98,165
Tax charged/(credited) to revenues over expenses	-	5,539	5,539
Tax charged/(credited) to components of other comprehensive revenues over expenses	67,536	-	67,536
At 31 December 2017	164,918	6,322	171,240

## 22. Accounts payable and accrued expenses

(Unit: Baht'000)

	Note	Consolidated		SET	
		2017	2016	2017	2016
<b>Accounts payable</b>					
Subsidiaries	8	-	-	755	139
Joint venture entity	8	32	81	32	81
Other parties		103,739	87,268	103,239	83,296
		103,771	87,349	104,026	83,516
<b>Accrued expenses</b>					
Subsidiaries	8	-	-	17,669	5,914
Joint venture entity	8	16,450	9,340	16,450	8,740
Other parties		907,392	934,814	875,983	917,335
		923,842	944,154	910,102	931,989
		1,027,613	1,031,503	1,014,128	1,015,505

## 23. Other current liabilities

(Unit: Baht'000)

	Consolidated		SET	
	2017	2016	2017	2016
Dividend payable from registrar services to shareholders	78,151	72,942	-	-
Financial benefits payable	67,683	65,775	-	-
Other retention payables	32,931	35,728	32,928	35,724
Provision for employee benefits from accumulated annual leave	26,139	24,223	25,917	24,121
Withholding tax payable	25,703	33,305	9,638	10,938
Other payable from purchase of investments	20,088	-	20,088	-
Value added tax payable	14,256	18,924	5,967	18,921
Ngoen-Thong-khong-Mee-Kha Fund	11,576	11,570	11,576	11,570
Current portion of provision for employee benefits (Note 24)	6,360	-	4,908	-
Thai Stock Market Flood Relief Fund	-	36,775	-	36,775
Others	18,238	18,079	13,578	12,781
	301,125	317,321	124,600	150,830

## 24. Provision for employee benefits

(Unit: Baht'000)

	Consolidated		SET	
	2017	2016	2017	2016
<b>Statement of financial position</b>				
<b>Provision to be settled within 1 year</b>				
Retirement benefits (Note 23)	6,360	-	4,908	-
	6,360	-	4,908	-
<b>Provision to be settled after more than 1 year</b>				
Retirement benefits	372,705	207,353	372,705	207,353
Other benefits	28,613	30,910	28,613	30,910
	401,318	238,263	401,318	238,263
	407,678	238,263	406,226	238,263

(Unit: Baht'000)

	Consolidated		SET	
	2017	2016	2017	2016
<b>Expenses charge included in the statement of revenues and expenses</b>				
Retirement benefits	24,965	23,598	23,033	23,598
Other benefits	257	2,978	257	2,978
	25,222	26,576	23,290	26,576

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

(Unit: Baht'000)

	Consolidated		SET	
	2017	2016	2017	2016
Present value of obligations				
Retirement benefits	379,065	207,353	377,613	207,353
Other benefits	28,613	30,910	28,613	30,910
Liabilities in the statement of financial position	407,678	238,263	406,226	238,263

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

(Unit: Baht'000)

	Consolidated		SET	
	2017	2016	2017	2016
At 1 January	238,263	222,459	238,263	222,459
Current service costs	19,659	18,727	17,734	18,727
Interest costs	8,498	7,849	8,491	7,849
Loss from remeasurements of other benefits	(2,935)	-	(2,935)	-
Remeasurements:				
(Gain)/loss from change in demographic assumptions	9,559	-	9,559	-
(Gain)/loss from change in financial assumptions	93,582	-	93,582	-
Experience (gain)/loss	44,086	-	44,086	-
	410,712	249,035	408,780	249,035
Less Benefits paid	(3,034)	(10,772)	(2,554)	(10,772)
At 31 December	407,678	238,263	406,226	238,263
Less Current portion (Note 23)	(6,360)	-	(4,908)	-
Total non-current portion	401,318	238,263	401,318	238,263

For the years ended 31 December 2017 and 2016 the amounts recognised in the statement of comprehensive revenues and expense are as follows:

(Unit: Baht'000)

	Consolidated		SET	
	2017	2016	2017	2016
Current service costs	19,659	18,727	17,734	18,727
Interest costs	8,498	7,849	8,491	7,849
Loss from remeasurements of other benefits	(2,935)	-	(2,935)	-
	25,222	26,576	23,290	26,576



For the years ended 31 December 2017 and 2016, the principal actuarial assumptions used were as follows:

	2017	2016
Discount rate as of 31 December	2.75%	3.60%
Salary increase rate – permanent employees	6.5%	5.00% – 10.00%
Salary increase rate – contract employees	6.5%	4.50%
Average turnover rate	0.00% – 13.00%	0.00% – 13.00%
Pre-retirement mortality rate	75% of TMO2017	TMO2008
Retirement age	60 years old	60 years old

	Impact on defined benefit obligation					
	Change in assumption		Increase in assumption		Decrease in assumption	
	2017	2016	2017	2016	2017	2016
Discount rate	1 %	1 %	Decrease by 12%	Decrease by 11%	Increase by 13%	Increase by 13%
Salary growth rate	1 %	1 %	Increase by 14%	Increase by 15%	Decrease by 12%	Decrease by 13%
Turnover growth rate	20 %	20 %	Decrease by 5%	Decrease by 8%	Increase by 6%	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 20 years (2016: 22 years).

Expected maturity analysis of undiscounted retirement and other benefits:

(Unit: Baht'000)

	Consolidated			
	Within a year	1-5 years	Over 5 years	Total
At 31 December 2017				
Retirement benefits	5,970	34,249	508,512	548,731
Other benefits	2,484	11,288	20,038	33,810
Total	8,454	45,537	528,550	582,541

(Unit: Baht'000)

	SET			
	Within a year	1-5 years	Over 5 years	Total
At 31 December 2017				
Retirement benefits	5,970	34,167	506,414	546,551
Other benefits	2,484	11,288	20,038	33,810
Total	8,454	45,455	526,452	580,361

(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

## 25. Fund balances

The statement of change in the fund for the years ended 31 December 2017 and 2016 presented as part of the consolidated and entity's financial statements as follows:

(Unit: Baht'000)

	Note	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 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	26	-	-	-	1,748	11,124	764	1,745,634	1,759,270
Closing balance at 31 December 2016		4,540,000	300,000	100,000	109,540	450,393	54,040	19,455,925	25,009,898
Opening balance at 1 January 2017		4,540,000	300,000	100,000	109,540	450,393	54,040	19,455,925	25,009,898
Appropriation of general fund		200,000	-	-	-	-	-	(200,000)	-
Other comprehensive revenues and expenses, net of tax		-	-	-	-	-	-	(118,479)	(118,479)
Revenues over expenses	26	-	-	-	1,130	9,215	622	1,821,622	1,832,589
Closing balance at 31 December 2017		4,740,000	300,000	100,000	110,670	459,608	54,662	20,959,068	26,724,008

(Unit: Baht'000)

SET							
	Note	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 2016		2,500,000	300,000	100,000	107,792	439,269	18,706,211
Appropriation of general fund		2,040,000	-	-	-	-	(2,040,000)
Revenues over expenses	26	-	-	-	1,748	11,124	1,536,252
<b>Closing balance at 31 December 2016</b>		<b>4,540,000</b>	<b>300,000</b>	<b>100,000</b>	<b>109,540</b>	<b>450,393</b>	<b>18,202,463</b>
Opening balance at 1 January 2017		4,540,000	300,000	100,000	109,540	450,393	18,202,463
Appropriation of general fund		200,000	-	-	-	-	(200,000)
Other comprehensive revenues and expenses, net of tax		-	-	-	-	-	(117,782)
Revenues over expenses	26	-	-	-	1,130	9,215	1,413,192
<b>Closing balance at 31 December 2017</b>		<b>4,740,000</b>	<b>300,000</b>	<b>100,000</b>	<b>110,670</b>	<b>459,608</b>	<b>19,297,873</b>

Details of fund balances are as follows:

### Securities Clearing Reserve Fund

In 1997, 2013, 2016 and 2017 the Board of Governors of the SET approved an appropriation of general funds of Baht 2,000 million, Baht 500 million, Baht 2,040 million and Baht 200 million, respectively, totalling Baht 4,740 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 2017, there were 34 SIPF members from securities companies (2016: 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	
	2017	2016
<b>Assets</b>		
<b>Current assets</b>		
Cash deposits and short-term investments	390,411	444,204
Accrued interest receivable	4,257	5,791
Other current asset	412	203
<b>Total current assets</b>	<b>395,080</b>	<b>450,198</b>
<b>Non-current assets</b>		
Long-term investments	394,630	301,334
<b>Total non-current assets</b>	<b>394,630</b>	<b>301,334</b>
<b>Total assets</b>	<b>789,710</b>	<b>751,532</b>
<b>Liabilities and fund balances</b>		
<b>Liabilities of members portion</b>		
Contributions from members	218,926	213,494
Benefits on contributions from members	94,449	80,380
<b>Total of members portion</b>	<b>313,375</b>	<b>293,874</b>
Deferred tax liabilities	5,504	2,392
<b>Total liabilities</b>	<b>318,879</b>	<b>296,266</b>
<b>Fund balances</b>		
Initial fund	300,000	300,000
Benefits on contributions from SET	170,831	155,266
<b>Total fund balances</b>	<b>470,831</b>	<b>455,266</b>
<b>Total liabilities and fund balances</b>	<b>789,710</b>	<b>751,532</b>

The SIPF's statement of comprehensive revenues and expenses for the years ended 31 December 2017 and 2016 are presented in Note 26 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 2017, there were 37 DIPF members from security companies (2016: 41 DIPF members).

Assets of the DIPF consist of the Company's initial capital, admission fees and contributions collected from members of the DIPF, and yields or benefits obtained from the proceeds and assets of the DIPF after the deduction of expenses for the operation of the DIPF. At the time of its establishment, the DIPF will have assets worth no less than Baht 100 million, which consists of initial capital of 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 's financial statements are as follows:

(Unit: Baht'000)		
	Consolidated	
	2017	2016
<b>Assets</b>		
<b>Current assets</b>		
Cash deposits and short-term investments	74,039	73,653
Contributions from members	599	460
Accrued interest receivable	629	555
<b>Total current assets</b>	<b>75,267</b>	<b>74,668</b>
<b>Non-current assets</b>		
Long-term investments	16,219	8,207
<b>Total current assets</b>	<b>16,219</b>	<b>8,207</b>
<b>Total assets</b>	<b>91,486</b>	<b>82,875</b>
<b>Liabilities and fund balances</b>		
<b>Current liabilities</b>		
Income tax payable	234	257
<b>Total current liabilities</b>	<b>234</b>	<b>257</b>
<b>Non-current liabilities</b>		
Contributions from members	35,243	27,600
Benefits on contributions from members	1,347	978
<b>Total non-current liabilities</b>	<b>36,590</b>	<b>28,578</b>
<b>Total liabilities</b>	<b>36,824</b>	<b>28,835</b>
<b>Fund balances</b>		
Initial fund	50,000	50,000
Benefits on contributions from TFEX	4,662	4,040
<b>Total fund balances</b>	<b>54,662</b>	<b>54,040</b>
<b>Total liabilities and fund balances</b>	<b>91,486</b>	<b>82,875</b>

The DIPF's statement of comprehensive revenues and expenses for the years ended 31 December 2017 and 2016 are presented in Note 26 to the financial statements "Results of fund operations".

## 26. Results of fund operations

Details of the results of fund operations which are included as part of the consolidated and the entity's statement of comprehensive revenues and expenses are as follows:

(Unit: Baht'000)

	Consolidated				
	Staff Welfare Fund	Securities Investor Protection Fund (SET's portion)	Derivatives Investor Protection Fund (TFEX's portion)	General Fund	Total
<b>For the year ended 31 December 2017</b>					
<b>Revenues</b>					
Operating revenues	-	-	-	5,006,640	5,006,640
Investment income, net	1,130	11,657	888	1,043,889	1,057,564
Other income	-	-	-	313,753	313,753
<b>Total revenues</b>	<b>1,130</b>	<b>11,657</b>	<b>888</b>	<b>6,364,282</b>	<b>6,377,957</b>
<b>Expenses</b>					
Operating expenses	-	138	111	3,817,856	3,818,105
Contributions to the Stock Exchange of Thailand Foundation	-	-	-	221,075	221,075
Income tax expense	-	2,304	155	503,729	506,188
<b>Total expenses</b>	<b>-</b>	<b>2,442</b>	<b>266</b>	<b>4,542,660</b>	<b>4,545,368</b>
<b>Revenues over expenses</b>	<b>1,130</b>	<b>9,215</b>	<b>622</b>	<b>1,821,622</b>	<b>1,832,589</b>
<b>Other comprehensive revenues and expense</b>					
Items that will be reclassified subsequently to revenues and expenses					
Share of profit of investments in associates	-	-	-	53	53
Change in value of available-for-sale investments managed by SET	-	-	-	322,123	322,123
Change in value of available-for-sale investments from Securities Investor Protection Fund	-	9,462	-	-	9,462
Income tax relating to items that will be reclassified subsequently to revenues and expenses	-	(3,112)	-	(65,452)	(68,564)
<b>Total items that will be reclassified subsequently to revenues and expenses</b>	<b>-</b>	<b>6,350</b>	<b>-</b>	<b>256,724</b>	<b>263,074</b>
Items that will not be reclassified subsequently to revenues and expenses					
Remeasurements of post-employment benefits obligations	-	-	-	(147,924)	(147,924)
Income tax relating to items that will not be reclassified subsequently to revenues and expenses	-	-	-	29,445	29,445
<b>Total items that will not be reclassified to revenues and expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(118,479)</b>	<b>(118,479)</b>
<b>Total comprehensive revenues and expenses</b>	<b>1,130</b>	<b>15,565</b>	<b>622</b>	<b>1,959,867</b>	<b>1,977,184</b>



(Unit: Baht'000)

	Consolidated				
	Staff Welfare Fund	Securities Investor Protection Fund (SET's portion)	Derivatives Investor Protection Fund (TFEX's portion)	General Fund	Total
<b>For the year ended 31 December 2016</b>					
<b>Revenues</b>					
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
<b>Total revenues</b>	<b>1,748</b>	<b>12,059</b>	<b>1,042</b>	<b>6,071,097</b>	<b>6,085,946</b>
<b>Expenses</b>					
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	230,614	231,652
<b>Total expenses</b>	<b>-</b>	<b>935</b>	<b>278</b>	<b>4,325,463</b>	<b>4,326,676</b>
<b>Revenues over expenses</b>	<b>1,748</b>	<b>11,124</b>	<b>764</b>	<b>1,745,634</b>	<b>1,759,270</b>
<b>Other comprehensive revenues and expense</b>					
Items that will be reclassified subsequently to revenues and expenses					
Share of profit of 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	-	(2,392)	-	(94,988)	(97,380)
<b>Total items that will be reclassified subsequently to revenues and expenses</b>	<b>-</b>	<b>2,207</b>	<b>-</b>	<b>246,691</b>	<b>248,898</b>
Items that will not be reclassified subsequently to revenues and expenses					
Remeasurements of post-employment benefits obligations	-	-	-	(61)	(61)
<b>Total items that will not be reclassified to revenues and expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(61)</b>	<b>(61)</b>
<b>Total comprehensive revenues and expenses</b>	<b>1,748</b>	<b>13,331</b>	<b>764</b>	<b>1,992,264</b>	<b>2,008,107</b>

(Unit: Baht'000)

	SET				
	Staff Welfare Fund	Securities Investor Protection Fund (SET's portion)	Derivatives Investor Protection Fund (TFEX's portion)	General Fund	Total
<b>For the year ended 31 December 2017</b>					
<b>Revenues</b>					
Operating revenues	-	-	-	2,281,975	2,281,975
Investment income, net	1,130	11,657	-	1,307,505	1,320,292
Other income	-	-	-	1,864,394	1,864,394
<b>Total revenues</b>	<b>1,130</b>	<b>11,657</b>	<b>-</b>	<b>5,453,874</b>	<b>5,466,661</b>
<b>Expenses</b>					
Operating expenses	-	138	-	3,484,583	3,484,721
Contributions to the Stock Exchange of Thailand Foundation	-	-	-	221,075	221,075
Income tax expense	-	2,304	-	335,024	337,328
<b>Total expenses</b>	<b>-</b>	<b>2,442</b>	<b>-</b>	<b>4,040,682</b>	<b>4,043,124</b>
<b>Revenues over expenses</b>	<b>1,130</b>	<b>9,215</b>	<b>-</b>	<b>1,413,192</b>	<b>1,423,537</b>
<b>Other comprehensive revenues and expense</b>					
Items that will be reclassified subsequently to revenues and expenses					
Change in value of available-for-sale investments managed by SET	-	-	-	322,123	322,123
Change in value of available-for-sale investments from Securities Investor Protection Fund	-	9,462	-	-	9,462
Income tax relating to items that will be reclassified subsequently to revenues and expenses	-	(3,112)	-	(64,424)	(67,536)
<b>Total items that will be reclassified subsequently to revenues and expenses</b>	<b>-</b>	<b>6,350</b>	<b>-</b>	<b>257,699</b>	<b>264,049</b>
Items that will not be reclassified subsequently to revenues and expenses					
Remeasurements of post-employment benefits obligations	-	-	-	(147,227)	(147,227)
Income tax relating to items that will not be reclassified subsequently to revenues and expenses	-	-	-	29,445	29,445
<b>Total items that will not be reclassified subsequently to revenues and expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(117,782)</b>	<b>(117,782)</b>
<b>Total comprehensive revenues and expenses</b>	<b>1,130</b>	<b>15,565</b>	<b>-</b>	<b>1,553,109</b>	<b>1,569,804</b>

(Unit: Baht'000)

	SET				
	Staff Welfare Fund	Securities Investor Protection Fund (SET's portion)	Derivatives Investor Protection Fund (TFEX's portion)	General Fund	Total
<b>For the year ended 31 December 2016</b>					
<b>Revenues</b>					
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
<b>Total revenues</b>	<b>1,748</b>	<b>12,059</b>	<b>-</b>	<b>5,404,446</b>	<b>5,418,253</b>
<b>Expenses</b>					
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	-	81,155	82,003
<b>Total expenses</b>	<b>-</b>	<b>935</b>	<b>-</b>	<b>3,868,194</b>	<b>3,869,129</b>
<b>Revenues over expenses</b>	<b>1,748</b>	<b>11,124</b>	<b>-</b>	<b>1,536,252</b>	<b>1,549,124</b>
<b>Other comprehensive revenues and expense</b>					
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
Income tax relating to items that will be reclassified subsequently to revenues and expenses	-	(2,392)	-	(94,990)	(97,382)
<b>Total items that will be reclassified subsequently to revenues and expenses</b>	<b>-</b>	<b>2,207</b>	<b>-</b>	<b>246,700</b>	<b>248,907</b>
Items that will not be reclassified subsequently to revenues and expenses					
Remeasurements of post-employment benefits obligations	-	-	-	-	-
<b>Total items that will not be reclassified subsequently to revenues and expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive revenues and expenses</b>	<b>1,748</b>	<b>13,331</b>	<b>-</b>	<b>1,782,952</b>	<b>1,798,031</b>

## 27. Operating revenues

(Unit: Baht'000)

	Consolidated		SET	
	2017	2016	2017	2016
Trading fees	1,554,446	1,649,855	1,222,775	1,281,627
Stock registrar fees	1,064,660	1,018,481	-	-
Listing fees	576,285	539,130	576,285	539,130
Clearing fees	480,707	497,657	-	-
Member services fees	426,339	508,537	-	-
Information service fees	342,501	340,012	297,635	290,530
Depository fees	321,834	290,297	-	-
Customisation and IT support fees	149,942	122,461	149,510	122,314
Membership fees	87,676	132,570	35,770	67,189
Fund services fees	2,250	-	-	-
	<u>5,006,640</u>	<u>5,099,000</u>	<u>2,281,975</u>	<u>2,300,790</u>

## 28. Investment income, net

(Unit: Baht'000)

	Notes	Consolidated		SET	
		2017	2016	2017	2016
Interest income		360,879	355,300	230,486	198,858
Less Interest expense					
Short-term borrowings from subsidiaries	8	-	-	(40,957)	(32,010)
Assets for clearing system protection – members' portion		(161,289)	(147,635)	-	-
Interest income, net		<u>199,590</u>	<u>207,665</u>	<u>189,529</u>	<u>166,848</u>
Dividend income from					
Mutual funds		207,821	376,095	207,821	376,095
Subsidiaries	13	-	-	278,294	377,317
Joint venture entity	14	-	-	4,555	8,497
Associates	14	-	-	9,446	31,487
Private fund		18	61	10	35
Other entities		7,805	29,231	7,805	29,231
Realised gain from investments		595,693	191,705	585,103	191,436
Unrealised gain (loss) from trading investments		12,912	(37,896)	4,892	(36,517)
Gain on exchange rate from foreign investments		10,262	-	10,262	-
Others		10,918	-	10,918	-
		<u>1,045,019</u>	<u>766,861</u>	<u>1,308,635</u>	<u>1,144,429</u>

## 29. Other income

(Unit: Baht'000)

	Consolidated		SET	
	2017	2016	2017	2016
Educational activities income	75,001	72,737	75,001	72,737
Revenues from marketing event	53,313	3,355	53,313	3,355
Gain on sales on assets	32,971	325	32,938	332
Revenues from fees and management funds	28,368	24,513	-	-
Service income (Note 8)	17,875	16,237	1,654,400	1,840,240
Rental & utilities revenue	16,692	12,524	16,692	12,524
Fines	14,126	21,198	10,929	13,094
Transfer rights of membership	10,000	1,200	10,000	-
Other income	31,257	29,064	11,121	18,693
	<u>279,603</u>	<u>181,153</u>	<u>1,864,394</u>	<u>1,960,975</u>

## 30. Employee benefit expenses

(Unit: Baht'000)

	Consolidated		SET	
	2017	2016	2017	2016
<b>Management</b>				
Salaries and other benefits	137,695	173,781	137,695	173,781
Contributions to provident fund	9,635	9,695	9,635	9,695
	<u>147,330</u>	<u>183,476</u>	<u>147,330</u>	<u>183,476</u>
<b>Other employees</b>				
Salaries and other benefits	1,355,769	1,219,853	1,316,637	1,210,988
Contributions to provident fund	65,987	62,445	63,670	61,869
	<u>1,421,756</u>	<u>1,282,298</u>	<u>1,380,307</u>	<u>1,272,857</u>
	<u>1,569,086</u>	<u>1,465,774</u>	<u>1,527,637</u>	<u>1,456,333</u>

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.

## 31. 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 2016, the Board of the SEC has approved to charge SET for the year 2017 – 2019 (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.

In 2017, the SET Board of Governors was resolved to cancel the additional fees as prescribed by the Office of the Securities and Exchange Commission in order to

comply with the Securities and Exchange Act (No. 5) BE 2559, effective from 12 December 2016.

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 2017 - 2019 is Baht 2 million per annum.

### 32. Other expenses

	(Unit: Baht'000)			
	Consolidated		SET	
	2017	2016	2017	2016
Fees and compensation expenses	86,757	75,958	116,276	75,838
Travelling and vehicle expenses	38,562	30,386	36,650	30,386
Contributions to capital market institutions	28,913	26,465	28,913	36,367
Institution membership fees	4,948	4,982	3,864	4,207
Meeting expenses	3,664	3,884	3,586	3,786
Entertainment expenses	1,896	2,052	1,895	2,127
Other expenses	14,608	9,070	8,350	8,121
	<u>179,348</u>	<u>152,797</u>	<u>199,534</u>	<u>160,832</u>

### 33. 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	
	2017	2016	2017	2016
<b>Current income tax</b>				
Current income tax	501,403	284,799	333,992	133,853
Total current income tax	<u>501,403</u>	<u>284,799</u>	<u>333,992</u>	<u>133,853</u>
<b>Deferred income tax</b>				
Origination and reversal of temporary differences	2,326	(54,185)	1,032	(52,698)
Total deferred income tax	<u>2,326</u>	<u>(54,185)</u>	<u>1,032</u>	<u>(52,698)</u>
Total income tax	<u>503,729</u>	<u>230,614</u>	<u>335,024</u>	<u>81,155</u>

The tax on the Group's revenues over expenses before tax differs from the theoretical amount that would arise using the Thailand basic tax rate as follows:

(Unit: Baht'000)				
	Consolidated		SET	
	2017	2016	2017	2016
Revenues over expenses before income tax expense	2,336,318	1,989,884	1,758,561	1,630,279
Tax calculated at a tax rate of 20% (2016: 20%)	467,264	397,977	351,712	326,056
Income not subject to tax	(74,260)	(307,019)	(74,260)	(306,424)
Expenses additional deductible for tax purposes	(2,995)	-	(2,995)	-
Expenses not deductible for tax purposes	64,058	63,748	62,410	63,748
Eliminated transaction between related party, net of income tax	51,629	78,285	-	-
Revenues over expenses – Securities/Derivatives				
Investor Protection Fund, net of income tax	(1,967)	(2,377)	(1,843)	(2,225)
Income tax	503,729	230,614	335,024	81,155

The weight average applicable tax rate was 21.56% (2016: 11.59%).

### 34. Commitments with non-related parties

(Unit: Baht'000)				
	Consolidated		SET	
	2017	2016	2017	2016
<b>Capital commitments</b>				
Buildings and other constructions	103,866	-	103,866	-
Computer and software	50,931	-	50,931	-
	154,797	-	154,797	-
<b>Non-cancellable operating lease commitments</b>				
Within one year	14,515	14,269	14,515	14,269
After one year but within five years	26,908	28,092	26,908	28,092
	41,423	42,361	41,423	42,361
<b>Land lease commitments</b>				
Within one year	-	15,679	-	15,679
After one year but within five years	-	62,716	-	62,716
Over five years	-	111,957	-	111,957
	-	190,352	-	190,352
<b>System and building maintenance commitments</b>				
Within one year	222,347	54,724	222,347	54,724
After one year but within five years	95,760	77,525	95,760	77,525
	318,107	132,249	318,107	132,249

## 35. Fair value

### 35.1 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 2017.

(Unit: Baht'000)

	Consolidated			
	2017			
	Level 1	Level 2	Level 3	Total
- Trading securities	-	9,589,519	-	9,589,519
- Available-for-sales	1,190,134	6,742,158	-	7,932,292
<b>Total</b>	<b>1,190,134</b>	<b>16,331,677</b>	<b>-</b>	<b>17,521,811</b>

(Unit: Baht'000)

	SET			
	2017			
	Level 1	Level 2	Level 3	Total
- Trading securities	-	3,351,602	-	3,351,602
- Available-for-sales	1,190,134	6,742,158	-	7,932,292
<b>Total</b>	<b>1,190,134</b>	<b>10,093,760</b>	<b>-</b>	<b>11,283,894</b>

The following table presents the Group's financial assets and liabilities that are not measured at fair value at 31 December 2017.

(Unit: Baht'000)

	Consolidated			
	2017			
	Level 1	Level 2	Level 3	Total
- Held-to-maturity debt securities	-	8,093,142	-	8,093,142
- General investments	-	10,047	12,361	22,408
<b>Total</b>	<b>-</b>	<b>8,103,189</b>	<b>12,361</b>	<b>8,115,550</b>



(Unit: Baht'000)

	SET			
	2017			
	Level 1	Level 2	Level 3	Total
- Held-to-maturity debt securities	-	2,218,202	-	2,218,202
- General investments	-	10,047	12,361	22,408
<b>Total</b>	-	<b>2,228,249</b>	<b>12,361</b>	<b>2,240,610</b>

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 repriced 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 and the New York Stock Exchange.

#### 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 one 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).

## 36. Contingent assets and contingent liabilities

### 36.1 Contingent assets

#### 36.1.1 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 2017, 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 2017 and 2016.

### 36.2 Contingent liabilities

#### 36.2.1 SET

36.2.1.1 As at 31 December 2017, the SET has letters of guarantee issued by banks totalling Baht 4.68 million (2016: 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 (2016: 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 2017, TCH had not drawn down the overdraft credit line.

36.2.1.2 On 26 December 2017, the SET was claimed to recourse for damages arising from non-supervising member company to force sell of the plaintiff's securities in accordance the rules specified. The plaintiff was seeking that alleged damages totalling Baht 12.65 million.

As at 31 December 2017, the case was in progress to file statement to the court. The outcome of the case had not been finalised. Therefore, the Group did not record any potential loss in the consolidated financial statements for the year ended 31 December 2017.

#### 36.2.2 Subsidiary

On 17 October 2017, the subsidiary was claimed to compensate for damages arising from the Company's service. The plaintiff was seeking that alleged damages totalling Baht 16.20 million.

As at 31 December 2017, the case was pending trial of the civil court. The outcome of the case had not been finalised. Therefore, the Group did not record any potential loss in the consolidated financial statements for the year ended 31 December 2017.

### 37. Financial instruments - Forward foreign exchange contracts

At 31 December 2017, the Company has financial instruments, which their latest settlement date of forward foreign exchange contracts will be on 28 February 2018. The amount of the outstanding contracts as at 31 December 2017 and 2016 to be paid are:

(Unit: Baht'000)

	Consolidated		SET	
	2017	2016	2017	2016
US Dollar currency	682,807	-	682,807	-

The net fair values of forward foreign exchange contracts at the balance sheets date were:

(Unit: Baht'000)

	Consolidated		SET	
	2017	2016	2017	2016
Forward foreign exchange contracts				
- with positive fair values	9,106	-	9,106	-

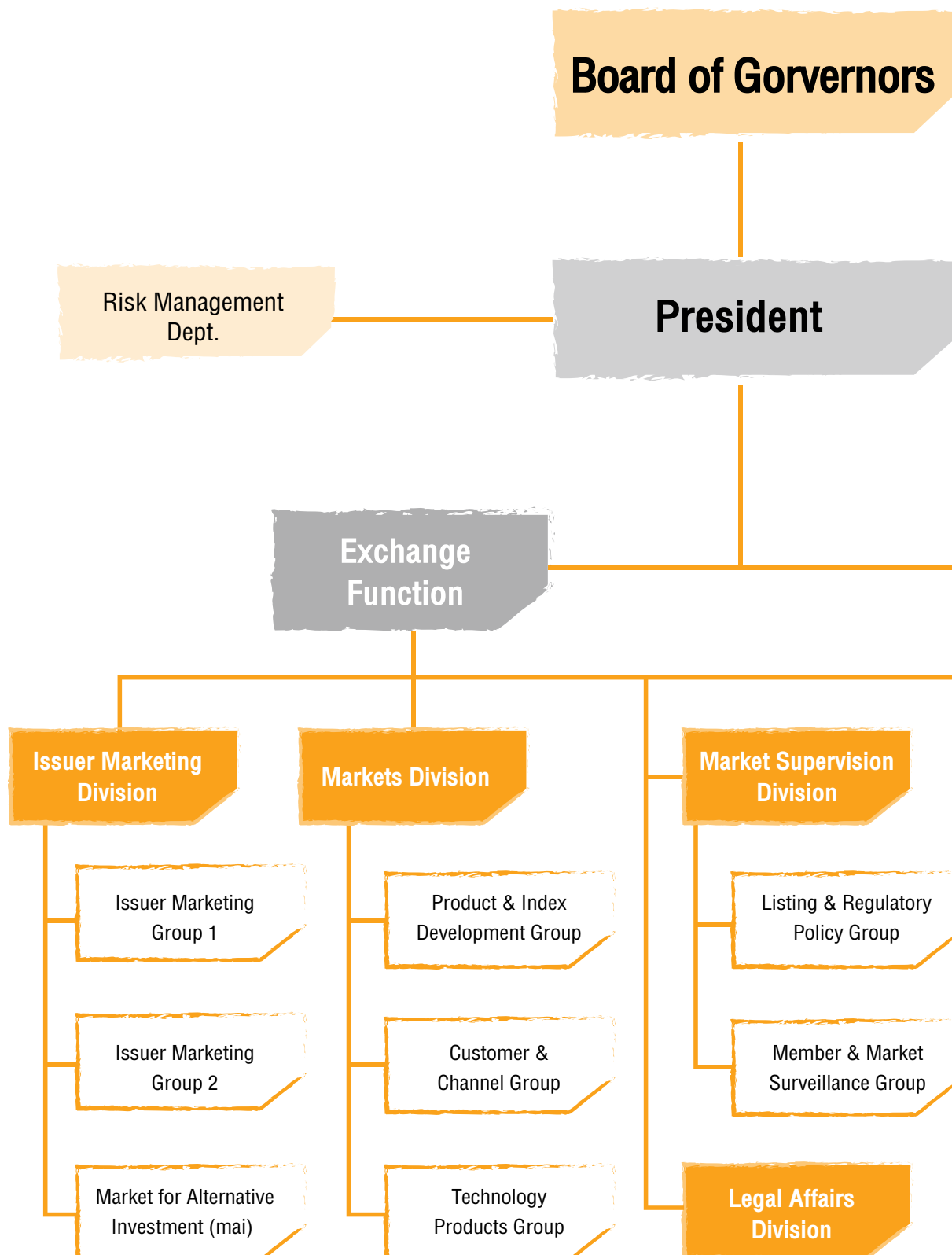
The fair value of forward foreign exchange contracts is in Level 2. They are measured based on foreign exchange rate comparing with Thai Baht announced by the Bank of Thailand which input that are observable.

# Cultivating *Innovation Culture*





# Organization Chart



**Audit Committee**

Internal Audit Dept.

**CMDF Function**

**IT Division**

IT Development Group

IT Operations Group

**Market Operations Division**

**Corporate Strategy Division**

**Finance & Investment Division**

**HR & Corporate Development Division**

**Corporate Services Division**

**Capital Market Education Division**

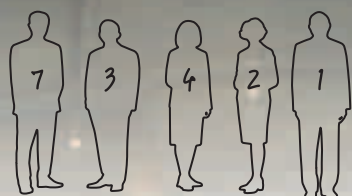
**Sustainable Development Division**

Sustainable Development Group

Social Development Group

**Capital Market Research Institute**

# Board of Governors



**1** Dr. Chaiyawat Wibulswasdi  
Chairman

**2** Pattera Dilokrunthirapop  
Vice Chairman





**3** Chaipatr Srivisarvacha  
Governor

**4** Jotika Savanananda  
Governor

**5** Professor  
Kitipong Uraepatanapong  
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

# Board of Governors

## Dr. Chaiyawat 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 2016	Independent Director and Chairman of the Audit Committee, Charoen Pokphand Foods Public Company Limited
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

### 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

## Pattera Dilokrunthirapop Vice Chairman

### Education

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

### Executive education

- Certificate, Director Certification Program, Thai Institute of Directors Association
- Certificate, Director Accreditation Program, Thai Institute of Directors Association
- Certificate, The Role of The Chairman Program, Thai Institute of Directors Association
- Certificate, Role of the Compensation Committee, Thai Institute of Directors Association
- Certificate, Corporate Governance for Capital Market Intermediaries, Thai Institute of Directors Association
- Certificate, Capital Market Academy Leadership Program, The Stock Exchange of Thailand

### Other current positions

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 2015	Member, Disciplinary Sub-committee, Thailand Futures Exchange Public Company Limited
Since 2015	Chairman, Disciplinary Sub-Committee, Thailand Clearing House Co., Ltd.
Since 2015	Director, TSFC Securities Public Company Limited.
Since 2013	Disciplinary of Personnel in Capital Market Industry Committee, The Securities and Exchange Commission, Thailand
Since 2010	Chairperson, Association of Thai Securities Companies (ASCO)
Since 2010	Director, Federation of Thailand Capital Market
Since 2001	Chief Executive Officer, DBS Vickers Securities (Thailand) Co., Ltd.

### Past experience

2011 – 2015	Vice Chairman, The Stock Exchange of Thailand
2014 – 2015	Chairman, Nomination and Corporate Governance Committee, The Stock Exchange of Thailand
2013 – 2015	Director, TRIS Rating Co., Ltd. and TRIS Corporation Limited
2007 – 2011	Director, Securities Analysts Association
2005 – 2008	Director, Thailand Securities Depository Co., Ltd.
2005 – 2008	Director, Settrade.com Co., Ltd.
1998 – 2001	Managing Director, SG Asia Credit Securities Co., Ltd.
1998 – 2001	Director, Asia Credit Finance PCL

## 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, The Role of The Chairman Program, 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 2007	Chief Executive Officer, Seamico Securities Public Company Limited

### 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, Advance Audit Committee Program, Thai Institute of Directors Association
- Certificate, Risk Management Committee Program, Thai Institute of Directors Association
- Certificate, Corporate Governance for Capital Market Intermediaries, Thai Institute of Directors Association
- 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 2017	Commission Member of Insurance Commission, Office of Insurance Commission
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

#### Past experience

Since 2014	Commission Member, Office of Insurance Commission
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 Uraepatanapong

### 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 2017	Member of the National Reform Council (Legal), as well as Chairman of the Revenue Code Re-enactment Committee
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, Energy Academy Program, Thailand Energy Academy
- 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 PCL
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 PCL
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, 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
- Certification, Institute of Business and Industrial Development Director Certification Program
- Certificate, Business Revolution and Innovation Network (BRIN), The Federation of Thai Industries
- Certificate, Top Executive Program in Commerce and Trade (TEPCoT)
- Certificate, Rule of Law and Development (RoLD) from Thailand Institute of Justice (TIJ)
- Certificate, Leadership Development Programme, NUS Business School, Executive Education from National University of Singapore
- Certificate Course in Good Governance for Medical Executives, King Prajadhipok's Institute and the Medical Council of Thailand
- Certificate, Capital Market Academy Leadership Program, The Stock Exchange of Thailand

#### Other current positions

Since 2016	Director, New Economy Academy (NEA)
Since 2016	Director, Sinwattana Phoenixit Crowdfunding
Since 2016	Director, Foundation for a Clean and Transparent Thailand (FaCT)
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
- Honorary Doctorate of Business Administration, Rajamangala University of Technology Isan
- 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, Advance Audit Committee Program, Thai Institute of Directors Association
- 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, Leadership Development Program (Class 3), Thai Listed Companies Association and International Institute for Management Development
- 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
2012-2014	President of the Lay Judge (Batch 24), The Central Labour Court
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, Thai Institute of Directors Association
- The National Defence College (Class 2007)
- Certificate, Advance Audit Committee Program, Thai Institute of Directors Association
- Certificate, Directors Certification Program, Thai Institute of Directors Association
- Certificate, Directors Accreditation Program, Thai Institute of Directors Association
- Certificate, Financial Executive Seminar, Bangkok (FINEXIV)
- Certificate, Capital Market Academy Leadership Program, The Stock Exchange of Thailand

#### Other current positions

Since 1 Nov 2017	Member, The Monetary Policy Committee, Bank of Thailand
Since 28 Sep 2017	Member, National Strategy Committee
Since 1 Jun 2017	Country Chairman (Thailand), Jardine Matheson (Thailand) Co., Ltd
Since 21 Feb 2017	Independent Director, member of Audit Committee, Member of Risk Management Committee and Member of Nomination and Remuneration Committee, THAI WAH Public Company Limited
Since 2014	Member of the Audit Committee and Member of the Corporate Governance and Social Responsibilities Committee, The Stock Exchange of Thailand

#### Past experience

2017	Director, Oriental Hotel (Thailand) Public Company Limited
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, Corporate Governance for Capital Market Intermediaries, Thai Institute of Directors Association
- 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

Since 2017	Chairman of Executive Board, BBL Asset Management Co., Ltd.
Since 2016	Member, Nomination and Remuneration Committee, The Stock Exchange of Thailand
Since 2016	Member, Risk Management Committee, The Stock Exchange of Thailand
Since 2015	Member, The Capital Market Development Committee, Ministry of Finance
Since 2014	Chairman, Association of Investment Management Companies
Since 2014	Chairman, Federation of Thai Capital Market Organizations
Since 2013	Director, Bangkok Mass Transit System Public Company Limited

#### 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 Sasir (Chulalongkorn University) and Kellogg School of Management (Northwestern University)
- Certification, Director Certification Program, Thai Institute of Directors Association
- Certificate, Capital Market Academy Leadership Program,

#### Other current positions

Since 2017	Director, Management System Certification Institution (Thailand)
Since 2017	Chairman, Finnet Innovation Network Co., Ltd.
Since 2017	Chairman, Live Fin Corp Co. Ltd.
Since 2016	Director, World Federation of Exchanges (WFE)
Since 2016	Honorary Member, Thammasat University Council Committee
Since 2016	Director, Economics Faculty, Thammasat University
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 Sasir Graduate Institute of Business Administration, Chulalongkorn University
Since 2014	Vice Chairman, Thailand Futures Exchange Public Company Limited
Since 2014	Chairman of SET subsidiaries: <ul style="list-style-type: none"> <li>• Thailand Securities Depository Co., Ltd.</li> <li>• Settrade.com Co., Ltd.</li> <li>• Thailand Clearing House Co., Ltd.</li> <li>• Thai NVDR Co., Ltd.</li> <li>• Thai Trust Fund Management Co., Ltd.</li> </ul>

#### Past experience

2014-2017	Chairman of Siam DR Co., Ltd.
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	Honorary Doctor of Liberal Arts in Finance and Banking, Kasem Bundit University
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 80th Anniversary
2013	Outstanding Alumni Award, Faculty of Economics, Thammasat University



## SET Executives



ตลาดหลักทรัพย์แห่งประเทศไทย  
The Stock Exchange of Thailand



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

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



**Kesara Manthusree**  
President



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



**Dr. Rinjai Chakornpipat**  
Senior Executive Vice President  
Head of Markets Division  
and Managing Director of Thailand  
Futures Exchange PCL (TFEX)

As of January 31, 2018

# SET Executives



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

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

**3 Pannaporn Sapsomboon**  
Executive Vice President  
Information Technology Division

**4 Pannavadee Ladavalya Na Ayudhya**  
Executive Vice President  
Head of Corporate Services Division and Head of  
Human Resources & Corporate Development Division

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

**6 Rongrak Phanapavudhikul**  
Executive Vice President  
Head of Legal Affairs Division

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





**8 Chirathep Senivongs**  
Executive Vice President  
Corporate Strategy Division

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

**10 Paveena Sriphothong**  
Executive Vice President  
Head of Market Supervision Division

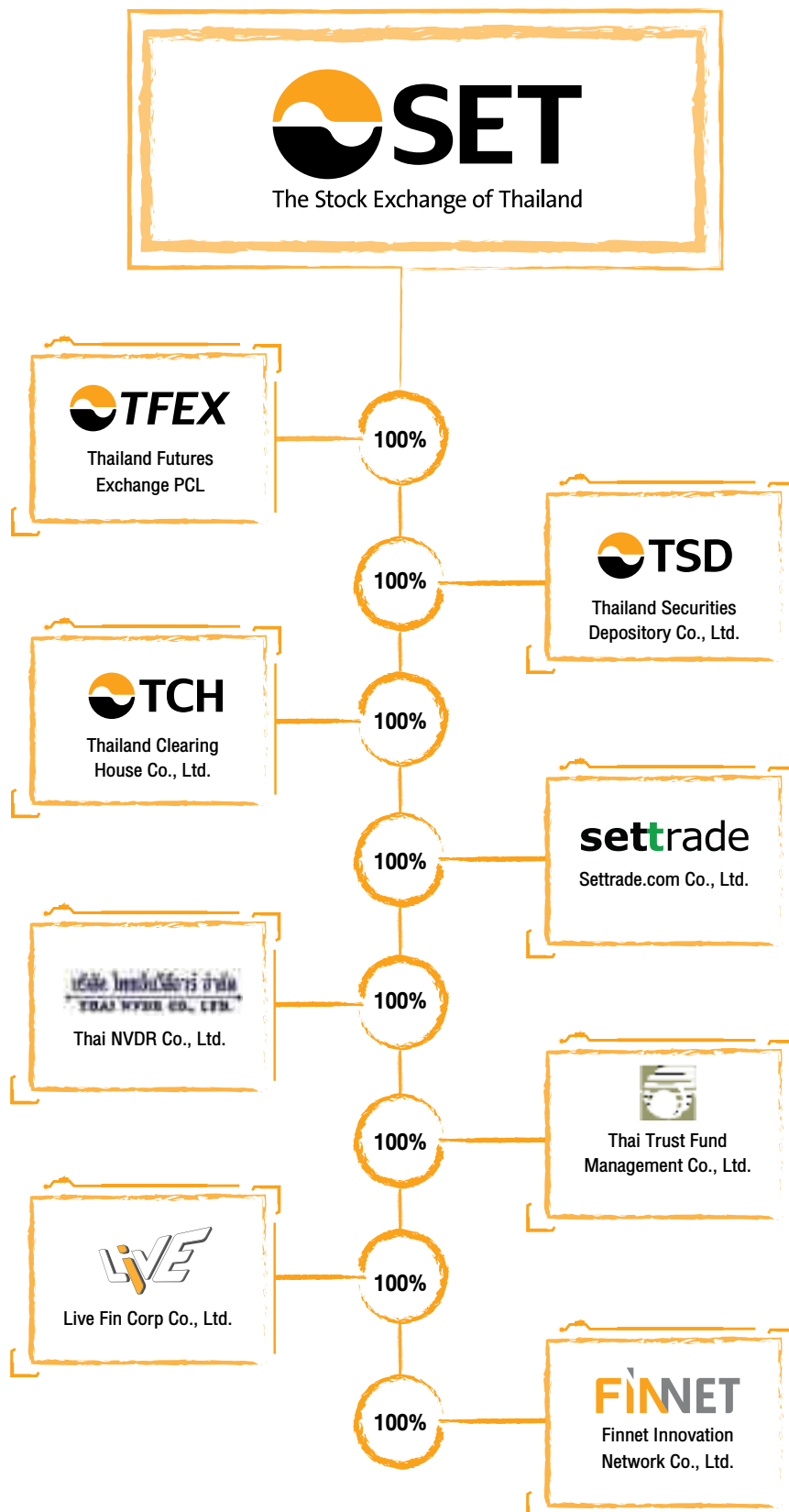
**11 Paythai Petcharat**  
Executive Vice President  
Head of IT Development Group

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

**13 Rungtip Charoenvisuthiwong**  
Executive Vice President  
Head of Issuer Marketing Group 2

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

## Shareholding Structure



# Subsidiaries

## Thailand Futures Exchange PCL

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 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 settlement 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.

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

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.

### 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

### 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.

## 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.

### Board of Directors

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

### 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.

## Thai NVDR Co., Ltd.

Thai NVDR Co., Ltd. (Thai NVDR) was established on 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.

### Board of Directors

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

### 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.

## Thai Trust Fund Management Co., Ltd.

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.

### Supervisor of the Mutual Fund

Thai Military Bank plc

### Board of Directors

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

### Registered capital and organizational management

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



## Live Fin Corp Co., Ltd.

Live Fin Corp Co., Ltd. is a wholly-owned subsidiary of The Stock Exchange of Thailand (SET). Established on June 26, 2017, the company serves as a funding portal to facilitate startups' and SME's access to capital funding via fundraising and provides electronic trading facilities for Over-The-Counter market.

### Operations

Live Fin Corp Co., Ltd. operates as an infrastructure provider for startups and SMEs businesses. Startups and SMEs have to register for fundraising in the form of crowdfunding. Live Fin Corp Co., Ltd. oversees the disclosure of information in accordance with the SEC regulations, and allows the investors who are qualified by the SEC to view the campaign information and subscribe newly issued shares via this system.

In addition, Live Fin Corp Co., Ltd. also facilitates trading by negotiation process via the OTC trading platform so that investors who want to trade can negotiate via a safe and reliable system.

### Board of Directors

1. Kesara	Manchusree	Chairman
2. Krisada	Sektrakul	Member
3. Rinjai	Chakornpipat	Member
4. Santi	Kiranand	Member

### Registered Capital and Organization

Live Fin Corp Co., Ltd. has a total registered capital of THB 10 million, with The Stock Exchange of Thailand holding 100 percent of the total registered capital.

## Finnet Innovation Network Co., Ltd.

Finnet Innovation Network Co., Ltd. is a subsidiary of The Stock Exchange of Thailand (SET). It was established on August 25, 2017 with the objective to enhance efficiency of the capital market's payment process. It acts as an intermediary institution that centralizes payment process and sets standards in connecting intermediary institutions with commercial banks.

### Operations

Finnet Innovation Network Co., Ltd. is a payment service provider, acting as an intermediary that processes payment instructions. FinNet processes instructions submitted by financial institutions such as securities companies, asset management companies, listed companies, etc. FinNet aims to become the capital market's payment system infrastructure that links between the intermediaries and customers with diversity and efficiency, while operating with high standard procedures and economy of scale.

### Board of Directors


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


### Registered Capital and Organization


FinNet Innovation Network Co., Ltd. has a total registered capital of THB 200 million, of which 100 percent is held by SET.


**The Stock Exchange of Thailand saves the environment**  
by printing on green series paper and soy inks  
to reduce carbon dioxide emission



 Reduce using  
3.5 Woods

 Carbon Dioxide  
uptake 0.28 Tons

 Water saving  
802 Liters

 Steam saving  
0.11 Tons

 Power saving  
18 Units



**The Stock Exchange of Thailand**

**93 Ratchadaphisek Road, Dindaeng, Bangkok 10400**

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**[www.set.or.th](http://www.set.or.th)**