



The Stock Exchange of Thailand

Index Operation and Corporate Actions Guideline

The Stock Exchange of Thailand

January 2025

www.set.or.th

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2.2 Overview

The Stock Exchange of Thailand (SET) has published guidelines for the index operation related to changes in the list of constituents and Corporate Actions affecting securities that are index's constituents. This guideline will provide index users with a detail in operational procedures and better understanding the index calculation. Users are advised to read this guideline alongside the rules for creating indices by SET.

SET has specified operational procedures in cases where index's constituents announce Corporate Actions or when events occur that affect the securities in indices, such as corporate restructuring or changes in the number of shares.

However, the details and complexities of events occurring to securities may have details and complexity that differ case by case, making it impractical for the specified criteria to comprehensively cover all scenarios. In such cases, interpretation or discretion may be required, and the SET Index Committee will make considerations to ensure that the index calculations align with the objectives of the indices.

2.3 Changes of constituents

When there is a change in the list of constituents in an index, whether it is the addition of securities to the index or the removal of securities from the index, SET will adjust the index calculation base to ensure that the index reflects the price movements of its constituents as accurately as possible.

Changes in the list of constituents in indices can occur in the following circumstances:

2.1 Constituents Addition

2.1.1 Inclusion in the Composite Index Group

The Composite Index Group is an index consisting of securities listed on the Stock Exchange of Thailand (SET), the Market for Alternative Investment (mai), industry groups, or business sectors. Therefore, when there are newly listed securities, securities resume trading after being able to resolve the reasons for the trading suspension, securities transfer to SET or mai, or securities are reclassified into different industry groups or business sectors, such securities may be included as constituents of the relevant Composite Index

2.1.2 Inclusion in the Tradable Index Group

The SET50 Index, SET100 Index, SET50FF Index, and SET100FF Index are indices reflecting the price movements of large-cap securities. When newly listed securities with significantly large-sized are

added to the market, their price changes may impact the overall market representation. Therefore, such securities may be added to the index, and the constituents with the smallest market capitalization will be removed from the index and placed in the reserve group to align with the index objectives. Newly listed large-sized securities considered for inclusion in the index are evaluated based on their market capitalization compared with other securities in the market. For example, they may be expected to have a market capitalization of more than 1% of the total market capitalization of SET Index constituents or rank within the top 20 securities in the SET50 Index, SET100 Index, SET50FF Index, or SET100FF Index in terms of market capitalization.

The aforementioned actions shall not include securities listed by companies newly registered as a result of business restructuring or merger with existing listed companies that are constituents, as specified in Section 2.3.

2.1.3 Employment of reserve securities in the Tradable Index Group

The Tradable Index with specific number of constituents may experience events that cause the number of constituents to be less than specified, such as the delisting, merger, or acquisition, etc. In such cases, the reserve securities may be employed to replace the vacant securities space in the Index in order to maintain the number of constituents of the Index accordingly.

2.1.3.1 In the case of indices selected based on market capitalization, such as SET50, SET100, SET50FF, SET100FF, and SETWB, if a vacancy occurs, the reserve securities with the highest market capitalization will be considered for inclusion to the index.

2.1.3.2 In the case of indices selected based on dividend yield, such as SETHD, the reserve securities with the highest dividend yield, as calculated during the most recent review, will be considered for inclusion in the index to replace the vacant position.

2.1.3.3 If the number of reserve securities is insufficient to meet the index criteria, the SET Index Committee will exercise discretion to determine the most appropriate replacement, ensuring that the index continues to meet its intended objectives.

2.2 Constituents Removal

2.2.1 Removal from the Composite Index Group

Constituents may be removed from the Composite Index Group when they no longer meet the required conditions for inclusion. This may occur in 2 situations, including:

2.2.1.1 In the case of securities being delisted or transferred

Securities that are delisted from SET or mai or transferred to different industry groups or sectors may be removed from the Composite Index Group to ensure that the index reflects the appropriate constituents.

2.2.1.2 In the case of securities with prolonged trading suspensions

If a security is suspended from trading for a period of 3 months or more, including temporary trading openings¹, and this suspension prevents the index from accurately reflecting the price movements of its constituents, such securities may be removed from the Composite Index Group. This ensures the index remains representative and aligns with its objectives.

2.2.2 Removal from the Tradable Index group

Constituents may be removed from the Tradable Index Group when they no longer meet the required conditions for inclusion accord to the objectives of the Index. This may occur in several situations, including:

2.2.2.1 In the case of the securities of the company that defaulted and/or fail to settle debts, which may significantly have impact on the financial position of the companies.

2.2.2.2 In the case of the securities of companies that are bankrupt, in the rehabilitation process, or liquidated.

2.2.2.3 In the case of the securities of the company for with auditors' opinion on the latest financial statement indicating "disclaimer of opinion" or "adverse opinion" which include the comments for amending and special auditing on the latest or non-specific period of financial statement, from other related regulators.

2.2.2.4 In the case of the securities that are delisted, in the process of delisting or are at risk of delisting.

2.2.2.5 In the case of the securities has Free float less than 20 percent.

2.2.2.6 In the case of the securities that have been suspended from trading for 20 business days or more, which may result in the Index not properly reflecting the price movement of the group of securities.

2.2.2.7 In the case of changes in securities' status, making them no longer align with the index's objectives, such as:

2.2.2.7.1 SETESG Index: Securities are removed from SET ESG Ratings list sdfdsf

2.2.2.7.2 sSET Index: Securities that are constituents of the sSET Index have been chosen as constituents of the SET100 Index or SET100FF Index.

¹ Refer to [Bor.Jor./Or.02-00 Rules, Conditions and Procedures for Temporary Suspension of Listed Securities Trading B.E. 2562 \(2019\)](#)

2.3 Mergers & Acquisitions, Takeovers, or Restructuring

In the event that securities experience one or more actions that result in a merger, business separation, takeover, or significant restructuring, which may lead to delisting or the listing of the securities on SET or mai, or affect their status as constituents of the index, taken into consideration the criteria 2.1 and 2.2 altogether as appropriate. Each event will be assessed individually. For example

2.3.1 Composite Index Group

The Composite Index Group are indices consisting of securities from the Stock Exchange of Thailand (SET), the Market for Alternative Investment (mai), industry groups, or business sectors. Therefore, when an event occurs, if the original securities remain listed, those securities shall remain as constituents in the index as originally designated. If it is a newly listed securities, the new securities shall be added as constituent of the Index as appropriate.

2.3.2 Tradable Index Group

The Tradable Index Group are indices that reflect the price movements of securities selected based on specific criteria. Therefore, when an event occurs, the qualifications of the original securities or the newly listed securities (if applicable) will be considered to determine whether they remain as constituents of the index, as appropriate.

2.3.2.1 In the case of an event occurring among the index's constituents, resulting in

2.3.2.1.1 The original securities remain as listed securities, such securities shall remain in the original Index group.

2.3.2.1.2 The original securities cease to be listed securities and has become a newly listed securities, such securities shall become the constituent of the original Index group.

2.3.2.2 In the case of an operation between securities that are constituents of the Index and non-constituents, resulting in:

2.3.2.2.1 The constituent of the Index remains as listed securities, such securities shall remain in the original Index group.

2.3.2.2.2 The constituent of the Index ceases to be the status as listed securities and has become a newly listed securities, such securities shall become the constituent of the original Index group.

The Tradable Index Group are indices that reflect the price movements of securities selected based on specific criteria. Therefore, when an event occurs, the qualifications of the original securities or the newly listed securities (if applicable) will be considered to determine whether they remain as constituents of the index, as appropriate.

2.3.2.3 In the case of restructuring of index constituents resulting in the splitting of securities into 2 or more securities, if the original security remains as listed securities, such securities shall remain in the original Index group.

2.3.2.4 For other events that are not specified or not clearly specified, it shall be at the discretion of the SET Index Committee.

3. Corporation Action Events

In order for the index to accurately reflect the price movements of the constituents of the index, when a constituent security announces a Corporate Action, the Stock Exchange of Thailand (SET) will consider adjusting the index calculation base according to the principles outlined below.

The principles of the Index calculation base adjustment when there is a Corporate Action.

3.1. The adjustment of the Index calculation base in various specified cases is based on the following principles and guidelines:

No.	Corporate Action	Principles	Operation Guidelines
1	Right Offering Raising new capital by granting the rights to subscribe for new shares to existing shareholders in proportion to their shareholdings	Adjust the index base in the case that the rights to subscribe for new shares are "in the money", i.e., the exercise price to purchase new shares is lower than the closing price of that security on the business day before the X date. It is reasonable to assume that shareholders will exercise the rights to purchase additional shares, resulting in an increase in the number of shares of such security In the case that the company announces the exercise price as the highest, lowest, or price range, before the X date. The moneyness of the right will be determined by the highest, lowest, or average price, respectively.	The Index base shall be adjusted with the theoretical price on the X date.
2	Public/Private Offering Raising of new capital by granting the rights to subscribe for new	Adjust the Index base due to the increase in the number of shares of the security.	The Index base shall be adjusted with the theoretical price on the X date.

	shares to the public or private placement		
3	Capital Repayment	Adjust the index base as the index constituent making a capital repayment. For example, the security repays excess capital from the reduction of registered capital and paid-up capital, or the security makes a capital reduction or principal repayment to dissolve a property fund or a real estate investment trust (REIT), resulting in a reduction in the security's price in proportion to the capital repaid, etc.	The Index base shall be adjusted with the theoretical price on the X date.
4	Registered Capital Reduction	Adjust the Index base due to the possibility of decrease in the number of shares of the security.	The Index base shall be adjusted with the closing price on the X date.
5	Changes in Par Value	No index base adjustment applied. The increased/decreased number of shares is in the same proportion to the par value that changes.	-
6	Stock Dividend	No index base adjustment applied. Stock dividend is comparable to a transfer of retained earnings to paid-up capital.	-

3.2 Adjustment of the Index Calculation Base for Other Corporate Actions

When there is a Corporate Action that is not specified or has different detail from described in Section 3.1, SET may consider taking action to adjust the index calculation base on a case-by-case basis. The SET Index Committee shall consider and may set the conditions or methods for the Index calculation base adjustment as deemed appropriate.

4. Disclaimer

This document is provided for giving information to investors. It is not for investment advice or legal opinion. SET shall not be responsible for authentication of information, including for damage caused by using or referring or disseminating a part or all of information. Moreover, SET has the rights to change or amend the contents of this document as appropriate.

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