



Panel discussion: How Thailand's Capital Market Can Adapt to the Changing World

Dr. Pornanong Budsaratragoon, Secretary - General, The Securities and Exchange Commission

Dr. Pakorn Peetathawatchai, President, The Stock Exchange of Thailand

Mr. Lyndon Chao, Managing Director, Head of Equities & Post Trade, Asia Securities Industry & Financial Markets Association (ASIFMA)

Summarized by Research Team

Mr. Lyndon Chao (ASIFMA)

ASIFMA promotes further strengthening of investor confidence and participation by addressing some strategic recommendations as follows

- Liquidity Trends:
 - Liquidity across emerging markets remains robust, with ASEAN markets generally stable. However, Thailand is experiencing a decline in liquidity, although it still leads within ASEAN in terms of liquidity levels.
 - ASIFMA's survey attributes Thailand's declining liquidity to challenges in corporate governance, slow economic growth, and ongoing political instability.
- Strategic Recommendations:
 - Value-Up Programs: Thailand could consider adopting value-up programs similar to those in Korea and Japan. Enhanced disclosures under these programs may assist investors in making more informed decisions, thereby boosting market participation.

- Pension Reform: To drive long-term growth, Thailand could explore pension reform models such as Japan's NISA or India's SIP, which have proven effective in promoting sustained investment.
- Regulatory Considerations: It is crucial to exercise caution with regulatory measures, as they could potentially diminish market liquidity if not carefully implemented.

Dr. Pakorn Peetathawatchai (SET)

The Stock Exchange of Thailand (SET) has undertaken several strategic initiatives to improve market quality, liquidity, and attract a diverse range of domestic and international investors:

- Challenges and Priorities
 - Over the past year, Thailand has faced significant challenges, including corporate governance issues, political instability, slow economic recovery, and regulatory shifts.
 - Moving forward, SET's priorities include adhering to international standards, implementing proportionate regulatory measures, and maintaining a dynamic approach to policy evaluation.
- SET's initiatives to attract foreign investors:
 - SET is optimistic about economic recovery and has taken steps to address trust and confidence issues, including initiatives to expedite the detection and prosecution of market misconduct.
 - The market is well-diversified with SET-listed companies increasingly adapting to new economic opportunities. Moreover, listed companies are globally recognized for their commitment to sustainability.
 - Timing is crucial. With the forward P/E ratio currently below the five-year average, and several sectors also exhibiting forward P/E ratios lower than their five-year averages, SET anticipates that once economic recovery, political stability and trust and confidence issues are achieved, the market will perform strongly.

Dr. Pornanong Budsaratragoon (SEC)

The key regulatory reforms implemented in Thailand's capital market to enhance market integrity, transparency, and investor protection, and their alignment with international best practices include:

- **Market Integrity and Trust:**
 - The SEC is committed to ensuring trust and confidence in Thailand's capital market by focusing on market integrity. This includes efforts to prevent, deter, and defeat corporate fraud.
 - The SEC aims to maintain fairness and order in trading by mitigating abnormal price volatility and preventing improper trading behavior.
- **Regulatory Alignment and Innovation:**
 - All rules and regulations are aligned with international standards, reflecting a balanced approach that considers both the positive and negative impacts of regulatory measures to achieve sustainable market growth.
 - The SEC is also promoting innovation and technology among market participants, offering comprehensive support across the primary and secondary markets, including digital infrastructure, easy onboarding processes, asset tokenization, and support for digital players.
- **Promoting Sustainable Investment:**
 - Initiatives like the Value-Up Program and ThaiESG fund are being promoted to enhance the visibility and ESG (Environmental, Social, and Governance) performance of listed firms.
 - The Vayupak Fund is designed to offer attractive returns for investors while investing in companies with strong corporate governance practices