

ANNUAL REPORT 2013

THE ROAD LEADING TO GROWTH



THE ROAD LEADING TO GROWTH

The SEC:

- Creates opportunities for all stakeholders to participate in the capital market;
- Facilitates access to fund for businesses of all sizes and increases alternatives investment through a variety of tools for the investors; and
- Promotes the Thai capital market as a force in creating a stable and sustainable economy, in conjunction with supervision of the market and with all stakeholders in mind.

ABOUT THIS REPORT

This 2013 Annual Report, is about policies, strategies and performance of the SEC to supervise and develop the Thai capital market to become the essential mechanism driving sustainable economy and determined to perform that duty with knowledge, responsibilities and governance. This report applied part of the Global Reporting Initiatives Guideline (GRI) – G4 as appropriate, in order that the contents contain important information in accordance with international standards and beneficial to the readers.

CONTACT INFORMATION

- This report can be downloaded from www.sec.or.th
- For more information about this report, please contact:

SECURITIES AND EXCHANGECOMMISSION, THAILAND
333/3 Vibhavadi-Rangsit Road, Chomphon, Chatuchak, Bangkok, Thailand 10900
Tel. +66 1207 or +66 2695 9999 e-mail: info@sec.or.th

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MESSAGE FROM THE CHAIRMAN



Several uncertainties continued to affect the global economy throughout 2013. For instance, the BRIC countries – Brazil, Russia, India and China – which had been a major driver of global economic growth, became a risk to other markets as they reached the contraction stage of an economic cycle. In addition, capital flows into developed markets such as the United States, the

European Union and Japan increased as they began to

show a sign of recovery.

Given such overall background, the Thai capital market experienced negative impacts of the increasing capital outflows in 2013 and was also exposed to other risk factors such as a lower rate of local economic growth and the political unrests in the latter half of the year.

At year end, the SET Index closed at 1,298.71 points or a 6.7 percent drop from the previous year. The market capitalization was 11.50 trillion baht, accounting for a 2.83 percent decline from the end of 2012.

Nevertheless, the Thai capital market remained an attractive investment venue and recorded achievements in many areas. For example, the combined average trading value of the SET and the mai reached an all-time high since the opening of the SET at 50 billion baht or a 55.8 percent rise from 2012, the best performer in the Asean.

In addition, Thai listed companies performed better than the other regional peers in the area of corporate governance, earning the highest score in the Asean CG Scorecard – a ranking of corporate governance of Asean publicly listed companies as part of the regional initiative of the Asean Capital Market Forum (ACMF).

Despite such internal and external challenges, the Thai capital market made substantial progress in many areas thanks to effective cooperation among market participants and all involved parties from the public and private sectors. The SEC worked closely with all stakeholders in drawing and implementing major policies to yield tangible results and achieve the supervisory and developmental objectives under the SEC Strategic Plan, which emphasizes reaching out to all market participants to establish a robust foundation for sustainable development, enhancing supervisory efficiency, and creating growth opportunities for the emerging countries in Asia.

Apart from the fast changing economic environment in Thailand and aboard, the Thai capital market must be prepared for other major changes in the next 3-5 years, including the launch of the Asean Economic Community (AEC), the fluctuation of the global climate and other environmental conditions, and the increasing social and political movements in all parts of the world.

This poses a major challenge and an important mission for the SEC in the coming years. We will continue to keep abreast of global trends and changes, listen to opinions of all sectors, anticipate impacts and seek guidelines for solutions, to create opportunities for market participants and prepare for unforeseen situations. This is part of the SEC commitment to build confidence of all parties and to establish sustainable growth of the Thai capital market.

MESSAGE FROM THE SECRETARY-GENERAL



Our core strategies were successfully implemented in 2013 through reaching out to business sectors. We helped and supported Thai companies as they leveraged the capital market and built a strong foundation for sustainable development.

The SEC also developed regulations to enhance competitiveness and create opportunities from the emergence of the Greater Mekong Subregion (GMS) economies by, first and foremost, building close relationship and long-term cooperation with allies such as ASEAN+3 and ASEAN+6 so that the Thai capital market could grow sustainably and remain a key engine of the Thai economy.

The pursuit of sustainable growth amid the current economic fluctuation and challenges requires synergy of stakeholders' efforts, from market intermediaries to listed companies and the Stock Exchange, among others. This is to ensure that businesses in the capital market are conducted responsibly for the best interest of stakeholders and the society at large.

Likewise, the SEC must respond to the needs of all sectors and maintain a good balance between the supervision of a reliable market and the promotion of financial innovations to enhance competitiveness on the international level. The SEC must also supervise liquidity and infrastructure of the capital market to ensure stability in time of crises and fluctuations.

Taking the aforesaid factors into consideration, the SEC launched the Sustainability Roadmap to provide listed companies with operational guidelines concentrating on environmental, social and governance (ESG) responsibilities. Anti-corruption and regular public disclosures of information on such efforts are also encouraged.

Further efforts include support for the SET to become a member of the Sustainable Stock Exchanges Initiative where members encourage listed firms on their respective exchanges to enhance business transparency and ESG-focused operation as well as to promote responsible investments for the sake of sustainable results.

Another milestone in 2013 was the initial public offering (IPO) growth, with the highest total of 340 billion baht for the first time since the opening of the SET raised by 34 companies, also a record high number in eight years. In addition, three infrastructure funds were launched to mobilize an aggregate fund of 130 billion baht, one of which being the biggest IPO in the Asean. By introducing more choices of financial instruments, we have made the Thai capital market more interesting and attract more local and foreign investors.

With regard to supervision, the SEC kept abreast of the development of the International Organization of Securities

Commissions (IOSCO) standards as well as revised rules and regulations in line with the international practices and in timely support of market innovations. For example, the principles for financial market infrastructure, the standards of intermediaries' business undertaking and the compliance of asset management companies with the Global Investment Performance Standards to prepare the local industry for cross-border offering of investment units.

Enforcement is another area of great importance, not only to maintain market orderliness but also to strengthen investors' confidence in the Thai capital market. Over the past year, the SEC strictly enforced the applicable laws on offenders by means of criminal complaint, fine settlement and administrative sanction, as the case may be, to fulfill such objectives.

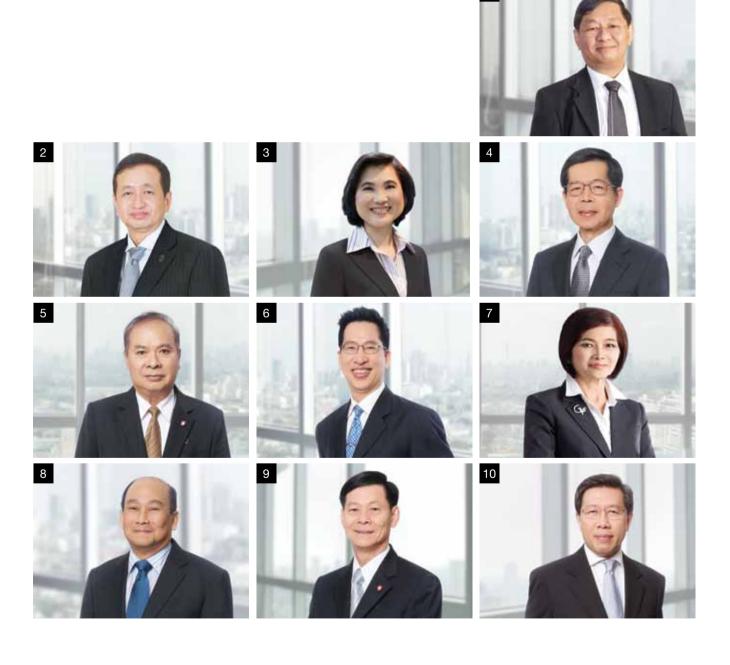
In addition, to ensure that investors would have accurate, complete and timely information for making investment decisions, the SEC encouraged listed companies to improve the quality of their information disclosure by also taking into account the recommendations of the CG Watch 2012 – a corporate governance assessment of Asian listed companies jointly organized by the Asian Corporate Governance Association and CLSA Asia-Pacific Markets.

Meanwhile, the SEC has stepped up efforts on Financial Literacy and Investor Education to promote knowledgeable and capable investors of the next generations. Major projects include the Wealth Management for the Mass, which aims to provide new income earners and students with fundamental knowledge on investment particularly efficient asset allocation, the Financial Literacy: Road to Thailand's Prosperity Initiative to raise public awareness and planning of personal finance, and the One Minute for a Better Life educational radio program.

Thanks to the continuing cooperation of all parties involved throughout the year, the SEC has successfully laid out a robust foundation for sustainable development of business sectors and the capital market at large. Still, global trends in the next decade are likely to create more challenges and more opportunities to the Thai capital market. This includes expansion of international linkage, environmental issues, natural disasters and aging society.

Given such dynamic backgrounds, it is more important than ever for all market participants and stakeholders to work together and make every preparations possible to cope with challenges, enhance competitiveness and respond to demands of all parties in harmony. Thus, the SEC Strategic Plan has taken all the key factors above into consideration and the implementation of the plan will ensure that the Thai capital market will stay on the right path toward sustainable development and remain a key driver of the Thai economy.

SEC BOARD



1 Mr. Achaporn Charuchinda

Chairman

(since July 2, 2013)

Mr. Achaporn Charuchinda obtained LLB from Thammasat University and a Barrister at Law of the Thai Bar Association. He is well-recognized for his expertise within the legal profession. Prior to taking office as chairman of the SEC board, he served several key positions, including, Chairman of the Audit Committee of Financial Institutions Development Fund Committee (the Bank of Thailand), member of the Constitutional Drafting Committee, member of Extraordinary Committee for Scrutinizing Draft Laws in the House of Representatives and the Senate, member of the Special Extraordinary Civil Service Sub-commission on Certification of State Sector Lawyers. At present, he also served the position as Secretary-General of the Council of State, member of the sub-committee on Official System Development concerning Interpretation and Decisions on Legal Issues in Governing Operations, member of the Government Pension Fund Committee, and Independent Director, member of the Corporate Governance Committee and member of the Audit Committee of PTT Exploration and Production Plc.

Mr. Rungson Sriworasat

Permanent Secretary, Ministry of Finance

Ex-officio member (since October 28, 2013)

Mr. Rungson Sriworasat obtained a Bachelor Degree in Accounting from Ramkamhaeng University, LLB from Sukhothai Thammathirat and an MBA from Prince of Songkla University. Prior to taking office as Permanent Secretary of the Ministry of Finance, he served in several key positions in both public and private sectors, including Deputy Permanent Secretary of Ministry of Finance, Executive Board of Courts of Justice, Executive Board of Broadcasting and Telecommunications Research and Development Fund, Director General of Comptroller General's Department, Director of East-Water Plc. In an academic area, he was a special lecturer on taxation law of Prince of Songkla University and Sukhothai Thammathirat. His current key posts include Chairman of the Board of the Government Pension Fund and Chairman of the Board of TMB Bank Plc.

3 Ms. Srirat Rastapana

Permanent Secretary, Ministry of Commerce

Ex-officio member (since October 1, 2013)

Ms. Srirat Rastapana obtained a Bachelor's Degree in Economics from Thammasat University and a Master of Arts in the same field from University of California, Santa Barbara. Prior to taking office as Permanent Secretary of the Ministry of Commerce, she served in several key positions at the Ministry of Commerce, including Director General of Department of International Trade Promotion, Director General of Department of Trade Negotiation, Director General of Department of Export Promotion and Deputy Permanent Secretary. In addition, she served as Deputy Secretary-General to the Cabinet, Advisor to the Prime Minister on International Trade, Head of the Office of the Thai Trade Representatives, the Secretariat of the Prime Minister, the Office of the Prime Minister, and Minister Counselor (Commercial Affairs), Mission of Thailand to the World Trade Organization at Geneva, Switzerland.

4 Mr. Prasarn Trairatvorakul

Governor, Bank of Thailand

Ex-officio member (since October 1, 2010)

Mr. Prasarn Trainatvorakul obtained a Bachelor of Engineering (1st Class Honors) in Electrical Engineering from Chulalongkorn University, a Master of Engineering in Industrial Engineering and Management from Asian Institute of Technology, and an MBA and a Doctorate in Business Administration from Harvard University. With versatile experience in the financial market, he has held key positions in various public and private organizations. Before taking office as Governor of the Bank of Thailand, he was SEC Secretary-General and President of Kasikorn Bank Plc. Apart from his work, he devotes his time to social and academic causes, for example, by serving as Executive Director of the Thai Red Cross Society and expert member of Chulalongkorn University Council. He won the "Central Bank Governor of the Year for Asia 2011" award from the Emerging Markets, Euromoney, and "Financier of the Year 2012" by the Money and Banking Magazine.

5 Mr. Nontaphon Nimsomboon

Expert member

(since March 1, 2011, second term)

Mr. Nontaphon Nimsomboon obtained a Bachelor of Commerce (2nd Class Honors) and Bachelor of Accountancy from Thammasat University, an MBA from the University of Iowa (on Thai Government scholarship) and an Honorary Doctorate in Accountancy from Thammasat University. As renowned accounting expert, he had held several key positions in public and private agencies, for instance, Auditor General of Thailand, member of the Board of Supervision of Auditing Practices: Ministry of Commerce, President of the Institute of Certified Accountants and Auditors of Thailand, Chairman of CPA Examination Sub-Committee (Auditing): Federation of Accounting Professions, Independent Director: BigC Supercenter Plc.

His key current posts include Chairman of AMC International Consulting, Member of the Governing Board: Bank of Thailand, Expert Council Member: Walailak University, Independent Director: Thai Storage Battery Plc., Lecturer in accounting, internal control and internal audit, and management: Thammasat University and Kasetsart University. Chairman of Audit Committee: Bank of Thailand and Bangkok University, Finance and Asset Management Committee Member: Maha Chulalongkorn Rajavidyalaya University, Audit Committee Member: the SEC, Walailak University and Suranaree University of Technology.

6 Mr. Kumchai Jongjakapun

Expert member

(since March 1, 2011, second term)

Mr. Kumchai Jongjakapun holds an LLB (Honors) from Thammasat University, an LLM in International Business Law (with Merit) from UCL, University of London, and a PhD from King's College, University of London. A distinguished legal scholar with almost 30-year extensive experience in the field, he has held several posts including Dean of the Faculty of Law, Vice Rector for Personnel and Legal Administration, and Vice Rector for Student Affairs at Thammasat University. Apart from being Professor of Law, he actively contributes to academic

services in a variety of roles, such as member of the Law Reform Commission of Thailand, advisor to the Election Commission, member of the Law and Order Subcommittee of the National Anti-Corruption Commission, member of Police Sub-Committee on Police Appeal, member of Political Development Council, and member of Independent National Rule of Law Commission. He also extends his services as teacher/lecturer, academic writer, and columnist concerning laws relating to money and banking, capital market, and insurance industries. His roles in public services include Vice Chairman of the Pearl S. Buck Foundation (Thailand) Incorporation, member of the Board of Thammasat Law Foundation, member of the Board of Sanya Thammasak Fund, and host of "Trachu Khucheewit" (Justice for Life) radio program featuring knowledge on legal matters broadcasted on the Radio Thailand.

7 Ms. Sopawadee Lertmanaschai

Expert member

(since October 19, 2013)

Ms. Sopawadee Lertmanaschai obtained an LLM, a Bachelor and a Master of Science (Accounting) from Thammasat University. She has versatile experiences and served several key positions in the capital market, for example, Chief Marketing Officer - Markets and Post-Trade Services of the Stock Exchange of Thailand, Chief Executive Officer of Thailand Securities Depository Co., Ltd., Chairman of the Capital Market Opportunity Center of the Stock Exchange of Thailand, Chairman Advisory Committee of the Market for Alternative Investment (mai) and member of Committee of Directors' Discipline of the Securities and Exchange Commission and Secretary-General of the Government Pension Fund. In academic area, she was an advisor to the "Thailand CSR Index" project endorsed by Thailand Research Fund, member of the Corporate Governance Course of the Faculty of Commerce and Accountancy, Thammasat University. Her other current posts include Director of the Thai Financial Planners Association, Director of the Thai Investors Association, and advisor to the Federation of Thai Capital Market Organizations.

8 Mr. Vikrom Koompirochana

Expert member

(since October 8, 2012)

Mr. Vikrom Koompirochana obtained a Bachelor of Arts in History from Chulalongkorn University, MA and PhD in History of International Relations from Michigan State University. He was also accorded Honorary Doctorate in Humanities from Schiller International University, London. He first joined the civil service as a lecturer in history at the Faculty of Arts, Chulalongkorn University before transferring to the Ministry of Foreign Affairs where he had served in many significant positions. He was appointed as Ambassador of Thailand to several countries, namely, Singapore, Malaysia, New Zealand, the Italy Republic. His last diplomatic position was Ambassador of Thailand to the United Kingdom of Great Britain and Northern Ireland until the statutory retirement. He also served in the administrative position in the Ministry of Foreign Affairs as Deputy Permanent Secretary.

After his retirement, he joined to the private sector, firstly as an adviser to the TCC Group of Companies. He is now Director of the Board and member of the Corporate Governance Committee, the Bangchak Petroleum Plc.; Chairman of Audit Committee, Oishi Group Plc.; Chairman of the Board, Country Group Development (CGD) Plc.; Chairman of Sports and Recreation Management Co. Ltd.; Director, Universal Utilities Co. Ltd.; and Honorary Advisor, British Chamber of Commerce Thailand.

9 Mr. Somchai Kuvijitsuwan

Expert member

(since October 8, 2012, the second term)

Mr. Somchai Kuvijitsuwan obtained an LLB from Ramkhamhaeng University, a Barrister-at-Law from Thai Bar Association, and a Master of Political Science from National Institute of Development Administration. He also completed the Provincial Public Prosecutor Program, the Capital Market Academy Leadership Program and the Executive Energy Leadership Academy Program. A well-recognized legal expert, he previously served as Deputy Director-General of Department of Intellectual Property and International Trade Litigation, Deputy Director-General of Department of Southern Bangkok Criminal Litigation, Director-

General of Department of Policy, Strategy and Budget Planning and Director-General of Department of Public Prosecutor Commission. Currently, he is the Director-General of Economic Crime Litigation, the Office of the Attorney General.

Mr. Vorapol Socatiyanurak

SEC Secretary-General

Ex-officio member and secretary of the board

(since October 4, 2011)

Mr. Vorapol Socativanurak earned a Bachelor Degree in Science from Chulalongkorn University and an MBA from the National Institute of Development Administration (NIDA) and Syracuse University, and a Master degree and a PhD in Finance from the Wharton School, University of Pennsylvania. He has played an active role in Thailand's economic development and held several public and academic positions involving policy making and advice giving in the specialized areas of finance and economic policies. His previous posts include Vice Chairman of the National Economic and Social Advisory Council and expert member in several national committees such as the National Industrial Development Board, the Trade Competition Commission, the Senate Committee on Research and Development, and the National Science and Technology Development Board. On legislation, he was a member of the Committee on Consideration of the Draft Bank of Thailand Act and the Committee on Consideration of the Draft Securities and Exchange Act for the National Legislative Assembly. In the academic area, he was Chairman of the Bangkok Community College Council of Trustee, Executive Director of the Center for Enhancing Competitiveness and the Center of University Business Incubators of the National Institute of Development Administration (NIDA), and a faculty member in Finance at NIDA Graduate School of Business Administration.

His key current posts also include member of Financial Institutions Policy Committee, the Bank of Thailand, member of Insurance Commission, member of Government Pension Fund Board, member of National Savings Fund Board, member of Public Debt Restructuring and Domestic Bond Market Development Fund Board, member of Financial Sector Master Plan (Phase II) Supervisory Board, and member of National Commission on Reviewing Remuneration for Executives and Personnel in Public Sector.

CAPITAL MARKET SUPERVISORY BOARD



1 Mr. Vorapol Socatiyanurak

SEC Secretary-General

Chairman (since October 4, 2011)

Mr. Vorapol Socatiyanurak earned a Bachelor Degree in Science from Chulalongkorn University and an MBA from the National Institute of Development Administration (NIDA) and Syracuse University, and a Master degree and a PhD in Finance from the Wharton School, University of Pennsylvania. He has played an active role in Thailand's economic development and held several public and academic positions involving policy making and advice giving in the specialized areas of finance and economic policies. His previous posts include Vice Chairman of the National Economic and Social Advisory Council and expert member in several national committees such as the National Industrial Development Board, the Trade Competition Commission, the Senate Committee on Research and Development, and the National Science and Technology Development Board. On legislation, he was a member of the Committee on Consideration of the Draft Bank of Thailand Act and the Committee on Consideration of the Draft Securities and Exchange Act for the National Legislative Assembly. In the academic area, he was Chairman of the Bangkok Community College Council of Trustee, Executive Director of the Center for Enhancing Competitiveness and the Center of University Business Incubators of the National Institute of Development Administration (NIDA), and a faculty member in Finance at NIDA Graduate School of Business Administration.

His key current posts also include member of Financial Institutions Policy Committee, the Bank of Thailand, member of Insurance Commission, member of Government Pension Fund Board, member of National Savings Fund Board, member of Public Debt Restructuring and Domestic Bond Market Development Fund Board, member of Financial Sector Master Plan (Phase II) Supervisory Board, and member of National Commission on Reviewing Remuneration for Executives and Personnel in Public Sector.

2 Mr. Chalee Chantanayingyong

SEC Deputy Secretary-General

Ex-officio member (since October 14, 2011)

Mr. Chalee Chantanayingyong obtained a BBA in Money and Banking from Thammasat University, and an MBA in Finance from Texas A&M University. His profound knowledge and experience in money and capital markets include eleven-year service at the Bank of Thailand (BOT) with the last position as Chief Analyst, Department of Financial Institution Supervision and Examination during which he had very much involvement in drafting the Securities and Exchange Act (SEA). When the SEA was enacted in March 1992, he was transferred from the BOT to work for the newly established SEC as one of the founding executives. Prior to taking office as the SEC Deputy Secretary-General, he was Director of Corporate Finance Department, Director of Investment Management Supervision Department and Senior Assistant Secretary-General, respectively. Besides working at the SEC, with his notable expertise and experiences, he was appointed as a member of and secretariat to the National Corporate Governance Committee. He was also members of the Board of Supervision of Auditing Practice, the Trade Competition Commission, the Investment Management Sub-committee of the Social Security Fund, and the Investment Management Advisory Committee of the Thai Red Cross Society.

3 Mr. Somchai Sujjapongse

Director General, Fiscal Policy Office

Ex-officio member (since October 1, 2011)

Mr. Somchai Sujjapongse earned Bachelor of Art in Economics (Honors) from Chulalongkorn University, and then an MA and a PhD in the same field from Ohio State University. He is one of the renowned experts in the areas of economics, finance and treasury. His previous well-recognized roles in the public organizations include Director of the State Enterprise Policy Office, Director-General of Customs, Finance and Economic Advisor of the Fiscal Policy Office. In academic area, he was Academic Advisor to the Faculty of Economics, Ohio State University and has still dedicated his time as a visiting lecturer in Economics at Chulalongkorn University, Thammasat University and University of the Thai Chamber of Commerce. Currently, he serves a number of significant positions such as Chairman of Clearing Committee of Thai Asset Management Corporation, prominent members of the Board of the Bank of Thailand, the Board of the Financial Institution Policy, the Board of Metropolitan Electricity Authority, the Board of Aeronautical Radio of Thailand Ltd., as well as Independent Director and Director of Risk Management of Thaioil Plc.

4 M.L. Pakakaew Boonliana

Acting expert member

(since November 18, 2013)

M.L. Pakakaew Boonliang had an educational background in Economics, a Bachelor of Science from Chulalongkorn University and an MSc from Fort Hays Kansas State University. She had made a remarkable contribution to the Thai capital market, particularly in the development of the foundation for the investment management industry. During the 1997-1998 Thai financial crisis, which adversely affected investment climate in the capital market, she took an active role as the Chairperson of the Association of Investment Management Companies. for two consecutive terms, to help shore up confidence of the unitholders of mutual funds. With her extended knowledge, she was also appointed to serve as board members in several agencies of the public as well as private sectors, which including the Performance Assessment Committee of the State-owned Enterprises, the Supervisory Board of Vayupuk

Mutual Fund, the Investment Committee of Vayupuk Mutual Fund 1, the Thai Bond Dealing Centre, the Association of the Securities Analysts, the Thai Rating and Information Services Co., Ltd., the SET-affiliated Family Know-how Co., Ltd., and the Thai Institute of Directors Association.

At the SEC, she takes active roles as the Chairperson of the Sub-Committee on the Consideration of Rules on the Undertaking of the Fund Management Business, the Chairperson of the Sub-Committee on the Consideration of Rules on the Undertaking of the Property Fund, Infrastructure Fund, and Real Estate Investment Trust (REIT), and the Chairperson of the Working Group on the Consideration of the SEC Approval Criteria for the Self Regulatory Organization in Securities Business. Apart from her assignment with the SEC, she also serves as the board members of the Government Pension Fund, the Office of the National Anti-Corruption - Private Sector Taskforce, and the Governance Committee of the Thai Chamber of Commerce.

Mr. Kampanart Lohacharoenvanich

Expert member

(since January 18, 2012, second term)

Mr. Kampanart Lohacharoenvanich obtained a Bachelor of Art in Economics from Thammasat University, and an MS in the same field from Kansas State University. He is a renowned expert in the capital market industry with extensive experiences in relevant to securities and derivatives businesses as well as listed companies. His prominent roles in several important positions include, for instance, President of Trinity Securities Co., Ltd., Chairman of Association of Securities Companies, Vice Chairman of the Stock Exchange of Thailand (SET), Vice Chairman of the Federation of the Thai Capital Market Organizations, member of the SET Executive Committee, and board member of Thailand Futures Exchange Plc. Since his appointment as an expert member, his active roles as Chairman of Sub-Committee on Consideration of Rules Concerning Securities and Derivatives Business Operators, a member of Sub-Committee of Strategy and Risk Management, Chairman of Study Group on Clearing and Settlement Structure, Chairman of Study Group on Product and Service Development, and Working Group for Consideration of SRO Approval Criteria.

6 Mrs. Dayana Bunnag

Acting expert member

(since November 18, 2013)

Mrs. Dayana Bunnag obtained a Bachelor of Art in Economics (Honors) from Chulalongkorn University and an MBA from University of Texas at Austin. She is a very well-known personality with strong background and experiences in asset management and insurance businesses where she served as Managing Director of Kasikorn Asset Management Co., Ltd., Managing Director of Ocean Life Insurance Co., Ltd., First Senior Vice President of Phatra Thanakit Finance and Securities Co., Ltd. and Chairman of Association of Investment Management Companies. She has made tremendous contributions to the capital market industry by serving in many committees and sub-committees of public and private organizations, for instance, the Ministry of Finance, the SEC, the OIC, the Stock Exchange of Thailand, the Thai Financial Planner Association, the Thai Institute of Directors Association, the Thai Life Assurance Association, the Securities Analyst Association, and Chairman of the Disciplinary Committee on Capital Market Personnel.

As an expert member of the Capital Market Supervisory Board, her active roles included Chairman of the Sub-Committee on Consideration of Rules Concerning Issuance and Offering of Equity, Chairman of the Sub-Committee on Consideration of Rules Concerning Issuance and Offering of Debt Instruments and Sukuk, Chairman of the Sub-Committee on Consideration of Rules Concerning Issuance and Offering of Derivatives, Structured Notes and Complex Products, and the Working Group for Consideration of SRO Approval Criteria.

She has also made contributions in the areas of insurance and academic development as a member of the Committee on Consideration of Guidelines for Insurance Companies on Investment in Other Businesses, a member of the Committee on Consideration of Draft Regulations of the Office of Insurance Commission, member of the Office of Insurance Commission, member of the Office of Insurance Commission Advisory Committee on consideration of a person to serve the position as director, manager or authorized person acting on behalf of insurance company whether to possess characteristics that are lack of accountability or discretion that he/she should have according to their natures and their circumstances, and Advisor to the Rector of Bangkok University.

7 Mr. Pratib Yongvanich

Expert member

(since January 18, 2012)

Mr. Pratib Yongvanich graduated a Bachelor of Art in Accounting from Chulalongkorn University and an MBA (Marketing) from Case Western Reserve University. His extensive experiences in the securities industry include his services as Senior Manager of Siam Commercial Bank Plc., President of Asia Plus Securities Plc., and Advisor to the Executive Board of Directors, Association of Thai Securities Companies. As expert member, his active roles include Chairman of Sub-Committee on Consideration of Rules Concerning Issuance and Offering of Equities and Governance of Securities Issuing Companies, Chairman of Sub-Committee on Consideration of Rules Concerning Acquisition of Securities for Business Take-overs, and Working Group for Consideration of SRO Approval Criteria.

EXECUTIVE OFFICERS













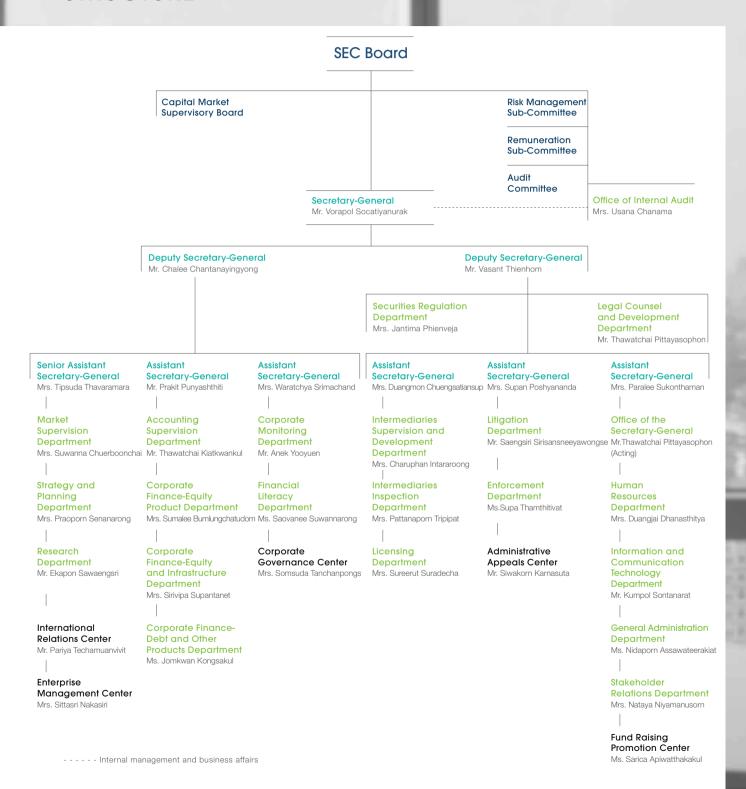






- Mr. Vorapol Socatiyanurak
 Secretary-General
- 4. Mrs. Tipsuda Thavaramara Senior Assistant Secretary-General
- 7. Mr. Prakid Punyashthiti Assistant Secretary-General
- 2. Mr. Chalee Chantanayingyong Deputy Secretary-General
- 5. Mrs. Duangmon Chuengsatiansup Assistant Secretary-General
- 8. Mrs. Supan Poshyananda Assistant Secretary-General
- 3. Mr. Vasant Thienhom
 Deputy Secretary-General
- 6. Mrs. Waratchya Srimachand Assistant Secretary-General
- 9. Mrs. Paralee Sukonthaman Assistant Secretary-General

ORGANIZATIONAL STRUCTURE





With the mission to "supervise and develop the Thai capital market to ensure efficiency, fairness, transparency and integrity," the SEC firmly believes in performing its duties toward all stakeholders in the capital market for the past 21 years of operation to maintain the credibility and strengthen the Thai capital market in a sustainable way. The goal of the SEC in supervising and developing the capital market is to create sustainability in three dimensions: the SEC's sustainability, the Thai capital market's sustainability and the Thai capital market as a tool to create the nation's sustainability.

In 2007, the SEC Board approved corporate governance guidelines as a framework for the SEC Board and the Office of the SEC. The guidelines are in compliance with the regulations and in line with governance practices of other agencies in the Thai capital market, listed companies, and international governance standards. The SEC Board also approved the review of such guidelines to be in accordance with additional revision of governance standards for listed companies including principles for good governance of government agencies as well as increasing the importance of operating with social responsibility and to against any kind of corruption. In this instance, the SEC strives to be a good example to those under supervision and those involved. The implementations, in accordance with the principles of good governance, are as follows:

1. SEC Structure

Pursuant to the Securities and Exchange Act (No.4) B.E. 2551, the SEC is comprised of two boards: the SEC Board and the Capital Market Supervisory Board. **The SEC Board** is entrusted with policymaking for overall market supervision and development including appointment of various sub-committees to support the operation of the SEC. **The Capital Market Supervisory**

Board is in charge of issuance of rules and regulations pertaining to business undertaking in the capital market and reports the performance to the SEC Board. **The SEC Office** operates in accordance with policies assigned by the SEC Board with the Secretary-General, appointed by the Cabinet, as the chief executive.

1.1 SEC Board

The SEC Board structure as stipulated in the Securities and Exchange Act consists of 1) Chairman-appointed by the Cabinet 2) Three ex-officio members comprising the Permanent Secretary of the Ministry of Finance, the Permanent Secretary of the Ministry of Commerce and the Governor of the Bank of Thailand 3) Four to six expert members by the nomination of the Selection Committee and appointed by the Minister of Finance, at least one each in the legal, accounting and finance fields and 4) Secretary-General of the SEC as board member and secretary. The Chairman, the expert members and the Secretary-General shall hold the office for a four-year term and may be re-appointed, but not more than two consecutive terms.

1.2 Capital Market Supervisory Board

The Capital Market Supervisory Board consists of 1) the Secretary-General as Chairman, 2) the Deputy Secretary-General appointed by the Secretary-General, 3) the Director-General of the Fiscal Policy Office or the appointed Deputy Director-General, and 4) not more than four expert members appointed by the Minister of Finance upon the Selection Committee's recommendation. At least two of the expert members must have experiences managing listed company or securities company. The expert members' term in office is four years and shall not hold the office for more than two consecutive terms.

2. Check and Balance Mechanism

To support operation of the SEC Board to ensure transparency, fairness and integrity, the SEC Board has appointed committees and sub-committees to be important mechanism of check and balance.

2.1 Audit Committee

The Securities and Exchange Act stipulates that the Audit Committee consists of not less than three but not more than five members. Of this total, at least two members must be expert members of the SEC Board and at least one member shall be competent or have experiences in finance and accounting.

The term of office for the Audit Committee members appointed from the SEC Board shall be identical to their terms on the SEC Board, while the others shall hold office for a term of four years. Audit Committee is responsible for supervising and reviewing internal control, internal audit and risk management, as well as reviewing financial reports to satisfy various rules, regulations and standards.

2.2 Risk Management Sub-Committee

The Risk Management Sub-Committee consists of two expert members from the SEC Board and one expert member from the Capital Market Supervisory Board, each holding the office for a two-year term. The duty is to consider the framework and guidelines for all risk management aspects of the SEC.

2.3 Remuneration Sub-Committee

The Remuneration Sub-Committee consists of three expert members from the SEC Board, each holding the office for a two-year term. The Sub-Committee is responsible for studying guidelines for determining compensation, considering the appropriateness of such compensation for the SEC Boards and other sub-committees appointed by the SEC Board and proposing recommendation to the SEC Board. The Sub-Committee is also responsible for evaluating the performance of the Secretary-General in accordance with the strategic plans and the key performance indicators (KPIs) of the SEC and KPIs of the Secretary-General.

3. Remuneration of the Boards and Executives

3.1 Details of the remuneration of the boards and sub-committees

The Securities and Exchanges Act contains provisions on the remuneration of the SEC Boards. The sub-committees appointed by the SEC Board shall receive compensation in accordance with that set by the Minister of Finance. The Capital Market Supervisory Boards shall receive compensation in accordance with that set by the SEC Board. The details of the remuneration are as follows:

Unit : Baht

Remuneration		SEC Board	Capita Superviso	al Market ry Board	Соі	Audit mmittee		agement ommittee		neration mmittee
	Chair	Member	Chair	Member	Chair	Member	Chair	Member	Chair	Member
Monthly stipend	50,000	40,000	50,000	40,000	50,000	40,000	-	-	-	-
Attendance fee/meeting	25,000	20,000	25,000	20,000	-	-	5,000	4,000	5,000	4,000

3.2 Details of the remuneration of the executives

In 2013, SEC executives consisting of the Secretary-General, Deputy Secretaries and Assistant Secretaries, altogether nine persons, received compensation including salaries and provident fund totaling 61,541,394 Baht, compare with 57,260,801.79 Baht* for the year 2012, an increase of 7.5 per cent which is in line with the average salary increase of employees.

4. Details of the Meeting Attendance of the SEC Boards and Sub-Committees

The SEC Board holds pre-scheduled, monthly meeting. The Secretary-General presents a draft meeting agenda to the Chairman for approval. Once approved, the draft will be placed on the meeting agenda and submitted to the SEC Board for consideration prior to the meeting. In order to make careful and prudent decision, the SEC Board may ask for additional information from the board's secretary and also attend training programs related to the capital market. In the meeting, the Chairman of the SEC Board shall chair the meeting. In case the Chairman is unable to attend the meeting, the Permanent Secretary of the Ministry of Finance shall assume the duties of chairing the meeting.

The members attending the meeting shall not be less than half to constitute a quorum. Members of management may attend the meeting on relevant topics. Any member of the SEC Board having conflicts of interest in any agenda item is required to declare such conflict in advance and excluded from participating in the consideration of such item agenda. In this respect, the meeting of the Capital Market Supervisory Board, the Audit Committee, the Risk Management Sub-Committee and the Remuneration Sub-Committee has similar guidelines.

Details of the meetings of each Board and Sub-Committee for the year 2013 are as follows:

(1) SEC Board: Total of 11 meetings

	SEC Board	Total attendance/ No. of meetings	Remarks
Chairman	Mr. Chaikasem Nitisiri	6/6	Holding office until 26/6/13
	Mr. Achaporn Charuchinda	4/5	Holding office from 2/7/13
Ex-officio members	Permanent Secretary of the		
	Ministry of Finance		
	Mr. Areepong Bhoocha-oom	8/9	Holding office until 10/10/13
	Mr. Rungson Sriworasat	2/2	Holding office from 28/10/13
	Permanent Secretary of the		
	Ministry of Commerce		
	Mrs. Vatchari Vimooktayon	8/8	Holding office until 30/9/13
	Ms. Srirat Rastapana	1/3	Holding office from 1/10/13
	Governor of the Bank of Thailand		
	Mr. Prasarn Trairatvorakul	10/11	
Expert members	Mr. Nontaphon Nimsomboon	11/11	
	Mr. Kumchai Jongjakapun	11/11	
	Mrs. Benja Louichareon	5/6	Holding office until 26/6/13
	Ms. Sopawadee Lertmanaschai	3/5	Holding office from 19/8/13
	Mr. Sathit Limpongpan	6/8	Holding office until 5/9/13
	Mr. Vikrom Koompirochana	11/11	
	Mr. Somchai Kuvijitsuwan	11/11	
Member and	Mr. Vorapol Socatiyanurak	11/11	
Secretary			

(2) Capital Market Supervisory Board : Total of 12 meetings

	Capital Market Supervisory Board	Total attendance/ No. of meetings	Remarks
Chair	Mr. Vorapol Socatiyanurak	12/12	
Ex-officio	SEC Deputy Secretary-General		
members	Mr. Chalee Chantanayingyong	11/12	
	Director General, Fiscal Policy Office		
	Mr. Somchai Sujjapongse	8/12	
Expert	M.L. Pakakaew Boonliang	10/12	Holding office until 18/11/13
members	Mr. Kampanart Lohacharoenvanich	11/12	
	Mrs. Dayana Bunnag	10/12	Holding office until 18/11/13
	Mr. Pratib Yongvanich	12/12	
Secretary	Acting Director, Office of the Secretary-General	al	
	Mr. Thawatchai Pittayasophon	11/12	

(3) Audit Committee: Total of 12 meetings

	Audit Committee	Total attendance/ No. of meetings	Remarks
Chair	Mr. Somchai Kuvijitsuwan	12/12	-
Members	Mr. Nontaphon Nimsomboon	12/12	-
	Mr. Vikrom Koompirochana	12/12	-
Secretary	Director, Internal Audit Department		
	Mrs. Usana Chanama	12/12	-

(4) Risk Management Sub-Committee: Total of one meeting

	Risk Management Sub-Committee	Total attendance/ No. of meetings	Remarks
Chair	Mr. Sathit Limpongpan	1/1	Holding office until 6/9/13
Members	Mrs. Benja Louichareon	1/1	Holding office until 26/6/13
	Mr. Kampanart Lohacharoenvanich	1/1	-
Secretary	Director, Enterprise Risk Management Ce	enter	
	Mrs. Sittasri Nakasiri	1/1	-

(5) Remuneration Sub-Committee: Total of one meeting

	Remuneration Sub-Committee	Total attendance/ No. of meetings	Remarks
Chair	Mr. Sathit Limpongpan	1/1	Holding office until 6/9/13
Members	Mrs. Benja Louichareon	0/1	Holding office until 26/6/13
	Mr. Somchai Kuvijitsuwan	1/1	
Secretary	Director, Human Resources Department		
	Mrs. Duangjai Dhanasthitya	1/1	-

5. Governance Policies

The SEC has operated in accordance with corporate governance guidelines since 2007. The guidelines are based on principles laid out by the Organization for Economic Co-operation and Development (OECD) and on par with the Thai governmental agencies and other organizations in the Thai capital market.

In addition to encouraging listed companies to have good corporate governance (CG), the SEC Board approved sustainability development roadmap for listed companies in 2013, which included the implementation of social responsibility, or corporate social responsibility (CSR), and anti-corruption. One of the important subjects of this roadmap is to strengthen the SEC itself into a sustainable organization. The approach can be divided into three sections as follows:

- CG in substance: having regulatory system to ensure that the SEC will achieve its mission. There shall be systems for check and balance in place together with good risk management system in accordance with standards for listed companies and in line with standards employed by domestic government agencies as well as standards adopted by international capital market regulators.
- CSR in process: exercising authority with social responsibilities, respecting the rights and dealing with stakeholders in the capital market with integrity and fairness.
- Anti-corruption in practice: being a corruption-free organization, both as giver and receiver. The anti-corruption

practice shall be in accordance with the self-evaluation guidance of the Thai Institute of Directors - Collective Action Coalition against Corruption (IOD-CAC).

6. Good Governance Practices

- 6.1 Strengthening effectiveness of the nomination and selection process of the Board members of the Stock Exchange of Thailand (SET). In 2013, the SEC Board approved the appointment of a nomination committee, whose members are from the SEC Board, responsible for:
- (1) Determining the qualifications of the board members of the SET by identifying the attributes that support the operations of the SET Board (director skills matrix);
- (2) Screening those who have been nominated for selection, in accordance with the director skills matrix framework approved by the SEC Board, and submitted their names to the selection process of the SEC Board. In this respect, the selection process will be transparent and creates confidence of all stakeholders in the capital market.

6.2 Prescribing evaluation of ethics of the SEC Office is the core element of good governance. Such evaluation shall be done at the staff and the organization levels in accordance with the attributes related to ethics, such as ethical awareness among staff, the adoption and the compliance of code of ethics.

Additionally, the SEC continues to focus on monitoring staff's compliance with securities or financial instruments trading rules, or becoming contractual parties of derivatives contracts by the employees and their families. The SEC also monitors the securities portfolios and derivatives contracts of members of the Capital Market Supervisory Board and their families, reviews the governance practices of the Board, and yearly assesses performance of the SEC Board, the Capital Market Supervisory Board and the Audit Committee.

6.3 Preparing report of the SEC Board on internal control over financial reporting signed by the Chairman and the Secretary-General of the SEC to express the opinion of the SEC Board pertaining to the propriety and sufficiency of the internal control system in the preparation of financial reports by the SEC Office and disclosed in the annual report of the SEC Office. The annual report is in accordance with the governance guidelines of the SEC concerning reports and disclosure of information.

6.4 Restructuring the organization, effective from January 1, 2013, has expanded scope of functions of Corporate Governance Center. The Corporate Governance Center will encourage all SEC's functional units to operate in accordance with guidelines for sustainability development accepted internationally. Since the SEC encourages listed company to operate their businesses with concerns over the environment, social and corporate governance (ESG), as well as to have anti-corruption measures in place, the SEC itself should also adhere to such practices and be a role model for others.

Implementation of the Corporate Social Responsibilities

Under the principle of taking into account the stakeholders in the capital market in all activities undertaken by the SEC, the SEC employs a variety of methods to search for the expectations of each group. The SEC has conducted a stakeholders survey in 2013. The results of the survey are used in the SEC's operational plan resulting in the supervision and development of the capital market being on the basis of sustainability.

In this regard, the SEC expects stakeholders in the capital market to participate in important matters through various forms and channels, both formal and informal manner, such as, inviting stakeholders representatives to take part in the sub-committee considering rules and regulations, organizing joint meetings with related associations to exchange ideas concerning the development of the capital market, organizing public hearings through various media, organizing seminars, providing activities to promote stakeholders' relationships.

Additional details on implementing social responsibility, in terms of staff, community, society and environment can be seen on page 47.

The SEC approaches to meet the expectations of stakeholders in the capital market



Stakeholders	Policies and principles used in the taking care of stakeholders
Investors	 Meet the needs of public investment with reasonable cost; Capital market and related parties need to build confidence in the market.
Companies those need to mobilize funds / issuers / listed companies	 Promote fair competition by: making the capital market an equal source of funding to businesses of all sizes, of all types and in all regions of the country; giving the companies potential for growth; taking into account that no inappropriate companies mobilize funds from the public. This is to prevent damages that may occur to the investors, and affect confidence in the capital market; Promote good corporate governance, which takes into account the impact on the environment, society and stakeholders, as well as promote complete, accurate and up-to-date disclosure of information to enable investors with important information needed for decision-making.

Stakeholders	Policies and principles used in the taking care of stakeholders
Securities and derivatives businesses	 Stable business operations and provide better service to customers; Manage all the important risks to avoid damage to the investors and the overall market; Have creative and fair competition while enabling cooperation to develop the industry to advance in a sustainable way; Rules on supervision should be flexible to avoid being an obstacle in the competition.
Capital market professionals (auditors, financial advisors, property valuator, credit rating agencies)	Be a professional with knowledge, fully utilizes such knowledge, and act in an ethical manner with high standards as well as accountability.
Related associations	Emphasize more on the role of a facilitator than the role of a regulator.
Stock exchange / Securities depository center / Clearing house	 Securities trading, delivery and settlement system must be stable and trustworthy; Have goals to work together, coordinate and have close discussion.
Suspected offenders / people to testify	 Fairly treat suspected offenders in accordance with human rights principles; Use educating and warning mechanism to prevent the crime before its occurrence.
Contractors / Hired persons	 Procurement processes and procedures are transparent and in accordance with prescribed regulations which are consistent with the practices of other official agencies.
Employees	 Use the principle of equality and fairness, by providing equal opportunities and access to the SEC's work life; Use capabilities as the important determinant in the recruitment, retention and advancement opportunities. Developing talent is the principal duty of the SEC toward its staffs; Focus on performance and require fair performance evaluation in order to determine compensation.

Stakeholders	Policies and principles used in the taking care of stakeholders		
Other government agencies	Foster integrated cooperation, since the success of the development		
	of the capital market requires the synergy of collaboration between		
	the agencies involved.		
Foreign entities (such as the IOSCO,	Operational standards for important matters are in accordance with		
he World Bank, the Asian Development Bank,	international practices, especially for the ASEAN region. This is to		
agencies that regulate and develop the capital	increase sustainable competitiveness, and for the Thai capital market		
narket of different countries, regulatory and	to be a source for attractive investment for the investors around the		
standards issuing agencies such as accounting	world in the long run.		
standards, etc.)			
Media	Treat the media with courtesy comparable to colleagues.		

8. Anti-Corruption

With determination to combat all forms of corruption, together with cultivating a culture of shared anti-corruption in the Thai capital market and Thai society, in 2013, the SEC continued to persevere in these resolutions with the focus on transparency within organization. At the same time, the SEC has instilled values and confidence, while performing duties with honesty to the best of one's ability in order for the stakeholders to be assured and confident in the mission to supervise and develop the capital market to achieve its goals. In this respect, the SEC wishes to become a good example for other organizations in management and operations, taking into account the principle of honesty as a moral and ethical basis to be observed and practiced.

In 2013, the SEC issued a circular to all agencies under its supervision and related agencies in the capital market as well as other concerned entities to request for their cooperation to refrain from sending gifts to executives and staff of the SEC on every occasion.

In addition to adopting the policy of anti-corruption throughout the organization, the SEC also has an important role in encouraging the Thai capital market to adopt the following anti-corruption measures:

- Issued rules for listed companies to disclose information about policies and measures used to combat corruption. Such information must be disclosed in their annual registration statements, annual reports, and registration statements for the sale of securities. These rules were in effect from January 1, 2014;

- Encouraged investors to focus on companies with anti-corruption measures by coordinating with a group of institutional investors, such as, the Association of Thai Securities Companies, the Association of Investment Management Companies to monitor and raise questions about anti-corruption policies and actions of listed companies in shareholders' meeting of the year 2014 onwards. Additionally, the voting policy guidelines using anti-corruption as a factor for consideration, have been put in place; and
- Requests cooperation from the Thai Investors Association in preparation of the standard questions for the rights protection volunteers to question the policies and operations of the company at the annual shareholders' meeting as well.

Additionally, the SEC has coordinated with the Securities Analyst Association and the Association of Thai Securities Companies to prepare analyst reports focusing on the importance of having an anti-corruption policy.

Cooperation with other agencies

- The SEC has issued letters to listed companies, securities companies and asset management companies to encourage the announcement of their intention to participate and receive certification pursuant to the practical alignment project—the Thai Institute of Directors-Collective Action Coalition against Corruption (IOD-CAC). From the data at the end of the year 2013, 103 listed companies, 38 securities and asset management companies had announced their intention to participate.

- The SEC has sent representatives to join committees and sub-committees of several government agencies and private entities, participated with the Anti-Corruption Organization (Thailand) in the walk against corruption and produced a short documentary "Cultivate Awareness against Corruption," of which the SEC supports the fund to create 40 episodes, each for one minute. The documentary is to create a better society, to cultivate young children regarding honesty and financial discipline.

9. Risk Management

The SEC emphasizes the importance of an integrated risk management approach to meet the three main objectives of an organization which are: 1) promotion and development 2) supervision, whereby, the two objectives are intended to create sustainability for the economy of the country through sustainable growth of the capital market and 3) sustainability of the SEC.

In terms of risk management, the SEC has divided the principal risks that must be managed in order to achieve the above mentioned objectives into the systemic risk, strategic risk and enterprise risk.

For systemic risk, the SEC recognizes that increase linkages of the economy and financial system throughout the world has created opportunities for consumers, investors and businesses seeking funds to access goods, services and capital resources more efficiently. In this respect, these connections bring challenges to manage and cope with

the volatility of capital movement as a result of the global economy. The execution of fiscal policies in other countries and risks arose from internal factors, for example, growth rate of the economy, strength of the financial system, political stability. The SEC, as the principal regulator of the Thai capital market, emphasizes the importance of maintaining the stability of the market-by analyzing and observing market changes, behavior of investors and market participants that may have a high impact on the capital market system, or as a cause of systemic risk-in order to prepare effective risk management plan. Additionally, the SEC has focused on risk management of the liquidity of intermediaries and important market infrastructure, for example—the clearing and settlement system, by preparing enough capital and liquidity to accommodate fluctuations in a crisis.

For strategic and enterprise risks, the policy implementation must consider all strategic risks and cover major risk trends that may affect the SEC in achieving its goal, in order for the SEC to develop and supervise the capital market efficiently and create sustainable growth for the Thai capital market and economic system. Moreover, in order to satisfy the needs for sustainable development of the organization, the capital market and the country, the SEC has prepared risk management process at corporate level to manage the overall risks. High level executives, as members of the Risk Management Committee, take into account the importance of risk management and assume significant roles in managing risks in order to report to the SEC Board.

This is to ensure that the SEC is prepared in term of policies, organization management and resources to effectively and efficiently support future direction of the operation and promote risk management to become an important corporate culture.



ECONOMIC OVERVIEW AND CAPITAL MARKET IN 2013

World Economy

During the past few years, the BRICS emerging economies -- Brazil, Russia, India, China and South Africa -- and some others played a major role in saving the global economy from recession as their foreign reserves and demands in consumer products helped to increase the sales of Western companies.

However, in 2013, the emerging market economies themselves faced a recession, chaotic society and unstable market. Consequently, investors became anxious and removed investment from such countries. The most obvious case of concern was perhaps China whose GDP growth dropped to 7.6% in 2013 from 9.3% in 2011 and from two-digit growths during the past decade. Such continual decrease eventually confirmed the Chinese economic recession.

The slower growth trend in China and other emerging markets imposed a major risk factor to the world economy during the past year as many countries increasingly became dependent on China's economic expansion. Moreover, the possibility that the US Federal Reserve would cease the Quantitative Easing (QE) policy abruptly stirred worries and prediction of decline in investment returns, and subsequently withdrawals from the emerging markets. Such negative

environments induced fluctuation in the stock market and exchange rates throughout the year.

In 2013, increasing spending and consumption as well as higher housing prices and employment rates gradually eased the US economic tension thanks to the support from the QE policy, which was extended till the end of the year. Likewise, the developed economies, especially the European Union, experienced stronger monetary stability as indicated by the stable and lower Sovereign Credit Default Swap spread (CDS spread) -- a risk indicator of government bonds -- compared to the crisis period.

This positive trend was possible thanks in part to the strict fiscal discipline of the governments of the crisis-ridden countries, especially Greece which achieved the goals set forth by Troika¹, which rendered financial aids to the country. Meanwhile, Japan was successful in its recovery efforts and generated quite a significant growth because of the economic stimulus, known as the Abenomics² policy, injected by the Bank of Japan. This resulted in the weaker Yen, growing exports and inflation rates in the direction set forth by the Japanese government.

¹ Troika consists of the EC (European Commission), the ECB (European Central Bank) and the IMF (International Monetary Fund).

² Abenomics refers to the economic policies advocated by Shinzō Abe, the present Japanese Prime Minister (2013).

GDP Growth Rate (%)

Economic Growth in 2013 and 2014

2013F = 2014F

8
7
6
5
4
3
2
1
0
1
0 -

Thai Economy

US

0.4

Eurozone

-1 -

In 2013, the Thai economy continued to expand on a relatively stable ground. The expansion rate, however, fell below 2012. According to the Office of the National Economic and Social Development Board, the 2013 GDP grew 2.9%, a substantial slowdown from 6.5% in 2012. Nevertheless, the economy was relatively stable with the annual unemployment rate of 0.7%, the inflation rate of 2.2% and the current account deficit of 0.6% per GDP.

UK

China

Japan

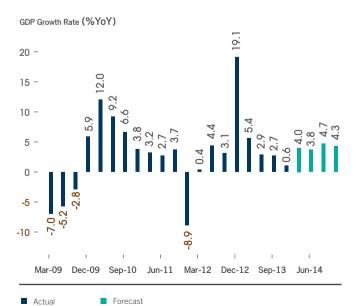
Thailand

The Thai economic slowdown was due to three major factors: 1) export decline as a result of slow recovery of the world economy and slower economic growth in China as well as shrinking fishery exports due to shortage of shrimps as a raw material for frozen foods. Fortunately, the services exports remained positive and the number of inbound tourists continued to grow, 2) sharp drop in consumption and investment as the consumption of durable goods decreased along with the end of the First-Time Automobile Ownership tax exemption policy. Plus, political protests weakened consumers' confidence and spending. The private sector investment also slowed down significantly compared to the lump sum injection for flooding rehabilitation in the previous year, 3) below-target disbursement due to delayed government spending, especially in the infrastructure and water management megaprojects which were in the public hearing process under the administrative court's order.

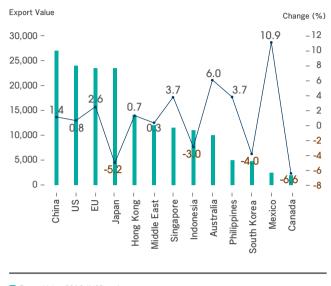
Consequently, the injection of public sector investments into the economy fell below expectations.

As to financial stability, the United States' uncertain QE policy pressured the Thai Baht into fluctuation since May 2013 when the Fed announced reduction of asset acquisition according to the QE policy. The Thai Baht depreciated to 32.70 baht per dollar in December 2013. The inflation rate remained low and guite stable at 2.2% despite a raise in the minimum wage, higher household gas prices and the Ft rate (the fuel adjustment charge at the given time). There were fewer effects from the inflation rates as the national spending slowed down and the relatively moderate crude oil prices in the world market. The interest rates policy would remain at 2.25% until 2014 since the inflation rate was likely to be low along with the slowdown in household debts, while the foreign exchange reserve remained substantial for coping with capital outflows. However, there were three major risk factors that might influence the Monetary Policy Committee's decisions, namely 1) the possibility of world economic recovery below expectations which could slow down Thai exports; 2) possible delay in government investments; 3) upward interest rate trends stimulated by the regional central banks to discourage capital outflows; and 4) political uncertainty affecting the overall economy.

Thailand's Economic Growth Rates and Forecast for 2014



Thai Exports to Major Trading Partners and their Growth Rates in 2012 and 2013



■ Export Value 2013 (USD mn) — % Change from 2012

Thai Capital Market

Equity Market

In 2013, the overall trading decreased although in the first quarter the emerging economies and Thailand remained positive thanks to the economic stimulus of the developed countries since 2011. By mid-year, the United States, Japan and Europe began to show a sign of recovery while the Thai economy grew at a slower pace amid the political instability in the latter half of the year. Such environment affected the governmental investment projects and private sector growth. The market experienced higher fluctuation and investors shifted their interest to developed markets.

Foreign investors were net sellers of 194,702 million baht at the end of 2013. The SET Index closed the year at 1,298.71, down 6.7% from the end of 2012 representing the biggest decline in the regional markets. During the year, the highest point was 1,643.43 (on May 21) and the lowest point was 1,275.76 (on August 28). The market capitalization at the end of 2013 was 11,496,765 million baht, a 2.83% drop from the previous year in line with the overall Index decrease.

Nevertheless, the Thai market managed to achieve the Asean-wide success in many areas, including 1) the highest daily average trading value of 50,329 million baht since the opening of the SET, a 55.8% increase from 2012 and the highest record in the Asean market, 2) the MSCI included five Thai securities to the MSCI Global Standard Indices, the highest number added in Asia, 3) three Thai listed companies included in the Dow Jones Sustainability Index (DJSI), the highest number in the Asean, and (4) Thai listed companies achieving the highest score on the ASEAN CG Scorecard.

SET Index and Net Foreign Trading in 2013



Source : SET Market Analysis and Reporting Tool (SETSMART)

% Change of Stock Market Index 2013 (%YoY)

Japan	56.7%
US	27.6%
Euro	18.0%
Malaysia	11.4%
India	8.7%
Philippines	1.3%
MSCI Asia ex JP	0.4%
Indonesia	-1.0%
Singapore	-1.2%
China	-6.1%
Thailand	-6.7%

Short Sale

In 2013, the short sale value was 2.3% of the total SET100 trading value, compared to 1.8% of the previous year. It reached the highest point of 3.6% in August when concerns over the United States' possible QE reduction clouded the market.

Short Sale in 2013



Source: SET Market Analysis and Reporting Tool (SETSMART)

Equity Issuance and Offering

The total issuance for sale of equity was 62,972 million baht, decreasing from 171,913 million baht in the previous year. Details of the equity issuance categorized by types of offering are as follow:

- Initial Public Offering (IPO) totaled at 38,957 million baht, rising from 15,669 million baht in 2012, accounting for a 149% increase. MK Restaurant Group Plc. was the biggest offeror with the total value of 9,107 million baht;
- Public Offering (PO) totaled at 14,656 million baht, falling from 105,507 million baht in 2012. Matching Maximize Solution Plc. was the biggest offeror with the total value of 735 million Baht:
- Private Placement (PP) totaled at 7,445 million baht, dropping from 48,140 million baht in 2012. Country Group Development Plc. was the biggest offeror with the total value of 3,700 million Baht;
 - ESOP totaled at 1,913 million baht, declining from

2,597 million baht in 2012. Bangkok Airways Plc. was the biggest offeror with the total value of 300 million baht.

Bond Market

The annual market overview showed continuous expansion in the primary market. The outstanding value at year-end for all types of bonds was 8.9 trillion baht, a 5% rise from 2012, especially in the long-term bond category of the public and private sectors. Likewise, the secondary market saw an upward trend with the total value of 215.5 trillion baht or the daily trading value of 880 billion baht, up 7% from 2012.

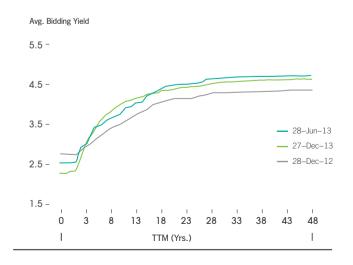
Major supportive factors for such positive investment environment included the economic growth driven by spending and consumption of the private sectors with robust liquidity, the relaxing monetary policy to induce loan expansion, the Bank of Thailand's policy to maintain exchange rate stability and foreign capital inflows for bond investment.

However, toward the end of the year the bond market experienced trading fluctuation of foreign capital flows due to concerns over reduction of asset acquisition under the QE tapering policy from USD85 billion to USD75 billion per month, in addition to the conflicts in Syria. As a result, the yield on Thai government bonds especially the long-term ones, was on the rise with the 10-year yield reaching the three-year high at 4.41%.

The yield curve for government bonds over the year was increasing along the trend compared to 2012, except for the yield on short-term bonds which was affected by interest rate cuts' policy by the Monetary Policy Committee due to falling demands from local and foreign investors after the Federal Open Market Committee resolved to cut down on bond purchase quota. Toward the end of the year, however, worries over political unrest urged some investors to put more weight on low-risk investments such as bonds causing a slight decline on the curve.

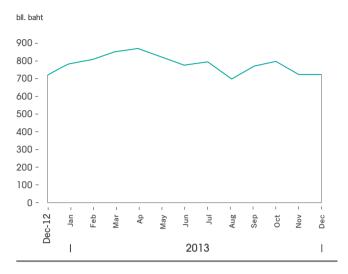
Foreign investors' bond holding value grew by 1.5%, from 718,890 million baht at the end of 2012 to 729,413 million baht in December 2013.

Yield Curve for Government Bonds (28th Dec 2012, 28th Jun 2013, and 27th Dec 2013)



Source: Thai Bond Market Association

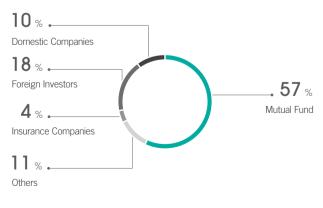
Debt Securities held by Foreign Investors in 2013



Source: Thailand Financial Instrument Information Center (TFIIC)

In 2013, the outright bond trading averaged at 112,924 million baht per day, up 38% from 2012. Of this, 76% was trading of short-term bonds and the Bank of Thailand bonds. The majority trading was among dealers and customers, accounting for 68% of the total trading value. Mutual funds were the largest group of customers with 57% trading value; whereas, foreign investors accounted for an 18% increase from 2012. Trading percentages of domestic companies and insurance firms were 10% and 4%, respectively.

Trading Value in Bond Market according to Investor Types in 2013



Source : Thai Bond Market Association

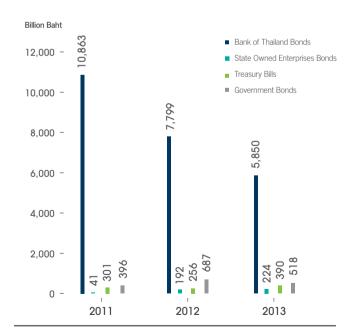
Debt Instrument Issuance and Offering

The total value of debt instrument issuance and offering was 12.5 trillion baht, decreasing 300 billion baht or 2% lesser than in 2012. Of this, the government sector issuance was 6.9 trillion baht, dropping 1.9 trillion baht from 2012. The biggest reduction was in the Bank of Thailand bond with the total value of 5.8 trillion baht, or 84% of the total issuance of government debt instruments. The total government bond offering was 520 billion baht, reducing from 690 billion baht in 2012.

The domestic issuance and offering of debt instruments by private sectors (Thai and foreign entities) totaled at 5.4 trillion baht, increasing by 1.7 trillion baht or 45% from 2012, consisting of 5 trillion baht of short-term debt instruments and

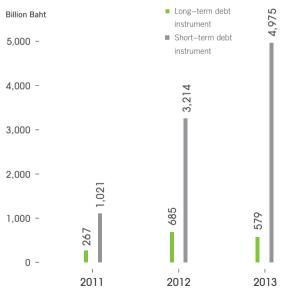
430 trillion baht of long-term debt instruments. The short-term debt instrument issuance increased 1.8 trillion baht or a 55% rise from 2012. The five biggest issuers of short-term debt instruments were the Bank of Tokyo-Mitsubishi UFJ Ltd. (Bangkok branch), Sumitomo Mitsui Banking Corporation (Bangkok branch), Deutsche Bank AG (Bangkok branch), The Value Property Development Co., Ltd., and KASIKORN-BANK Plc., accounting for 65% of the total issuance value of corporate bonds. The long-term debt instrument issuance decreased by 86 billion baht or a 17% drop from 2012. The five biggest issuers were CP All Plc., PTT Plc., True Corporation Plc., The Siam Cement Plc., and Toyota Leasing (Thailand) Co., Ltd., accounting for 3% of the total issuance value of corporate bonds.

Government Debt Instrument Offering by Type



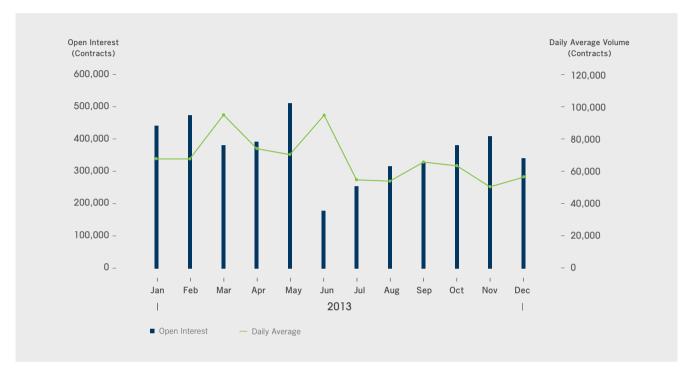
Source: Bank of Thailand (BOT)

Debt Instrument Offering in Private Sector by Type



Source : The Securities and Exchange Commission





Source: Thailand Futures Exchange Plc.

The domestic bonds issued by foreign entities increased from 1.6 trillion baht in 2012 to 2.9 trillion baht in 2013. The majority was issuance of short-term debt instruments which increased by 1.3 trillion baht or 99% of the total issuance by foreign entities. The total value of long-term baht bonds issued by foreign entities was 25.3 billion baht, 450 million baht less than in 2012.

Futures Exchange Market

The total trading volume on Thailand Futures Exchange Plc. (TFEX) was 16,664,126 contracts or a daily average trading of 68,017 contracts or a daily average trading value

of 26,970 million baht, accounting for a 55.21 increase from 2012 which was the highest record since the TFEX launch. The total number of the trading accounts by year-end was 87,693. In 2013, TFEX revised the terms and conditions on stock futures according to the underlying stock prices by increasing the position limit for small underlying stocks, reducing the minimum for block trade of large underlying stocks, and increasing the underlyings to 60 stocks to facilitate portfolio management through stock futures. By year-end, the trading volume of single stock futures and SET50 index futures increased 2.9 times while the trading of gold futures and USD futures dropped as the underlying prices were on a decline throughout the year.



KEY ACHIEVEMENTS

The SEC implemented the strategic plan through a selection of various mechanisms to supervise and develop the capital market to achieve sustainability. The key operations in 2013 can be summarized as follows:

Strategy: Reaching out to various sectors both enterprises and the public by utilizing the extensive sale channels of commercial banks and increasing the opportunities for non-bank intermediaries to be more competitive.

Wealth Management for the Mass Project: a project that supports the creation of a service to advise the public on how to allocate investment fund.

- To build financial security, people need to understand how to manage their assets to meet the goals of life in each stage. The SEC, therefore, implemented a plan to educate and supply the tools related to the asset allocation and provided environment that facilitates the use of this knowledge to the public to create practical skills, such as:
- (1) Prescribed rules for the investment advisor to provide preliminary advices to clients to realize and understand the importance of proper asset allocation. (Effective on April 1, 2016);
- (2) Developed personnel, in the category of wealth advisor, to advise appropriate asset allocation scheme for each investor individually;

- (3) Included asset allocation content in the training courses for license renewal of investment advisors;
- (4) Educated the public through media regularly and continuously; and
- (5) People could try to allocate investments in various asset categories to calculate the returns and risks by using the asset allocation calculation program on the www.start-to-invest.com website or the "start-to-invest" mobile application. Investment advisors could use this calculation program as a tool to impart knowledge to their clients with ease.
- To be effective in disseminating knowledge, reduce redundant work and able to measure the overall outcome, the SEC with 13 partners signed a memorandum of understanding to participate in the "Financial Literacy: Road to Thailand's prosperity" project. This project focused on the public awareness of the need for financial planning, investing for the future and for retirement, accessing to financial services to suit one's needs, including the ability to protect rights and interests as consumers of financial services and as investor.



The SEC with 13 alliances signed a memorandum of understanding (MOU) to conduct the "Financial Literacy: Road to Thailand's Prosperity" project.



The SEC, the Thai Bond Market Association and the Thai Investors Association launched "Bond Supermart" – a corporate bond information platform for retail investors.

- To foster mutual fund sale channels (by commercial banks) as additional option to meet the diverse needs of investors, the SEC issued notifications and proposed amendments to ministerial regulations to grant licenses to "Investment Supermarket" service provider. This type of service provider offers mutual funds from several asset management companies together with information for comparison to investors allowing more discretion in investment decision.
- The SEC together with the Thai Bond Market Association jointly developed the "Bond Supermart" as a source of information about private sector bonds to retail investors. This included compiling information and prices of bonds with liquidity in the secondary market into the same place, as well as fundamental information of bonds, channels to contact bond traders and tools to calculate price and yield of bond as the preliminary data for dealing with bond traders. Moreover, it also provided comparative data, such as, bank interest rates, the government bond yield for example. Investors can access the "Bond Supermart" with ease through five channels including the website of the Thai Bond Market Association: www.thaibma.or.th and www. thaibond.com, the SEC website www.sec.or.th, and www. start-to-invest.com and the Mobile Application "start-toinvest."
- Provided knowledge on financial management and investment continuously through ongoing activities and various media such as:

- Website www.start-to-invest.com which had nearly one million visitors in 2013, and imparted knowledge through social network "start-toinvest" both in Facebook and Twitter, provided knowledge and news via e-newsletter for approximately 30,000 members and mobile application "start-to-invest," which had over one hundred thousand downloads.
- Inserted financial management and investment in TV entertainment shows aired from October 2013 with 1.2 million viewers.
- A one-minute documentary radio program broadcasted nationwide from Monday to Friday between 12.00 - 13.00 hrs. via Radio Thailand from June 2013.
- "Learning about investment with the SEC" cartoons published on Facebook and in the process of preparing animation version for broadcast television.
- Exhibition booth at the GPF Wealth Expo 2013,
 Money Expo 2013, and SET in the City 2013 events.
- Dissemination of knowledge through other channels such as the publications: "Choose a Stock Broker Professionally," "Map of Life on Investment," and "Learn to Invest with the SEC," including articles in the daily business newspapers.









Some of the SEC's publications for investors.

The SEC and allies from public and private sectors launched the second "Pride of the Provinces" project to provide knowledge to businesses across the country about fund mobilization and the capital market.

Provided channels to promote the fund mobilization of small and medium-sized businesses (SMEs) and business prospects

• Developed the competencies of SMEs and companies with potential to be ready to mobilize and have qualifications to meet the needs of various fund providers and investors in order to access long term financial sources. The activities were to build networks between SMEs and target financial advisors and investors through the "Pride of the Province" project I and II (whose members numbered 219 companies), SMEs bond project (97 companies) and individual counseling—one-on-one visits—(29 companies).

Strategy: Laying the foundation for sustainable development. These were environmental, social and good governance including anti-corruption. With a focus on development of capital market and investors, the SEC built the disciplinary mechanisms of the market stakeholders (market discipline) and raised the level of law enforcement.

Encouraged companies to operate under the principles of good corporate governance

- The Report on the Observance of Standards and Codes: Corporate Governance Country Assessment or CG ROSC by the World Bank in 2012, which was announced in April 2013, the Thai capital market scored 82.83. Thailand received the highest score in the category of disclosure and transparency due to the facts that the disclosure in the annual reports of most listed companies conformed to international standards. In addition, there were means for the dissemination of information of listed companies which would inform investors through various channels and in a timely manner. The Thai capital market also had good development in raising the level of corporate governance and was the leader in the region by scoring high in all important categories.
- The assessment of good corporate governance of listed companies in the region (ASEAN CG Scorecard) was to enhance the corporate governance of listed companies in the region to be comparable internationally. Average score of the top 100 listed companies in Thailand was highest in the assessment compared to other member countries.
- The overall score of the shareholders' Annual General Meeting assessment of listed companies for the year 2013 by Thailand Investors Association was improved: 86 percent of listed companies that had been evaluated scored more than 70 percent.



Assistant Secretary-General Waratchaya Srimachand shared the SEC direction on corporate social responsibility (CSR) at a seminar on "CSR & Sustainability in 2013," co-hosted by the Corporate Social Responsibility Institute (CSRI) under the Stock Exchange of Thailand (SET), the Thaipat Institute and the SEC.



Secretary-General Vorapol Socatiyanurak gave an opening speech and presented the Sustainable Report Award to listed companies at the CSR Thailand Conference 2013: CSR Roadmap for ASEAN hosted by the Thai Listed Companies Association (TLCA).

Encouraged listed companies to practice their businesses with corporate social responsibility: CSR, and implemented measures to combat corruption.

- Required listed companies to disclose CSR and anti-corruption operations in the annual registration statement (Form 56-1) and their annual reports. Companies issuing and offering new securities were required to disclose such information in the registration statement (Form 69-1) to provide investors with more important information for decision-making on investment. At the same time, this helped listed companies to audit themselves whether the implementation of CSR and anti-corruption measures are consistent with the goals of sustainable development of the organization, starting from 1 January 2014 onwards.
- Organized a Sustainability Report Award program for the first time in the country, with the cooperation of the CSR Club of the Thai Listed Companies Association and the Thaipat Institute. This program is to support and encourage listed companies with CSR operations and disclose the implementation in accordance with ESG (environment, social, governance) guidelines in the annual report and / or sustainability reports. This encouraged listed companies to prepare and disclose information about their implementation of CSR to be on par with international standards.

• In cooperation with the Thaipat Institute and the Corporate Social Responsibility Institute (CSRI), arranged an announcement on the "Direction of CSR & Sustainability year 2013—toward the sustainable development era 2.0" for listed companies to encourage operation in accordance with the principle of CSR in process which leads to sustainable business development.

Cultivated awareness in investors' the importance of companies operating under the CSR principles and anti-corruption measures.

• Coordinated with institutional investors such as the Association of Thai Securities Companies, Association of Investment Management Companies, and Thai Investors Association, to issue guidelines on the proxy voting, as well as to track and ask questions about the business practices under CSR and anti-corruption measures of the listed companies in their Annual General Meeting of Shareholders, starting from the year 2014 onwards.

Prepared a sustainable development roadmap for listed companies.

 Prepared a "Sustainability Roadmap for Listed Companies" for businesses in the capital market to have quality in term of environmental, social and corporate



The SEC supported the institutional investors from both public and private sector in signing a memorandum of understanding (MOU) to encourage the corporate governance and the anti-corruption.



The Secretary-General Vorapol Socatiyanurak gave a speech on "Corporate Governance Development in the Thai Capital Market" at the "the Third SEC for CEO Forum". The seminar was co-organized by the SEC, the World Bank, and the Thai Listed Companies Association.

governance, including anti-corruption measures. The roadmap is to improve the role of listed companies towards their stakeholders, a section in which the Thai capital market still scored low in the evaluation of global governance, and to prepare the market to meet the needs of investors who gave importance to CSR, as well as to alleviate the present deteriorating environmental issues. The plan laid down a benchmark and proposed measures to improve the business, investors development and created a mechanism from the discipline of the practitioners themselves (selfdiscipline) and discipline of stakeholders in the market (market discipline), in order to strengthen the supervision of statutory authorities (regulatory discipline) as well as encourage the creation of a culture of good corporate governance according to international standard to support the sustainable growth of the Thai economy. Such plan went through a public hearing of stakeholders in the capital market and could be downloaded from the SEC's website.

Supervision and enforcement

 Organized the "SEC for CEO Forum" project to be a forum to meet and exchange opinions of the management of listed companies with the SEC and various experts from the government and private sectors. Enhanced information disclosure of the analysis of financial conditions and results of operations of listed companies, improved the Management Discussion and Analysis (MD&A) in the annual registration statement (Form 56-1), according to the recommendations of the CG Watch 2012 evaluation. The SEC also organized workshops about the guidelines for the preparation of the MD&A, and distributed an evaluation of the completeness of the information form (checklist) to help listed companies improved their disclosures of information.

- Raised the standard of business practices of investment management firms by cooperating with the Association of Investment Management Companies issued investment risk management guideline and a self-assessment form for investors before deciding to invest in financial instruments or complicated financial transaction (Due Diligence Checklist).
- Encouraged investment management companies to comply with international standards for performance measurement (Global Investment Performance Standards: GIPS), to use the same standard in the calculation and disclosure of information. This was in preparation for cross-border offering of investment units.
- Conducted inspections of 13 securities companies, 16 investment management securities companies, checked quality control of audit system of the nine audit firms, and reviewed form 56-1 of 254 listed companies.



The SEC hosted the first multilateral executive meeting with capital market regulators from Cambodia, Laos, Myanmar and Vietnam to strengthen cooperation for development of the Great Mekong capital markets.



Mr. Vorapol Socatiyanurak (middle), Secretary-General of the Securities and Exchange Commission, Thailand, Datuk Ranjit Ajit Singh (right), Chairman of the Securities Commission Malaysia, Mr. Lee Chuan Teck (left), Assistant Managing Director (Capital Markets Group) of the Monetary Authority of Singapore, signed an MOU to establish the framework to commence cross-border offering of collective investment schemes to retail investors in ASEAN countries (ASEAN CIS) by mid-2014.

• Completed 23 investigations on crime / fraud of the management of listed companies, 25 operating securities or derivatives businesses without licenses, and a total of 45 acts of unfair trading (price manipulation, dissemination of false news and insider trading) cases.

Strategy: Increasing the agility and flexibility
of the regulatory system, taking into account the level and speed not to limit the development of competitiveness of the Thai capital market and for the authorities to deal with any risks promptly.

Facilitated and reduced the burden of documents on private sector by allowing the issuance and offer for sales of the derivative warrant automatically (auto approval), reduced steps in the work process, and reduced the impact of fluctuation of the underlying securities.

• Increased flexibility in operations and offered more alternatives for the offer for sales of investment units by asset management companies, and created investment alternatives to investors by relaxing the rules to enable already established funds to divide investment unit into several categories (multiclasses) and modified the rules on division of investment units of mutual fund by allowing categorization by currencies.

Strategy: Creating opportunities from the growth of emerging markets in Asia (emerging Asia): playing a supporting role in capacity building of neighboring markets and created opportunity for the Thai capital market to be the connecting link for investment in emerging Asia.

Built good relationships of countries in the Greater Mekong Sub-region (GMS)

- Established good relations with countries in the GMS through assistance in capacity building, as well as making arrangement for cooperation through MOUs, discussion venues, and exchanged various knowledge, such as:
 - provided training for officials from Lao People's
 Democratic Republic and Kingdom of
 Cambodia—five courses;
 - Hosted a meeting between capital market regulators in the GMS; and
 - Signed a memorandum of understanding (MOU) with the Central Bank of Myanmar (CBM) on the subject of providing assistance in the establishment of capital market.



The SEC welcomed participants from more than ten Asian regulatory agencies to the Regional Takeovers Regulators Roundtable 2013.



The SEC and the Thai listed Companies Association co-hosted the second CEO Forum on the topic, "IFRS and Financial Reporting for Investors," featuring a keynote address by Mr. Hans Hoogervorst (second from left) Chairman of the International Accounting Standards Board (IASB).

Expanded the opportunities of Thai Mutual Fund from the growth of GMS

 Revised the rules for investment of mutual funds so that they were able to invest part of their funds in GMS.

Supported the issuance and offer for sale of securities within ASEAN.

- Issued notification that, in conjunction with Malaysia and Singapore, ASEAN disclosure standards shall be used in disclosing information about securities being offered for sale. This was to facilitate the issuer of securities, in the offer for sale in many countries in ASEAN simultaneously;
- Reached an agreement with Malaysia and Singapore in cross offering mutual fund (ASEAN collective investment scheme framework), where investment units of an authorized mutual fund in one country can be offered for sale in the other countries under a process which is more convenient and faster, estimated to start during the first half of 2014.

Made Thai's standards acceptable internationally in order to sell financial products abroad.

 Kept track of capital market standards and, carried out a plan to make them accepted Thailand's own, in order for Thailand financial products to be saleable in those markets;

- Communicated to private sector in the capital market to be in readiness to support (such as preparing an MOU with the regulatory authorities of the 24 countries of European Union and European Economic Area under the term of the Alternative Investment Fund Manager Directive (AIFMD), cooperated with the Stock Exchange of Thailand to support the European Market Infrastructure Regulation (EMIR) of the EU);
- Tracked the Anti-Money Laundering and Combating the Financing of Terrorism issues and recommendations from the Financial Action Task Force (FATF) closely;
- Communicated to the operators in the capital market their duties to report to the Office of Prevention and Suppression of Money Laundering of transactions in the manner prescribed by the anti-money laundering law and the prevention and suppression of financing terrorism law, which were additionally amended, to relieve Thailand from the category of a country with a high risk for money laundering; and
- Monitored and pushed for the negotiations at the national level and amended related laws to waive the enforcement of the Foreign Account Tax Compliance Act (FATCA) of the United States.



SOCIAL RESPONSIBILITY

Besides the primary mission of the SEC in the supervision and development of the Thai capital market, the SEC has also focused on the implementation of social responsibility. In 2013, important implementations to reach the objective could be divided into two major areas, which are:



Staff

The SEC has been attentive to both the development of knowledge and skills of the staff. The SEC set fair compensation by evaluating the value of work, surveyed and tracked the movement of compensation rate among various similar agencies regularly. These were done, in order to set up a competitive salary structure to maintain and persuade skilled workers to join the SEC. Moreover, the SEC launched a summer program for student trainees to provide opportunities for students to learn about the capital market, and gain work experience prior to entering real life work.

In addition, there were various welfare and benefits such as annual leaves and holidays, medical benefits to employees and their family members, which cover illness, dental work, obstetric, annual check-ups and immunization, welfare for child tuition, loan for expenses

or necessities including low-interest housing loan. There were special allowances for the case of those too sick to work and have to resign their duties. The SEC also provided assistance, in the form of special fund, to staff or members of their families who passed away.

For staff nearing retirement, there were readiness preparation while still on the job by providing knowledge about having enough saving after retirement, guidelines for managing fund after retirement and sending staff to participate in the preparation before retirement program organized by the Ministry of Social Development and Human Security. The program also included making arrangement to have medical expenses welfare for staff in case of illness after retirement. This was intended for staff to have the same quality of life after retirement.



The SEC organized various skills development courses for the staff.



The SEC Staff visited the Royal Nature Conservation Center, Nakorn Nayok Province, to learn about the King's concepts and theories on self-development.

Welfare and Safety of Staff

Welfare and safety of employees affected their quality of life, and were factors that help promote operational efficiency. The SEC required staff to live a normal, happy both physically and mentally, life with risk management, appropriately and regularly. Therefore, the SEC operated in prevention mode and campaign to provide knowledge about many subjects related to the operational activities of the organization and the daily life, for example, emergency drill to handle un-foreseen situations, fire drill, traffic warning and knowledge to handle various epidemics, etc.

Moving the office to Vibhavadee Rangsit Road in 2013 might have affected the well- being of some staff in term of travel, food and daily life. Therefore, the SEC implemented certain measures to help the staff adapted themselves to the change conveniently, for example, a shuttle bus between the office and Mor-Chit BTS station, parking space for staff with private cars, travel map and location of food sources around the new office building.

Staff Development

For staff development, the objectives were to increase work skills and lead the organization towards sustainability. The development of staff potential was prescribed according to level and competency in line with the assigned work. This included job rotation to create new learning in preparation to work in other positions in the future.

The SEC believed that staff who received correct and continuous development would increase the value and efficiency of the performance of their job and could be successful in their work. Hence, the new principles and tools in the management of personnel resource are introduced, which also included setting the performance goals of each staff to be in line with corporate goals and managed the follow-up to ensure that each staff was able to perform in accordance with personal and corporate goals. In this respect, should there be changes in the operation with important substance, the SEC shall inform the staff, in writing, not less than 30 days in advance.

Training

Staff at every level needed to receive training to increase knowledge, understanding, skills and viewpoint regularly and continuously, which were in line with one's duties and corporate value. Training included internally and externally courses. These courses emphasized both imparting knowledge and new technologies relating to the job, and appropriate behavioral and character trait training, in order to help the staff increase their potential and capacity for the present work and for the progress in the future.

In 2013, the SEC organized internal training seminars by internal and external experts on several subjects, for example, how to increase job skill, knowledge about development of capital markets both domestic and abroad, and creating







Children had fun at the SEC kids room.

work-life balance, 32 subjects in all. External courses such as "Going Forward: Future Challenges in Securities Regulation and Practical Solutions for Meeting Those Challenges" by IOSCO, and "Managing Social Responsibilities for Sustainable Development" organized by CSRI. Additionally, the SEC supported the staff taking English language courses at Sasin Institute to prepare their readiness as Thailand will join the ASEAN Economic Community in 2015.

Professional Advancement

The SEC had a performance evaluation system and disclosed such system to the staff. Every staff must know about their strength, areas for improvement and any suggestions for performance development. Every staff had opportunities to question and ask for advice or suggestions concerning the result of their performance from their direct superior and ones higher up. In this matter, the SEC required that every staff must have an annual performance evaluation.

All staff was considered for promotion on the basis of performance, whose characteristic were clearly defined with the opportunity to be considered without discrimination.

Work-Life Balance

The SEC emphasized the importance of time management to create balance between work and ones' private life and expected the staff to be happy, healthy—both physically and mentally, able to perform their duties

towards family and work without shortcoming, and be good member of society and quality citizen of the country.

In order for the staff to have activities together outside their jobs, to promote better working ambience and tighten the relationship between staff and also between staff and enterprise, the SEC, therefore, sponsored the budget to establish several clubs and forums to support diverse interest and aptitude of the staff. The clubs included golf, bowling, football, badminton, swimming, yoga, table tennis, aerobic, musical art, photography, etc. The SEC also arranged activities to supplement the free time usefully such as water color painting, the art of decoupage, including seasonal and traditional activities such as the Songkran Farewell on Withayu Road.

The present service building had facilities for staff who wishes to exercise or relax from work stress with both fitness and karaoke rooms. Additionally, there was a kids room for staff that brings their children to the office and a ward for staff that falls ill during working hour and needed to rest.

Not only the staff that was important to the enterprise, but staff's family also. The SEC, therefore, focused on organizing activities that provide opportunities for staff's families to participate. When the SEC moved to the new building, it organized a "Family Day" event for the staff to bring their family members to visit the working space and join the party afterward.

Human Resources Statistics

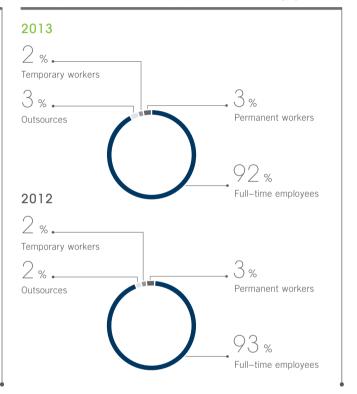
Number of employees (no. of staff)

2013 504 Staff 358 Female

451

Female

Employment classified by type of contract (%)

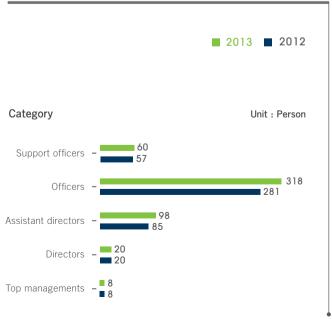


Employment classified by sex (%)

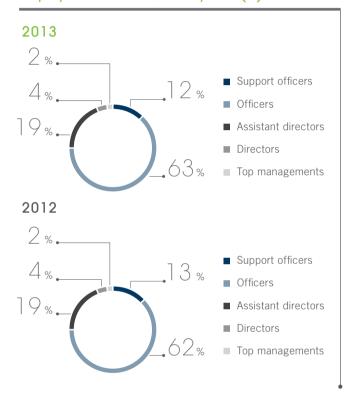
Male



Employment classified by level (no. of staff)



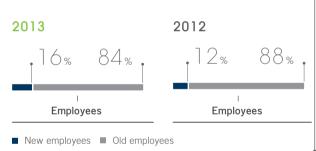
Employment ratio classified by level (%)



New employees classified by age (no. of staff)

	Unit : Person		
Age	2013	2012	
Below 30 years old	61	34	
Between 30-50 years old	18	19	
Over 50 years old	_	-	

New employees: total employees ratio (%)



Number of new employees (no. of staff)

2013



2012



Number of employees whose term end (no. of staff) (resignation and retirement)

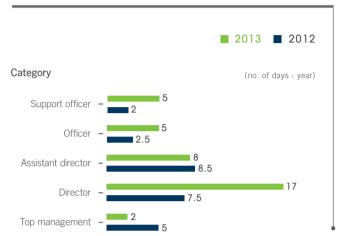
(resignation and retirement) 2013



Number of employees whose term end classified by age

	Unit : Person		
Age	2013	2012	
Below 30 years old	12	12	
Between 30-50 years old	11	11	
Over 50 years old	3	3	

Average training hours of total employees**



Resignation/retired employees: total employee ratio (%)**



Resignation/retired employees: total employees ratio (%)

	Female : Male			
Employees	Employee wages ratio			
Employees	2013	2012		
Support officers	1.50:1	1.39:1		
Officers	1.06:1	1.05:1		
Assistant directors	0.93:1	0.95:1		
Directors	1.02:1	0.94:1		
Top managements	0.72:1	0.72:1		

Average training hours of total employee**

Sex	2013	2012
Male	6	n/a*
Female	6	n/a*

Number of employee resuming service after delivery (no. of staff)

	Unit : Person		
	2013	2012	
Number of employees on maternal leave	3	7	
Number of employees resuming service	3	6	
Employees resuming service ratio after delivery (%)	100	86	

 ${\tt Note} \quad : \ {\tt ^*Classified only full-time \ employees, \ while \ permanent \ workers \ and \ temporary \ workers \ are \ not \ classified}$

(no. of days : year)

^{**} Calculated from in-house training that used central budget to enhance employees according to their competency, excluding special lecture, external training and training held by department

^{***} Average number of training hours of employees in 2012 were not classified by gender.

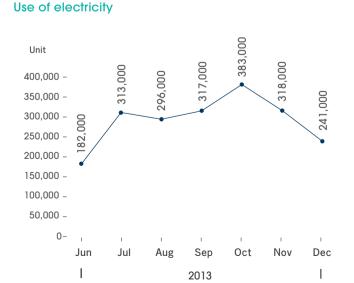


Society and Environment

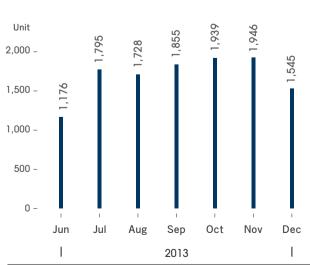
As a good citizen of society, the SEC has joined the Anti-Corruption Organization of Thailand with more than 40 organizations, in the "Join Force to Anti-Corruption 2013: Act Now, Keep Together, Save the Future" event. It is the SEC's policy to support personnel and agencies in the capital market to focus on the implementation, by taking into account the responsibilities towards society including anti-corruption within government and private sectors. Furthermore, the SEC donated funds and material to disaster victims or people in need, for example, the SEC donated fund, through the Thai Red Cross Society, for the Hai Yien typhoon victims in the Philippines, donated fund, education equipment and lunch for the school in Petchburi, donate education equipment to the library of school in Yasothorn. For its 21st anniversary, the SEC organized blood donation by the staff for the Thai Red Cross Society.

For the environment, the SEC implemented several measures to reduce the use of unnecessary resources, such as, organizing a more efficient route for contacting work of the Office to reduce petrol consumption, turning off lights and air conditioners during lunch break and after office hours, campaign for staff to use both side of a sheet of paper, separating garbage and economized the use of water and electricity.

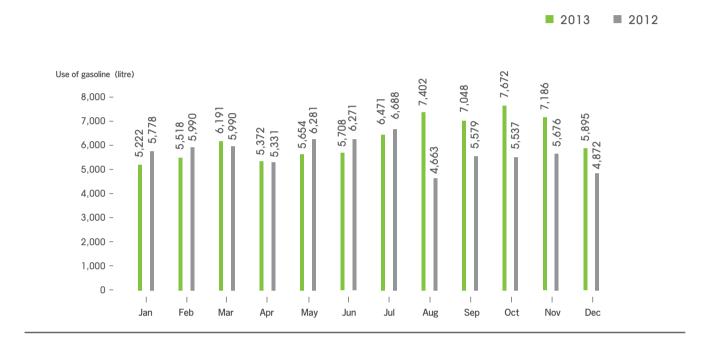
Use of resources



Use of water



Use of gasoline (litre)



An increase in gasoline usage in 2013 from August onwards is due to car pool service provided for employees traveling from SEC building to BTS Mor-Chit.

Expenses relating to employees, communities, society and environment

	(Baht)
Items	Total
Salary, over-time, wage, provident fund, medical expense, other compensation and long-term benefits	660,806,353.63
Scholarship and employee development	23,910,770.71
Donation and support for community, social and environment responsibility activities of outside entities	2,542,145.72

Awards

3

"Thailand ICT Excellence Awards 2012"

"Best Information Booth"

"Outstanding Booth"



• The SEC was awarded a "Thailand ICT Excellent Awards 2012"in the "Knowledge Management" category for internal knowledge management under the SEC Centerpoint Project. The project has allowed staff to learn, exchange, and apply the knowledge acquired from work process and our staff's experiences to improve efficiency at work. The award was organized by Thailand Management Association (TMA) in cooperation with National Electronics and Computer Technology Center (NECTEC), Software Park Thailand, and the College of Innovation, Thammasat University.





• The SEC received an award from the SET in the City 2013 under the theme "SEC Investment Academy", a source of knowledge for new investor. The visitors could start learning their needs and getting to know various financial products. Also, the SEC provided information to share with the visitors includes how to plan asset allocation with risk diversification; properly select securities companies; and access information sources for investment decision making. Meanwhile, 'Bond Supermart' was introduced to ease trading debt securities in the secondary market.





• The SEC won an "Outstanding Booth" award for the category "less than 100 square meters" at Money Expo Bangkok 2013 hosted by Money & Banking Magazine. The award was in recognition of the SEC booth presented under the theme "SEC Open House".



SEC STRATEGIC PLAN FOR THE YEAR 2014

The SEC, as the agency responsible for the supervision and development of the Thai capital market, is concerned about sustainable development of the capital market as an important mechanism leading towards the sustainability of the country. Therefore, SEC strategic plan for 2014 was laid out with inputs from reviewing the environment which affects the development of the Thai capital market, strategies of the country, and the challenges of sustainable economic growth, including taking into account the demands, opportunities, problems and obstacles of various segments of the Thai capital market.

1) Global Trends and the Implications to the Capital Market

(A) Volatility of capital flows

The global economies linkage makes economy and capital flows sensitive to external factors, resulting in high volatility. During 2013, developed economies such as the US and some countries in the EU started to recover. Meanwhile, emerging economies such as China and India slowed down. Consequently, the Thai capital market must prepare to handle volatilities, for example, prepare for funds management, stress test, and cooperation among regulators domestically and overseas. In the long run, the SEC ought to develop the role and capability of domestic investors to build internal strength and mitigate the impact of foreign investors, as well as strengthen factors which affect the country economy.

(B) Direction of the new rules

The financial crisis accentuates the differences in rules and supervisions of countries. Therefore, efforts are being made to set up mutual standards to reduce risks caused by such gap. Furthermore, superpower such as the US and EU still issue rules, applied to foreign businesses offering services or selling financial products to their own financial institutions or investors (extraterritorial rules). In this regard, the Thai capital market supervision must be in line with international standards and the enforcement, both domestic and international, must be more efficient and trustworthy.

Moreover, various regulators throughout the world have given priority to the supervision of the offering for sales of complicated products, whilst maintaining the diversity of products to completely satisfy the demands. Ideas were proposed, to study the behavior of investors, motivations, and behavioral economics in order to improve the efficiency of supervision. The supervision of the Thai capital market ought to consider the flexibility to the securities business in the creation of new products and services, including the use of knowledge of behavioral economics in the revision of the issuance of rules, or build the knowledge for the investors to be in line, appropriate and more efficient.

(C)Interconnection and its impact on intermediaries businesses

Thailand has faced more pressures from financial liberalization, resulting from the Free Trade Agreement (FTA), which reduces taxes on import products in exchange for financial service liberalization. Furthermore, the Bank of Thailand's capital flows master plan for the years 2014-2015 has direction to relax requirements so that retail investors can invest in foreign securities without going through Thai intermediaries. This will impact the competition of securities companies, asset management companies and the Stock Exchange of Thailand due to the fact that investments in foreign securities through Thai intermediaries have stricter limitation in terms of products and financial limit. These mentioned pressures will encourage Thai intermediaries to improve their competitiveness in the products offering both domestic and foreign.

(D) Investors integrated sustainable development (SD) in making decision on investment

The institutional investors worldwide have integrated the sustainable development principles: environmental, social and governance (ESG) in the

consideration of investment. However, survey found that the Thai Companies' level of SD awareness is not very significant when compare to the neighboring countries' in ASEAN, which in the future may reduce the attraction to institutional and retail investors. The Thai capital market should, therefore, promote listed companies, including SMEs which are in the supply chain of large enterprises, to seriously realize the importance of ESG and enhance their enterprise ESG.

(E) Problems of aging society deteriorating even further

Aging societies in many countries around the world still have tendency to expand rapidly. This is reflected by slow growth in domestic demand and the rising spending for the elderly by the government. Thailand, on average, has a tendency to become an aging society faster than other countries. If there is no preparation, this may cause wide impact to the economy and society. The capital market should, therefore, become the source of investment that supports long term financial needs of the retirees.

(F) Inclusiveness

In the past decade, problems of inequality in the world have risen, both within and across countries. Therefore, the direction of economic development in the next decade will focus on pulling in various segments and the public at every level to hold stake in. This development direction covers financial inclusion for both public and businesses that need funding. It will be a mechanism that helps increase domestic demand, and supports anyone with growth potential. The main goals are to distribute the economic benefits, mitigate inequality, as well as promote long term development. In this regard, the Thai capital market should develop its role in promoting access to financial services supporting channels of fund mobilization channels for potential businesses at all levels, and enhancing the utilization of the capital market in the allocation of investment to create long term return for the public.

2) The Challenge of Sustainable Economic Growth

(A) Household debt problems

The level of private sector debt in Thailand is higher than countries in Asia-Pacific, such as, China, Malaysia, Australia and Korea, and also have a rapid rate of increase: from 124 percent of Gross Domestic Product (GDP) in 2010, to 140 percent in 2011 and 148 percent in 2012, respectively.

(B) Supply constraint

The level of economic development is divided into three levels as follows: 1st level—factor-driven, 2nd level—efficiency-driven, 3rd level—innovation-driven.

Presently, Thailand is at the 2^{nd} level: the efficiency-driven, Singapore is at the 3^{rd} level: the innovation-driven, while Malaysia is transitioning from the 2^{nd} level to the 3^{rd} level.

Increasing the development and competitive potential of a country to the 3rd level depends on high quality supply factors. However, when comparing the factors with neighboring countries, it was found that Thailand development level is inferior to Singapore's and Malaysia's in areas such as innovation, technological readiness, and strength of processes and institutions. Should Thailand continues to have limitation on the quality of supply factors, the country will not be able to develop to the innovation-driven level and has the risk of not be able to escape from middle-income trap.

(C) Access to sources of funds by SMEs

Thai SMEs are very important to the economy of the country. However, many Thai SMEs are still unable to access sources of funds and still need support from various agencies both from the government and private sectors. The problems of access to sources of funds of the SMEs include borrowing from commercial bank, since SMEs' collaterals do not meet commercial bank conditions, management system of SMEs is not up to standards, increasing cost due to Basel III standards which are more rigorous, and the limitations of funding through the capital market. Additionally, the cost of entering the capital market and lack of knowledge of how to mobilize fund through the capital market are still significant problems.

3) SEC Strategic Plan for the Year 2014

SEC strategic plan for the year 2014 keeps the continuity from 2013 plan, which gives importance to openness and facilitates the development of competitiveness, building opportunity from the growth of emerging Asia, reaching out to various segments, laying down the foundations for sustainable development, alongside the preservation of standards for investors protection. The plan also stresses on increasing the efficiency of supervision by focusing on more responsibilities of intermediaries.

Reaching out to various segments in the capital market both businesses and the public, by utilizing the extensive sales channel of commercial banks while increasing the opportunities for non-bank intermediaries to be more competitive.

(A) Wealth management for the mass

A continuing project from 2013—the objective of this project is to prepare the public to be ready to save and invest, in order to have enough income after retirement. This project (1) encourages the public to be knowledgeable and understand the concept of asset allocation; (2) makes arrangement to have efficient advisors, organizes projects

to impart financial literacy to the public with first jobbers and students as principal targets; (3) provides sources of knowledge and information for the general public; and (4) builds up businesses' personnel to become financial trainers in cooperation, with partners in the "Change Thailand to Prosperity through Financial Literacy" project.

(B) Provide channels to promote fund mobilization by SMEs and targeted businesses

Supply constraint, for instance, limitation of research and development, innovation, technological readiness, is one challenge that obstructs the country to overcome the "middle-income trap." In the year 2014, the SEC plans to implement continuous activities to pass on knowledge and build network between businesses and investors, focus on coordinating with allies to utilize their cooperation to share knowledge in management, marketing and technologies. The activities are not only to enhance the competitiveness of the businesses but also to prepare them for fund mobilization.

(C) Provide stakeholders the easier accesses to the SEC

To meet stakeholders' demands in the areas of inquiries, basic advices and lodging complaints, which will make the roles of the SEC in the development of the capital market and protection of investors more effective, in 2014, the SEC plans to improve the information and complaint handling services, and provides telephone hot lines to facilitate users.

Laying down the foundation for sustainable development. These are environmental, social and governance (ESG) and include anti-corruption policy. The SEC

focuses on both businesses and investors development, enhancing market-disciplines and self-disciplines, and raising the level of enforcement.

The SEC has prepared a Master Plan for sustainable development and will start implementing the plan in 2014 in the following areas:

(A) Encourage entities in the capital market to have sustainable development

The SEC promotes the self-discipline of listed companies by supporting the roles and duties of directors, independent directors and audit committee through: organizing training for audit committee, supporting private sector activities against corruption—Thai Institute of Directors - Collective Action Coalition against Corruption: IOD-CAC—for example.

The SEC initiates the "Smart Investor" project such as, enhancing the level of information disclosure in the letter of invitation to shareholders meeting, supporting institutional investors in setting standards, and encouraging the investors to give importance to ESG. The SEC also encourages the stock exchange to participate in "The Sustainable Stock Exchange (SSE) Initiative," which is a co-operation between the United Nation and stock exchanges from several countries. The SSE encourages exchanges to work with investors, regulators and listed companies for transparency and ESG.

(B) Enhance law enforcement process

The SEC sets guidelines to increase the efficiency in every aspect of law enforcement, such as:

• Surveillance and prevention of the wrongful actsby amending the regulations on related party transaction (RPT), enhancing the responsibilities of directors, and increasing the level of market surveillance of the SEC, including developing staff skills.

- Monitoring the wrongful acts: by improving internal efficiency and enhancing cooperation between regulators such as the Bank of Thailand and the Office of the Insurance Commission.
- Efficient litigation: by increasing the use of administration measures and coordinating with the Department of Special Investigation and Anti-Money Laundering Office.
- Appropriate punishment: by preparing plan to push for important laws, particularly, civil penalty, class action and laws relating to unfair practices in the capital market.
- Communications and getting good understanding with the public and stakeholders: by passing on knowledge to investment advisors, organizing training about operational standards for investment advisors of securities companies to prevent wrongdoing, and proactive communications to investment advisors group and investors group through social networks.

3

Requiring intermediaries to have greater responsibilities and to provide adequate information to investors for making investment decision

From the trend observed by regulators in several member countries of IOSCO, there emerges a concept to study the behavior of investors. The regulators will use it to revise the supervision such that the intermediaries cannot exploit the weaknesses in the investors' behavior by offering products or services that take advantage of them. Furthermore, the related professionals and intermediaries play significant roles in the connection between investors and listed companies in several aspects, not only screening information of company to be listed, underwriting, sale of financial products, but also the review

the financial statements of listed companies. In 2014, the SEC stresses increasing the efficiency of supervision by prescribing measures to stimulate the intermediaries to be more responsible as follows:

(A) Improve the efficiency in doing due diligence

and the filing of information for share issuance by the financial advisors and the company wishing to issue shares, including guidelines to handle financial advisors that lack qualities, in order to increase the quality of information disclosed by listed companies.

(B) Improve the regulations for information

Disclosure. For example, disclosing the fees received by the selling agent of mutual fund, in order to provide sufficient information for investors in making decision to use the service.

(C) Improve the regulations for underwriter to be more responsible.

For example, providing ongoing research for a period of time.

4

Building opportunity and competitiveness of the securities businesses and the Thai capital market, to be internationally competitive by

increasing the agility and flexibility of the rules, preparing to handle various risks promptly, and implementing measures for Thailand supervision standards to be accepted internationally.

In the year 2014, the SEC has many projects to be implemented as follows:

- (A) Prepare the ASEAN standards for information disclosure to facilitate the issuer of securities that wants to offer the securities for sale in several ASEAN countries simultaneously, which is a continuing program from 2013.
- **(B)** Proceed to make the supervision standards of the SEC acceptable internationally by conducting gap analysis; cooperating with the securities depository center and the clearing house to define an operational plan to comply with the new IOSCO standards—Principle for Financial Market Infrastructure: PFMI; and pushing for the full adoption of the International Financial Reporting Standards (IFRS).
- (C) Prepare plans to allow the offering of various products for sale both domestically and internationally. This is to support the liberalization of capital flow policy of the Bank of Thailand which, in the future, will allow investors to make foreign investment directly.
- (D) Review securities laws to support the Thai capital market competitiveness and interconnectedness. For example, support the case where a person, not the issuer of the instrument, lists securities on the exchange, support the exchange interconnectedness of the trading system, and information sharing to related foreign regulators.
- (E) Push the use of Extensible Business Reporting Language (XBRL) system for filing financial statements by listed companies. XBRL shall lead to the reduction of the total cost of preparing financial statements by all stakeholders in the preparation of financial reports chain. The XBRL also brings more up-to-date information to investors. The system meets international standards and is ready to be used by analysts in every market worldwide.

5

Create opportunities from the growth of emerging Asia: establish the Thai capital market to truly be the investment connector in emerging Asia, taking into account

the comparability of rules and regulations, skinning in the game, and cooperation of regulators in reviewing and enforcing the law.

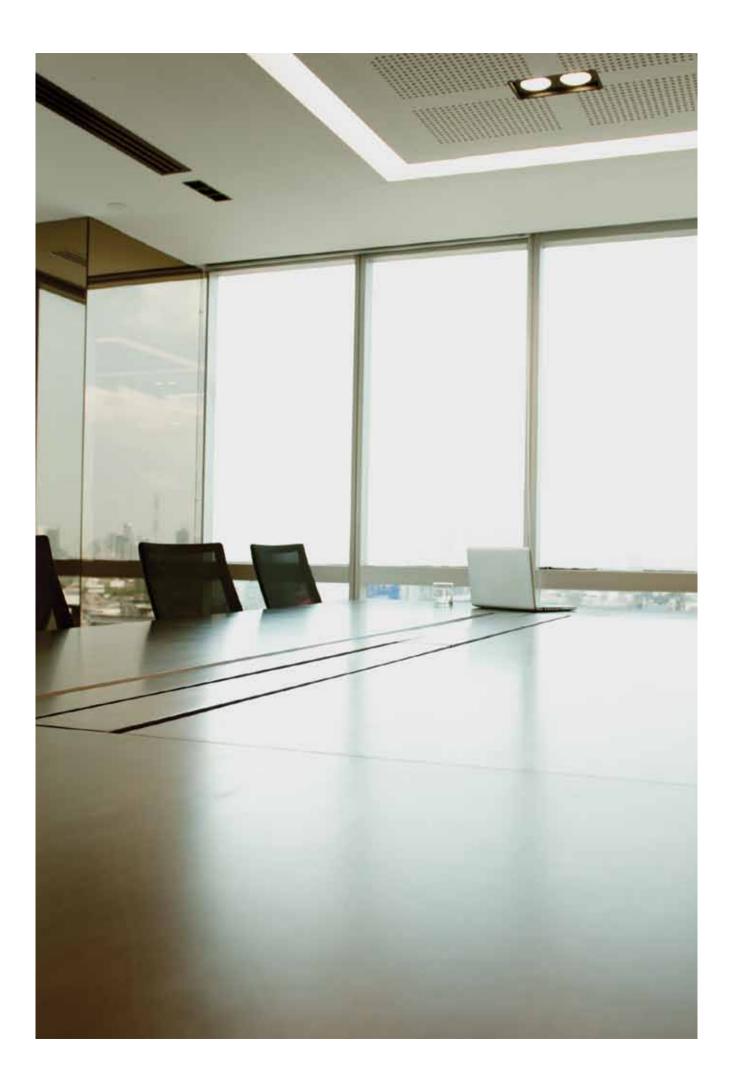
Countries in the emerging Asia group, especially the Greater Mekong Sub-region (GMS) countries, have continuous economic growth. Thailand has a strategic location at the center of GMS and closer cultural ties, coupled with infrastructure readiness for the real sector and the financial sector, resulting in opportunities for the Thai capital market to be the investment connector for GMS.

For 2014, it was found that the trend is still for high growth in the long-term but volatility in the short-term for emerging Asia countries. The SEC, therefore, implements preparation measures to be ready to provide more channels for issuance and offer for sales of foreign securities in a variety of forms, taking into account the risk and standards for supervision and laws enforcement for the investors protection as follows:

- (A) Builds network and provides assistance in capacity building to neighboring countries continuing from 2013, including develops training curriculum to exchange information with middle to high level official of agencies from neighboring and nearby region countries.
- (B) Provides tools to mobilize fund for investment in infrastructure of neighboring countries continuing from 2013. This is to meet the need of funds in many infrastructure projects due to rapid economic growth of countries in GMS, to increase investment alternatives for investors and also to increase business opportunities for the Thai intermediaries.

(C) Revises and issues regulations to support foreign financial products as follows:

- Equity: issues regulations to accept companies listed on a foreign exchange, to list on the Stock Exchange of Thailand as first listing, revises the regulations to allow foreign companies to mobilize fund and list on the Stock Exchange of Thailand as secondary listing to be flexible and more concise, and issues regulations on depository receipt (DR).
- Debt instrument and mutual fund: issues regulations to support cross-border offering under the framework of ASEAN Capital Market Forum (ACMF).
- (D) Compares fundamental laws of Thailand with target countries. This is to obtain the information on risks and guidelines in case of fraud and enforcement.



APPENDICES

STATISTICAL HIGHLIGHTS*

Securities offerings classified by types of offerings

unit: mil			
Types of offerings	2011	2012	2013
Equities ^{1/}	41,544	171,913	62,972
Domestic offerings	33,424	171,913	62,972
Initial public offerings ^{2/}	4,956	15,669	38,957
Public offerings	8,802	105,507	14,656
Directors and employees (ESOP)	4,251	2,597	1,913
Private placements	15,415	48,140	7,445
Overseas offerings	8,120	-	-
Debt securities 3/	1,292,472	3,899,393	5,554,719
Domestic offerings	1,259,375	3,729,888	5,404,887
By Thai juristic persons	987,877	2,088,240	2,465,984
Short-term debt securities	775,654	1,598,387	2,061,686
Public offerings	206,847	473,211	126,786
Institutions / High net worth investors	495,277	768,628	1,352,786
Private placements	73,530	356,548	582,114
Long-term debt securities	212,223	489,853	404,298
Public offerings	117,050	338,116	133,351
Institutions / High net worth investors	84,778	134,581	247,815
Private placements	10,395	17,156	23,132
By foreign juristic persons	271,498	1,641,648	2,938,903
Short-term debt securities	245,598	1,615,848	2,913,553
Public offerings	-	-	-
Institutions / High net worth investors	245,198	1,615,848	2,913,553
Private placements	400	-	-
Long-term debt securities	25,900	25,800	25,350
Public offerings	-	-	-
Institutions / High net worth investors	25,900	25,800	23,350
Private placements	-	-	2,000
Overseas offerings	33,097	169,506	149,832
Total	1,334,016	4,071,306	5,617,691

Notes: 1/Including warrants on common shares and preferred shares.

 $^{^{\}rm 2/} Including$ securities offerings to directors and employees concurrent with initial public offerings.

 $^{^{\}mbox{\tiny 3/}}\mbox{Debt}$ securities issued by Thai and foreign juristic persons.

^{*} Last update as at the time of this report.

Government debt securities offerings classified by types of securities

unit: million baht

Types of securities	2011	2012	2013	
Domestic offerings	11,601,092	8,934,394	6,981,731	
Government bonds	396,083	687,095	517,866	
Treasury bills	125,691	142,135	389,907	
Promissory notes	175,713	114,350	0	
State enterprise bonds 1/	40,890	191,544	223,606	
BOT bonds and FIDF bonds	10,862,715	7,799,269	5,850,352	
Overseas offerings	8,088	-	-	
Government bonds and commercial papers	-	-	-	
State enterprise bonds 1/	8,088	-	-	
Total	11,609,180	8,934,394	6,981,731	

Source: Bank of Thailand

Notes: $^{1/}\!\text{Excluding}$ debentures issued by state enterprises that are limited companies.

p = preliminary data.

Asset management business

Types of funds	2011			2012	2013		
Types of fullus	No.	NAV	No.	No. NAV		NAV	
	of funds	(million baht)	of funds	(million baht)	of funds	(million baht)	
Asset management business		2,852,875		3,487,346		4,253,430	
Mutual funds*	1,220	1,918,160	1,309	2,464,710	1,424	3,067,788	
Private funds	1,778	319,456	2,083	326,492	2,688	437,519	
Provident funds	453	615,259	441	696,144	426	748,123	

Note: * Excluding Property Funds for Resolving Financial Institutions Problems (Type II Fund), Mutual Funds for Resolving Financial Institutions Problems (Type III Fund), Properties and Loans Funds (Type IV Fund) and Country Funds.

Number of mutual funds and net asset values ^{1/}classified by investment policies

Types of funds ^{2/}		2011		2012		2013
	No. of funds	NAV (million baht)	No. of funds	NAV (million baht)	No. of funds	NAV (million baht)
General funds	1,224	1,926,512	1,313	2,477,313	1,364	2,929,568
Local investment funds	606	1,067,892	530	1,203,311	556	1,258,071
A. Local funds	602	1,059,540	526	1,190,709	554	1,257,323
(1) Equity funds	199	237,910	190	314,429	211	376,047
(2) Fixed income funds	277	493,578	214	472,276	199	436,943
(3) Mixed funds	91	225,787	81	251,168	95	86,527
(4) Property Funds for Public (Type I Fund)	35	102,264	41	152,836	46	228,207
Specified	32	98,912	38	149,647	43	220,587
Non- Specified	3	3,353	3	3,188	3	7,620
(5) Infrastructure funds	-	-	-	-	3	129,599
B. Country funds	4	8,352	4	12,602	2	748
(1) Equity funds	4	8,352	4	12,602	2	748
Foreign investment funds	618	858,620	783	1,274,001	808	1,671,497
A. Totally invested overseas 3/	366	320,465	421	605,275	437	632,047
(1) Equity funds	94	28,619	78	23,411	93	36,269
(2) Fixed income funds	190	225,951	210	471,595	224	527,097
(3) Mixed funds	82	65,896	133	110,269	120	68,681

Types of funds ^{2/}		2011		2012	2013	
Types of failure	No. of funds	NAV (million baht)	No. of funds	NAV (million baht)	No. of funds	NAV (million baht)
B. Partially invested overseas 4/	252	538,155	362	668,726	371	1,039,450
(1) Equity funds	6	3,810	20	16,003	20	16,790
(2) Fixed income funds	209	516,925	274	614,251	273	730,257
(3) Mixed funds	37	17,420	68	38,472	78	292,403
Special funds	71	161,157	65	180,876	60	138,220
(1) Property Funds for Resolving Financial Institutions Problems (Type II Fund)	18	38,459	17	42,459	15	28,507
(2) Mutual Funds for Resolving Financial Institutions Problems (Type III Fund)	10	9,047	9	8,974	7	7,115
(3) Property and Loan Funds (Type IV Fund)	43	113,652	39	129,442	38	102,597
Total	1,295	2,087,669	1,378	2,658,188	1,424	3,067,788

Notes: $^{\rm 1/}{\rm Excluding}$ mutual funds being liquidated and Thai Trust Fund.

^{2/}Types of funds are classified in accordance with the Notification of the SEC Office No. SorNor.22/2552 Re: Establishment of Mutual Funds and Entry into Contract for Management of Private Funds.

^{3/}Funds with a policy to invest overseas, as an average in an accounting year or as at a particular time, not less than 80 percent of NAV.

^{4/}Funds with a policy to invest overseas, as an average in an accounting year or as at a particular time, less than 80 percent of NAV.

Issuance and offering of derivative warrants (DW)

ur	nit:	issu	

	2012	2013
Total	633	723

Provident fund status

	As of Dec 31, 2012	As of Dec 31, 2013	Change (%)	
NAV (million baht)	696,144	748,123	7.47	
No. of funds	441	426	-3.40	
No. of employers	12,323	13,620	10.53	
No. of employees	2,441,923	2,609,238	6.85	

Investment of provident funds

Investment Types	As of Dec 31, 2012		As of Dec 31, 2013			Change
	Value (million baht)	%NAV	Value (million baht)	%NAV	Value (million baht)	%
Cash and bank deposits	141,687.43	20.35	195,647.23	26.15	53,959.80	38.08
Government bonds, treasury bills	244,027.81	35.05	228,849.54	30.59	-15,178.27	-6.22
and debt instruments guaranteed						
by the Ministry of Finance						
Bills of exchange and	51,052.66	7.33	15,138.50	2.02	-35,914.16	-70.35
promissory notes						
Debentures	123,764.80	17.78	159,028.94	21.26	35,264.14	28.49
Common shares,	99,498.58	14.29	100,096.45	13.38	597.87	0.60
preferred shares and warrants						
Investment units	35,645.82	5.12	49,558.10	6.63	13,912.28	39.03
Others	4,172.55	0.60	5,261.22	0.70	1,088.67	26.09
Liabilities	(3,705.38)	(0.53)	(5,456.79)	(0.73)	1,751.41	47.27
Net Asset Value	696,144.28	100.00	748,123.19	100.00	51,978.91	7.47

Provident funds with employee's choice policy

	2012	2013	% Change
No. of master funds	112	134	19.64
No. of participating employers	4,156	5,223	25.67

Tender offers for business takeover

Tender offers	2012	2013
For business takeovers		
Tender offer value (million baht)	39,127.88	308,921.98
Acquired share value (million baht)	13,949.57	230,863.47
No. of cases	10	9
For delisting		
Tender offer value (million baht)	9,990.22	466.05
Acquired share value (million baht)	9,491.89	61.77
No. of cases	5	2
Total		
Tender offer value (million baht)	49,118.10	309,388.40
Acquired share value (million baht)	23,441.46	230,925.24
No. of cases	15	11

Tender offer waivers

		unit: case
Types of waivers	2012	2013
Granted waivers	19	14
(1) No changes of control	9	8
(2) Rehabilitation	1	2
(3) Granted approval from shareholders' meetings (white wash)	5	3
(4) Necessary and appropriate	2	1
(5) Partial tender offer	2	-
Waivers of procedures or methods for making tender offers	2	-

Actions against related party transactions and acquisition and disposal of assets

		2012		2013
Actions	No. of companies	Value (million baht)	No. of companies	Value (million baht)
Ordered rectification	8	9,929	10	22,924
Released investor alerts	2	816	3	3,420
Ordered rectification, transaction postponed or cancelled	3	1,051	-	-

Financial statements review

	u	nit: company
Actions	2012	2013
No. of listed companies randomly reviewed by the SEC	293	49
% reviewed / total listed companies (SET+mai)	53%	8%
No. of IPO applications	26	49
Special audit orders	-	1
Consulting with the Accounting and Corporate Governance Steering Group	-	1
Rectification orders	7	1

Rectification orders categorized by issues

	uı	nit: company
Relevant accounting standards	2012	2013
Doubtful accounts and bad debts	1	-
Impairment of assets	1	-
Auditor's opinion on audit limitation imposed by the management	6	1
Consolidated financial statements and investments in associates	1	-
Employee benefits	-	-
Under record liabilities	-	-
Recording assets inconsistently with generally accepted accounting principles	-	-
Derecognizing assets and liabilities not in compliance with generally	1	-
accepted accounting principles		

Applications for securities and derivatives business licenses in 2013

unit: company

		driit. O		
Types of license	Filing application	Approved	In progress	
1. A - All types of securities business	3	1	2	
2. B - Brokerage, dealing and underwriting of debt securities,	2	1	1	
investment advisory service, and securities borrowing and lending				
3. C - Mutual fund management, private fund management,	2	2*	1	
investment advisory service, venture capital management,				
and brokerage, dealing and underwriting of investment units				
4. D - Brokerage, dealing and underwriting of investment units	3	2	1	
5. Investment advisory service	4	4	-	
6. Securities borrowing and lending	1	1	-	
7. Venture capital management	-	-	-	
8. Sor-1 – All categories of derivatives businesses	3	2*	2	
9. Sor-2 - Derivatives brokerage and dealing related to debt securities	2	1	1	
and derivatives advisory service				
10. Derivatives advisory service	6	6*	1	
11. Derivatives fund management	-	-	-	
12. Derivatives brokerage limited to precious metals	-	-	-	
13. Trustee	4	3	1	
Total	30	23	10	

^{*}Note: Including applications transferred from 2012.

Securities and derivatives business operators

unit: company

	Types of business	2012	2013
Securities business	- Brokerage	40	40
	- Dealing	37	37
	- Underwriting	40	40
	- Investment advisory service	48	48
	- Securities borrowing and lending	27	28
	- Inter-dealer brokerage	2	2
	- Securities financing	1	1
Asset management	- Mutual fund management	23	23
	- Private fund management	34	34
	- Brokerage, dealing and underwriting of investment unit	31	28
	- Venture capital management	2	2
Derivatives business	- Derivatives brokerage	44	42
	- Derivatives brokerage limited to precious metals	6	-
	- Derivatives fund management	14	15
	- Derivatives advisory service	2	2
	- Derivatives brokerage (registration*)	1	1
	- Derivatives dealing (registration*)	44	48
Others	- Full branch	508	539
	- Cyber branch	6	11
	- NAV verifier of PVD (registration)	13	13
	- Custodian (registration)	14	14
	- Fund supervisor (approval)	13	14
	- Mutual fund credit rating agency (approval)	4	4
	- Credit rating agency	2	2
	- Registrar	16	17

Note: *Providing services for institutional investors only.

Approval of independent professionals

Types	Approval		Total of independent	
	New	Renewal	professionals as of end of 2013	
Financial advisors (company)	-	10	74	
Financial advisor supervisors (person)	32	143	290	
Auditors (person)	9	20	146	

Approval of personnel in the capital market

unit: person

_	2012		2013		Change
Types	Approved	Active	Approved	Active	(Person/%)
Directors or executives of					
securities companies					
Securities business	698	698	695	695	-3 (-0.42%)
Derivatives business	484	484	491	491	7 (1.44%)
Total	1,182	1,182	1,186	1,186	4 (0.33%)
nvestment analyst /consultant*					
Capital Market					
Analyst	127	22	130	34	3 (2.36%)
Consultant	5,713	599	6,160	1,243	447 (7.82%)
Total	5,840	621	6,290	1,277	450 (7.71%)
Securities business					
Analyst	1,039	484	957	455	-82 (-7.89%)
Consultant	27,903	26,946	29,599	28,355	1,696 (6.08%)
Total	28,942	27,430	30,556	28,810	1,614 (5.58%)
Mutual fund					
Consultant	288	154	482	346	194 (67.36%)
Total	288	154	482	346	194 (67.36%)
Debt					
Consultant	28	33	66	82	38 (135.71%)
Total	28	33	66	82	38 (135.71%)
Equity					
Consultant	27	18	71	92	44 (162.96%)
Total	27	18	71	92	44 (162.96%)
Derivatives business					
Analyst	24	76	23	69	-1 (-4.17%)
Consultant	347	4,431	307	4,120	-40 (-11.53%)
Consultant-precious metal	-	-	-	-	-
Total	371	4,507	330	4,189	-41 (-11.05%)
Fund manager					
Securities business	362	259	377	270	15 (4.14%)
Derivatives business	141	76	151	89	10 (7.09%)
Property funds	47	38	55	39	8 (17.02%)
Total	550	373	583	398	33 (6.00%)

Inspection of market intermediaries

Types of businesses	No. of companies	Results and actions
Routine inspection		
- Securities brokerage, dealing and	13	Most companies maintained an acceptable level of risk
underwriting, and derivatives brokerage		management. Common findings were:
		- negligent inspection of know you customer (KYC) and customer
		due diligence (CDD) and careless approval of customer's
		credit limit;
		- incomplete record of investment advice and clients' trading orders;
		- deficient control of client's assets and important documents.
		The SEC ordered companies to rectify and pursued legal
		actions against violations of law.
- Asset management company	13	Most companies maintained an acceptable level of risk
		management. Common findings were:
		- negligent management of property funds, i.e., due diligence
		on asset valuation, inspection of asset condition and
		supervision of revenue raising and expenses;
		- negligent management of mutual funds, i.e., internal control,
		information disclosure for investors;
		The SEC ordered companies to rectify and pursued legal
		actions against violations of law.
Follow up inspection		
- Securities brokerage, dealing and	3	The companies rectified work system appropriately.
underwriting, and derivatives brokerage		
- Asset management company	2	The companies rectified work system appropriately.
- Fund supervisor	1	The company rectified work system appropriately.

Types of businesses	No. of companies	Results and actions
Theme inspection		
- Proprietary trading	4	Risk management and control on proprietary trading are
		inefficient. The SEC ordered companies to rectify and discussed
		the matter with the Association of Securities Companies.
		The ASCO later issued notification on rules and procedures
		for proprietary trading on October 28, 2013.
- Trading of trigger funds	3	No issue concerning investment behavior and fund
		management was found.
- Random inspection on commercial banks	14	Most banks operated in compliance with related regulations,
undertaking limited broker, dealer and		i.e., investment consultants had good knowledge and
underwriter (LBDU) business, particularly		understanding of the fund's product and were able to give
concerning giving of investment advice.		investment advice based on client's risk profile. However,
		some banks were unable to operate in compliance with
		related regulations in several cases. The SEC would take
		appropriate action in due course.
Inspection of business readiness		
Securities brokerage	2	
Derivatives brokerage	2	
Bond dealer	1	
Derivatives dealer	1	
Securities borrowing and lending	1	After inspection of the work system and personnel, the SEC
Private fund management	1	found that the companies were ready for business operations
Derivative fund manager	2	according to the specified rules.
Securities brokerage, dealing and	1	
underwriting		
Investment advisory service	2	
Securities registrar	1	
Trustee	3	

Public complaints

Types of complaints	2012	2013
Unfair activities (market manipulation, false news, insider information)	35	30
2. Unlicensed business	68	70
- Unlicensed securities and derivatives businesses	50	58
- Unlicensed investment advisory service	18	12
3. Investment consultants' misconduct	28	18
4. Other complaints	318	331
Total	449	449
Closed or forwarded cases	403	389

Investigations classified by types of offences

Types of offences	Number of cases
Market manipulation/dissemination of false news	20
Insider trading	25
Corporate frauds or malpractices committed by executives of listed companies/issuing	23
companies and falsification of documents or accounts	
Unlicensed securities/derivatives business	25
Failure to report securities holding	3
Total	96

Arbitral awards

	unit: case		
Types of business	2012	2013	
Securities business	-	11	
Derivatives business	3	2^2	

Note: 1 Complainant withdrew the case to enter judicial process.

 $^{^{2}}$ One case reached final court decision; the other requested the arbitrator's explanation on the decision.

Administrative sanctions and others in 2013

The SEC sanctioned 50 offenders, including 44 investment consultants/analysts, three securities company executives/authorized persons, and three financial advisor supervisors, with details as follows:

Investment consultant/ Investment analyst 1. Dishonest acts 1. Dishonest acts 1. Fraud/embezzlement 1. 2 Embezzlement or exploitation of investors' benefits 1. 3 Giving false information to investors' benefits 1. 3 Giving false information to investors benefits 1. 3 Giving false information to investors or clients 1. 4 Giving biased and inappropriate advice to investors 1. 5 Giving biased and inappropriate advice to investors 1. 6 Giving biased and inappropriate advice to investors 1. 6 Giving biased and inappropriate advice to investors 1. 7 Giving biased and inappropriate advice to investors 1. 1 Giving biased and inappropriate advice to investors 1. 1 Giving biased and inappropriate advice to investors 1. 2 Giving biased and inappropriate advice to investors 1. 1 Giving biased	Types of			Sanctions	
consultant/ Investment analyst 1. Dishonest acts - <t< th=""><th></th><th>Misconducts</th><th></th><th>Suspension</th><th>Revocation</th></t<>		Misconducts		Suspension	Revocation
Investment analyst 1. Disnonest acris 1. Fraud/embezzlement 1.2 Embezzlement or exploitation of investors' benefits 1.3 Giving false information to investors 1.3 Giving false information to investors 2. Unprofessional acts 2.1 Giving biased and inappropriate advice to investors 2.2 Accepting assignment to make trading decisions or clients 2.3 Accepting trading orders from person who was not the account owner 2.4 Interfering with clients' assets 2.5 Involving in or using shark loan for trading of securities 2.6 Failure to keep client's privacy 3. Violation of laws or regulations 3.1 No record of investment advice and clients' trading orders 4. Unfair treatment 4.1 Involving in unfair treatment actions 4.2 Inappropriate behaviors regarding unfair treatment, i.e., sending trading orders in an inappropriate manner to manipulate share prices Securities Company executive/ authorized person 2.1 Breach of duty 2.2 Negligent inspection on operation under supervision Improper performance of duty Improper performance of duty Improper performance of duty Breach of duty Inproper performance of duty Inproper performance of duty Inproper performance of duty Breach of duty Inproper performance of duty Inproper perf	Investment	Breach of professional conducts	-	-	-
analyst 1.1 Fraud/embezzlement 1.2 Embezzlement or exploitation of investors' benefits 1.3 Giving false information to investors 1.3 Giving false information to investors 2.1 Unprofessional acts 2.1 Giving biased and inappropriate advice to investors 2.1 Giving biased and inappropriate advice to investors 2.1 Giving biased and inappropriate advice to investors 2.2 Accepting assignment to make trading decisions or clients 1 14 2.3 Accepting trading orders from person who was not the account owner 2.4 Interfering with clients' assets 2.5 Involving in or using shark loan for trading of securities 2.6 Failure to keep client's privacy 3. Violation of laws or regulations 3.1 No record of investment advice and clients' trading orders 4. Unfair treatment 4.1 Involving in unfair treatment actions 4.2 Inappropriate behaviors regarding unfair treatment, i.e., sending trading orders in an inappropriate manner to manipulate share prices Securities Company executive/ authorized person 2.1 Breach of duty 2.2 Possessing prohibited characteristics 3.1 Improper performance of duty 3.1 Breach of duty 3.2 Inappropriate manner to manipulate share prices Improper performance of duty 3.3 Improper performance of duty 4. Involving in inspection on operation under supervision Improper performance of duty 5. Reach of duty 6. Auditor 7. Auditor 8. Breach of duty 7. Os sanctions 8. Breach of duty 8. Breach of duty 9. Os sanctions 9. Os sanc		1. Dishonest acts	-	-	-
1.3 Giving false information to investors 2. Unprofessional acts 2. Unprofessional acts 2.1 Giving biased and inappropriate advice to investors 2.2 Accepting assignment to make trading decisions or clients 1 14 2.3 Accepting trading orders from person who was not the account owner 2.4 Interfering with clients' assets 2.5 Involving in or using shark loan for trading of securities 2.6 Failure to keep client's privacy 1 2.6 Failure to keep client's privacy 3. Violation of laws or regulations 3.1 No record of investment advice and clients' trading orders 4. Unfair treatment 4.1 Involving in unfair treatment actions 4.2 Inappropriate behaviors regarding unfair treatment, i.e., sending trading orders in an inappropriate manner to manipulate share prices Securities Company executive/ authorized person 1. Lack of specified qualifications 2. Possessing prohibited characteristics 2. Possessing prohibited characteristics 3. Improper performance of duty 3. Improper performance of duty 3. Improper performance of duty 4. Improper performance of duty 5. Breach of duty 6. Description 7. Auditor 8. Improper performance of duty 9. Improper performan		1.1 Fraud/embezzlement	-	5	1
2. Unprofessional acts 2.1 Giving biased and inappropriate advice to investors 2.2 Accepting assignment to make trading decisions or clients 1 14 2.3 Accepting trading orders from person who was not the account owner 2.4 Interfering with clients' assets 2.5 Involving in or using shark loan for trading of securities 2.6 Failure to keep client's privacy 3. Violation of laws or regulations 3.1 No record of investment advice and clients' trading orders 4. Unfair treatment 4.1 Involving in unfair treatment actions 4.2 Inappropriate behaviors regarding unfair treatment, i.e., sending trading orders in an inappropriate manner to manipulate share prices Securities Company executive/ authorized person 2.1 Breach of duty 2.2 Negligent inspection on operation under supervision Improper performance of duty Improper performance of duty Breach of duty Improper performance of duty Breach of duty Improper performance of duty Breach of duty In o sanctions Breach of duty In o sanctions Breach of duty In o sanctions	-	1.2 Embezzlement or exploitation of investors' benefits	-	3	7
2.1 Giving biased and inappropriate advice to investors - 2 2.2 Accepting assignment to make trading decisions or clients 1 14 2.3 Accepting trading orders from person who was not the account owner 2.4 Interfering with clients' assets		1.3 Giving false information to investors	-	1	-
2.2 Accepting assignment to make trading decisions or clients 2.3 Accepting trading orders from person who was not the account owner 2.4 Interfering with clients' assets 2.5 Involving in or using shark loan for trading of securities 2.6 Failure to keep client's privacy 3. Violation of laws or regulations 3.1 No record of investment advice and clients' trading orders 4. Unfair treatment 4. Unfair treatment 4.1 Involving in unfair treatment actions 4.2 Inappropriate behaviors regarding unfair treatment, i.e., sending trading orders in an inappropriate manner to manipulate share prices Securities Company executive/ authorized person 1. Lack of specified qualifications 2. Possessing prohibited characteristics 2. Possessing prohibited characteristics 2. Possessing prohibited characteristics 3. Improper performance of duty 4. Improper performance of duty 5. Negligent inspection on operation under supervision 6. Improper performance of duty 7. Additor 8. Improper performance of duty 8. Improper performance of duty 9. Improper performance of duty 1. Improp		2. Unprofessional acts	-	-	-
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executive/ authorized person 2. Possessing prohibited characteristics 2.1 Breach of duty 2.2 Negligent inspection on operation under supervision Financial advisor supervisor Auditor Improper performance of duty no sanctions Fund Breach of duty Breach of duty no sanctions manager	Securities	Lack of qualifications	-	-	-
2. Possessing prohibited characteristics 2.1 Breach of duty 2.2 Negligent inspection on operation under supervision Financial advisor supervisor Auditor Improper performance of duty no sanctions Fund Breach of duty Breach of duty no sanctions		1. Lack of specified qualifications	-	-	-
2.2 Negligent inspection on operation under supervision - 1 Financial advisor supervisor Auditor Improper performance of duty no sanctions Fund Breach of duty no sanctions manager		2. Possessing prohibited characteristics	-	-	-
Financial advisor supervisor Auditor Improper performance of duty no sanctions Fund Breach of duty no sanctions manager	person	2.1 Breach of duty	-	4	-
advisor supervisor Auditor Improper performance of duty no sanctions Fund Breach of duty no sanctions manager		2.2 Negligent inspection on operation under supervision	-	1	-
Fund Breach of duty no sanctions manager	advisor	Improper performance of duty	-	3	-
manager	Auditor	Improper performance of duty		no sanction	าร
Total 7 FF		Breach of duty		no sanction	าร
Total / 55		Total	7	55	9

Legal actions taken under the Securities and Exchange Act B.E. 2535 (1992)

Types of afference	Criminal Complaint	Settlement	
Types of offences	No. of persons	No. of persons	Fine (Baht)
Securities business			
- Securities brokerage	-	6	6,080,931.25
- Securities company executives	-	1	120,000
- Unlicensed securities business	4	-	-
Total	4	7	6,200,931.25
Asset management business			
- Mutual fund	-	7	3,755,500
- Fund supervisor	-	3	915,650
Total	-	10	4,671,150
Unfair securities trading activities			
- Market manipulation	13	-	-
- Insider trading	1	10	41,113,739.49
- Dissemination of false news	-	-	-
Total	14	10	41,113,739.49
Takeover	1	8	10,205,100
Total	1	8	10,205,100
Securities issuance and offering			
- Issuers failed to prepare and submit financial information and operating	35	26	6,333,555.00
performance in accordance with the SEC regulation.			
- Executives of issuing companies were punished due to the company's failure to prepare and submit financial information and operating performance in accordance with the SEC regulation.	35	17	2,806,950.00
- Executives of issuing companies failed to report their acquisition and disposa of securities in accordance with the SEC regulation.	-	1	236,500.00
- Public offering of securities	-	-	-
Total	70	44	9,377,005.00
Misconduct			
- Corporate frauds committed by issuing company executives	8	_	-
- Corporate frauds committed by securities company executives	7	_	_
Total	15		<u> </u>
Other Disabating correspond officers	2		
- Disobeying competent officer	3	-	-
Total	3	-	-
Grand total	107	79	71,567,925.74

Criminal complaints filed under the Derivatives Act B.E. 2546 (2003)

Type of Offence	No. of persons
Operating unlicensed derivatives business	11
Total	11

Court judgments on 23 cases in 2013

1. One case on insider trading

Offence	Section	Judgment
An alleged offender aided in the trading	241 of the SEA and Section	On August 27, 2013, the Appeal Court
of shares that used company's nonpublic	86 of the Penal Code	affirmed the verdict of the Criminal Court
information. (The criminal complaint was		of Southern Bangkok which ordered the
filed on March 29, 2011.)		defendant to pay a fine of 1,259,323.11
		baht. (The case reached final judgment.)

2. One case on unlicensed securities business

Offence	Section	Judgment
A company operated securities business	90 of the SEA	On March 28, 2013, the Criminal Court of
without license. (The criminal complaint		Southern Bangkok sentenced the defend-
was filed on July 26, 2011.)		ant to a two-year imprisonment. (The case
		is under the Appeal Court's consideration.)

3. Two cases on unlicensed derivatives business

Offence	Section	Judgment
3.1 A company operated derivative business without license. (The criminal complaint was filed on July 30, 2008.)	16 of the Derivatives Act of 2003, Section 343 in conjunction with Section 83 of the Penal Code, Section 4 and Section 5 of the Emergency Decree on Obtaining Loans Amounting to Public Cheating	On June 24, 2013, the Criminal Court sentenced the defendant for undertaking unlicensed business, public cheating, and obtaining loans amounting to public cheating to a 20-year imprisonment and ordered the defendant to return the investment money to eight victims. (The case is under the Appeal Court's consideration.)
3.2 A company operated derivative business without license. (The criminal complaint was filed on July 30, 2013.)	16 of Derivatives Act of 2003	On October 4, 2013, the Criminal Court of Southern Bangkok sentenced the first defendant and the third defendant to a six-month imprisonment and ordered each to pay a fine of 20,000 baht. The imprisonment term was suspended for two years and. The court ordered the second defendant to pay a fine of 20,000 baht.

4. Nineteen cases on listed companies' failure to submit financial statements and operating performance in accordance with the SEC notification. (All cases reached the final judgment.)

Offences	Section	Judgment
4.1 A listed company failed to prepare and submit the financial statements for H1/2012. (The criminal complaint was filed on November 2, 2012.)	 The company violated Section 56 and Secion 199 in conjunction with Section 56 of the SEA. Executives violated Section 	On July 26, 2013, the Criminal Court of Southern Bangkok ordered the defendant to pay a fine of 44,500 baht and a further fine of 100 baht for everyday during which the contravention continued.
4.2 A listed company failed to prepare and submit the financial statements for 2011, the annual registration statement (Form 56-1), and the financial statements for H1/2012. An executive responsible for the company's operation was also liable to the penalty. (The criminal complaint was filed on November 9, 2012.)	300 of the SEA.	On March 28, 2013, the Criminal Court of Southern Bangkok ordered the defendants to pay a fine of 124,600 baht each and a further fine of 100 baht for everyday during which the contravention continued.

Offences	Section	Judgment
4.3 A listed company failed to prepare and submit the financial statements for 2011, the annual registration statements (Form 56-1), Annual Report 2011 (Form 56-2) and financial statements for Q1/2012. An executive responsible for the company's operation was also liable to the penalty. (The criminal complaint was filed on November 21, 2012.)		On February 27, 2013, the Criminal Court of Southern Bangkok ordered the first and second defendant to pay a fine of 165,300 baht and 86,200 baht, respectively and a further fine of 100 baht for everyday during which the contravention continued.
4.4 A listed company failed to prepare and submit the financial statements for the year 2011, the annual registration statements (Form 56-1), Annual Report 2011 (Form 56-2) and financial statements for Q1/2012. An executive responsible for the company's operation was also liable to the penalty. (The criminal complaint was filed on November 21, 2012.)		On February 27, 2013, the Criminal Court of Southern Bangkok ordered the defendants to pay a fine of 165,400 baht each and a further fine of 100 baht for everyday during which the contravention continued.
4.5 A listed company failed to prepare and submit the financial statements for Q2/2012. An executive responsible for the company's operation was also liable to the penalty. (The criminal complaint was filed on November 30, 2012.)	 The company violated Section 56 and Section 199 in conjunction with Section 56 of the SEA. Executives violated Section 300 of the SEA. 	On August 18, 2013, the Criminal Court of Southern Bangkok ordered the defendants to pay a fine of 45,900 baht each and a further fine of 100 baht for everyday during which the contravention continued.
4.6 A listed company failed to prepare and submit the financial statements for 2011, the annual registration statements (Form 56-1). (The criminal complaint was filed on December 11, 2012.)		On March 21, 2013, the Criminal Court of Southern Bangkok ordered the defendant to pay a fine of 90,600 baht and a further fine of 100 baht for everyday during which the contravention continued.
4.7 A listed company failed to prepare and submit the financial statements for Q4/2011 and for the year 2011, the annual registration statements (Form 56-1), and financial statements for H1/2012. An executive responsible for the company's operation was also liable to the penalty. (The criminal complaint was filed on December 12, 2012.)		On February 13, 2013, the Criminal Court of Southern Bangkok ordered the defendants to pay a fine of 158,100 baht each and a further fine of 100 baht for everyday during which the contravention continued.

Offences	Section	Judgment
4.8 A listed company failed to prepare and submit the financial statements for 2011, the annual registration statements (Form 56-1), and financial statements for H1/2012. An executive responsible for the company's operation was also liable to the penalty. (The criminal complaint was filed on February 6, 2013.)		On April 2, 2013, the Criminal Court of Southern Bangkok ordered the defendants to pay a fine of 106,100 baht each and a further fine of 150 baht for everyday during which the contravention continued.
4.9 A listed company failed to prepare and submit the financial statements for 2011 and the annual registration statements (Form 56-1). (The criminal complaint was filed on February 6, 2013.)		On March 25, 2013, the Criminal Court of Southern Bangkok ordered the defendant to pay a fine of 82,400 baht each and a further fine of 200 baht for everyday during which the contravention continued.
4.10A listed company failed to prepare and submit the financial statements for for Q2/2012. An executive responsible for the company's operation was also liable to the penalty. (The criminal complaint was filed on February 14, 2013.)		On August 6, 2013, the Criminal Court of Southern Bangkok ordered the defendants to pay a fine of 45,800 baht each and a further fine of 100 baht for everyday during which the contravention continued.
4.11A listed company failed to prepare and submit the financial statements for Q1 and Q2/2012 (The criminal complaint was filed on February 19, 2013.)	 The company violated Section 56 and Section 199 in conjunction with Section 56 of the SEA. Executives violated Section 300 of the SEA. 	On May 15, 2013, the Criminal Court of Southern Bangkok ordered the defendant to pay a fine of 83,800 baht and a further fine of 200 baht for everyday during which the contravention continued.
4.12A listed company failed to prepare and submit the financial statements for Q1 and Q2/2012. An executive responsible for the company's operation was also liable to the penalty. (The criminal complaint was filed on March 14, 2013.)		On May 14, 2013, the Criminal Court of Southern Bangkok ordered the defendants to pay a fine of 83,800 baht each and a further fine of 200 baht for everyday during which the contravention continued.
4.13A listed company failed to prepare and submit the financial statements for Q3/2012. An executive responsible for the company's operation was also liable to the penalty. (The criminal complaint was filed on March 20, 2013.)		On August 8, 2013, the Criminal Court of Southern Bangkok ordered the defendants to pay a fine of 36,700 baht each and a further fine of 100 baht for everyday during which the contravention continued.
4.14 A listed company failed to prepare and submit the financial statements for Q3/2012. An executive responsible for the company's operation was also liable to the penalty. (The criminal complaint was filed on March 25, 2013.)		On June 27, 2013, the Criminal Court of Southern Bangkok ordered the defendants to pay a fine of 32,500 each and a further fine of 100 baht for everyday during which the contravention continued.

Offences	Section	Judgment
4.15 A listed company failed to prepare and submit the financial statements for Q2 and Q3/2012. An executive responsible for the company's operation was also liable to the penalty. (The criminal complaint was filed on May 21, 2013.)		On August 8, 2013, the Criminal Court of Southern Bangkok ordered the defendants to pay a fine of 82,600 baht each and a further fine of 100 baht for everyday during which the contravention continued.
4.16 A listed company failed to prepare and submit the financial statements for Q3/2012. An executive responsible for the company's operation was also liable to the penalty. (The criminal complaint was filed on May 21, 2013.)		On August 8, 2013, the Criminal Court of Southern Bangkok ordered the defendants to pay a fine of 82,600 baht each and a further fine of 100 baht for everyday during which the contravention continued.
4.17 A listed company failed to prepare and submit the financial statements for Q3/2012. An executive responsible for the company's operation was also liable to the penalty. (The criminal complaint was filed on May 21, 2013.)		On August 29, 2013, the Criminal Court of Southern Bangkok ordered the defendants to pay a fine of 67,600 baht each and a further fine of 200 baht for everyday during which the contravention continued.
4.18 A listed company failed to prepare and submit the financial statements for Q2, Q3 and Q4/2012 and for the year 2012, annual registration statements (Form 56-1). An executive responsible for the company's operation was also liable to the penalty. (The criminal complaint was filed on June19, 2013.)	 The company violated Section 56 and Section 199 in conjunction with Section 56 of the SEA. Executives violated Section 300 of the SEA. 	On August 7, 2013, the Criminal Court of Southern Bangkok ordered the defendants to pay a fine of 151,400 baht each and a further fine of 100 baht for everyday during which the contravention continued.
4.19 A listed company failed to prepare and submit the financial statements for Q3 and Q4/2012, for the year 2012 and the annual registration statements (Form 56-1). An executive responsible for the company's operation was also liable to the penalty. (The criminal complaint was filed on July 30, 2013.)		On October 31, 2013, the Criminal Court of Southern Bangkok ordered the defendants to pay a fine of 155,500 baht.

Statistical highlights of the Stock Exchange of Thailand (SET)

	2011	2012	2013
Stock Exchange of Thailand			
SET Index ^{1/}	1,025.32	1,391.93	1,298.71
Total trading value (million baht)	7,040,458	7,615,638	11,777,210
Average daily trading value (million baht)	28,854	31,084	48,070
Turnover ratio ^{2/} (%)	84.10	75.26	100.97
Market capitalization (million baht)1/	8,407,696	11,831,448	11,496,765
No. of listed companies ^{1/}	472	477	490
No. of listed securities ^{1/}	755	948	1,141
P/E ratio (times) ^{1/}	12.07	18.25	14.60
P/BV ratio (times) ^{1/}	1.87	2.41	2.02
Dividend yield (%) ^{1/}	3.72	2.98	3.24

Source: The Stock Exchange of Thailand

Notes : $^{1/}$ At the end of period

²/ Turnover ratio = $\frac{\text{trading value}}{\text{average market capitalization}}$ X 100

Trading values of the SET classified by investor groups

	2011	2012	2013
Net buying value ^{1/}			
Local institutional investors	-29,149	-24,302	108,163
Proprietary trading	1,307	7,256	-1,723
Local non-institutional investors	32,962	-59,342	87,471
Foreign investors	-5,119	76,388	-193,911
Buying and selling value ^{2/}	14,080,916	15,231,276	23,554,420
Local institutional investors	1,261,418	1,229,402	2,099,097
Proprietary trading	1,893,515	2,050,721	3,091,690
Local non-institutional investors	7,654,055	8,124,145	13,021,186
Foreign investors	3,271,929	3,827,007	5,342,447
Percentage of buying and selling value (%)3/	100.00	100.00	100.00
Local institutional investors	9.0	8.1	8.9
Proprietary trading	13.4	13.5	13.1
Local non-institutional investors	54.4	53.3	55.3
Foreign investors	23.2	25.1	22.7

Source : Stock Exchange of Thailand

Notes $\,:\,$ ^{1/} Net buying value = buying value - selling value

buying value + selling value total market buying and selling value

^{2/} Buying and selling value = buying value + selling value

 $^{^{3/}}$ Percentage of buying and selling value =

Statistical highlights of the Market for Alternative Investment (mai)

	2011	2012	2013
mai Index ^{1/}	264.23	415.68	356.80
Total trading value (million baht)	151,023	298,929	553,459
Average daily trading value (million baht)	619	1,220	2,259
Turnover ratio ^{2/} (%)	228.07	284.25	356.63
Market capitalization (million baht)1/	77,310	133,017	177,365
No. of listed companies ^{1/}	73	81	95
No. of listed securities 1/	93	100	127
P/E ratio (times) 1/	16.36	22.80	28.32
P/BV ratio (times) ^{1/}	2.46	3.24	2.69
Dividend yield (%)1/	2.97	1.58	1.46

Source : Stock Exchange of Thailand

Notes $\,:\,$ ^{1/}At the end of period

Trading values of the mai classified by investor groups

	2011	2012	2013
Net buying value 1/			
Local institutional investors	-146	-614	-561
Proprietary trading	2	-72	-20
Local non-institutional investors	315	177	1,372
Foreign investors	-171	509	-791
Buying and selling value 2/	302,046	597,857	1,106,917
Local institutional investors	352	1,405	5,106
Proprietary trading	3,086	6,320	18,416
Local non-institutional investors	294,177	580,586	1,065,160
Foreign investors	4,431	9,546	18,235
Percentage of buying and selling value (%)3/	100.00	100.00	100.00
Local institutional investors	0.1	0.2	0.5
Proprietary trading	1.0	1.1	1.7
Local non-institutional investors	97.4	97.1	96.2
Foreign investors	1.5	1.6	1.6

Source : The Stock Exchange of Thailand

Notes $: \frac{1}{N}$ Net buying value = buying value - selling value

buying value + selling value
total market buying and selling value

^{2/} Buying and selling value = buying value + selling value

^{3/} Percentage of buying and selling value =

Statistical highlights of the Thai bond market

_	2011	2012	2013
Government Bond Total Return Index ^{1/}	212.28	219.23	223.90
Average Government Bond Yield (%)1/	3.41	3.28	3.92
Investment Grade Corp. Bond Total Return Index ^{1/}	176.37	184.39	191.59
Average Investment Grade Corp. Bond Yield (%)1/	3.94	4.56	4.19
Total trading value (million baht)	204,314,590	200,588,443	215,446,379
Government debt securities	204,095,791	200,151,580	214,894,401
Corporate debt securities ^{2/}	201,187	413,995	515,654
Foreign bonds	17,611	22,869	36,324
Average daily trading value (million baht) ^{3/}	837,355	818,728	879,373
Turnover ratio (%) ^{3/4/}	2,872.89	2,556.58	2,452.19
Government debt securities	3,548.68	2,932.36	3,110.46
Corporate debt securities 2/	15.67	25.00	29.14
Foreign bonds	22.84	23.17	33.76
Outstanding value of registered securities (million baht)1/	7,111,951	8,579,961	8,991,819
Government debt securities	5,751,311	6,825,611	6,991,899
Corporate debt securities ^{2/}	1,283,547	1,655,656	1,883,446
Foreign bonds	77,094	98,694	116,474
No. of registered securities ^{1/}	1,695	2,302	2,358
Government debt securities	591	639	647
Corporate debt securities ^{2/}	1,074	1,627	1,667
Foreign bonds	30	36	44
Percentage of trading value (%)	100.00	100.00	100.00
Inter-dealers	28.81	34.55	32.22
Dealers-to-clients	71.19	65.45	67.78
Non-dealer license financial institutions	2.67	2.21	1.49
Mutual funds	42.68	35.88	36.15
Insurance companies	1.61	3.01	2.82
Domestic companies	8.08	6.86	6.90
Foreign companies	10.78	12.49	11.99
Retail investors	0.59	0.33	0.17
Others	4.78	4.67	8.27

Source : The Thai Bond Market Association

Notes : 1/ At the end of period

^{2/} Including short-term debt securities

^{3/} Including short-term BOT bonds

 $^{^{4/}}$ Turnover Ratio = $\left[\frac{\text{trading value}}{\text{average outstanding}}\right]$ X 100 p = preliminary data

Statistical highlights of the Thailand Futures Exchange (TFEX)

unit: contract

	2011	2012	2013
SET50 Index Futures			
Open interest*	22,421	36,920	37,496
Average daily trading volume	17,690	16,467	23,217
SET50 Index Options			
Open interest*	955	1,569	1,640
Average daily trading volume	443	221	267
Single Stock Futures			
Open interest*	9,514	154,366	282,282
Average daily trading volume	6,468	8,849	34,350
Metal Futures			
Open interest*	23,551	33,312	13,485
Average daily trading volume	16,479	14,927	9,014
Interest Rate Futures			
Open interest *	2	0	0
Average daily trading volume	2	0.1	O
Brent Crude Oil Futures			
Open interest*	9	744	253
Average daily trading volume	64	603	189
USD Futures			
Open interest*	-	12,065	5,622
Average daily trading volume	-	2,751	976
Sector Index Futures			
Open interest*	-	5	0
Average daily trading volume	-	4	0

Source: Thailand Futures Exchange Plc.

Note : * At the end of period.

Trading volumes of TFEX classified by investor groups

contrac	

	2011	2012	2013
Trading volume (long and short) ^{1/}	20,054,232	20,915,854	33,328,252
Local institutional investors	6,729,081	8,129,210	11,972,926
Local non-institutional investors	12,037,790	11,168,449	18,672,749
Foreign investors	1,287,361	1,618,195	2,682,577
Percentage of trading volume (%) ^{2/}	100.00	100.00	100.00
Local institutional investors	33.55	38.87	35.94
Local non-institutional investors	60.03	53.40	56.02
Foreign investors	6.42	7.74	8.04

Source: Thailand Futures Exchange Plc.

Notes: 1/ Trading volume = long volume + short volume

^{2/} Percentage of trading volume = \[\frac{\text{long volume} + \text{short volume}}{\text{total trading volume}} \] X 100

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REPORT OF THE SEC BOARD ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The SEC Board oversees the operations of the Securities and Exchange Commission, Thailand (SEC) by having arranged the establishment and maintenance of appropriate, adequate and effective internal control over financial reporting in accordance with the criteria in the Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Such internal control serves to provide reasonable assurance that financial reports are accurate and complete and are prepared in accordance with the Thai Financial Reporting Standards, assets are safeguarded, and any weakness is detected on a timely basis to prevent material

irregular operations.

The SEC Board has assigned the Audit Committee, consisting of independent members, to review the quality of financial reports and the effectiveness of the internal control. The Audit Committee reports to the SEC Board and the Audit Committee's Report addressing these matters also appears in the annual report.

The SEC Board has considered the report on review of the quality of financial reports and the effectiveness of internal control over financial reporting for 2013. In the Board's opinion, the financial statements have been prepared in accordance with the Thai Financial Reporting Standards, using appropriate accounting policies, and due care has been exercised in forming judgments and making reasonable estimations, and all information of significance has been adequately disclosed in the notes to the financial statements.

The SEC Board is of the opinion that the overall internal control over financial reporting of the SEC is effective and provides reasonable assurance on the reliability of the SEC's financial statements for the year ended December 31, 2013.

(Mr. Achaporn Charuchinda)
Chairman

Ashpon churchda

(Mr. Vorapol Socatiyanurak)
Secretary-General

Vorepol Socolf-

AUDIT COMMITTEE REPORT 2013

The Audit Committee performs the duties pursuant to the Securities and Exchange Act B.E. 2535 (1992) and the Audit Committee Charter, which include supervision and review of adequacy of internal control and risk management, review of compliance with applicable laws and regulations, and review of preparation of financial reports. This is to ensure transparency, reliability and integrity of the SEC operation and disclosure. This is to ensure transparency, reliability and integrity of the SEC operation and disclosure.

Appointed by the SEC Board, the 2013 Audit Committee comprised three independent expert members of the SEC Board, namely Mr. Somchai Kuvijitsuwan as chair, Mr. Nontaphon Nimsomboon and Mr. Vikrom Koompirochana as members.

In 2013, the Audit Committee convened 12 scheduled meetings, including one with the external auditor, all of which formed a quorum. The monitoring results of the SEC operation, as recommended by the Audit Committee, were recorded fully in the minutes of the meetings. The Audit Committee also reported to the SEC Board, the quarterly performance and the annual results of the group performance evaluation.

The Audit Committee's Performance

In supporting the supervision of the SEC Board, the Audit Committee discharged key responsibilities as follows:

1. Financial Reporting Review

The Audit Committee reviewed the quality of the SEC financial reports and assessed the effectiveness of the internal control over financial reporting to assure that the SEC has established and maintained appropriate, adequate and effective internal control over financial reporting, and that the financial statements are accurate and complete and have been prepared in accordance with the Thai Financial Reporting Standards.

2. Internal Control and Compliance with Applicable Laws

In accordance with the international practices stipulated by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), the Audit Committee in 2013 reviewed the internal audit reports on the effectiveness, adequacy and appropriateness of internal control, risk management, compliance with applicable laws and standards of operation related to supervision of disclosure of listed companies, administrative sanction process, handling of complaints against regulated entities, and approval of auditors in the capital market. The review also covered the utilization of the Financial and Administration Management System, the compliance audit on the procurement of the SEC Office Building project, and the guideline for documentation/information management.

3. Risk Management

The Audit Committee places an importance on risk management by determining a risk-based audit plan and reviewing the effectiveness of the risk management process to assure identification of significant risks, appropriateness of the process as well as timely and thorough communication of relevant risk information.

4. SEC Governance

The Audit Committee approved the guideline for evaluating the SEC conduct program, which is the core principle of the SEC Governance. The Audit Committee also considered the making of an audit committee manual in line with international standards and the audit reports on reporting of securities and derivatives holding of the Capital Market Supervisory Board members. In addition, the Audit Committee considered the results of the evaluation of the Audit Committee's annual group performance concerning its structure, attributes, practice, governance, performance and meeting, which showed an overall excellence.

To promote good governance in the capital market, the Audit Committee assigned the Internal Audit Department to explore criteria for enhancing performance of audit committees of listed companies with an emphasis on the qualifications and experiences in accounting and financial fields as well as the continuing competency development of at least one audit committee member who is responsible for reviewing the reliability of financial reporting. The Audit Committee subsequently recommended that such criteria be implemented to enhance the overall efficiency and effectiveness of audit committees, which also complemented the SEC policy to promote the role of checks and balances in the audit committees of listed companies.

5. Internal Audit Supervision

The Audit Committee supervised the internal audit performance pursuant to the annual audit plan by monitoring quarterly and annual performance and gave recommendations for improving quality and adding value to the internal audit performance in line with the professional standards of the Institute of Internal Auditors and relevant institutions. In addition, the annual quality assessment review (QAR) was conducted in conformance with international standards.

Upon completion of its responsibilities over the year, the Audit Committee is of the opinion that the SEC has had in place adequate internal control and risk management without material flaws, that the SEC has performed its duties completely in compliance with the applicable laws and regulations, and that the SEC has laid out a good corporate governance policy that is complete and in line with international standards.

In addition, the SEC financial statements have been prepared in accordance with the Thai Financial Reporting Standards, appropriate accounting policies have been used, due care has been exercised in forming judgments and making reasonable estimations, and information of significance has been adequately disclosed in the notes to the financial statements.

(Somchai Kuvijitsuwan)

Somelin' K.

Chair of the Audit Committee





REPORT OF THE AUDITOR

(Unofficial Translation)

To the Minister of Finance

The Office of the Auditor General (OAG) has audited the accompanying financial statements of the Securities and Exchange Commission (SEC), which comprise the statement of financial position as at December 31, 2013, and the statement of comprehensive revenues and expenses, statement of changes in fund balances and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standard, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

The OAG's responsibility is to express an opinion on these financial statements based on the OAG's audit. The OAG conducted its audit in accordance with Thai Standards on Auditing. Those standards require that the auditor complies with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

The OAG believes that the audit evidence the auditor has obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In the OAG's opinion, the financial statements present fairly, in all material respects, the financial position of SEC as of December 31, 2013, and the results of its operations and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

(Miss Khamanat JiteaviriyakulL)

Director of Auditor Office

Office of the Auditor General

(Mrs. Sarunya Toneon)
Auditor In-charge

Securities and Exchange Commission, Thailand

STATEMENT OF FINANCIAL POSITION

As of December 31, 2013

(Unofficial Translation)

2012 Notes 2013 **Assets** Current assests Cash and cash equivalents 106,819,548.07 150,494,494.46 Short-term investments 4,322,813,549.73 4,047,401,055.72 Accrued revenues 425,761,854.79 365,427,977.47 Receivable-The Revenue Department 2,627,595.35 Other current assets 12,754,966.25 13,821,000.68 Total current assets 4,870,777,514.19 4,577,144,528.33 Non-current assets Loans to employees 12,974,814.07 15,335,073.07 Property, plant and equipment 1,206,748,899.56 953,288,258.95 Intangible assets 32,811,513.86 37,859,961.03 Other non-current assets 9,003,202.76 8,953,202.76 Total non-current assets 1,261,538,430.25 1,015,436,495.81 6,132,315,944.44 5,592,581,024.14 Total assets

unit: baht

The accompanying notes are an integral part of the financial statement.

unit: baht

Securities and Exchange Commission, Thailand

STATEMENT OF FINANCIAL POSITION

As of December 31, 2013

(Unofficial Translation)

	Notes	2013	2012
Liabilities and funds			
Current liabilities			
Accounts payable		112,677,576.93	39,864,037.85
Accrued Expenses		33,323,442.89	12,523,590.57
Payable - The Revenue Department		-	2,431,866.28
Other current liabilities		4,210,570.45	5,589,729.74
Total current liabilities		150,211,590.27	60,409,224.44
Non - current liabilities			
Provisions	9	-	10,501,655.50
Employee benefit obligations	10	182,246,884.18	119,840,870.23
Other non-current liabilities		20,560,033.58	12,699,104.54
Total non-current liabilities		202,806,917.76	143,041,630.27
Total liabilities		353,018,508.03	203,450,854.71
Funds			
Initial capital		1,250,532,337.10	1,250,532,337.10
Capital surplus from contribution		-	1,090,700.00
Special reserve for capital market development	11.1	1,422,563,313.93	1,357,265,735.57
General reserve	11.3	2,689,285,813.18	2,304,468,859.34
Revenues over expenses		482,291,115.16	450,114,532.20
Other components of funds	12	(65,375,142.96)	25,658,005.22
Total funds		5,779,297,436.41	5,389,130,169.43
Total liabilities and funds		6,132,315,944.44	5,592,581,024.14

The accompanying notes are an integral part of the financial statement.

Securities and Exchange Commission, Thailand

STATEMENT OF COMPREHENSIVE REVENUES AND EXPENSES

For the years ended December 31, 2013 $\,$

(Unofficial Translation)

unit: baht

			unit. Dant
	Notes	2013	2012
Revenues			
Fee income	13.1	710,966,548.12	698,475,968.15
Information service income		2,129,453.13	116,754.02
Deposit interest income		7,134,401.44	673,823.29
Investment income	13.2	124,619,131.98	153,467,834.79
Contribution from SET	13.3	517,337,750.51	333,725,770.45
Revenue from the sale of assets donated by Fiscal Policy Office)	1,090,700.00	-
Other income		10,164,787.80	6,616,280.58
Total revenues		1,373,442,772.98	1,193,076,431.28
Expenses			
Human resources expenses		596,302,070.18	538,115,708.74
Administrative expenses		264,105,972.77	189,436,382.02
SEC Board and sub-commitees remuneration	14	84,434,849.73	80,707,386.68
Total expenses		944,842,892.68	808,259,477.44
Revenues over expenses from operating activities		428,599,880.30	384,816,953.84
Revenues and expenses for capital market development	15		
Revenues for capital market development		72,281,948.38	86,975,080.51
Expenses for capital market development		18,590,713.52	21,677,502.15
Revenues over expenses from capital market development		53,691,234.86	65,297,578.36
Revenues over expenses		482,291,115.16	450,114,532.20
Other comprehensive revenues and expenses			
Gain (loss) on change in value of available-for-sale investments	3	(91,033,148.18)	54,364,895.52
Other comprehensive revenues over (under) expenses for the year		(91,033,148.18)	54,364,895.52

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Securities and Exchange Commission, Thailand

STATEMENT OF CHANGES IN FUND BALANCES

For the years ended December 31, 2013

(Unofficial Translation)

						Gernal reserve			Other components of funds	ents of funds	Total
	Notes Initial	Capital	Reserve for	Special reserve	Transferred	Transferred	Total	Revenues	Gain (loss) on	Total	
	capital	surplus	a permanent	for Capital	from revenues	from reserve		over	changes in value	other	
		from	office	market	over	for a permanent		expenses	of available-for-	components	
		contribution	building	development	expenses	office building			sale investment	of funds	
Balance as of January 1, 2012	1,250,532,337.10	1,090,700.00	'	1,236,034,624.45	1,466,970,896.69	529,268,096.69	1,996,238,993.38 429,460,977.08	429,460,977.08	(28,706,890.30)	(28,706,890.30)	4,884,650,741.71
Revenues over expenses transferred to general reserve		1	,	ı	125,000,000.00	1	125,000,000.00	(125,000,000.00)	ı	,	ı
Revenues over expenses transferred to reserve for a permanent office building			183,229,865.96	ı	1	ı	i	- (183,229,865.96)	ı	1	ı
Reserve for a permanent office building trensfered to gerneral reserve	•		(183,229,865.96)	1	1	183,229,865.96	183,229,865.96		ı		1
Revenues over expenses transferred to special reserve for capital market development	•	1		121,231,111.12	1	1	i	- (121,231,111.12)	1		1
Comprehensive revenues and expenses											
Revenues over expenses	ı	ı	ı	ı	ı	ı	•	- 450,114,532.20		1	450,114,532.20
Other comprehensive revenues and expenses	ı	1	1	1		1	1	1	54,364,895.52	54,364,895.52	54,364,895.52
Comprehensive revenues and expenses	1	•	'	1	1	•	•	450,114,532.20	54,364,895.52	54,364,895.52	504,479,427.72
Balance as of December 31, 2012	1,250,532,337.10	1,090,700.00	'	1,357,265,735.57	1,591,970,896.69	712,497,962.65	712,497,962.65 2,304,468,859.34	450,114,532.20	25,658,005.22	25,658,005.22	5,389,130,169.43
Balance as of January 1, 2013	1,250,532,337.10	1,090,700.00		1,357,265,735.57 1,591,970,896.69	1,591,970,896.69	712,497,962.65	712,497,962.65 2,304,468,859.34 450,114,532.20	450,114,532.20	25,658,005.22	25,658,005.22	5,389,130,169.43
Revenues over expenses transferred to general reserve			,	ı	1	ı	ı	1	ı	1	ı
Revenues over expenses transferred to reserve for a permanent office building	11.2		384,816,953.84		•	1	i	- (384,816,953.84)	1		
Reserve for a permanent office building trensfered to gerneral reserve	•		(384,816,953.84)		•	384,816,953.84	384,816,953.84		ı	1	1
Revenues over expenses transferred to special reserve for capital market development	•	•	1	65,297,578.36	•	1	ı	(65,297,578.36)	1		
Capital surplus from contribution transferred to revenue	•	(1,090,700.00)	1		•	1		1		ı	(1,090,700.00)
Comprehensive revenues and expenses											
Revenues over expenses			1	1	1	1		482,291,115.16	1	1	482,291,115.16
Other comprehensive revenues and expenses		1	•					1	(91,033,148.18)	(91,033,148.18)	(91,033,148.18)
Comprehensive revenues and expenses	1	•	'	•		1	•	482,291,115.16	(91,033,148.18)	(91,033,148.18)	391,257,966.98
Balance as of December 31, 2013	1.250.532.337.10				1 422 563 313 03 1 501 020 806 60 1 007 314 016 40 2 680 285 813 18 482 201 115 16	1 007 314 016 40	9 689 285 813 18	AR2 201 115 16	(6E 37E 140 0E) (6E 37E 140 0E)	100 07 4 70 007	470 001 400 44

The accompanying notes are an integral part of the financial statement.

Securities and Exchange Commission, Thailand

STATEMENT OF CASH FLOWS

For the years ended December 31, 2013 (Unofficial Translation)

	unit: baht		
	2013	2012	
Cash flows from operating activities			
Revenues over expenses	482,291,115.16	450,114,532.20	
Adjustments to reconcile revenues over expenses to			
net cash from (used in) operating activities			
Interest income	(111,279,946.45)	(120,043,363.32)	
Dividend income	(23,755,616.73)	(18,998,414.64)	
Gain on sales of investments	(61,611,451.62) (97,834,810		
Gain on sales of assets	(1,937,902.93)	(2,631,430.47)	
Depreciation and amortization	61,719,670.65	24,829,023.45	
Employee benefit obligations	62,406,013.95	60,520,680.23	
Revenue from the sale of assets donated by Fiscal Policy Office	(1,090,700.00)	-	
Revenues over (under) expenses from operating activities	406,741,182.03	295,956,216.96	
before changing in operating assets and liabilities			
Operating assets (increase) decrease			
Short-term investments	3,964,000.00	(2,063,283.56)	
Accrued revenues	(61,778,775.24)	(61,641,330.56)	
Advances	(172,906.00)	(496,811.83)	
Other current assets	(7,962,451.23)	(1,509,221.24)	
Loans to employees	2,360,259.00	(1,866,972.00)	
Receivable - The Revenue Department	(2,627,595.35)	-	
Accounts receivable - contract deposit	(50,000.00)	(664,392.52)	
Operating liabilities increase (decrease)			
Accounts payable	6,715,529.02	2,703,333.14	
Accrued expenses	20,799,852.32	609,607.70	
Unearned revenues	(171,613.26)	(950,433.44)	
Payable - The Revenue Department	(2,431,866.28)	(1,367,697.91)	
Other current liabilities	(1,167,546.03)	1,036,643.98	
Accounts payable - contract deposit	(40,000.00)	1,522,744.00	
Net cash from operating activities	364,178,068.98	231,268,402.72	

The accompanying notes are an integral part of the financial statement.

_	unit: baht	
	2013	2012
Cash flows from investment activities		
Proceeds from withdrawal of private funds	220,000,000.00	60,000,000.00
Investments in private funds	(671,426,011.69)	(331,895,775.25)
Payment of investment liabilities	-	(86,208,875.82)
Investments in fixed deposits	-	(295,000,000.00)
Proceeds from withdrawal fixed deposits	56,000,000.00	-
Proceeds from redemption of short-term bonds	34,680,673.50	265,319,326.50
Interest received	112,724,844.37	122,518,359.91
Dividend received	23,755,616.73	18,998,414.64
Gain on sale fo investments	61,611,451.62	97,834,810.49
Proceeds from sale of property, plant and equipment	1,949,320.00	2,632,000.00
Proceeds from deposit and guarantees	7,860,929.04	9,128,721.64
Proceeds from (Paid on) the advance for the purchase	9,201,391.66	(36,842,595.50)
of property, plant and equipment		
Acquisition of property, plant and equipment	(249,213,500.60)	(169,726,370.53)
Acquisition of intangible assets	(4,496,074.50)	(5,332,685.00)
Paid on demolition of the leasehold building	(10,501,655.50)	-
Net cash flow from (used in) investment activities	(407,853,015.37)	(348,574,668.92)
Net increase (decrease) in cash and cash equivalents	(43,674,946.39)	(117,306,266.20)
Cash and cash equivalents at the beginning of year	150,494,494.46	267,800,760.66
Cash and cash equivalents at the end of year	106,819,548.07	150,494,494.46
Supplemental cash flow information		
Items not effecting cash flow		
Payable for purchase securities	9,664,304.00	-
Payable for purchase of land, plant and equipment and intangible assets	96,297,743.91	37,160,704.71
Total	105,962,047.91	37,160,704.71

Securities and Exchange Commission, Thailand

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2013 (Unofficial Translation)

1. General information

The Securities and Exchange Commission, Thailand (SEC) was established on May 16, 1992 under the Securities and Exchange Act B.E. 1992 (SEA). Its responsibilities are to supervise and develop the Thai capital market in the following areas:

- Issuance and public offering of securities
- Securities businesses and related businesses
- · Securities exchange, over-the-counter center, and institutions related to securities businesses
- Acquisition of securities for business takeovers
- · Prevention of unfair securities trading practices

The SEC was located on the 10th and 13th-16th FL., GPF Witthayu Towers, 93/1 Wireless Road, Lumpini, Patumwan, Bangkok 10330, Thailand. and moved to 333/3, Vibhavadi Road, Chom Phon, Chatuchak, Bangkok 10900 on July 2, 2013.

2. Basis of preparation of financial statements

2.1 Financial statements

The SEC's financial statements have been prepared in compliance with the accounting standards of the Federation of Accounting Professions under the Accounting Act B.E 2000, including the accounting standards under the Accounting Professions Act B.E 2004 and interpretations of accounting standards promulgated by the Federation of Accounting Professions. The financial statements are stated at cost on an accrual basis except when stated otherwise. In addition, the accounting policies and methods of computation are consistent with those applied in the financial statements for the year ended December 31, 2012.

2.2 New accounting standards, new financial reporting standards, new interpretations of financial reporting standards and amended accounting standards

Effective for the periods beginning on or after January 1, 2014 and the SEC has not applied the following accounting standards and interpretations before the standards come into effect:

Accounting standard

TAS	1	(revised 2012)	Presentation	of Finar	ncial Statements
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- TAS 7 (revised 2012) Statement of Cash Flows
- TAS 12 (revised 2012) Income Taxes
- TAS 17 (revised 2012) Leases
- TAS 18 (revised 2012) Revenue
- TAS 19 (revised 2012) Employee Benefits
- TAS 21 (revised 2012) The Effects of Changes in Foreign Exchange Rates
- TAS 24 (revised 2012) Related Party Disclosures
- TAS 28 (revised 2012) Investments in Associates and Joint Ventures
- TAS 31 (revised 2012) Interests in Joint Ventures
- TAS 34 (revised 2012) Interim Financial Reporting
- TAS 36 (revised 2012) Impairent of Assets
- TAS 38 (revised 2012) Intangible Assets

Financial reporting standards

- TFRS 2 (revised 2012) Share-based Payment
- TFRS 3 (revised 2012) Business Combinations
- TFRS 5 (revised 2012) Non-current Assets Held for Sale and Discontinued Operations
- TFRS 8 (revised 2012) Operating segments

Interpretations of accounting standards

- TSIC 15 Operating Leases Incentives
- TSIC 27 Evaluating the Substance of Transactions in the Legal Form of a Lease
- TSIC 29 Disclosure Service Concession Arrangements
- TSIC 32 Intangible Assets Web Site Costs

Interpretations of financial reporting standards

- TFRIC 1 Changes in Existing Decommissioning, Restoration and Similar Liabilities
- TFRIC 4 Determining whether an Arrangement contains a LeaseInfo
- TFRIC 5 Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
- TFRIC 7 Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies
- TFRIC 10 Interim Financial Reporting and Impairment
- TFRIC 12 Service Concession Arrangements
- TFRIC 13 Customer Loyalty Programmes
- TFRIC 17 Distributions of Non-cash Assets to Owners
- TFRIC 18 Transfers of Assets from Customers

Effective for the periods beginning on or after January 1, 2016 and the SEC has not applied the following accounting standards and interpretations before the standards come into effect:

Financial reporting standards

TFRS 4 Insurance Contracts

The SEC management has determined that the above accounting standards and financial reporting standards will not significantly impact the financial statements being presented.

3. Significant accounting policies

3.1 Cash and cash equivalents

Cash and cash equivalents are cash on hand, check in transit, bank deposits with high liquidity (without restrictions on use), short-term highly liquid investments that are due within a period of three months or less from the date of acquisition and are ready to be converted into cash in the amount of the notes with no significant risks to change in value.

3.2 Investments

3.2.1 Category of investments

Investments in bank deposits and debt instruments held for less than one year are classified as short-term investments. The investments held for more than one year are classified as long-term investments.

Investments in private funds considered as short-term investment fund is divided into three funds. The SEC has hired the asset management company that has been licensed by the SEC to manage these private funds. The funds are independently managed by the selected private fund managers to invest in marketable securities of both debt and equity instruments and in alternative investments.

3.2.2 Valuation for investments

Investments in held-to-maturity debt securities are measured at amortized cost.

The SEC private funds invest in marketable securities of both debt and equity instruments and in alternative investments which are classified as available-for-sale on the statement of financial position, and measured at fair value. The fair value of marketable equity instruments is based on the closed price on the Stock Exchange of Thailand (SET) as of financial position statement date.

Changes in the carrying amount of the available-for-sale securities are recognized as gain or loss on changes in value of available-for-sale investments and presented under other comprehensive revenues and expenses on the statement of comprehensive revenues and expenses.

Cost of investments in debt and equity securities sold is calculated using the weighted average method. Gains or losses on disposal of investments are recognized in the statement of comprehensive revenues and expenses.

3.3 Accrued revenues are stated as net realizable value.

3.4 Property, plant and equipment

Land is stated at cost. Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses (if any).

The costs include expenditures that are attributable to the acquisition of the assets. The cost of self-built asset comprises the cost of materials, direct labor and any costs directly attributable to bringing the assets to a working condition for their intended use, the costs of decommissioning or removal of the element, as well as the rehabilitation of the location of assets. Software that controls the equipment and is integral to the functionality of the related equipment shall be capitalized as part of equipment.

Parts of an item of property, plant and equipment having different consumption patterns or useful lives are recognized separately.

The gains or losses on disposal of an item of property, plant and equipment are the difference between the disposal proceeds and the carrying amount of the assets at the date of disposal and are recognized on a net basis as revenues or expenses in the statement of comprehensive revenues and expenses.

Subsequent costs due to the replacement component are recognized as a part of the carrying amount of property, plant and equipment if it is probable that SEC obtain the future economic benefits derived therefrom and the cost of the asset can be measured reliably. Costs of the daily maintenance of property, plant and equipment are expensed as incurred.

Depreciation is allocated using the straight-line method, except for computer equipment that uses sum of the years digits method, over their estimated useful lives as follows:

Building 5 - 35 years
Furniture and fixtures 5 - 10 years
Office equipment 5 - 10 years
Vehicles and equipment 6 years

Land and assets under construction are not depreciated.

Depreciation method, the useful lives and residual values are reviewed at least at the end of each financial year and adjusted if appropriate.

3.5 Intangible assets

Intangible assets include costs that are directly attributable to system development and licensed software products controlled by the SEC and are expected to generate future economic benefits beyond one year. They are stated at cost less accumulated amortization and accumulated impairment losses (if any). Cost of intangible assets comprises the purchase price and other directly attributable costs necessary to prepare the assets to be capable to operating as intended. The amortization amount is allocated using the straight-line method over their estimated useful lives as follows:

Licensed software fee 10 years

System development costs 5 years

3.6 Impairment of assets

The carrying amounts of assets are reviewed when the SEC receives reports indicating whether there are any signs of impairment in value of the asset. If such indication exists, SEC shall estimate the recoverable amount of the asset.

An impairment losses are recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognized in the statement of comprehensive revenues and expenses, unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

When a decline in the fair value of an available-for-sale financial asset has been recognized directly in equity and there is objective evidence that the values of the assets are impaired, the cumulative losses that had been recognized directly in equity is recognized in the statement of comprehensive revenues and expenses even though the financial asset has not been derecognized. The amount of the cumulative loss that is recognized in the statement of comprehensive revenues and expenses is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognized in the statement of comprehensive revenues and expenses.

3.7 Employee benefits

The SEC provides contributions to the provident fund for the post-employment benefits and other long-term employee benefits to which the employees are entitled as follows:

(a) Post-employment benefit (Defined contribution plan)

The SEC has established and registered a master fund, namely "Registered Provident Fund of the Securities and Exchange Commission" registered under Provident Fund Act B.E.1987 since August 9, 1993. (The SEC had canceled "Registered Provident Fund of the Office of the Securities and Exchange Commission (2)" in order to combine it with "Registered Provident Fund of the Securities and Exchange Commission") The Fund's investment policy has 3 options for members. Employees contribute 3 - 10 percent of their base salaries while the SEC contributes 10 percent to the provident fund. The provident fund has been managed by investment professional.

Contributions from the SEC are recognized as an expense in the statement of comprehensive revenues and expenses in each accounting period as incurred.

(b) Post-employment benefit (defined benefit plan)

The SEC's obligations concerning post employment benefits under "Defined benefit plan" and other long-term employee benefits are recognized in the financial statements based on calculations performed annually by a qualified actuary using the projected unit credit method.

The SEC's liabilities concerning post-employment benefits and other long-term employee benefits as of January 1, 2011 were at 187.45 million baht. The SEC has recognized such liabilities using the straight-line method within 5 years starting from effective date of TAS 19 and recognized obligations incurred in each year as an expense in the statement of comprehensive revenues and expenses.

Actuarial gains and losses are recognized immediately in the statement of comprehensive revenues and expenses.

3.8 Revenue recognition

Major revenues of the SEC and revenue recognition are as follows:

3.8.1 Fee income

- Application fees: Revenue is recognized when application form and fee are received by the SEC.
- Registration fees: 30 percent of the minimum fee requirement for registration is recognized when the SEC received registration statement together with the fee, and the remaining balance will be recognized when the registration statement becomes effective. The registration fee which is paid annually in proportion to the shareholders' equity is recognized on an accrual basis.
- License fees and business undertaking fees: Such revenues are recognized according to the SEC's rules on fee payment.
 - Other fees: Revenue is recognized when request form and fee are received by the SEC.
- 3.8.2 Contribution from the SET Under the SEA, for the purpose of facilitating the operation of the SEC at the rate specified by the SEC, is recognized on an accrual basis.
 - 3.8.3 Investment income or other income
- Interest income is recognized on an accrual basis, except when there is an uncertainty in the receipt of the income.
 - Dividend income is recognized when the SEC's right to receive payments is established.
 - Other income is recognized on an accrual basis.

3.9 Financial risk management

To manage investment risk, the SEC has a policy to specify its investment proportion at a risk level of $VaR_{\alpha 0.05} = 3$ percent (a probability of less than 5 percent to have a loss more than 3 percent) and expected returns not lower than inflation rate. At least 60 percent of the portfolio is to be invested in low risk assets comprising local and foreign bank deposits and debt securities with no currency exchange risk while the remaining portion can be invested in high risk assets comprising local and foreign bank deposits, debt securities, equity securities, commodities and Thai property funds and infrastructure funds.

3.10 Operating leases

Expenditures under operating leases are recognized in the statement of comprehensive revenues or expenses on a straight line basis over the lease term. Potential rents that must be paid during the remaining period of the lease under criteria set out in the rental agreement must be included in the calculation of the minimum lease payments.

4. Cash and cash equivalents

	unit: million baht	
	2013	2012
Cash, check in transit and petty cash	1.10	1.31
Bank deposits	80.76	89.35
Bonds and treasury	24.96	59.84
Total	106.82	150.50

5. Short-term investments

	unit: million bahi	
	2013	2012
Managed by private fund managers		
- Current and saving deposits	33.10	5.88
- Fixed deposits	180.00	252.39
- Receivables from the sale of securities	31.64	11.33
- Investment in debt and equity instruments and alternative investments	3,595.22	3,203.64
- Accrued interest and dividend	25.25	21.91
	3,865.21	3,495.15
Managed by the SEC		
Fixed deposits (due date within 1 year)	457.60	517.57
Bonds (due date within 1 year)	0.00	34.68
	457.60	552.25
Total	4,322.81	4,047.40

Investment in debt and equity instruments and alternative investments

unit: million baht

	2013		2012	
	Cost	Fair value	Cost	Fair value
Debt instruments	2,641.03	2,709.31	2,343.90	2,360.16
Equity instruments	564.00	569.74	492.40	567.52
Alternative investments	326.24	316.17	259.00	275.96
	3,531.27	3,595.22	3,095.30	3,203.64
Accrued interest from debt instruments	23.00	23.00	18.62	18.62
Accrued dividend from equity instruments	2.25	2.25	0.70	0.70

Alternative investments are investments in real estate funds, infrastructure funds specifically investing in Thailand and commodity.

Debt instruments

		unit: million baht	
	2013	2012	
Available-for-sale securities			
: Bonds	1,402.31	1,458.91	
: Debentures	1,280.00	874.25	
: Promissory notes	27.00	27.00	
	2,709.31	2,360.16	
Held-to-maturity debt instruments			
: Bank of Thailand bonds	0.00	34.68	
	0.00	34.68	
Total	2,709.31	2,394.84	

6. Accrued revenues

	unit: million baht	
	2013	2012
Interest income from saving and fixed deposits	3.20	4.63
Interest income from fixed deposits with Government Housing Bank	1.16	1.29
Interest income from Government bonds	0.02	0.25
Contribution from the SET	84.40	92.58
Business undertaking fee	334.57	266.38
Annual disclosure fee	0.37	0.29
Others	2.04	0.01
Total	425.76	365.43

7. Property, plant and equipment

unit: million baht

As of Dec 31, 2012 136.75 - 32.98 23.68 170.47 28.68	Increase - 816.96 0.72 0.06 50.34 220.19	(32.98) (16.41) (32.26)	As of Dec 31, 2013 136.75 816.96 0.72 0.06 57.61
136.75 - - 32.98 23.68 170.47	0.72 0.06 50.34	(16.41)	136.75 816.96 0.72 0.06 57.61
- 32.98 23.68 170.47	0.72 0.06 50.34	(16.41)	816.96 0.72 0.06 57.61
- 32.98 23.68 170.47	0.72 0.06 50.34	(16.41)	816.96 0.72 0.06 57.61
23.68 170.47	0.72 0.06 50.34	(16.41)	0.72 0.06 57.61
23.68 170.47	0.06 50.34	(16.41)	0.06 57.61
23.68 170.47	50.34	(16.41)	57.61
170.47		(32.26)	
	220.19	, ,	358.40
28.68	-	/F F 1)	
		(5.54)	23.14
780.39	125.5	(905.89)	-
1,172.95	1,213.77	(993.08)	1,393.64
-	(18.99)	-	(18.99)
(32.97)	(0.01)	32.97	(0.01)
(23.47)	(4.08)	16.40	(11.15)
(143.60)	(28.82)	32.26	(140.16)
(19.63)	(2.49)	5.54	(16.58)
(219.67)	(54.39)	87.17	(186.89)
953.28	1,159.38	905.91	1,206.75
	1,172.95 (32.97) (23.47) (143.60) (19.63) (219.67)	1,172.95 1,213.77 - (18.99) (32.97) (0.01) (23.47) (4.08) (143.60) (28.82) (19.63) (2.49) (219.67) (54.39) 953.28 1,159.38	1,172.95 1,213.77 (993.08) - (18.99) - (32.97) (0.01) 32.97 (23.47) (4.08) 16.40 (143.60) (28.82) 32.26 (19.63) (2.49) 5.54 (219.67) (54.39) 87.17 953.28 1,159.38 905.91

The SEC on September 9, 2010 obtained legal ownership of the land and building in the amount of 690 million baht. The building was renovated and decorated to be a new office building of the SEC. Such building began using on July 2, 2013.

The gross values of the property, plant and equipment that are fully depreciated but still in use are 82.51 million baht and 153.83 million baht as of the end of 2013 and 2012 respectively.

8. Intangible assets

As of
Dec 31, 2013

unit: million baht

	As of	Increase	Decrease	As of
	Dec 31, 2012			Dec 31, 2013
Intangible assets				
Licensed software	70.22	2.18	-	72.40
System developments	7.44	0.09	-	7.53
Total	77.66	2.27	-	79.93
Less Accumulated amortization				
Licensed software	(34.00)	(6.43)	-	(40.43)
System developments	(5.80)	(0.89)	-	(6.69)
Total	(39.80)	(7.32)	-	(47.12)
Intangible assets	37.86	(5.05)	-	32.81
Amortization	7.79			7.32

9. Provisions

	u	nit: million baht
	2013	2012
Estimated provisions	-	10.50

The SEC rented GPF Witthayu Tower, floors 10th and 13th-16th from Diethelm Co., Ltd. The agreement terms required the SEC to restore the rental space to its original condition at the end of the lease term. In 2001, The SEC had engaged the company to estimate the restoration costs which amount to 8.40 million baht for the 10th and 14th-16th floors and 2.10 million baht for the 13th floor. The total amount of 10.50 million baht is recognized as estimated provisions. Later in 2006, the lessor had changed to the Government Pension Fund (GPF) but the conditions remain unchanged. Due to our moving to new office on July 2, 2013, the SEC terminated the lease with GPF and restored the rental space to its original condition as defined in the agreement.

10. Employee benefit obligations

unit: million baht

	2013	2012
Unrecognized transitional obligations as of January 1	112.47	149.96
Recognized as expenses for the year	(37.49)	(37.49)
Unrecognized transitional obligations as of December 31	74.98	112.47
Changes in present value of employee benefit obligations during period		
Present value of obligations at the beginning of year	119.84	59.32
Recognition of obligations during changes	37.49	37.49
Less benefits paid	(0.49)	(0.69)
Current service cost	15.67	14.95
Interest cost	9.74	8.77
Obligations at the end of year	182.25	119.84
Amount recognized on statement of comprehensive of revenues		
and expenses as of December 31, 2013 and 2012		
Recognition of obligations during changes	37.49	37.49
Current service cost	15.67	14.95
Interest cost	9.74	8.77
Total	62.90	61.21
Actuarial assumptions		
Discount rate		4.2%
Inflation rate		3.0%
Salary increase rate		3-12%
Medical inflation rate		7.0%

Impact from medical cost rate decrease or increase 1 percent of the obligation under 2013 medical benefit plan

unit: million baht

	arite. Trimoti bari	
	Medical ir	ıflation rate
	6%	8%
Unrecognized transitional obligations as of January 1	79.03	152.16
Recognized as expenses for the year	(26.35)	(50.72)
Unrecognized transitional obligations as of December 31	52.68	101.44
Components of cost and medical benefit plan obligations		
Recognition of obligations during changes	26.35	50.72
Current service cost	10.68	21.92
Interest cost	6.84	13.29
Total	43.87	85.93
<u>Less</u> Benefits paid	(0.49)	(0.49)
Balance	43.38	85.44

11. Reserve

Minister of Finance has approved the SEC's reserve under SEA section 26 according to the document of Minister of Finance No. 1007/21406 dated December 7, 2011 and No. 1007/19634 dated November 21, 2013. The rules and method to reserve are as follows:

1. Special reserve for capital market development is to set aside as priority before other reserves in the amount equal to net amount of revenues to the Capital Market Development Fund consisting of the income from investment for the capital market development, administrative fine of Derivatives ACT and the Trust for Transactions in Capital Market Act, less Capital market development expenses such as the knowledge and understanding for the individuals involved through various media, etc. The set aside amount must not exceed the SEC's profit (revenues over expenses) in each year.

2. Special purpose reserves are as follow:

- 2.1 Reserve for a permanent office building is to set aside after special reserve for capital market development. In accordance with the SEC resolution at the Meeting No.7/2012 dated July 5, 2012, the SEC board increased amount of the reserve from 850.0 million baht to 1,254.70 million baht and set aside the reserve from the SEC's profit of 2013 and 2014 until the full amount of 1,254.70 million baht is reserved.
- 2.2 Reserve for a permanent parking building is to set aside after reserve for a permanent office building until the full amount of 500 million baht is reserved.
- **3. General reserve** is the last type of reserve to be set aside from the remaining profit after special reserve for capital market development and special purpose reserve until the full amount of 4,107.00 million baht is reserved.

Such reserve rule was effective since the reserve of the financial result of the year 2012. Types of reserve are as follows:

11.1 Special reserve for capital market development

		unit: million baht	
	2013	2012	
Beginning balance	1,357.26	1,236.03	
Add Additional allocation	65.30	121.23	
Total	1,422.56	1,357.26	

11.2 Reserve for a permanent office building

unit:	million	baht

	2013	2012
Beginning balance	-	-
Add Additional allocation	384.82	183.23
	384.82	183.23
Less Transfer to general reserve	(384.82)	(183.23)
Total	-	-

On January 1, 2013 amount of reserve for a permanent office building set aside from revenues over expenses was 712.49 million baht and in 2013 the reserve amount was increased by 384.82 million baht from revenues over expenses of this year, totaling to 1,097.31 million baht. The remaining amount of 157.39 million baht has yet to be reserved. All amount of the reserve were paid for acquiring office building.

11.3 General reserve

		unit: million baht	
	2013	2012	
Beginning balance	2,304.47	1,996.24	
Add Additional allocation	-	125.00	
Transfer from reserve for a permanent office building	384.82	183.23	
Total	2,689.29	2,304.47	

Due to office building payment, the reserve for a permanent office building amount 384.82 million baht was transferred to general reserve.

12. Other components of funds

		unit: million baht	
	2013	2012	
Beginning balance	25.66	(28.71)	
Changes during the year	(91.03)	54.37	
Ending balance	(65.37)	25.66	

Other components of fund balances in the amount of 65.37 million baht were differences arising from value changes between carrying amount and fair value of investments in private funds in accordance with the SEC accounting policy 3.2.

13. Revenues

13.1 Fee revenues

	unit: million baht	
	2013	2012
Annual fees from		
Securities businesses	263.03	204.10
Asset management businesses	108.07	92.63
Listed company	71.16	68.43
Limited brokerage, dealing and underwriting of	13.50	11.50
investment units (LBDU) businesses		
Others	39.00	45.59
Total	494.76	422.25
Other fees	216.21	276.23
Total	710.97	698.48

13.2 Investment incomes

	unit: million baht	
	2013	2012
Income from investment in funds managed by private fund managers		
Interest income	102.11	95.21
Dividend income	23.76	19.00
Gain on sale of investments	58.70	97.83
Total	184.57	212.04
Income from direct investments	9.17	27.39
Total	193.74	239.43
Less Income from investment for capital market development	(69.12)	(85.97)
Balance	124.62	153.46

13.3 Contribution from the Exchange of Thailand

	unit: million baht	
	2013	2012
Contribution collected based on		
Trading value	493.24	316.60
Listed company's equity value	22.10	15.13
Fixed rate	2.00	2.00
Total	517.34	333.73

14. Related party transactions

		unit: million baht	
	2013	2012	
Remuneration for commissioners and executives			
Remuneration for commissioners			
Committees /Sub-committee benefits	19.93	20.33	
Remuneration for executives			
Salary and other short-term benefits	61.99	57.92	
Long-term benefits	2.51	2.46	
Total	84.43	80.71	

15. Revenues and expenses for capital market development

	unit: million baht	
	2013	2012
Revenues for capital market development		
Income from investment for capital market development	70.24	85.97
Administrative fines	2.04	1.00
Total	72.28	86.97
Expenses for capital market development		
Financial literacy, investor education and other activities	18.59	21.68
Total	18.59	21.68

16. Commitments and contingent liabilities

The SEC office and/or the SEC Board and/or Capital Market Supervisory Board were named in four pending administrative cases with claims at the amount of 1,257.71 million baht, with details as follows:

- 1. The case of alleged negligence to properly supervises the SET involving a 1,033.82 million baht claim. The matter involves certain SET rules governing its members' operations which are outside the SEC Office's authority. The case is dismissed by the Central Administrative Court and the Supreme Administrative Court considers dismissing the case on February 4, 2014.
- 2. The second case, with a 50 million baht claim, involves the allegedly unlawful denial of the plaintiff's name from listing on the publicly traded companies' executive list, maintained by the SEC Office. Such denial is based on the SEC Office's opinion that the plaintiff possesses prohibited characteristics as specified by the SEC Notification. The case is dismissed by the Central Administrative Court and pending the Supreme Administrative Court's consideration.
- 3. The third case, with a 14 million baht claim, involves the allegedly unlawful and delayed review of the revenues stated in the financial statements of an initial public offering applicant and consideration concerning renewal of approval for a financial advisor. The case is currently under consideration of the Central Administrative Court.
- 4. The last one, with a 159.89 million baht claim, involves the allegedly unlawful revocation of the SEC-approved auditor status. The case is dismissed by the Central Administrative Court and pending the Supreme Administrative Court's consideration.

Nevertheless, due to the fact that the SEC Office and/or the SEC Board and/or Capital Market Supervisory Board have carried out their duties with prudence and care, strictly observing the established legal framework and on an equitable basis, they are confident that it is very likely that their cases will be successfully defended without any damages required to be paid.

17. Reclassification

In the comparative information presented in the financial statements for the year ended December 31, 2012, some items have been reclassified to conform to the presentation in the financial statements for the year ended December 31, 2013, with no effects on statement of financial position, statement of comprehensive revenues and expenses and statement of changes in fund balances that have already been reported as follow:

7	9

		unit: thousand baht	
	Before	Effects of	After
	reclassification	reclassification	reclassification
Statement of financial position as of December 31, 2012			
Current assets			
Advances	704.5	(704.50)	-
Other current assets	13,116.50	704.50	13,821.00

		unit: thousand baht	
	Before	Effects of	After
	reclassification	reclassification	reclassification
Current liabilities			
Unearned revenues	321.61	(321.61)	-
Accrued expenses	-	12,523.59	12,523.29
Other current liabilities	17,791.71	(12,201.98)	5,589.73

18. Approval of financial statements

Secretary-General of the SEC approved the financial statements on February 25, 2013.

SUB-COMMITTEES

Sub-Committee on Consideration of Regulations on Supervision of Securities and Derivatives Business Operators

- (1) To consider and give advice on issuance of regulations on supervision of securities and derivatives business operators, securities exchange, over-the-counter centers, derivatives exchange, securities-related agencies, derivatives clearing house, and related business operators;
- (2) To perform other duties as assigned by the Capital Market Supervisory Board.

Comprises:

(1)	Mr. Kampanart Lohacharoenvanich	Chairman
(2)	Representative from the Stock Exchange of Thailand	member
(3)	Representative from the Thailand Futures Exchange Plc.	member
(4)	Representative from the Association of Thai Securities Companies	member
(5)	Representative from the Thai Investors Association	member
(6)	Representative from the Association of Investment Management	member
	Companies	
(7)	Representative from the Securities Analysts Association	member
	(in case of relevant matters only)	
(8)	Mr. Ayuth Krishnamara	member
	(in case of regulations governing securities companies	
	licensed to undertake securities brokerage, securities	
	dealing and underwriting of investment units)	
(9)	SEC director of the department in charge of supervision	member and Secretary
	of securities and derivatives businesses operators	

Appointed on March 30, 2012 to serve a term from April 1, 2012 to March 31, 2014.

2. Sub-Committee on Consideration of Regulations on Issuance and Offering of Equity Instruments and Governance of Securities Issuing Companies

- (1) To consider and give advice on:
 - (a) Issuance of regulations on issuance and offering of equity instruments;
 - (b) Issuance of regulations on governance of securities issuing companies under Division 3/1 of the Securities and Exchange Act B.E. 2535;
 - (c) Issuance of other regulations attached and related to (a) or (b);
- (2) To perform other duties as assigned by the Capital Market Supervisory Board.

Comprises:

(1)	Mr. Pratib Yongvanich	Chairman
(2)	Representative from the Stock Exchange of Thailand	member
(3)	Representative from the Association of Thai Securities Companies	member
	(Investment Banking Club)	
(4)	Representative from the Thai Listed Companies Association	member
(5)	Representative from the Thai Investors Association	member
(6)	Representative from the Securities Analysts Association	member
(7)	Mrs. Patraporn Milindasuta	member
(8)	Mr. Suchat Boonbanjerdsri	member
(9)	Mrs. Pantip Suratin	member
(10)	SEC director of the department in charge of the	member and Secretary
	supervision of equity, hybrid instruments, and warrants,	
	or SEC director of the department in charge of governance	
	of securities issuing companies, as the case maybe.	

Appointed on March 30, 2012 to serve a term from April 1, 2012 to March 31, 2014.

3. Sub-Committee on Consideration of Regulations on Issuance and Offering of Debt Securities and Sukuk

(1) To consider and give advice on issuance of regulations governing issuance and offering of debt securities, sukuk, and other related regulations;

(2) To perform other duties as assigned by the Capital Market Supervisory Board.

Comprises:

(1)	Mrs. Dayana Bunnag	Chairman
(2)	Representative from the Thai Listed Companies Association	member
(3)	Representative from the Thai Bond Market Association	member
(4)	Representative from the Thai Investors Association	member
(5)	Mr. Arsa Indaravijaya	member
(6)	Ms. Ada Ingawanij	member
(7)	Mr. Konthee Prasertwongse	member
(8)	Mr. Sakares Khamwalee	member
(9)	SEC director of the department in charge of the supervision	member and Secretary
	of debt securities and sukuk, (7) - (8) involved in case of	
	regulations related to sukuk only.	

Appointed on March 30, 2012 to serve a term from April 1, 2012 to March 31, 2014.

4. Sub-Committee on Consideration of Regulations on Issuance and Offering of Derivatives or Derivatives-Embedded Instruments or Structured Products

- (1) To consider and give advice on issuance of regulations on issuance and offering of derivatives or derivativesembedded instruments, and other related regulations;
- (2) To perform other duties as assigned by the Capital Market Supervisory Board.

Comprises:

(1)	Mrs. Dayana Bunnag	Chairman
(2)	Representative from the Thai Listed Companies Association	member
(3)	Representative from the Thai Investors Association	member
(4)	Representative from the Association of Thai Securities Companies	member
	(Investment Banking Club)	
(5)	Representative from the Thai Bond Market Association	member
	(in case of derivatives-embedded instruments	
	or structured products only)	
(6)	Representative from the Stock Exchange of Thailand	member
	(in case of instruments that may be listed on the SET only)	
(7)	Mr. Arsa Indaravijaya	member
(8)	Mr. Bhudinan Sethanandha	member
(9)	Mr. Yingyong Nilasena	member
(10)	SEC director of the department in charge of	member and Secretary
	the supervision of derivatives, derivatives-embedded	
	instruments or structured products.	

Appointed on March 30, 2012 to serve a term from April 1, 2012 to March 31, 2014.

5. Sub-Committee on Consideration of Regulations on Asset Management

- (1) To consider and give advice on:
 - (a) Issuance of regulations on the establishment and management of mutual funds excluding property funds and infrastructure funds;
 - (b) Issuance of regulations on the establishment and management of private funds including provident funds, venture capital management, and derivatives fund management;
- (2) To perform other duties as assigned by the Capital Market Supervisory Board.

Comprises:

(1)	M.L. Pakakaew Boonliang	Chairman
(2)	Representative from the Association of Investment	member
	Management Companies	
(3)	Benresentative from the Thai Investors Association	member

(4) Representative from the Custodian Club selected from mutual fund supervisors
(5) Representative from the Association of Provident Funds member (in case of related matters)
(6) Mrs. Pornanong Budsaratragoon member
(7) SEC director of the department in charge of the establishment of mutual funds and the supervision of mutual fund management and private fund management.

Appointed on March 30, 2012 to serve a term from April 1, 2012 to March 31, 2014.

6. Sub-Committee on Consideration of Regulations on Property Funds, Infrastructure Funds and Real Estate Investment Trusts

- (1) To consider and give advice on:
 - (a) Issuance of regulations on the establishment and management of property funds and infrastructure funds;
 - (b) Issuance of regulations on real estate investment trusts;
 - (c) Issuance of other regulations attached and related to (a) or (b);
- (2) To perform other duties as assigned by the Capital Market Supervisory Board.

Comprises:

(1)	M.L. Pakakaew Boonliang	Chairman
(2)	Representative from the Stock Exchange of Thailand	member
(3)	Representative from the Association of Thai Securities Companies	member
	(Investment Banking Club)	
(4)	Representative from the Association of Investment	member
	Management Companies	
(5)	Representative from the Thai Investors Association	member
(6)	Representative from the Thai Real Estate Association	member
(7)	Representative from the Custodian Club	member
	selected from mutual fund supervisors	
(8)	Representative from the State Enterprise Policy Office	member
	(in case of infrastructure funds only)	
(9)	Mr. Pairat Monthapan	member
(10)	Mr. Simon Landy	member
(11)	Mrs. Pornanong Budsaratragoon	member
(12)	SEC director of the department in charge of the supervision	member and Secretary
	of financial instruments to invest in property funds,	
	infrastructure funds and real estate investment trusts.	

Appointed on March 30, 2012 to serve a term from April 1, 2012 to March 31, 2014.

7. Sub-Committee on Consideration of Regulations on Business Takeovers

- (1) To consider and give advice on the issuance of regulations on business takeovers;
- (2) To perform other duties as assigned by the Capital Market Supervisory Board.

Comprises:

(1)	Mr. Pratib Yongvanich	Chairman
(2)	Representative from the Stock Exchange of Thailand	member
(3)	Representative from the Association of Thai Securities Companies	member
	(Investment Banking Club)	
(4)	Representative from the Association of Investment	member
	Management Companies	
(5)	Mrs. Patraporn Milindasuta	member
(6)	Mr. Suparerk Auychai	member
(7)	SEC director of the department in charge of	member and Secretary
	business takeovers	

Appointed on March 30, 2012 to serve a term from April 1, 2012 to March 31, 2014.

8. Sub-Committee on Business Takeovers (Takeovers Panel)

- (1) To make decisions on waiver of tender offers for business takeovers, rules on application for tender offers or any other decisions under the regulations on acquisition of securities for business takeovers;
- (2) To make decisions regarding any action or omission of action that may have an impact on tender offers under the regulations issued by virtue of Section 250/1 of the SEA;
- (3) To comment or give advice to the SEC Board and the SEC Office on matters related to acting in concert under Section 246 or 247 and any other matter concerning takeovers;
- (4) To request any person to provide facts, explanation, advice and opinion or documents in support of takeovers consideration, as deemed necessary.

Comprises:

Category 1: Chairman

- (1) Khunying Jada Wattanasiritham
- (2) Mr. Chanin Vongkusolkit
- (3) Prof.Emeritus Khunying Suchada Kiranandana

Category 2: Financial Experts as Member

- (1) Mr. Chavalit Chindavanig
- (2) Assoc. Prof. Pornanong Budsaratragoon
- (3) Mr. Paiboon Nalinthrangkurn
- (4) Mr. Varah Sucharitakul
- (5) Mr. Apichai Boontherawara

Category 3: Legal Experts as member

- (1) Mrs. Kulkanist Khamsirivatchara
- (2) Mr. Charin Satchayan
- (3) Mr. Pradit Sahachaiyunta
- (4) Mrs. Pornpinant Asawawattanaporn
- (5) Ms. Manida Zinmerman

Category 4: SEC Representatives as member and Secretary

- (1) Director of the Corporate Governance Department
- (2) Director of the Legal Department

Appointed on February 19, 2013 to serve a term from February 19, 2013 to February 18, 2015.

9. Legal Sub-Committee

To consider and give opinions to the SEC Board and the SEC Office on matters as assigned by the SEC Board or as requested by the SEC Office, as follows:

- (1) Legal issues under the SEA, the Derivatives Act and other laws;
- (2) Criminal proceedings against offenders under the SEA, the Derivatives Act, and other laws as well as acquisition for compensation or other benefits under a civil case related to a criminal case, and giving of advice and assistance in relation to examination and sufficiency of evidence, conditions and elements of offense, including legal proceedings against the offenders;
- (3) Seizure or attachment of assets of persons whose actions appear to be evidence of wrongdoing under the SEA and the Derivatives Act;
- (4) Requisition of criminal court order to prohibit the persons under (3) from leaving the Kingdom and ordering of temporary prohibition of such act before the criminal court issues an order.

Comprises:

(1)	Mr. Kumchai Jongjakapun	Chairman
(2)	Mr. Tarit Pengdith	member
	Director-General, Department of Special Investigation	
(3)	Mr. Vinai Dumrongmongcolgul	member
	Director-General, Department of Special Litigation	
(4)	Mr.Chukiert Ratanachaichan	member
	Deputy Secretary-General, Office of the Council of State	
(5)	Pol. Gen. Watcharapol Prasarnrajakit	member
	Deputy Commissioner General, the Royal Thai Police	
(6)	Mr. Vasant Thienhom,	member
	Deputy Secretary-General, SEC Office	

(7) Mr. Chanchai Boonritchaisri member

Assistant Governor, the Bank of Thailand

(8) Mr. Krisada Chinavicharana member

Deputy Director-General, the Fiscal Policy Office

Appointed on May 15, 2013 to serve a term from May 13, 2013 to May 12, 2015.

10. Appellate Sub-Committee

- (1) To make a conclusion on facts and legal issues and propose opinions on appeal cases against the SEC Office's administrative orders to the SEC Board;
- (2) To perform others duties as assigned by the SEC Board.

Comprises:

(1) Mr. Somchai Kuvijitsuwan Chairman
 (2) Mr. Nontaphon Nimsomboon member
 (3) Mr. Vichate Tantiwanich member
 (4) Director of the SEC Administrative Appeals Center Secretary

Appointed on March 26, 2013 to serve a term from May 12, 2013 to May 11, 2015.

LIST OF ARBITRATORS

The arbitrators have the power to settle disputes between aggrieved clients and operators of securities business or derivatives business or related businesses for breach of contract or non-compliance with the securities law, derivatives law or provident fund law.

They are:

- (1) Assoc. Prof. Kulpatra Sirodom
- (2) Assoc. Prof. Gasinee Witoonchart
- (3) Assoc. Prof. Paiboon Sareewiwatthana, PhD
- (4) Mr. Thinawat Bukhamana
- (5) Mr. Tawat Ananthothai
- (6) Asst. Prof. Tithiphan Chuerboonchai
- (7) Mr. Patchara Surajaras, PhD
- (8) Asst. Prof. Patcharavalai Jayapani
- (9) Mr. Punlop Pisitsungkakarn
- (10) Prof. Phijaisakdi Horayangkura
- (11) Mrs. Pattera Dilokrungthirapop
- (12) Prof. Warapatr Todhanakasem, PhD
- (13) Mr. Vichat Tantivanich
- (14) Assoc. Prof. Wai Chamornmarn
- (15) Mr. Somjin Sornpaisarn, PhD
- (16) Assoc. Prof. Somjai Phagaphasvivat
- (17) Mr. Suparb Vongkiatkachorn
- (18) Mr. Athueck Asvanund
- (19) Assoc. Prof. Anan Chantara-Opakorn

Appointed on November 28, 2013 to serve a term from November 30, 2013 to November 29, 2015.



SECURITIES AND EXCHANGE COMMISSION, THAILAND 333/3 Vibhavadi-Rangsit Road, Chomphon, Chatuchak, Bangkok, Thailand 10900 Tel. +66 1207 or +66 2695 9999 Fax. +66 2695 9660 e-mail: info@sec.or.th