

# How Thailand's Capital Markets Can Adapt to the Changing World – Part 2

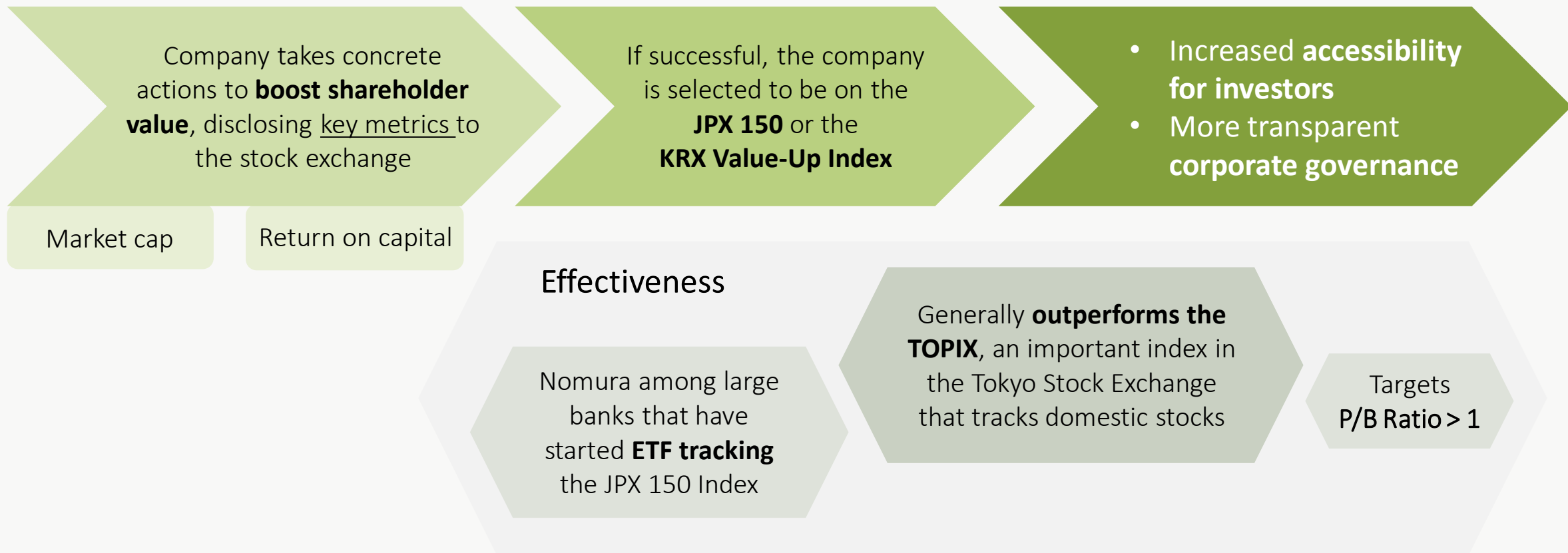
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Aug 2024

IDENTIFYING AREAS OF GROWTH

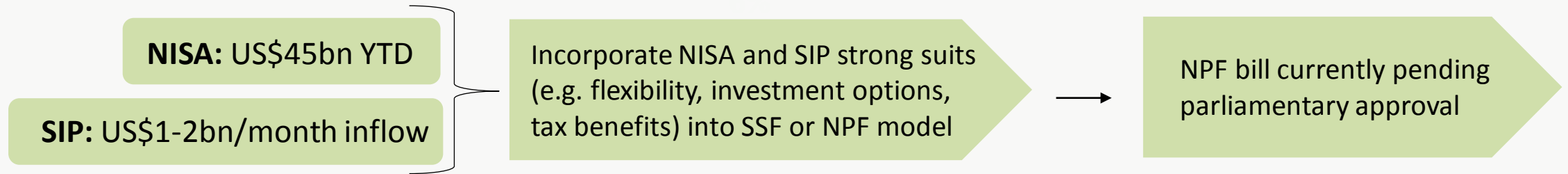
# Improving Quality of IPOs and Strengthening Shareholder Value

Thailand can explore the value-up program in Korea modeled after Japan's and its JPX 150 program.



IDENTIFYING AREAS OF GROWTH

# Improving long term growth: pension reform



	NISA (Japan)	SIP (India)	NPF (Thailand)	SSF (Thailand)
Type	Voluntary	Voluntary	Mandatory	Voluntary
Flexible holding period	5-20 years <b>flexible</b>	5-20 years <b>flexible</b> , including flexible frequency, initial amount	<b>Inflexible</b> , no withdrawal until 60 years of age, set frequency	<b>Inflexible 10 year holding period</b>
Investment Products	<b>Wide selection</b> , including foreign investments	<b>Wide selection</b> , but focus on mutual funds	<b>No control</b> over investments	<b>Limited selection</b> , but different asset classes
Tax benefits	<ul style="list-style-type: none"> <li><b>Capital gains</b> and dividend tax exemption</li> <li>Investments capped at US\$25k/yr or \$125k total.</li> </ul>	<ul style="list-style-type: none"> <li>Mutual funds have 30% taxable income capped at US\$1.8k/year</li> <li><b>Capital gains</b> tax lower to 10%</li> </ul>	None	30% taxable income capped at US\$5.8k/yr, <b>but only claimable after 10 years of holding</b>
AUM/ Coverage	US\$190bn Covers 30% of total working force	US\$157bn Covers 14% of total working force	US\$2.1bn Covers 22% of total working force	\$US11bn Est. < 7% of total working force

## IDENTIFYING AREAS OF GROWTH

# Diminished participation by quant funds and electronic market makers reduce liquidity

Quant funds generally trade via market-neutral strategies and market makers step in to take the other side of the trade. Both contribute high quality institutional liquidity to the market and help to improve price discovery. Hong Kong and India have been welcoming quant funds, whilst China and Korea have been putting up barriers.



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