

TSD & TCH Newsletter

Vol.15 • Quarter 4 • 2022



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TSD & TCH's Implementation for SWIFT ISO20022

Since 2019, TSD & TCH had started to migrate SWIFT message from ISO15022 to ISO20022 for the connectivity with BOT's system which are RTGS linkage and Multilateral Funds Transfer in BAHTNET system.

The project journey included the discussion among stakeholders to work on the essences regards to the adoption such as utilizing ISO20022 for business improvement, mapping message specification, writing the documentation, developing and testing systems intensively to ensure the operational and technical continuity after the adoption. With these all significant execution and good collaboration, ISO20022 project has successfully implemented since August, 15 2022.

TSD: CSD services

1. Issuer One Stop Services (ISOS)

SET group has initiated a platform called "Issuer One Stop Services" (ISOS) to be single point of contact for DR ETF DW and CBBC issuers for facilitating all processes involved issuance such as linkage to SEC for filing, listing with SET, data dissemination for trading preparation, linkage to registrar & depository system and also creation & redemption process etc. In addition, this platform also accommodates end-to-end electronic workflow and the adoption of digital signature; therefore, this platform will capture the tips of the cost reduction, risk mitigation, the efficacy of time-to-market, simplicity along with high degree of IT security. The participation of TSD as CSD and Registrar will address the point of straight through processing as the activities connected to platform will include the application to become CSD member by electronic form, database set-up for registrar operation using single source of information and also the settlement of primary market transactions.

Platform will be developed by products and its selected activities starting with DR issued by existing issuer after that it will then be extended to cover new DR issuer, DW, ETF and CBBC respectively. Phase 1 is expected to go live H1/2023. Phase 1 is expected to go live H1/2023.

2. DIF

As collaborating in "Digital Infrastructure for Capital Market (DIF)*" since 2020, TSD has joined in the role of CSD, registrar, ISIN issuer and also provide optional service "Depository Account of Bond's Issuer" to facilitate the bondholders who would like to hold corporate bond in scripless form directly with bond issuer. At current stage, TSD and all related participants are on a testing process continuing until March 2023 in response to the new Go-Live schedule in April, 2023.

**DIF project is initiated by Thai SEC which collaborate with several organization such as the Fiscal Policy Office, the Association of Securities Companies, the Thai Bond Market Association, the Bankers Association and SET group with the objective is to digitize process in the capital market. The pilot project is corporate bond covering bond filing and primary market by using "Web Portal" as a communication channel for stakeholders in exchanging the agreed data set with standard messages.*

TSD: Registrar services

3. Corporate Action: e-Document

With an aim to support for climate action by reducing paper consumption and also to mitigate concerns caused by paperwork such as higher cost imposed to issuer and investor, and s due to document loss and delayed courier, TSD has introduced "e-Document" service since 2018 starting to send the statement of outstanding balance deposited directly in Issuer Account via email rather than by post. In 2022, however, as enacted by law that e-Document must be sent via registered email, TSD has broadcasted to communicate with the industry that mail registration through Investor Portal (IVP)* is acknowledged by law as a channel for e-Document to encourage investors using e-Service. Further, in 2023, TSD has expanded the scope of electronic documents to include such as the Notice of Meeting and Details of meeting document, the notification Letter of Dividend or Interest Payment by Bank Transfer (e-Dividend) and Notification Letter for Shares Deposited at TSD.

**IVP is the electronic self-service portal provided by TSD where the investors can access to maintain and inquiry their shareholder information such as the name, address, e-mail and also there holding of share certificate, information of right and benefit as well as the withholding tax summary.*



TCH : CCP services

1. New Clearing Fund Contribution Concept

TCH has introduced the new concept of Clearing Fund contribution in both securities and derivatives market for the purpose of risk management enhancement in parallel with the ease of doing business. TCH has changed the method to make a clearing fund contribution by assessing individual member's risk exposure against their assets with TCH. Conceptually, if it's sufficient, such member does not have to contribute; however, if not, the contribution has to be made. Compared to the past, every member has to contribute on monthly basis in order to achieve the ultimate size of overall financial resources. This comes to effect from 3 January 2023 onwards

2. API Linkage with Settlement Bank

In 2022, TCH together with settlement banks have been working intensively to enhance data transmission of payment instruction from batch file to "Application Programming Interface" (API) as a key mode of communication between TCH and settlement banks. The final message specification has been already concluded and systems for both of TCH and settlement banks are being developed accordingly to secure the implementation in 2024.

This enhancement will reduce overall risk imposed to clearing & settlement system as well as accommodate CCP's future development plan as API mechanism supports real-time payments. Without manual intervention, the concept of using API also addresses the point of flexibility on accepting more of TCH settlement bank which will benefit (1) for TCH to mitigate concentration risk arising from a limited number of settlement banks (2) for clearing member to have more varieties of choices for payment partner and (3) for banks themselves to create more business opportunity for their service coverages.

3. The completion of PFMI's Consultation Program with the World Bank

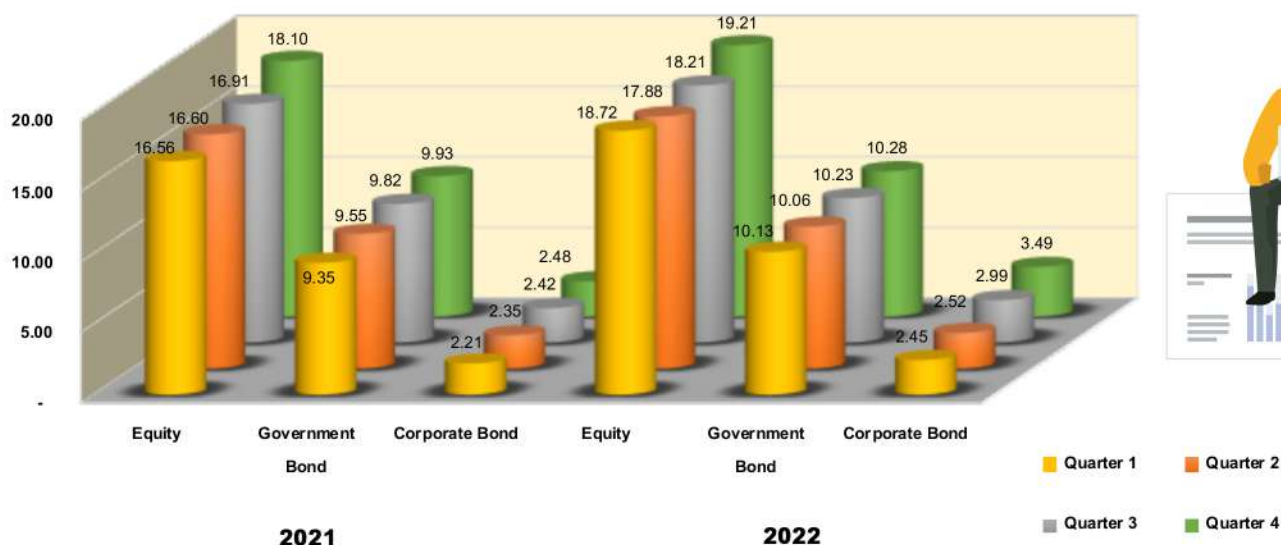
After the completion of the Capacity Building Program on Principle for Financial Market Infrastructure (PFMI) with the World Bank (WB) in November, 2022. TCH has taken all comments and recommendation from WB's consultants into account to enhance CCP services. Primary issues in focus for the upcoming year are Recovery and Wind-down Plan and the calculation of additional margin requirement, especially liquidation period and the additional criteria for Concentration Margin as well as the price factor of Uncovered Risk Margin so as to align with PFMI and other the international standard - European Market Infrastructure Regulation (EMIR).

4. To support trading upgrade

To align with SET Group strategic direction on upgrading trading system and to be compatible with international standards as well as to serve the needs of industries with more varieties of financial instruments and transaction services, during 2021-2022, all CCP functions related to trading upgrade has been tested thoroughly for the integration. Currently, it is in the step of "Market rehearsal test" which has begun since the end of 2022 to secure go-live schedule in H1/2023.

1 Total Asset Value under Custody

(Unit: Trillion THB)



Bond Settlement (Over-the-Counter)

2

(Unit: Transactions)

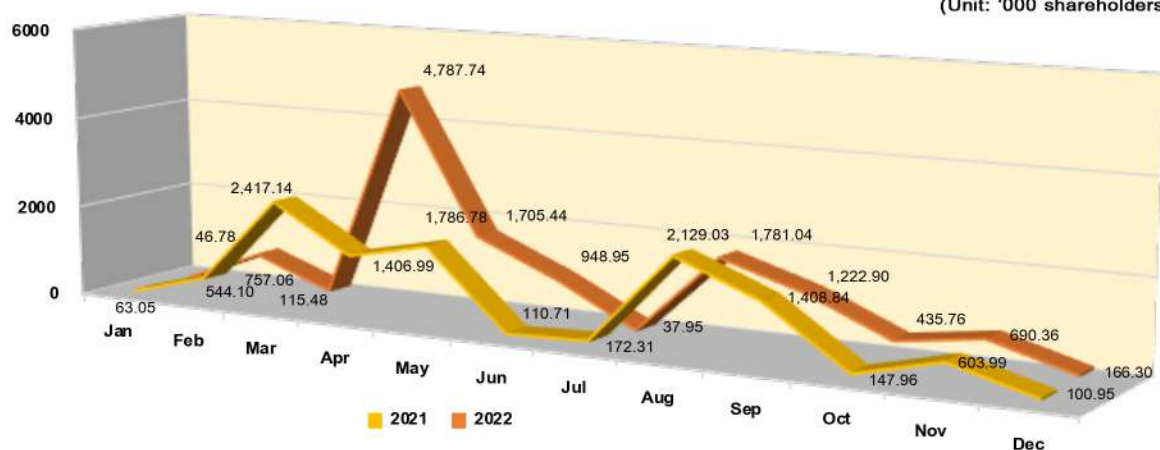


(Unit: Trillion THB)



3 Number of shareholders received benefits

(Unit: '000 shareholders)



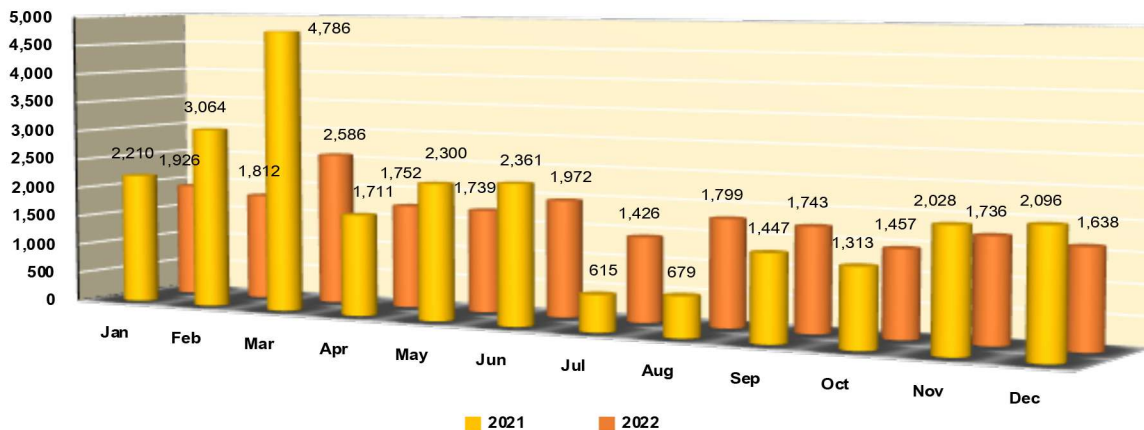
4 Total Dividend and Interest Payment

(Unit: million THB)



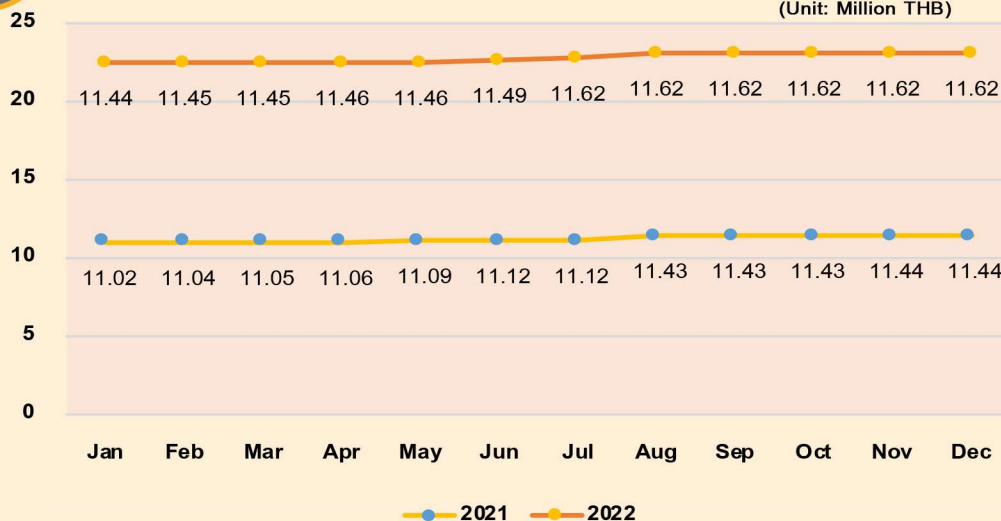
5 Number of investors at TSD Counter Service

(Unit: person)



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

(Unit: Million THB)

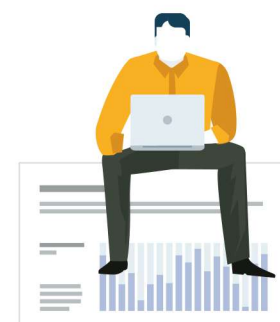
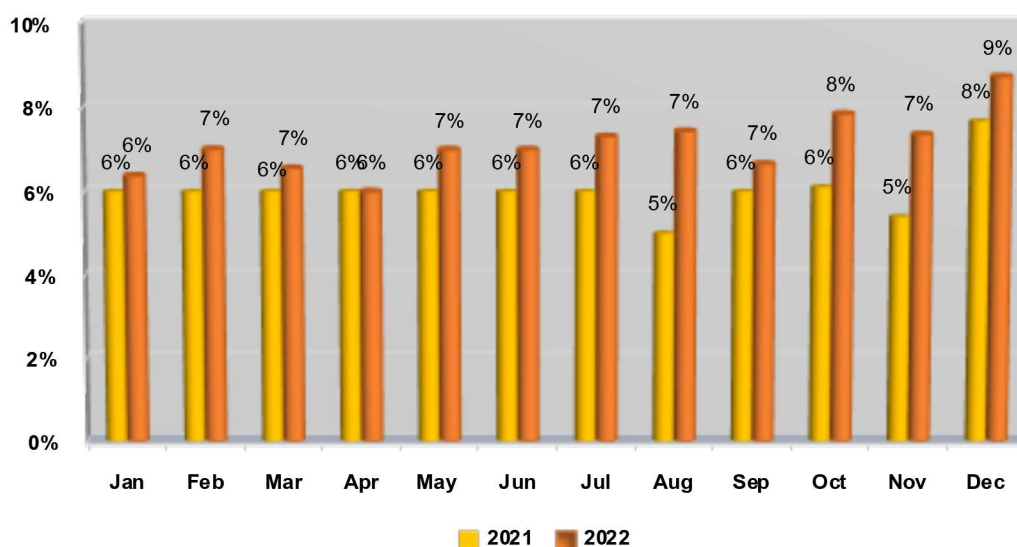


*Pan Hoon Aom Boon is share donation project



1

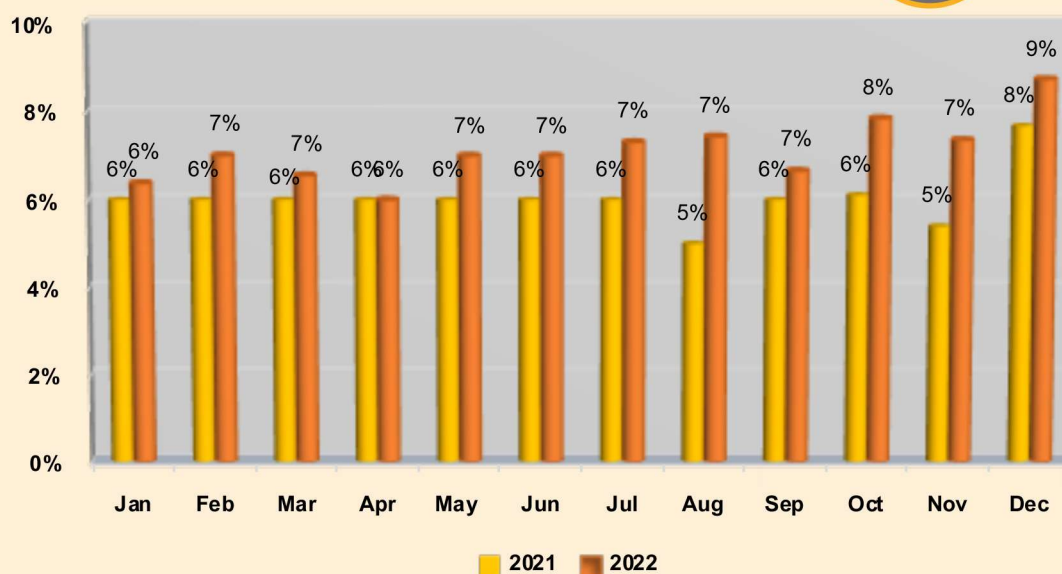
Settlement rate of Securities Market



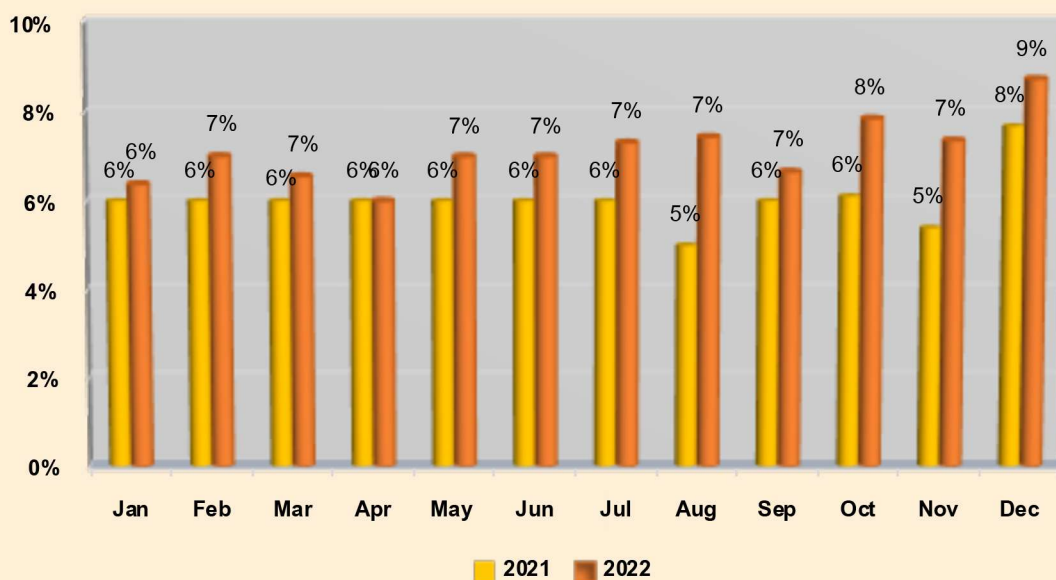
Open Interest of Derivatives Market

2

Futures Contract (million)



Options Contract (million)





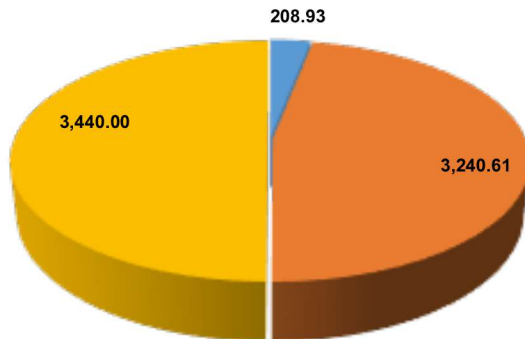
3

Guarantee fund & Reserve fund of Securities and Derivatives Market

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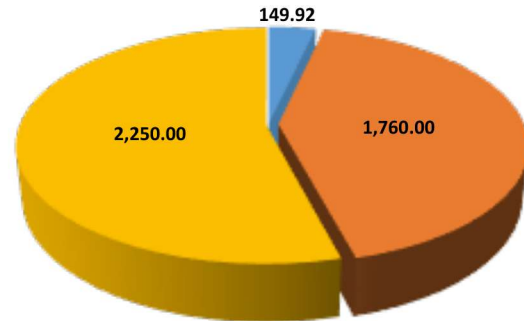
(Unit : million THB)

Securities Market



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

Derivatives Market



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



Total Maintenance Margin Requirement (House and Client Account)

4

(Unit: Million THB)



■ 2021 ■ 2022

