



CAPITAL MARKET FOR ALL

ANNUAL REPORT 2017 | CAPITAL MARKET FOR ALL



ABOUT THIS REPORT

This 2017 Annual Report is about policies, strategies and performance of the SEC. We aim to supervise and develop the Thai capital market to become the essential mechanism driving sustainable economy and determined to perform duty with knowledge, responsibilities and governance.

ANNUAL REPORT 2017

The Securities and Exchange Commission, Thailand

CAPITAL MARKET FOR ALL

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FROM THE
BEGINNING

Message from the Chairman

“In performing our duties as a regulator, there arose a number of stakeholder expectations, diverse in nature, either in common with or contrary to each other. To be responsive to those expectations as well as the dynamism and continuous developments in the market in a balanced manner, the SEC has endeavored to strategically plan and adjust the organization all along.”



For the past 25 years since our inception on May 16, 1992, the SEC has been striving continuously to carry out our supervisory and developmental functions so as to attain an efficient, transparent and trustworthy capital market. In doing so, we have been working hand in hand with all the capital market stakeholders for the benefit of Thai people and the country's economic development.

In performing our duties as a regulator, there arose a number of stakeholder expectations, diverse in nature, either in common with or contrary to each other. To be responsive to those expectations as well as the dynamism and continuous developments in the market in a balanced manner, the SEC has endeavored to strategically plan and adjust the organization all along.

Over the past year, rapid changes in technology became the country's and the world's critical issues. The SEC has taken a supportive role, embracing utilization of technology and innovations with open-mindedness and readiness to learn and experiment. Our objective is to put in place a facilitating regulatory framework, flexible enough to help overcome obstacles in the adoption of innovations for the benefit of the capital market, while taking into account relevant risks appropriately. This would create opportunities for business operators to provide services corresponding to investor behaviors with reduced costs and add more options for investors and fund mobilizers.

Aside from promoting technology in line with the National Development Plan, the SEC has also prepared and developed the Thai capital market in many dimensions, such as taking action in response to the context of aging

Thailand by emphasizing the importance of saving and investment planning for retirement. We have also resolved certain structural issues so that the Thai capital market would become a reliable and attractive source of funding in the region, gaining investors' confidence in terms of products and services and contributing to a sustainable growth of the market and the Thai economy as a whole. Details of major accomplishments are reflected in this annual report.

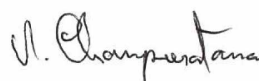
As organizational improvement is one of the factors needed to cope with changes and meet diverse expectations, we continually improve our potentiality, corporate governance and corporate culture at every level. For instance, in order to enhance clarity of the organization's accountability, we issued the SEC's Statement of Intent aimed to let capital market participants know what to expect and to be used as monitoring guidelines for follow up on the SEC's performance of duties. In addition, after three years of adopting good corporate governance processes based on the International Federation of Accountants (IFAC) standards, internal assessments have shown continuous improvement. Also, the enhanced clarity of roles and close collaboration among the Commission, the Capital Market Supervisory Board and the SEC Office have brought about mutual understanding and unambiguous accountability consistent with roles and authorities of each party.

The SEC Strategic Plan for 2018-2020 is a continuation of the previous plan with technology and responsive capital market being key driving forces. The SEC will promote quality wealth advice services accessible to Thai savers, helping them secure their long-term financial well-being. This mission will be accomplished by promoting utilization of technology and innovations for quick and convenient access to the capital market and encouraging both existing and new business operators to serve investors at lower costs. At the same time, we will upgrade capital market supervision standards and adopt rules and regulations as necessary in order to maximize efficiency throughout the capital market.

All of the above reflects the SEC's continued commitment to the nation's capital market development so as to satisfy

key national demands amidst multiple challenges, whether it be the country's fundamental problems of getting caught in the middle-income trap, the rapidly aging society, inequality, digitization, financial technology (FinTech) which gives rise to new opportunities and risks, financial and economic uncertainties bringing about vulnerability in certain areas due to investor's search for yield as well as other structural problems in the market ecosystem.

My thanks and appreciation go to all stakeholders, members of the Securities and Exchange Commission, members of the Capital Market Supervisory Board, SEC executives and staff at all levels who have worked cooperatively for the benefits and sustainable development of our country.



Voravidh Champeeratana

Chairman
Securities and Exchange Commission

Message from the Secretary-General

“We would not be able to achieve our mission of capital market supervision and development, should we not obtain helping hands from all the parties concerned, whether it be other regulatory agencies, business operators, listed companies and all other stakeholders in the capital market.”

The year 2017 marks the 25th anniversary of the SEC in operation and the second stepping into the third year of my term as the organization's Secretary General. The past year has witnessed a number of significant incidents affecting and posing new challenges to the capital market. To respond to those challenges, contain the impacts and lay down preventive guidelines for the future, the SEC has implemented various measures.

At the outset of the year, there occurred an event of default on certain corporate bonds, the majority of which are unrated. Although the problems appeared to exist in specific companies of different industries and with various causes, the impact of the defaults could undermine confidence of the capital market, due to the magnitude of our bond market, with the aggregate value reaching 3.5 trillion baht, accounting for 22% of the country's GDP. After the defaults had taken place, the SEC worked collaboratively with other regulators and market participants to exchange information for situation monitoring. In this connection, related rules were amended to better ensure that information disclosed to bond investors is sufficient for their sound decision making.

Another issue involving a large number of investors is the issue of term funds which have become popular widely due to the misperception that the funds are low risk products like bank deposits. At present, the net asset value of term funds amounts to 590 billion baht, accounting for 13% of the asset management industry's asset size of 4.7 trillion baht. As a matter of fact, risk levels of term funds are varied according to the underlying assets in the funds' portfolios. In addition, investors cannot redeem the investment units before maturity and investment of many term funds are concentrated in securities of a few issuers. As such, the SEC revised related regulations to require that the funds have diversified portfolios in line with the international standards, and that information disclosure be transparent enough for investors to make appropriate investment decisions.

Substantial progress has been made in various aspects of our strategic plan implementation.

1) Driving competitiveness and inclusiveness with technology. The SEC has played an active role in pushing forward revisions in laws, regulations and supervisory framework to keep pace with technological advancement and foster market's



enthusiasm and readiness for leveraging on the upcoming opportunities with ability to manage the associated risks. For instance, the SEC took part in the drafting of the Law on Business Promotion and Public Access to Services through Financial Technology B.E.... Furthermore, FinTech companies were given opportunities to try out their innovations under accommodating regulatory frameworks such as regulatory sandbox and temporary rules. We also joined hands with business operators and the Stock Exchange of Thailand (SET) to set up the Thai Capital Market-Computer Emergency Response Team (TCM-CERT) to strengthen the market's overall cyber resilience.

2) Promoting Thailand's capital market as a springboard for CLM development. With the ultimate goal of regional growth and shared prosperity, the SEC, together with the private sector, has encouraged business expansion in the region and capacity building for personnel of neighboring capital markets. We have signed a Memorandum of Understanding (MoU) for mutual cooperation and exchange of information to support development of Myanmar capital market and personnel. In addition, through cooperation with the SET, we have visited certain Cambodian companies with high potentials for cross listing. The year 2017 is also the year that the Thai capital market participants cooperatively prepare for the upcoming Financial Sector Assessment Program (FSAP) to ensure that our market is on par with the international standards and ready for linkages.

3) Promoting good governance and standards. On the business operator side, the SEC issued regulations on product governance for mutual funds to prevent mis-selling as well as to ensure that investors receive appropriate investment advice and asset management companies adhere to the principle of "putting investor first". We also issued a joint policy statement with the Bank of Thailand to require that commercial banks and asset management companies under conglomerate structure adopt certain measures to prevent, control and monitor conflicts of interest which may arise from related party transactions.

On the listed company front, the SEC launched the "CG code" to be adopted as a good corporate governance practical guideline, with a view to strengthening roles, duties and responsibilities of the company directors as promoters of sustainable corporate values. In this front, we have arranged for company visits to enhance understanding and acceptance of, and to get buy-in from, those listed companies. The Investment Governance Code (I Code), under which institutional investors are expected to perform the functions of activist shareholders, was also introduced to urge listed companies to adhere to good corporate governance principles.

4) Empowering investors to be a key driving force in the capital market. Various tools and measures were put in place in this area. For instance, mutual fund factsheet disclosure format was redesigned to be more easily comprehensible and comparable. Besides, we, together with partners, launched a number of educational activities to raise awareness about the importance of retirement saving among employers and employees who have provident funds.

With the introduction of civil actions and penalties, 2017 also marks a significant milestone in the organization's law enforcement history. After the Securities and Exchange Act (No. 5) came into force on December 12, 2016, there were nine cases, in which 25 offenders agreed to the civil penalties imposed by the Civil Penalty Committee. Civil fines of those cases amount to over 34 million baht, whereas the compensation equal to the benefits derived from committing the offences nearly reaches 20 million baht. This additional enforcement tool is hoped to bring about enhanced efficiency in our law enforcement regime in terms of restraining and deterring possible wrongdoings in the future.

Strengthening organizational efficiency is a key factor in the fulfillment of our mission. Apart from establishing good governance in the working process, we also emphasized the importance of stakeholder engagement through a variety of means, including public consultation as well as arranging for stakeholder visits to reconfirm understanding and to seek appropriate solutions that truly address the core issues. We believe that effective supervisory tools are not limited to regulations. Also, in the past year, we commissioned an expert to provide recommendations on the application of regulatory reform and regulatory impact assessment (RIA) concepts in our supervisory regime redesign, with a view to minimizing unnecessary burdens on the regulated entities, addressing the problematic issues straightforwardly and promoting competition in term of quality.

We would not be able to achieve our mission of capital market supervision and development, should we not obtain helping hands from all the parties concerned, whether it be other regulatory agencies, business operators, listed companies and all other stakeholders in the capital market. We would like to thank you for all the collaborations rendered to us, both in the past and in years to come.



Rapee Sucharitakul
Secretary-General
Securities and Exchange Commission

KEY FIGURES IN 2017

IPO Offerings

9.2 Billion Baht



from 22 Issuers



Debt Offerings
(Domestic
& Foreign)

3.7 Trillion Baht

Criminal Complaints

69 Persons



Listed Companies



688
Companies

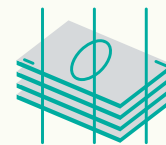
Futures
Contracts

158
Trillion Baht



Administrative Fine

31.1 Million Baht



104
Persons

(submitted to Ministry of
Finance as public revenue)

**Corporate
Oversight**

Related Transactions/
Acquisition and
Disposal of Assets

60 Listed
Companies



490 Billion Baht

Mutual Funds
(NAV)

5.1 Trillion Baht



Civil Monetary Penalty and
Disgorgement of Benefits
(submitted to Ministry of
Finance as public revenue)

53.9 Million Baht



25
Persons

Business Takeovers



17 Companies

14 Billion Baht

Securities Companies

43
Companies



27
Companies

Asset Management
Companies



CAPITAL MARKET
DEVELOPMENT PATH FOR ALL

Overview of Key Operations in 2017

2017 envisaged notable and concrete progress in various schemes under our strategic plans and key missions. The main objectives of these schemes are to resolve structural problems in the capital market, to strengthen the business operators' capability to compete internationally, to increase business opportunities in line with the rapid development of FinTech, and to encourage the capital market to facilitate effective solutions for the country's upcoming aging society. Finally, during the year, some significant issues arose in the capital markets which prompted the SEC to adopt various measures to correct the problems, and to lay foundations for maintaining long term stability which will reinforce confidence in the capital market as a whole.

Driving Competitiveness and Inclusiveness with Technology

Highlights

- Driving force of the Draft Law on Business Promotion Act and Public Access to Services through Financial Technology;
- Initiating a regulatory sandbox and temporary regulations;
- Launching a pilot project of financial sector digital ID;
- Organizing the FinTech Challenge Project and FinTech Forum;
- Improving equity crowdfunding criteria;
- Supporting the fund service platform;
- Participating in the Thai Capital Market Computer Emergency Response Team (TCM-CERT).

Area of Focus	Matter Considered	Outcome
<ul style="list-style-type: none"> • Adopting technology to the capital market to drive innovation with value creation and providing opportunities for all sectors to access financial services which will lead to strengthening of competitive capacity. 	<ul style="list-style-type: none"> • Encouraging experimental mindset and commitment to drive innovation. 	<ul style="list-style-type: none"> • FinTech Challenge project and FinTech Forum; • Regulatory sandbox and temporary regulations; • Improving equity crowdfunding criteria.
	<ul style="list-style-type: none"> • Enabling infrastructure for innovation and market competitiveness. 	<ul style="list-style-type: none"> • Driving force of the Draft Law on Business Promotion Act and Public Access to Services through Financial Technology; • Pilot project of financial sector using digital ID.

Area of Focus	Matter Considered	Outcome
	<ul style="list-style-type: none"> • Cost reduction and enhancing competitiveness. 	<ul style="list-style-type: none"> • Hearing of views on difficulties or pain point; • Consultations on deployment of regulatory technology and other technologies to redress hindrances and save costs associated with regulation compliance; • Shortening time frames for price settlement and securities delivery; • Promoting the business sector to adopt fund service platform.
	<ul style="list-style-type: none"> • Preparation for coping with cyber threats and enhancement of cyber resiliency. 	<ul style="list-style-type: none"> • Thai Capital Market Computer Emergency Response Team (TCM-CERT).

Intended Outcome

The SEC encourages adopting of technology in the capital market to drive innovations with value creation and provides opportunities for all sectors to access to financial services which will lead to growth and strengthening of competitive capacity.

Key Implementations

• Encouraging Experimental Mindset and Commitment to Drive Innovation

The advanced and fast pacing development of disruptive technology has been taking leading roles in strengthening competitiveness of business, solving key issues of the country such as “serve the underserved”, as well as developing innovative financial solutions effectively responding to investors’ needs. Realizing the importance of such development, the SEC has advocated experimental mindset within the organization. We have encouraged adaptive learning and

experimenting without attaching to conventional methodologies so as to increase flexibilities sufficient to enable supervisory measures eliminate obstacles and drive useful innovation to work in the Thai capital market, while appropriately taking into account the involving risks. In the past year, we created a testing ground for innovative technologies by established and new business operators such as FinTech Challenge project. **FinTech Challenge** has been a platform where interested parties can come to brainstorm and present their innovative applications in finance, investment and insurance. The FinTech Challenge has been organized for two years consecutively. Meanwhile, **FinTech Forum** has been organized every quarter, to spark interests, build up knowledge and understanding, and introduce noteworthy financial technology, and conduct discussions in various forums. Above all, **we have provided a testing ground for the innovative products by adjusting supervisory regulatory to accommodate the products through a regulatory sandbox and temporary regulation schemes.**



FinTech Challenge, the platform that welcomes interested parties to brainstorm and present their innovative applications in finance, investment and insurance.



The SEC hosted a series of FinTech Forums to spark interest, build up knowledge and understanding, and introduce noteworthy financial technologies to the interested public.

In addition, we have been in a process of **amending regulation to be suitable for new business models and operations after the temporary regulation expires. Ministerial regulations on securities license have been revised** to create flexibility to accommodate development of modern business operation without requirement for a costly license of full services. License fees will be removed. As for paid-up capital of the business operators, **the rules for maintaining liquidity fund will be adjusted** to be conducive to development of new business models and transactions, without creating unnecessary burdens on the operators.

As for fund mobilization, **the SEC has amended the criteria on crowdfunding**, to serve as an additional alternative **for funding portal to adopt technologies such as blockchain or smart contract to manage proceeds from share subscription**, thus creating a true funding portal in Thailand. The amended criteria will support creation of secondary market to provide the investors with liquidity in trading. Finally, the SEC has been formulating for Initial Coin Offering (ICO) regulatory measures that will be suitable, receptive for innovations, capable of managing risks and protecting the investors as appropriate.

Challenges and Planned Measures

Some business operators hesitate to start new business under regulatory sandbox or temporary regulation since they prefer studying in advance a prospective supervisory approach toward longer-term regulations. Therefore, the SEC has continuously consulted and communicated with the business sector about regulatory directions to promote their confidence. As Initial Coin Offering (ICO) is quite new and received attention widely in Thailand. Some companies plan to raise fund through such a channel. Yet, the governing laws of most World's regulators and in Thailand remain unclear. The SEC needed to expedite regulatory formulation to enhance clarity for the stakeholders and to ensure a right balance between measures that facilitate sufficient protection for investors and a regulation that does not create barriers for high potential business entities to access to sources of funding.

- **Enabling Infrastructure for Innovation and Market Competitiveness**

Today, investors and business operators are likely to make transactions and offer financial services through electronics channels, whereas existing laws and regulations are not flexible enough to cater for innovations and new business models, but rather impeding leverages of financial technology to further new development. The SEC, in collaboration with all stakeholders, have strived to create an ecosystem which support innovations, particularly in terms of legislation, information, and infrastructure through various forums including: (1) Fintech Committee appointed by the National Legislative Assembly. The SEC took a key role in fully driving force of **the Draft Law on Business Promotion Act and Public Access to Services through Financial Technology B.E.....** The FinTech Draft Act has been designed to strengthen confidence and facilitate convenience in executing electronic transactions, to provide business access to necessary information for client's identity authentication in account opening process, and to allow business access to open anonymized data necessary for improvement of products and services as financial solutions to client's needs.

The draft act has undergone the National Legislative Council's hearings and is under revision process before moving on according to the Council's procedure; (2) the National Digital ID Committee under the Ministry of Finance and the Ministry of Digital Economy and Society: the pilot projects will be launched by the finance sector by adopting the platform in onboarding process and in clients' services.

Challenges and Planned Measures

Key issues to push further require the national level in alignment of policy direction. This called for close collaboration and coordination among related agencies.

- **Cost Reduction and Enhancing Competitiveness in the Capital Market**

Engaging with the business sectors for hearings of views on difficulties or pain points and consultations on deployment of regulatory technology and other technologies to redress hindrances and save costs associated with regulation compliance. The objective is to strengthen efficiency of the business operators.

Shortening time frames for price settlement and securities delivery in the capital market from three to two working days. The scheme starts in the first quarter of 2018 to reduce risks and to standardize the time frame of price settlement and securities delivery, thus reinforcing competitiveness to the capital market.

Promoting the business sector to widely adopt fund service platform. This scheme will enable cost reduction for the business in their operation systems and facilitate investors with useful information for investment decision. At present, the Stock Exchange of Thailand is an authorized service provider of the system. However, the SEC in opening for consideration of new proposals from interested parties with capacity to provide the service platform.



A seminar on "Regulatory Technology" (RegTech) to give guidelines for adopting RegTech and other technologies more efficiently to reduce barriers and compliance cost of business operation.

Challenges and Planned Measures

Encouraging collaborations in standardization of other related issues to attract members to the platform, as well as promoting provisions of additional services such as fund data comparisons.

• Preparation for Cyber Resiliency

To create **cyber resiliency**, the SEC has been collaborating with the intermediary entities and the SET in establishing Thai Capital Market Computer Emergency Response Team (TCM-CERT). The team have shared information, issue alerts, train the staffs, tests for handling of threats as well as come to each other assistance in time of crises. Such collective working will help business reduce cost in carrying out cyber security and brace up confidence of users in the capital market in general.

Challenges and Planned Measures

The cyber threats in the future will be increasingly complex, quickly wide-spreading and directly impact the businesses. The SEC has been engaging top management of the business operators to promote cyber mindset, to obtain management advocacies and commitment to drive for real practices, and to seek a concrete synergy at the finance sector level, encompassing exchanges of information and testing exercises for handling with cyber threats.



The SEC in cooperation with securities companies, asset management companies and the Stock Exchange of Thailand Group exercised a capital market cyber drill to raise the industry's awareness of the importance of cybersecurity plan.

Promoting International Profile for the Thai Capital Market and to serve as a CLM Springboard

Highlights

- Improving regulatory to participate in Financial Sector Assessment Program (FSAP);
- Collaborating with the SET and the business sectors to promote the development of capital markets in the region;
- Providing regional initiatives framework to create opportunities for the business sectors.

Area of Focus	Matter Considered	Outcome
<ul style="list-style-type: none"> • Thai business entities have competitive capacity, Thailand capital market is recognized, prepared for linkages with other markets, Thai investors have alternatives for investments, and the capital markets in the region have grown. 	<ul style="list-style-type: none"> • Raising the capital market to the global standards. 	<ul style="list-style-type: none"> • Improving regulatory to participate in Financial Sector Assessment Program (FSAP).
	<ul style="list-style-type: none"> • Preparing for regional linkage. 	<ul style="list-style-type: none"> • Providing regional initiatives framework to create opportunities for the business sectors to expand into foreign markets such as ASEAN Professional Mobility and Asia Region Funds Passport (ARFP).
	<ul style="list-style-type: none"> • Promoting growth of the regional capital market. 	<ul style="list-style-type: none"> • Collaborating with the SET and the business sectors to promote the development of capital markets in the CLM; • Collaborating with the SET, the Thai Institute of Directors (IOD) and the business sectors to promote capacity building for neighbor countries; • Facilitating the cross listing.

Intended Outcome

Thai business entities have competitive capacity and adaptability for value creation to attract world-wide capital. Thailand capital market standard is recognized, linkages with other capital markets prepared, and capacity to strengthen regional markets enhanced. Thai investors have additional channels or alternatives in the investments with exposures in the neighboring countries which have high rate of economic growth.

Key Implementations

- **Global Standards**

Closing key gaps of regulatory improvement to participate in Financial Sector Assessment Program (FSAP). To ensure that the Thai Capital Market will be recognized for having international standards and gain confidence in investment from both Thai and foreign investors, the SEC has communicated with the private sector to promote awareness of the vitality and benefits of the assessment program, and to establish collective understanding of necessities for regulatory adjustments to achieve the objectives. The key implementations in progress include supervision on SET and its operation functions as a secondary market and self-regulating organization (SRO), to ensure their efficiency and alignment with international standards and achievement of regulatory objectives. In so doing, some adjustments in the regulatory infrastructure are necessary. Some of the key modifications have been highlighted as follows : amendments to the Securities and Exchange Act to support infrastructural adjustment; reviews of criteria on fund mobilization and supervision on the listed companies such as disclosure of financial reporting and intercompany transactions; revisions of practical guidelines of the Thai Clearing House Co., Ltd from allowing short positions in the seller's accounts who failed to deliver securities on time, to be an open exposure for delivery and acceptance pursuant to the international standards, to win the trust of foreign and Thai investors in the price settlement and delivery systems.

Challenges and Planned Measures

Since process of legislation amendments could be lengthy and time consuming, the SEC thus regularly works with the SET to achieve the common objectives in creating transparency, and efficiency in the capital market, while continue pushing for legislative changes.



The SEC organized a Financial Sector Assessment Program (FSAP) seminar to share knowledge and benefits of joining the FSAP program with capital market participants including senior executives of the Stock Exchange of Thailand, listed companies, securities companies, asset management companies, auditors and related associations.

- **Ready to Connect**

By providing a regional framework to create opportunities for the Thai business sector to expand into foreign markets, and to increase diverse ranges of products and services in the Thai capital market. **Selected schemes implemented for such purposes have been outlined as follows :** (1) ASEAN professional mobility, defining services that can cross borders within ASEAN including disclosure of analysis reports, advices on financial products from overseas which is ready for a rollout in 2018; (2) Asia Region Funds Passport scheme, prescribing the framework and conditions to facilitate the cross-border marketing of managed funds across participating economies including Australia, Japan, South Korea, New Zealand and Thailand. The offer for sale of funds under the scheme has been scheduled to be launched in 2018. A seminar on ARFP: Host Economy Regulations was organized in which representatives from the four participating countries conducted presentations on the host economy laws and regulations related to ARFP to Thailand's private sectors at the end of 2017.

Challenges and Planned Measures

To ensure that the agreed framework truly benefits the private sector in the real practices, the SEC plans to increase communications with the private sector, to open for feedback and comments from the private sector regarding obstacles and areas of improvement, as well as to encourage the Thai business communities to explore opportunities for expansion of business overseas.



A seminar on “Asia Region Funds Passport (ARFP) : Host Economy Regulations” was organized whereby representatives from the four participating countries Australia, Japan, South Korea and New Zealand gave presentations on the host regulator laws to representative from Thailand’s private sectors.

• Regional Enabler

To promote the development of capital markets in the region including Cambodia, Laos and Myanmar (CLM), the SEC in collaboration with the SET proactively worked through the working groups of the Mekong Capital Markets Cooperation (MCMC) and the Ayeyawady-Chaophraya-Mekong Economic Cooperation Strategy (ACMECS), as well as traveled to Laos to drive cooperation of the markets of both countries. Progress has been made concretely and will be continuously carried forward to the state level.

As for **cross listing of securities**, the SEC collaborated with the SET in meetings with regulatory agencies in CLM and with companies with competency to collect issues and consider the necessities to provide special channels to support the offer for sale and securities listing in CLM, which will be a more relaxing channel relative to the present one. The clearer picture is anticipated at the outset of 2108.

Promoting capacity building

by collectively working with leading stakeholders in the capital market in supporting CLM to facilitate market linkages in the futures. The activities include collaboration with the Thai Institute of Directors (IOD) in formulating fundamental curriculum to promote good governance standards to the neighbor countries which has received a great deal of interests as it is a crucial fundamental factor for sustainable growth. In addition, we have engaged the SET and the business sector to organize training courses tailor made to interests of the neighbor countries such as a course on fund mobilization from the upstream to the downstream for Laos, seminars for experience sharing on Thailand capital market development from the view points of stakeholders for Myanmar, and have provided curriculum on regulatory tasks such as opening for exchanged staffs on mutual fund from Laos and seminars on supervision on intermediary and capital market surveillance for Cambodia.

Challenges and Planned Measures

To enable real case of product, a buy-in of benefits by the neighbor countries is indispensable. Also, the Thai private sector should fully realize to take initiatives and seriously explore opportunities to expand the business to the neighbor countries. In the future, the SEC will engage the private sector to establish better understanding with the neighbor countries to foster private sector connections and to develop readiness for reaching out to the neighbor countries.



The 7th Mekong Capital Market Cooperation (MCMC) meeting attended by capital market regulators’ executives from CLMV to share knowledge and exchange views on capital market development of Greater Mekong Subregion (GMS) countries.

Promoting Good Governance and Good Standards in the Private Sector

Highlights

- Laying out the foundation of product governance, promoting the culture of putting investors first and improving sale conduct based on fair dealing principles;
- Cooperating with Bank of Thailand (BOT) and the Office of Insurance Commission (OIC) to make the regulations and enforcement standards more coherent;
- Reforming the regulatory for prevention of conflicts of interests;
- Introducing a Corporate Governance Code (CG Code) for listed companies and Investment Governance Code (I Code) for institutional investors;
- Forming up a special working group to take care of cases of listed companies.

Area of Focus	Matter Considered	Outcome
<ul style="list-style-type: none">• Securities businesses, professionals and listed companies have a good governance business operation by considering the benefits of stakeholders and sustainable growth.	<ul style="list-style-type: none">• The business operators adhere the principles of putting investors first.	<ul style="list-style-type: none">• Issuance of rules to lay out foundation of product governance;• Communication to establish understanding of business operation based on the principles of putting investors first;• Improving the regulations for offer for sale of products and establishing the guidelines for the sale of investment units and debt instruments;• Cooperating with three agencies (SEC, BOT, OIC) to make the regulations and enforcement standards more coherent;• Reforming the regulatory for prevention of conflict of interests;• Developing the performance presentation standard (PPS) of mutual funds.

Area of Focus	Matter Considered	Outcome
	<ul style="list-style-type: none"> • The listed companies conduct the business on the principle of good governance for value creation and sustainable competitiveness. 	<ul style="list-style-type: none"> • Introducing a Corporate Governance Code (CG Code) for listed companies and Investment Governance Code (I Code) for institutional investors, including communication to create understanding; • Improvement of efficiency in supervising listed companies such as forming up a special working group to consider and deal with complaints or issues about offences of directors or management of listed companies under the SEA. Furthermore, we have determined common roles with the SET to revise criteria and measures related to backdoors listing; • Enhancing the quality of financial advisors' duties; • Specifying qualification of report preparers; • Encouraging the directors and management of listed company to realize the importance of having good internal control; • Organizing the seminars to strengthen knowledge and exchanges the views on new professionals standards with various groups of stakeholders; • Enhancing audit quality and providing sufficient number of audit professionals.

Intended Outcome

For securities business and related professionals:

adhering to the principle of putting investors first and cultivating in all levels from good governance, corporate culture, incentive and compensation structure that advocate such principle, as well as conflict of interest management to ensure that the investors receive excellent quality and fair services.

For listed companies: conducting the business on the principles of good governance for value creation and sustainable competitiveness, by adopting a proper combination of driving measures including self-discipline, market discipline, regulatory measures, enforcement of laws, as well as development of standards for related professionals.

about mutual fund information and mutual fund performance as well as functioning roles of appropriate and efficient intermediary.

Communication to establish understanding of business operation based on the principles of putting investors first. A self-assessment questionnaire (SAQ) has formulated to encourage the business to assess their existing work systems and determine a suitable standard to it. Then, we have worked closely with the companies, starting from the group of limited brokerage dealing and underwriting of investment units (LBDU group), to raise the operation system standard including good governance of the directors and the management executives, to compensation policy, sale process, control and risk management, as well as self-evaluation to develop self-discipline for an independent self-supervision in the next step.

Improvement of regulation for offer for sale of products in the capital market to encourage the business operators to focus on a layout of work system to accommodate a sale process that relies on putting the investors first principles, by organizing preparation process before and after sale suitable to the associated risks and complexity of the products. In addition, the SEC has issued guidelines related to offer for sale and service of the investment units and debt securities to the clients, to provide the operators with practical guidelines for fair dealings with the customers.

Collaborations among regulators in the financial market engaging both BOT and OIC in aligning regulations and enforcement standards relating to sale of product by the financial institutions. This is aimed at benefits for the service users, the business operators, the regulators, the money market and the capital market in general. Due to increases in product linkages and commercial banks becoming the dominant sellers of the products in the financial sector, there may be conflicts of interest arising in executions of intercompany transactions in the bank conglomerates. Consequently, the regulatory agencies have form up a working group on market conduct to formulate collective supervision policy. The BOT will issue regulation regarding market conduct of services offering to enforce the banking



A seminar on "Thailand Investment Conference 2017 " under the theme "Putting Investors First" to promote a productive business culture whereby investors would receive quality and fair services.

Key Implementations

• The Business Operators

Issuance of rules to layout foundation of product governance. The focus was on asset management companies to possess a work system and procedure that could assure decent development of mutual fund products, suitable selection of intermediary for sale offering, communication

sector. The working group will collectively monitor on law compliance to ensure continuous and serious practices by the business operators. As for conflict of interest management, the SEC in collaboration with the BOT have issued a joint policy statement requiring that commercial banks and asset management companies provide policy statements in written format of preventive measures for conflict of interests which could arise from intercompany transactions or related transactions such as investment in instruments issued by debtors of a commercial bank and sold by the bank; using of services of affiliate securities companies for securities trading orders; and exercising voting rights in shareholder meetings of companies invested in by the fund. The guidelines also require that the banks and the asset management companies regularly control, monitor, oversee and inspect the operations in compliance with the governing policy.

Regulatory reform project for prevention of conflicts of interests which may arise in the process of issuance and offer for sale of securities and in asset management business. The SEC has engaged foreign experts who have experience in regulatory reforms in many countries to provide recommendations. Besides, related stakeholders were invited to participate in our review sessions of the supervision objectives, necessity of the current regulations, and adding vital parts to enable effectiveness of the mechanisms in dealing with conflict of interests considering unintended consequences and compliance costs incurred to the private sector. The reform process of the related regulations will be carried out on a short-term basis within 2018, and in the longer-term planning which will take time in conducting studies and scrutiny into the relevant information and consultations with the related parties

Development of performance presentation standard (PPS) of fund management companies pursuant to the international standards. In collaboration with the CFA Thailand, a professional body and asset owner, we have requested the Association of Investment Management Companies (AIMC) to publicize calculation methodologies and performance reporting in a fair representation and full disclosure in line with the international performance evaluation

standards, to enable the investors to make a fair and proper comparison among asset management companies, such as the use of total return index (TRI) as a fund benchmark.

Challenges and Planned Measures

Understanding and collaboration of the business sector as well as close working with regulatory agencies in the financial markets are important components for our success. The SEC continues to constantly communicate, conduct surveillance of compliance, and seek collaborations from related agencies.

Supervision of Securities Companies

The SEC carries out supervision of securities companies both off-site and on-site inspections. The on-site inspection process covers **(1) routine inspection** including the overall working practices and operation system of the securities companies; **(2) theme inspection** focusing on special issues of concern, to assess operation systems that could cause adverse impacts on investors and the capital market as a whole; and **(3) cause inspection**, in the event of incidents with significant implications occurring during the year.

In 2017, the SEC focused on the following key issues in the main operation system of the securities companies:

(1) Know your customer/customer due diligence: “KYC/CDD”. This process was crucial as it assist the companies to provide appropriate services suitable to the customer needs. It also prevented the use of the capital market as a channel to commit fraudulent activities such as uses of nominee accounts to conduct unfair trading.

(2) Offering investment products and providing the clients with clear and proper advices that meet the clients’ needs and risk appetites. The offering for sale of debt securities was particularly emphasized. Over the years, the securities companies increasingly offered unrated bonds and unrated B/Es to retail investors and high net worth investors. The news and complaints by investors about the defaults on B/E issuers were on the rise, prompting the SEC to conduct theme inspections to assess the effectiveness of the operation systems such as screening process of debt securities, and debt offering process to the investors.

(3) Protection of client’s assets. The securities companies have been required to ensure that the clients’ assets are properly protected, complete and safe.

(4) Prevention measures for and management of conflicts of interests. The scheme was to ensure fairness of services provided to all clients.

Overall, the inspections revealed that majority of the securities companies placed importance in those key issues. The risk assessment resulted in a satisfactory level with a declining tendency in flaws. For securities companies with flaws, the SEC has ordered, emphasized and recommended them to rectify their operating systems to enhance capabilities of thoroughness and cautions.

In addition, the SEC issued circular letters to communicate expectations to the securities companies in key issues such as (1) establishment of branches and oversight duties and; (2) practical guidelines for issuance and offer derivative warrants, as we strive to promote thoroughness and efficiency of the business operators while maintaining credibility and good perception of the capital market.

Supervision of Business Professionals in the Capital Market

The business professionals under our supervision include management executives, investment consultants (IC), and other staffs. The SEC focuses on their conduct of duties with professionalism, honesty, prudence and care. We promote the companies to instill good governance culture and effective self-discipline with the prime objective of putting investors first.

In 2017, the SEC found cases in which the management executives of the companies concealed or distorted the information reported to the SEC, and we have taken legal actions according to the severity of the violations. As for the cases of IC misconduct patterns generally involve taking advantage of clients by virtue of duties/positions, such as soliciting to buy IPO shares without executing the transactions; trading on behalf of client without client's order; using client accounts to trade for IC's own benefit. The SEC has filed legal actions against the cases according to severity of violation of laws.

Supervision of Asset Management Companies and Fund Supervisors

The SEC has carried out inspections of operators in the asset management business to assess the operational risks under the schemes of off-site monitoring and on-site inspections. The on-site inspection covered **(1) routine inspection of operations of the asset management companies and the fund supervisors**, focusing on significant activities; and **(2) theme inspection**, to appraise the operation systems which could cause significant impacts on the investors and the overall capital market.

In 2017, the SEC conducted routine inspections and theme inspections of asset management companies and fund supervisors covering following issues: **(1) the security analysis and selection process of unrated bonds**, serving as follow-up sessions after the inspections conducted at the end of 2015; and **(2) the analysis and selection process of foreign securities** as a result of continual increases in investment overseas, emphasizing on risk management both pre- and post-investment due diligence and on measures for exchange rate risks to prevent damage to investors and the overall system. The inspections revealed that, on average, the majority of asset management companies were capable to manage risks at a satisfactory level. For any findings of flaws or breaches of regulations, the SEC instructed the companies to rectify their procedures with emphasis on enhancing thoroughness and cautions and to strictly conform to the laws. In addition, off-site inspections were carried out on advertisement and disclosures of fund information to ensure that the business operators exercised cautions in disclosing information to assist investors for their investment decision making. The inspection in this year demonstrated a sharp decline in flaws, indicating that the business operators increasingly realized and gave their priority to appropriate disclosure of information to the investors.

• **Listed Companies and Securities Issuer Companies Reinforcing roles and duties of the companies' directors for a sustainable value creation** by introducing a Corporate Governance Code (CG Code) for listed companies as principal guidelines emphasizing on roles and duties of the board of directors in the integrating economic, social and environmental governance (ESG) into business practices to benefit all parties. The SEC has communicated, built up understanding, agreement, and buy-in to follow the scheme, through CG Code publications. Seminars to introduce the concepts in public and with specific groups, meetings with business owners and directors of the listed companies and through IOD collaboration in adjusting its curriculum in accommodation of the scheme and create awareness of foreign investors in different seminar sessions with good responses.

Moreover, the SEC proposed adjustment of guidelines for information disclosure in the formats of annual registration statement (Form 56-1) and registration statement for the offer for sale of securities (Form 69-1) to function as driving mechanisms to follow CG code for the listed companies and for the companies planning for IPO. However, from public consultations, some listed companies requested for more time in studying and making preparation, the schedule for launching the scheme is thus postponed and the requirement of submitting form 69-1 to SEC will take effects from the year 2019.



The launching of the Corporate Governance Code (CG Code) 2017, which contains principal guidelines for emphasizing the roles and duties of listed company boards of directors in integrating economic, social and environmental governance (ESG) for business operation.

Appointment of consultant committee on capital mobilization and supervisory on listed companies.

The committee engages SET representatives and qualified professionals from the private sector to provide recommendations in the consideration process of applications for offer for sale of securities of the listed companies, or of transactions executed by listed companies, in the cases of complex business operations of the companies or any significant cases requiring special attention.

Challenges and Planned Measures

The effectiveness in implementations according to CG Code in the organization crucially relies on realization in the value and benefits of the principles, and commitments of business owners, directors and personnel to carry through the scheme. The SEC needs to continuously create understanding and environment conducive to promotion of competency, and to provide useful tools to the related parties to enable actual practices, such as organization of workshops and seminars, facilitation of tools to help review the implementations and raise up standards of companies' secretaries.

Engaging market forces from the investors by establishing Investment Governance Code (I Code) for institutional investors. The I Code, as an active shareholder approach, provides guidelines for effective exercise of investment duties and stewardship responsibilities by



The launching of the Investment Governance Code (I Code) which is a guideline for institutional investors to enhance their clients' best interest while encouraging listed companies to adopt good governance principles for sustainable value creations.

institutional investors to further the best client's interests while driving listed companies to follow good governance principles for sustainable value creations. To promote the concepts of I Code in a broader scope to also cover the institutional investors outside the supervisory authority of the SEC, a working group has been formed to include representatives from related agencies to formulate driving measures, and to exchange knowledges. In 2017, the SEC publicized the concepts and organized seminars to wider groups of audience and specific groups of institutional investors as well as created the awareness in the seminars organized overseas. In addition, we have provided a preparation manual for institutional investors to follow the principles. At present, 38 institutional investors in the country has become signatories of the I Code, including Government Pension Fund, Social Security Office, Thai Investor Association, Foreign Institutional Investors, 11 life insurance and non-life insurance companies and 23 asset management companies.

Challenges and Planned Measures

The next step is to enhance understanding and driving the institutional investors with signatory declaration to I Code to effective implementation. Necessary measures to implement in the next step include strengthening of tools or services to help the institutional investors to exercise shareholders' rights in monitoring, participating and reviewing contents of meeting agendas before exercising voting rights at an appropriate cost.

Improvement of efficiency in supervising listed companies. In the past year, there were reporting cases of listed companies in defaults on debt securities and misconducts of the management, with a considerable number of complaints for a continuous lengthy period in some specific companies. To improve efficiency in dealing with the companies with many issues, we sought coordination from related agencies and established a special working group to take actions with the specific listed companies. In so doing, we effectively increased flexibility of authority execution and administered enforcement of both civil and criminal sanctions. Besides, we have been collectively working with the SET to re-allocate supervisory duties and surveillance tasks to detect listed companies with higher risks of misconducts as part of proactive monitoring approach to effectively and more rapidly alert the investors. Furthermore, we have been studying solution measures to enable investors to exercise rights to effectively demand for compensation of damages through legal proceeding on class actions. Furthermore, **we have determined common roles with the SET to promote efficiency in supervising listed companies** by revising criteria and measures related to delisting and listing of the SET including resume/relisting cases and backdoor listing. The SEC will be responsible in consideration of backdoor listing to align to the approval standards for direct listing through IPO process.

Actions against related party transactions and acquisition and disposal of assets

Actions	2017	
	No. of Companies	Value (Million Baht)
Relates party transaction and acquisition and disposal of assets proposed for approval at shareholders' meetings	60	495,919
Ordered rectifications	24	247,631
Released investors alerts	4	2,182
Ordered rectifications, transactions postponed or cancelled	2	414

Rectification orders categorized by issues

Relevant Accounting Standards	Unit: Company 2017
Liabilities from issuing bill of exchange	1
Loan and interest income from business operation	1

Strengthening efficiency of supervision on financial advisor (FA) to enhance quality of FA duties in preparing the company in IPO launching, the SEC has organized seminars to build up understanding with FA in the issues relevant to the approval criteria which are accounting issues, internal control system, conflict of interests. This was to enhance understanding of FA about expectations of the SEC and thus enable them to better perform their duties. The SEC has encouraged the Investment Banking Club to improve ethical standards and codes to include quality control of job performance as well as to develop a due diligence manual for FA in issuing and launching IPO in line with the international standards. The SEC and the Investment Banking Club jointly organized seminars on the new issue of ethic codes twice during the year. In the next period, in collaboration with the Investment Banking Club, we will organize seminars on the new issue of due diligence manual for reviewing of understanding for FA under the supervision.



The SEC and the Investment Banking Club jointly organized a seminar to introduce the new Ethic Codes to enhance the quality of FA duties.

Challenges and Planned Measures

FAs are considered a crucial intermediary agent in the ecosystem in issuing and offer for sale of securities to the public and in executing key transactions of the listed companies. As such, FA performance has an important bearing on investors and stakeholders across the board. Therefore, FAs have been required to carried out the duties and the business adhering to the professional standards and ethic codes of conduct. In case of findings of flaws in FA conducts, an appropriate measure for correction is to be exercised according to the severity level of flaws. However, since the supervisory authority of SEC over FAs is restricted in the format of consent/unconsent judgement, the SEC has been often unable to effectively deter misconduct cases of FAs. As such, SEC plans to revise the regulatory authority in new format by shifting to licensing system to have a efficient diverse range of tools in taking actions with FA with misconducts in their performance. Moreover, the supervisory adjustment will be brought into alignment with the international practice in regulating the FA profession by adopting a licensing system. The improved regulatory framework is expected to be completed in 2018.

Rebalancing financial report ecosystem to raise quality standards of financial reporting, the SEC has implemented various measures as follows: **Specifying qualifications of report preparers** of IPO and listed companies to include the chief financial officer (CFO) and the chief accountant officer to ensure that preparers of the financial reports have sufficient accounting knowledge and capabilities and have taken regular trainings in accounting principles. The SEC has, in addition, exchanged views on new accounting standards and communicated about frequently found accounting issues as well as opened for hearings on issues in practice directly from CFO of listed companies and

through CFO Club of the Thai Listed Company Association. In addition various implementations has been carried out as per following summary; **Promote a tone at the top approach by engaging the directors and management of listed companies to realize the importance of having good internal control and internal audit professionals with sufficient knowledge and expertise**, and to manage for existence of such a system in the listed companies; **Organize regular seminars to strengthen knowledge and exchanges of views on new professional standards with various groups of stakeholders** to ensure that listed companies and securities companies is prepared to provide financial reports pursuant to the accounting standards. And investors can understand and apply the reports in making investment decisions; **Enhancing audit quality and providing sufficient number of audit professionals** by organizing workshops for medium and small audit office groups for hearings of issues and correction measures for common findings by various audit offices. As for increasing the number of audit professionals, the SEC has introduced a fast-track system in the audit firms with excellent quality control starting from the first quarter of 2017. At present, five audit firms have been qualified according to the fast track system and the number of auditors increased to 30. In 2018, the number of auditors is expected to increase at 15, making the proportion of the listed companies number to the auditor number be as targeted.

Moreover, a sub-committee for screening auditor's performance will be established before submission to the audit advisory board. The sub-committee comprises a panel of professionals who understand the problems and capable of providing working recommendations. The establishment of the sub-committee is to ensure that the supervision structure for auditors in the capital markets has effective screening process , widely and increasingly recognized by all sectors.

Challenges and Planned Measures

The SEC is committed in developing a landscape in supervising and promoting accounting standards to the international level. The SEC strives to serve as an important mechanism in supporting development of the accounting profession and enhancing financial reporting quality to be in line with the internationally recognized standards and be competitive globally, by actively supporting Thailand to have strategic planning and clear directions on the accounting profession as well as mechanisms in determining profession standards and having good governance and transparency to promote for a sustainable development of Thai accounting profession.



The SEC, the Federation of Accounting Professions and the Thai Listed Companies Association jointly organized a seminar on the topic, "Understanding Key Audit Matter (KAM) as a tool to Enhance Capital Market Development" to share knowledge and views on how to improve the quality of auditor's reports and financial statements of listed companies.

Anti-Corruption in the Thai Capital Market

The SEC encourages listed companies to conduct their businesses with social responsibility and good corporate governance, and to adopt serious policies with emphasis on anti-corruption. Listed companies are required to disclose their anti-corruption policies and measures in Annual Registration Statement (Form 56-1), annual reports, and the Application for An Offer for Sale of Shares (Form 69-1). Similarly, as with the listed companies, the SEC urges the business operators in the capital market to take on anti-corruption policies and measures.

To promote listed companies and business operators in the capital market to adopt anti-corruption policies and measures in line with the international standards, the SEC encourages listed companies and business operators to join Thailand's Private Sector Collective Action Against Corruption (CAC), with the Thai Institute of Directors (IOD) acting as secretary. The SEC has disclosed information on joining CAC program on the websites: www.cgthailand.org and www.sec.or.th. There are two levels of commitment in the scheme:

- **Declaration of the intention to join the CAC:** the companies must have the Chairman or Chief Executive Officer sign in the Declaration of Intent Against Corruptions and submit the document to the CAC.
- **Becoming certified CAC members:** the companies must complete a self-assessment form that has been audited by a third party, and then submit to the CAC for certification of the existence and implementation of such anti-corruption policies and measures.

As of 1 February 2018, 303 listed companies have submitted their Declaration of Intention to join the CAC, and 188 of these companies have been certified as CAC members. Likewise, 39 business operators in the capital market have declared intention to join the CAC scheme, while 35 of them have been certified.

In parallel, the SEC has sought collaborations from other stakeholders in various practical measures on continual basis as follows:



The SEC pledged the collective commitment to prevent and suppress corruption on the international Anti-Corruption Day.

(1) Thai Investors Association: The SEC provides training for right protection volunteers on questioning techniques for uses in annual general meetings of shareholders to probe on anti-corruption policies and measures of the listed companies. This has been implemented since 2014.

(2) Institutional investors: Through the agencies such as the Association of Investment Management Companies and the Association of Thai Securities Companies, they were asked to follow up and to raise discussion on anti-corruption policies and practices of the listed companies at general annual meetings of shareholders. This has been implemented since 2014.

(3) Securities companies and derivatives business operators were requested for collaboration in disclosing listed companies' CAC status in the analytical research reports of the said listed companies. In addition, the investment consultants were encouraged to facilitate the CAC status information of the listed companies to help their clients for their investment decisions. This has been in practice since 2015.

(4) Asset Management Companies were requested for cooperation in providing status of their CAC participations in the fund fact sheets and in the materials of mutual funds under their management. This has been implemented since 2015.

Empowering Investors as a Force to Create Market Discipline

Highlights

- Providing a newly designed format of funds fact sheet to be more comprehensible;
- Organizing events for employers and employees who are members of provident fund (PVD) to realize the importance of financial planning for retirement;
- Civil penalty improves the deterrence or prevention of wrongdoing.

Area of Focus	Matter Considered	Outcome
<ul style="list-style-type: none"> • Investors are encouraged at all levels from tools in providing information for decision making, the investors can save early, save enough and have aides in making an appropriate investment, to the convenience in exercising rights, dispute resolution and enforcement of law for fairness. 	<ul style="list-style-type: none"> • Promote understanding and providing facilitation tools of information. 	<ul style="list-style-type: none"> • Providing a newly designed format of funds fact sheet to be more comprehensible pursuant to investors' behavior; • Cooperating with the alliances organized a seminar titled "SEC Retirement Savings Symposium 2017" to educate employers and employees who are members of PVD to emphasize the importance of retirement savings; • Improving a retirement check-up tool for calculation of minimum savings for PVD members.
	<ul style="list-style-type: none"> • Effective enforcement. 	<ul style="list-style-type: none"> • Preparing for civil penalty and implementing civil penalty measures against the offenders. The measures were very successful.

Intended Outcome

The investors are encouraged and facilitated at all levels from tools in providing information for making comparison analysis, and objective investment recommendations, to the convenience in exercising rights, dispute resolution and enforcement of laws for fairness. The investors can save early, save enough and have aides in making an appropriate investment.

Key implementations

• Promote Understanding and Providing Facilitation Tools of Information

Providing understandable information for decision making pursuant to investors' behavior, with newly designed format of fund fact sheet to be more comprehensible and comparable, using graphics in stead of wordy explanations for various risk dimensions as well as interactive and non-interactive features of the fund fact sheets to effectively help investors in making decision. The fund fact sheets have been provided in machine readable format and can be conveniently publicized on an open API for outsiders. This is to strengthen information infrastructure and to support uses of information more broadly for further analysis and comparison as well as giving advice on financial planning to investors. This will also accommodate long-term wealth creation and address insufficient savings for post-retirement well-being.

Organizing events to employers and employees who are members of provident fund (PVD) to realize the importance of financial planning for retirement. The SEC in collaboration with alliance agencies including the SET, Association of Provident Fund (AOP), Association of Investment Management Companies (AIMC) and asset management companies organized a seminar titled "SEC Retirement Savings Symposium 2107" attended by 1,350 employers and PVD members. **Improving a retirement check-up tool** for calculation of minimum savings for PVD members. The tool has been more convenient to use, accessible at ThaiPVD, or via mobile application named as "Start-to-Invest".



The SEC, in cooperation with capital market agencies, organized "SEC Retirement Savings Symposium 2017" to encourage employers and employees who are members of provident funds (PVD) to give a priority to their long-term savings and investment plans for a good quality of life after retirement.

Challenges and Planned Measures

Thailand's entering an aging society is on top of the country agenda. The SEC will partner with alliance agencies in enhancing understanding and promoting savings and investment through PVD. We will emphasize on approaching employers and provide modern tools for retirement planning which is suitable to lifestyles of the employees, so that the employers can further educate the members to lead to decent life quality after retirement.

• Enforcement of Laws

With the introduction of civil penalty as an alternative measure in dealing with offenders in some types of misconducts defined by the Securities and Exchange Act (No.5), the enforcement of the Securities and Exchange law has become more efficient and effective. Thanks to the streamlining of criminal proceedings. Specifically, in the case that a defendant agrees to a civil penalty measure and fully complies, the right to bring a criminal case against the defendant shall end. And in the case that an offender disagrees to a civil penalty measure, the SEC is entitled to bring the case to the civil court without going through the consideration process of the inquiry official and the prosecutor. Besides, civil sanctions are more severe with monetary fines and include punishment measures which prevent and deter repetition of the offenses such as prohibitions from resuming positions of directors or management executives

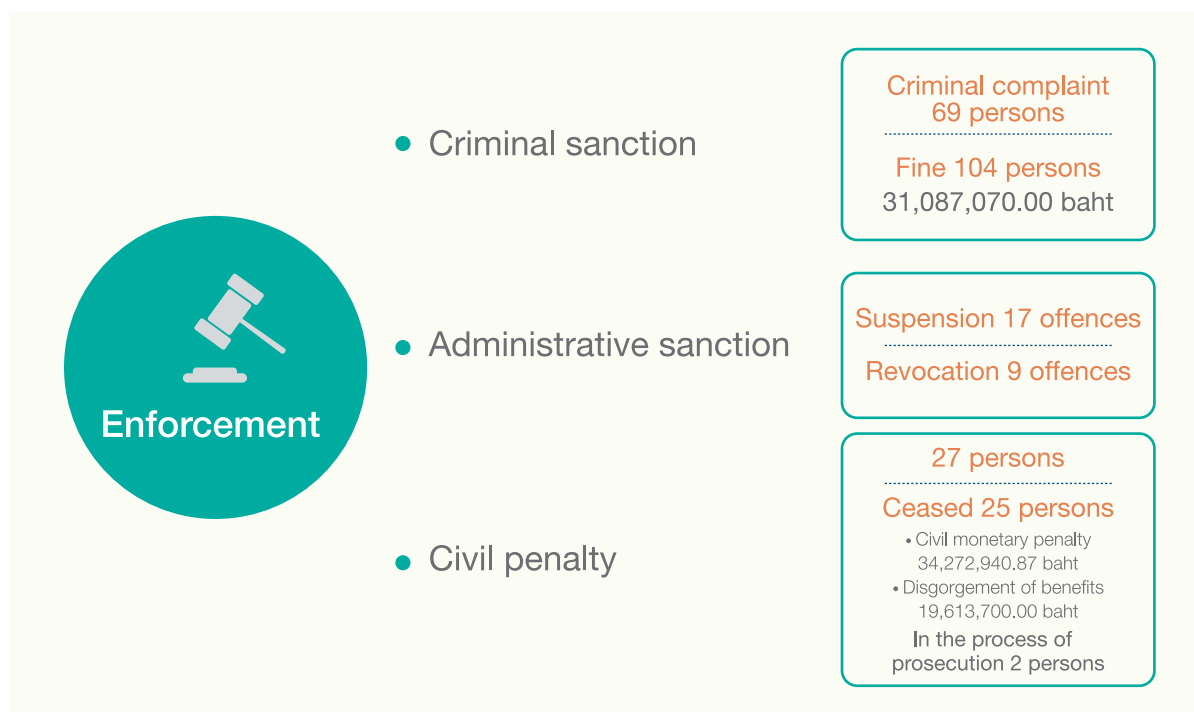
in the securities issuer companies or securities companies, as well as from securities trading. As part of a preparation for officers to conduct in the process of civil court proceeding, the SEC regularly and continuously organized seminars, trainings and build up knowledge about civil penalties to the SEC staffs, officers in the judicial administration, as well as to general public, to ensure that the enforcement with civil penalties achieve the intents of laws.

After the Securities and Exchange Act (No.5) came into effects on December 12, 2016 to December 31, 2017, nine cases brought up to the Civil Penalty Committee were resolved. 25 offenders agreed with the imposed civil penalties. This indicated that the measures were successfully implemented. The offenses include misuse of inside information for securities trading, price manipulation and listed company executives' duty performance without due care. The total monetary fines by civil sanctions amounted to 34.27 million baht and repayment of amount equivalent

to the illegal benefits received from misconduct (disgorgement) totaled 19.61 million baht. The penalty proceeds were submitted to the Ministry of Finance as the country revenue.

However, two offenders in one case of misuse of insider information disagreed to the levied civil penalty. The SEC thus issued a request to the Department of Litigation, Office of the Attorney General to proceed to litigate in the civil court to further determine civil penalty measures to the offender.

In addition, **the SEC has been working with the Anti Money Laundering Office (AMLO)** on applying measures specified in the Anti-Money Laundering Act to the law violators.



Implementations on Other Key Missions

Providing solutions for the country infrastructure development by creating criteria for 2nd phase of Thailand Future Fund (TFF) which will be on offer for sale to general investors. This is to enable the government agencies to mobilize fund through the capital market via Thailand Future Fund, to alleviate fiscal burden, to enable a more rapid development of the country infrastructure, to be an alternative for investors and to add to a diversity of product range in Thailand Capital Market.

Improving work process and monitoring system to deal with possible material systematic risks to the financial market stability or to the confidence in the Thai Capital Market by closely collaborating with regulatory agencies, expert professionals, and key market participants to exchange information in assessment of the situation and to seek measures for containing the impact of the problems. The efforts were well represented in the case of defaults on B/E securities which led to improvement of regulatory criteria in issuing and offer for sale of funds, and for fund's investment policy to be more rigorous and careful. The SEC internal work practices were also undergone adjustment in risks monitoring and management. We have significant contributions from a leading university to improve a model for risk calculation has been improved and to develop a dash board to detect risks in the capital market. In addition, we have been in a process of institutionalize collaborations with regulating agencies formulating macro prudential policy in market surveillance duties to prepare a financial safety net to contain wide-spreading impacts of any material issues triggered by incidents in the market or by their impacts affecting stability of the financial system.

Resolving problems, supervising, and developing debt securities in comprehensive aspects, such as (1) Alleviating troubles instigated by defaults on debt instruments by, for instance, consulting with the debt issuers encountering financial problems or those already defaulted and with intermediaries in formulating solutions to the problems such as rollovers of the debts, preparing other sources of fund for refinancing such as bank loans. In an

absence of debenture holders' representative, the SEC has coordinated with sales intermediaries to determine measures based on relevant clauses in the terms and conditions, and to decide on communication and provision of information to the debt securities holders who need to make decisions under different circumstances; **(2) Increasing investment alternatives to the investors by, for example, relaxing investment criteria for investment of funds which offer for sale to institutional investors or high networth investors (Fund for II or UHNW)** to provide more choices to investors with capacity to accept material losses in exchange for opportunities for higher return. The regulation relaxation is aimed at enhancing competitive capacity of asset management companies in marketing diverse range of products as offered by funds in foreign markets. **To provide investors with more appropriate recommendations in making investment decisions,** we gave permissions for qualified foreign advisor to give general advice to the investors in the country. Accordingly, nowadays business providers of investment advisory can publicize research papers or give advice on such products both locally and overseas to give Thai investors a variety of information for their use. In addition, the Thai business operators can bring foreign staffs under their supervision to make advice for Thai investors about investment in foreign markets, so that Thai investors gained insights in the foreign products; and **(3) Facilitating convenience for issuers such as development of a single portal for debt instrument offering** by partnering with the ThaiBMA in developing linkages between database of private and public sector who are debt issuers under supervision of the SEC into a single portal for a completion set of information on sale offering of debts. The issuers have been required to input information into the online system of the SEC only. This helps reducing the burdens of issuers in inputting the information and reducing the occurrences of submitting redundant information to the SEC and the ThaiBMA. This also assists other market participants and investors to further processing of information with more accuracy in investment analysis.

Monitoring, managing and resolving problems of risks in the capital market and systematic risks such as improving regulations on allocation of IPO stocks to contain overdemands. Adjustment has been made in the criteria for allocation of IPO to patrons and related persons of the companies with offer for sale to ensure that the IPO stocks are allocated to the real patrons of the companies. A proportion of combined allocation of stocks for patrons, related persons (RP) and employees must not exceed 25% of the number of the IPO stocks. Previously, the limit on allocation proportion was not prescribed in the criteria. The intent of the criteria revision is to ensure a fair distribution of stocks to general investors.

Adjusting regulatory measures for term fund offered for sale to general investors by issuing criteria requiring funds to diversify their investment pursuant to the international standards, to improve disclosure of information of risks inherent in the term funds so that the investors have sufficient and appropriate information for making proper investment decisions. For term fund offered for sale to accredited investors such as institutional investors, high networth investors (HNW) and investors with minimum investment amount of 500,000 baht (big retail), the related criteria defining types of investors has been under revision to be more suitable.

Promoting research work which is a fundamental component in analyzing and addressing direct solutions to the issues, behaviors and needs of the stakeholders. We regularly support research activities by cooperating with various institutions to establish synergy and networks of researchers on capital market policy from inside and outside of the country. For instance, we engaged the **CFA Institute Asia-Pacific Research Exchange (ARX)** and educational institutes in organizing a seminar on “SEC Working Paper Forum” to promote and present the research papers related to supervisory duties and regulatory development in Thailand’s capital markets. One example of the research work dealt with derivative warrants (DW) has helped investors gain insights into DW instruments and led to policy adjustment for improving information disclosure to assist the investors in making investment decisions.



A series of “SEC Working Papers Forums” to promote and present research papers related to supervisory duties and regulatory development in Thailand’s capital market.

Strategic Plan (2018 -2020)

1. Meeting the Challenges and Stakeholders' Expectations

Expectations of SEC roles

The Thai capital market is facing major challenges including (a) the changing social structure that leads to a middle-income trap, an aging society and inequality, (b) digitization that gives rise to innovation and financial technology (FinTech), which present new forms of advantages and challenges, (c) uncertainty in financial economy and fragility due to a search-for-yield situation, which is difficult to predict and handle and (d) ecosystem issues caused by a lack of good governance, the bank conglomerate structure and conflicts of interest (COI).

Against the backdrop of such challenges, stakeholders have high expectations of the SEC roles in developing a capital market to meet national goals, encouraging innovation, creating fairness in the competitive environment, and handling changes that come with various forms of risks. In so doing, the SEC needs to develop in-depth expertise and insight of stakeholders' behaviors and incentives, and reduce regulatory cost to increase competitive edge of service providers. Effective communication and collaboration with stakeholders are a key driver toward achieving the said objectives.

Technological breakthroughs are solutions

The SEC sees the opportunity to use technological advances to create a competitive environment and a capital market that can serve the underserved while improving the SEC's capability to fulfill stakeholders' expectations efficiently. However, technologies come with both opportunities and challenges. For example:

- Wider and easier service access for investors and the public could lead to extensive impacts of scams;
- Existing businesses and new players can deploy technology to improve their potential to serve a wider range of investors' demands at lower costs. However, there are challenges in terms of adjusting rules to allow entry of new competitors, encouraging the incumbents to adjust their business models to new technologies, and enhancing the Thai capital market's capability to encounter cyber threats;
- Regulators can lay out policies and positions to support FinTech as a tool to develop the Thai capital market, identify problems accurately and reduce regulatory cost. Meanwhile, there are challenges to formulate a supervisory framework suitable for the new landscape, including the readiness of data and technological competency and the ability to deal with new risks.

2. The Key Principles for Strategic Layout

SEC value proposition

One of the SEC core intended outcomes is to respond to the needs of key stakeholders and eliminate related obstacles, categorized as follows:

A. Investors: They have limited power in terms of choices, which could result in unsuitable investment decisions. Therefore, the SEC needs to promote choices and services that are fair and reliable;

B. Businesses: Small enterprises that are the majority of Thai businesses have insufficient access to capital sources. As a result, the SEC should promote the use of innovative technologies to create channels for access that is suitable for their risk level. Meanwhile, to maintain market confidence, regulation is still necessary for identifying legitimate issuers and screening out bad ones.

C. Intermediaries: They play a vital role in providing services to both investors and businesses. Consequently, the SEC needs to create opportunities for them to develop innovations that serve wider groups of clients at lower costs. Furthermore, redundant regulatory cost should be prevented to allow intermediaries to compete internationally. In any case, effective supervision is still necessary to ensure intermediaries' quality standard and reliability, which in turn helps to maintain market confidence.

The thinking behind policy making

Against the backdrop of challenging environment and competition, the SEC has laid out a policy framework based on the following notions:

A. The borderless interconnection between the economy and the capital market can translate into competitive edge and the readiness to connect is key to the sustainable growth of the capital market;

B. The capital market brings about equitable opportunities for resources allocation by creating market access for all economic units in terms of investment choices and fundraising venues, using various tools and mechanisms;

C. Innovation and fair competition would force business operators to elevate the efficiency of their service standards and simultaneously serve as an important tool for protecting investors' rights;

D. Supervision is the core responsibility of regulators and can enhance the public confidence in market mechanism by:

- Handling issues on conflicts of interest and misalignment of incentives;
- Maintaining minimal regulatory costs, promoting market and self-discipline, and applying behavioral finance to better understand investors and the market;
- Enforcing and suppressing illegal acts effectively.

3. SEC Strategic Directions (2018-2020)



The SEC strategic directions cover two major areas that will enhance the Thai capital market's ability to meet national objectives and strengthen competitiveness on a global scale.

In order to achieve the intended outcomes according to the Strategic Directions on (A) Wealth Advice for All and (B) Funding Opportunity for Growth, the market must become

fully digitized according to the Strategic Direction (C) Foundation for Digitization, market confidence must be built according to Strategic Direction (D) Effective Supervision, and the SEC Team's excellence must be developed to ensure that the SEC will be able to implement the strategic plan successfully through the strategic direction (E) Reform of Regulations and Regulator, as follows:

A. Wealth advice for all

Intended outcome

1. The public has enough savings, with supporting tools and channels to access the capital market;
2. Wealth advisory service providers give investment advice and solutions that put investors first.

Key initiatives

1. Creating supply for wealth advisory service providers from both incumbents and new players;
2. Supporting the use of Fintech to meet the intended outcome and facilitate wealth planning;
3. Improving regulations, reducing business barriers and promoting entry of machine readable information;
4. Enhancing the role of certified financial planners (CFP) in giving wealth advisory services through registration with the SEC;
5. Supporting the role of employers in building PVD members' awareness of the importance of suitable investment.

B. Funding opportunity for growth

Intended outcome

- Startups, SMEs, social enterprises and infrastructure projects are able to utilize the capital market efficiently as their funding sources.

Key initiatives

1. Creating alternative fundraising channels through technological usage and understanding the needs of businesses;
2. Creating concrete measures in regulating initial coin offering (ICO) and inform investors of related risks on a regular basis;
3. Reducing the cost of accessing fund through traditional channels;
4. Supporting regional financing for neighboring countries by reducing regulatory barriers relating to fundraising and cross-listing to support regional competitiveness;
5. Creating opportunities for Thai service providers to become regional players, supporting regional fund passport scheme and reducing barriers for Thai investors in doing business abroad or being an outsource for foreign players.

C. Building market competitiveness through the foundation for digitization

Intended outcome

- The public has confidence in the use of digital tools throughout the whole process of transactions without unnecessary costs.

Key initiatives

1. Developing digital ID/ e-KYC/blockchain;
2. Creating digital innovation in the market process as well as reducing regulatory barriers and limitations on e-proxy, e-voting, and e-meeting;
3. Developing effortless reporting scheme for regulated entities;
4. Building an interoperable data transfer system;
5. Enhancing cyber security and resiliency through developing framework and tools for supervising and assessing the risks of service providers as well as increasing the cooperation between inter-agency in exchanging information.

D. Effective supervision

Intended outcome

- Investors have enough knowledge to protect their own rights and use services with confidence in the market transparency.

Key initiatives

1. Creating business intelligence and analyzing tools that could identify the risks precisely and in time, studying investors' behaviors from securities trading database and relevant data in order to design effective supervision measures, cooperating with regulators in identifying and fixing problems that could affect confidence in the financial system;
2. Creating a shift of governance and cultures of firms towards the "putting investors first" scheme in every business sector of the capital market;
3. Supporting market discipline by empowering investors and improving disclosure;
4. Enhancing regulating standards and market conduct for banks that sell investment units;
5. Raising the corporate governance standard of listed companies as well as the standard of financial advisory professionals;
6. Tackling the problems on conflicts of interest (COI) by issuing measures that deal particularly with COI in securities offering, and improving corporate governance for REIT and infrastructure funds;
7. Conducting self-assessment to close the key gap areas according to the Financial Sectors Assessment Program (FSAP) recommendations;
8. Ensuring effective enforcement on legal action particularly for class action lawsuit and increasing efficiency in legal enforcement through civil measures;
9. Encouraging the use of analyzing tools to help investors meet their needs.

E. Reform of regulations and regulator

Intended outcome

- The SEC delivers values to stakeholders according to the objectives and maintains sustainable development.

Key initiatives

1. Reform for fewer, better, simpler regulations;
2. Improving corporate governance and enhancing the assessment standard for the executives and the boards of the SEC;
3. Building an excellent SEC team and a regulatory school and increasing staff engagement in the organization;
4. Creating workplace innovation, online communication channels and social media;
5. Building future ready IT and data infrastructure through enterprise information management (EIM) and data literacy along with enhancing cyber security standard to meet cyber resiliency.

For more information, please visit www.sec.or.th



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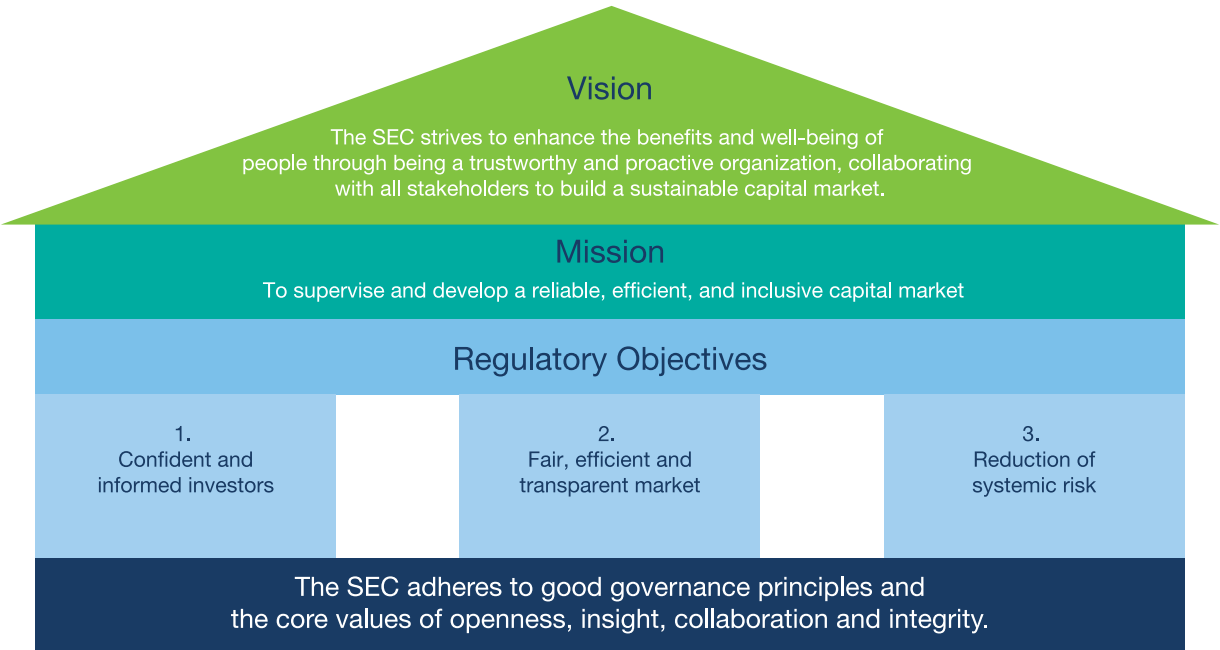
SUSTAINABLE DEVELOPMENT

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Sustainability Development with Corporate Governance

The capital market is a vital mechanism in the country's economic and social system. As the agency tasked with the supervision and development of the capital market, we strive to enhance public benefits and well-being by ensuring that the capital market is operated with transparency, efficiency and fairness. To achieve our set objectives, we focus on overseeing the quality of business operators including their products and services, promoting product diversities,

facilitating flexibility in business operation, enhancing competitive edge, safeguarding market stability against the possible event of fluctuations, promoting fairness in security trading, and providing easy access to information. We believe that investors will be protected and make decisions with confidence when our tasks are appropriately carried out. All parties will benefit from the capital market and truly create their well-being.



Given a variety of expectations of stakeholders from different parties in the capital market, we have faced challenges in carrying out our duties to fulfil those objectives within the SEC's legal framework. Some issues are complicated; others involve conflicts or competitions. To pursue our set goals, we increasingly incorporate good governance principles into our work processes. **We focus on enhancing the organizational efficiency and effectiveness through the**

Sufficiency Economy Philosophy whose key components including reasonableness, moderation and self-immunization. Based on comprehensive knowledge and insight into the engaged matter as a key principle of the Sufficiency Economy Philosophy, we aim to create a sustainable capital market with social and environmental responsibilities.

Highlights

- Increased accountability of the organization;
- Good Governance in the work processes;
- Increased clarity of roles, duties and linkages of the SEC Board, the Capital Market Supervisory Board, and the SEC Office;
- Increasing clarity of division roles.

Area of Focus	Matter Considered	Outcome
1. Creating good governance in the work processes and enhancing the organizational efficiency and effectiveness.	To successfully perform duties and fulfill objectives with accountability and competency, the SEC has continuously implemented good corporate governance principles to develop the organizational capacity and human resources.	<ul style="list-style-type: none"> • Increased accountability of the organization; • Development of good governance in the work processes; • Enhancement of quality in regulation issuance; • Consistently continued policy of "SEC: A Corruption-Free Organization"; • Increased clarity of roles, duties and linkages of the SEC Board, the Capital Market Supervisory Board, and the SEC Office; • Performance appraisals of the SEC Board and the Capital Market Supervisory Board; • On-going board development;

Area of Focus	Matter Considered	Outcome
		<ul style="list-style-type: none">• Improvement of criteria and recruitment process for the secretary-general position;• Improvement of the meeting quality of the SEC Board and the Capital Market Supervisory Board;• Increasing role clarity.
2. Development towards sustainability.	Driving the development of the country towards sustainability based on the Sufficiency Economy Philosophy and managing organization based on the sustainability principle.	<ul style="list-style-type: none">• Driving the development towards “the goal No.8: Decent Work and Economic Growth and “the goal No.12: Responsible consumption and Production”;• Accessed carbon footprints in organization and subsequently purchased carbon credits to offset an emission of carbon dioxide (carbon neutral);• Consistently applied energy conservation measures.

To successfully perform our duties and fulfill our objectives with accountability and competency, the SEC has continuously implemented good corporate governance principles to develop the organizational capacity and human resources. Key implementations in 2017 are summarized as follows:

1. The Organizational Level

(1) Increased clarity of organizational accountability.

The SEC Board has issued a Statement of Intent to effectively help market participants anticipate the outcomes of our work more clearly and to serve as a guideline for following up our performance.

(2) Development of good governance in the work processes. The SEC has introduced the International Framework: Good Governance in the Public Sector prepared by the International Federation of Account (IFAC) and the Chartered Institute of Public Finance and Accountancy (CIPFA) as guidelines in developing governance in our work process starting from 2015. The self-assessment in 2017 revealed that on average we achieved standard outcomes in most indicators especially in the development of integrity, openness, the development of the organization capacity, risk management and internal control.

(3) Enhancement of quality in regulation issuance.

The SEC realizes the importance of appropriate combination of supervisory measures. We resort to regulatory measures as necessary, which should be effective but not excessively burdensome to the regulated parties. Consequently, the SEC has conducted a regulatory reform project based on OECD Regulatory Impact Assessment (RIA) and invited experts to share knowledge with our staff. In 2018, we expect to start using RIA in issuing new criteria and in adjustment of the existing regulations on key issues.

(4) Consistently continued policy of “SEC: A Corruption-Free Organization”. We strive to comply with the standards of Thailand's Private Sector Collective Action



The SEC held regulatory reform workshops with the business sectors to explore alternative approaches to increase the effectiveness of the SEC's statutory regulation and prevent overburden of compliance cost.

Against Corruption (CAC) operated by the Thai Institute of Directors (IOD). We encourage all parties under our supervision including listed companies, securities companies, asset management companies, and derivatives businesses to pay serious attention to the CAC framework and put into action. In addition, the SEC has been continuing our “No Gift Policy” over the years by seeking collaboration from all parties to abstain from sending gifts to the SEC's management and staffs on all occasions.

2. The Board Level

(1) Increased clarity of roles, duties and linkages of the SEC Board, the Capital Market Supervisory Board, and the SEC Office. The SEC Board is responsible for the policy level of significant issues and formulating measures for solving the issues. The Capital Market Supervisory Board supervises the capital market, or the SEC office puts the related measures into action successfully. In addition, the roles of the SEC Board and the Capital Market Supervisory Board are clearly identified both as a group and as individual according to the types of directorship.

(2) Performance appraisals of the SEC Board and the Capital Market Supervisory Board are carried out on self-assessment basis both collectively and individually according to the types of directorship.

(3) On-Going board development. Prior to their meetings, the SEC Board and the Capital Market Supervisory Board regularly share their knowledge, experiences and views with relevant parties (such as business operators and related associations) and the operation units through board engagement. The SEC Board and the Capital Market Supervisory Board are encouraged to attend seminars or trainings in the subjects beneficial for their duty performance.

(4) Improvement of criteria and recruitment process for the secretary-general position to be more transparent and conducive to acquiring a truly qualified person for the position.

(5) Improvement of the meeting quality of the SEC Board and the Capital Market Supervisory Board. Presentation of the agendas are encouraged to be more concise and to the point, with the objectives clearly defined and critical analysis conducive to better understanding of the implication, and decision making.

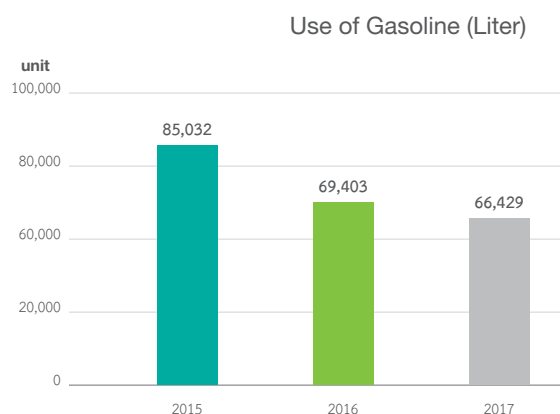
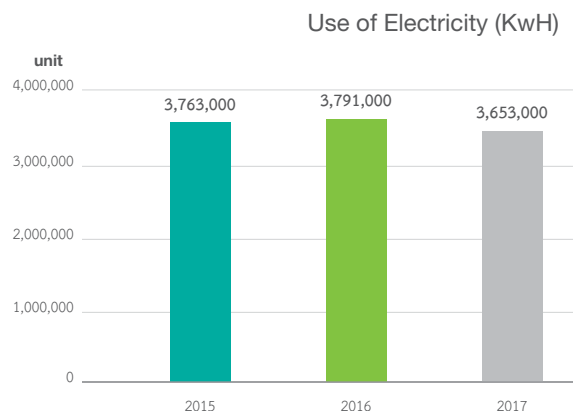
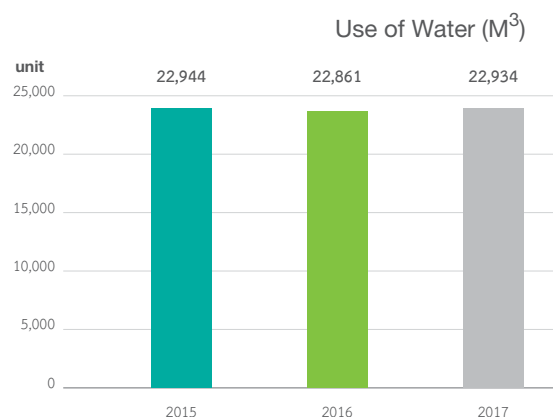
3. The Office Level

Increasing clarity of organizational roles. Statements of objectives to serve stakeholders are prepared by each division and department and subsequently applied to all operational functions. This objective-driven approach has been used to further identify risks of different divisions and departments which are incorporated into risk management plans to fulfill the objectives of departments, divisions and the organization.

Development towards Sustainability

The SEC realizes the significant roles and contribution we can serve in driving the development of the country towards sustainability based on the Sufficiency Economy Philosophy. Accordingly, we have aimed to take the Thai capital market to achieve the United Nations' Sustainable Development Goal (SDGs) in the year 2030. Assigned by the Government, the SEC has taken the responsibilities in driving the development towards **“the goal No. 8: Decent Work and Economic Growth”**, and **“the goal No. 12: Responsible Consumption and Production.”** Implementations under the workplans and associated report to the relevant agencies have been carried out periodically. In addition, since 2013, we have encouraged the listed companies to disclose information that reflects social responsibility in the sustainability report, annual report, or the annual registration statement. We have also supported the listed companies to provide information of greenhouse gas emissions and measures for greenhouse gas reduction, since the information will be beneficial for decision making of investors who are increasingly interested in companies with sustainable business growth strategy.

As for the internal management, we have assessed carbon footprints in our organization and subsequently purchased carbon credits to offset an emission of carbon dioxide (carbon neutral). As a result, we have been recognized by the Thailand Greenhouse Gas Management Organization (Public Organization) to be the first carbon neutral organization, Thailand's first in the category of office building in 2015. We have continued our commitment into the year 2017 with a purchase of 2,390 tons of carbon credits from the Electricity Generating Authority of Thailand under the Thailand Voluntary Emission Reduction Program (T-VER) of Naresuan Hydropower Project. In addition, we have consistently applied energy conservation measures including gradual convert light bulbs in the public spaces to LED, switching off lights during lunch hours, improving air conditioning system, adjusting functioning hours of air-conditioners, as well as conducting a study on feasibility of using solar energy to fuel the electricity in the SEC building. We have achieved 3.65% reduction in the electricity consumption as compared to 2016.



Human Resources Strengthening and Development

Highlights

- The level of employee engagement rates were high;
- Regulatory school project enriched the staff's knowledge and understanding of regular principles, as well as roles and duties of regulator with good standards;
- Improving curriculum for investigation officers to meet the standards which aimed at strengthening knowledge and understanding of investigative work in the financial market and the capital market;
- Laying the foundations of concepts and mechanisms of standardized manpower management, and formulating a succession plan of key positions.

Area of Focus	Matter Considered	Outcome
1. Employee engagement.	Continuously raising the level of employee engagement from 2016.	<ul style="list-style-type: none"> • Developing coaching and facilitating skills, and regularly providing talks and activities at all levels; • Employee engagement survey rates were high.
2. Enhancing employee competency.	Employee have learned and can work to achieve organizational objectives and strategies.	<ul style="list-style-type: none"> • The regulatory school project; • Improving curriculum for investigation officers to meet the standards.
3. Long term manpower and succession planning of the key positions.	Managing with sufficient and appropriate manpower which could be effectively linked to the long term strategic plan.	<ul style="list-style-type: none"> • Proving tools to plan for appropriate manpower; • Formulating a succession plan of key positions in the organization for continually work.

Area of Focus	Matter Considered	Outcome
4. Compensation, advancement, welfare, safety and work-life balance.	Remuneration was comparable to other organizations and fair, to meet the needs of different generation employees and to maintain capable employees who were the key force of the organization, and employees were balanced in life.	<ul style="list-style-type: none"> • Improving the remuneration management system.

Human resource is an important driving force in the organization that the SEC focuses on. We emphasize on maintaining high-potential employees, strengthening and developing our staffs to be able to achieve the objectives and strategies of the SEC under the rapidly and continuously changing eco-system. In 2017, the key implementations were summarized as follows:

Employee Engagement

The SEC has aimed to continuously raise the level of employee engagement from 2016. We started working at the level of top management and extended to the directors of departments, developing coaching and facilitating skills, and regularly providing talks and activities with employees at all levels. The emphasis was placed on cultivating and conveying corporate values, as well as the importance of work appreciation. Our ongoing sessions of “Let’s Talk Together” between management and operation employees led to the opened minds and closer relationship. The result of 2017 survey signified that we have successfully moved up our employee engagement rating as pursued.

Enhancing Employee Competency to be Conducive to Achieving the Organizational Objectives

The SEC supports development of employees in multiple dimensions such as training, job rotation, offering scholarships for overseas education as well as staff exchange programs, which provide opportunities for employees to learn and broaden their horizons in the other domestic and international agencies. In addition, we open for opportunities of

secondment by high potential personnel from other organizations, as a part of contribution to developing professionals in the financial and capital markets. This helps our employees to learn from the others and develop new perceptions, while the exchange personnel to better understand roles and duties of a regulator. In 2017, key initiative projects for enhancing staff knowledge and capabilities were summarized as follows:

1) The regulatory school project: The project was established to enrich the staff’s knowledge and understanding of regulator principles, as well as roles and duties of a regulator with good standards. The program also stresses on understanding of perspectives of diverse groups of stakeholders. In addition, it has been a forum for imparting work experience and the organization’s body of knowledge to the new generation of employees. This serves as a preparatory framework for staffs to carry on the duties of a regulator effectively.

2) Improving curriculum for investigation officers to meet the standards. The program is aiming at strengthening knowledge and understanding of investigative work in the financial market and the capital market. The scheme puts an emphasis on raising standards of the investigation officers, to becoming knowledgeable, having quality and expertise, and complying with the ethics and code of conduct for investigation officers.

Furthermore, building up technology literacy for investigation officers is also highlighted as this will help making audit works effective and proficient, leading to confidence in the capital market of the modern days.



The "Regulatory School" project to provide the SEC staffs with theme-based, in-depth knowledge and understanding of the roles and responsibilities of capital market regulator in line with international standards.

Long-term Manpower and Succession Planning of the Key Positions

The SEC hired and worked with consultants to study to lay the foundations of concepts and mechanisms of standardized manpower management. We aimed at managing with sufficient and appropriate manpower which could be effectively linked to the long term strategic plan of the SEC. This has provided us with tools to plan for appropriate manpower in line with organizational goals and strategies. We were also equipped with mechanisms and supporting criteria for consideration of increasing manpower in the event of new job responsibilities. The SEC has also contracted with consultants to assess and formulate a succession plan of key positions in the organization at a staff's retirement or resignation in the future.

Compensation, Advancement, Welfare, Safety and Work-life Balance

In 2017, the remuneration management system was improved to be comparable to other leading organizations and to maintain capable employees who were the key force of the organization. Based on the studies and job evaluation, the job structure and hierarchy were reviewed and adjusted. The SEC also improved salary structure, especially the starting rate, to attract talented young people to join the organization. We also maintained fair compensation standards in consistent with economic and market conditions.

In terms of welfare and safety, the SEC provided appropriate welfare to create a reassurance and security for the lives of our employees. We especially paid attention to health and safety of our staff. The staffs were entitled for flexible work hours and rights to leave. We regularly provided trainings of using first-aid tools and techniques, basic CPR, and earthquake drills. We also provided fitness equipment to combat office syndrome, free health check-up and vaccination for all employees.

Creating a work-life balance is essential in keeping our staffs healthy both physically and mentally, which directly benefit the quality of work. We supported various activities such as Sports Day, religious activities including alms giving, dharma talks and team-building activities and various festival activities. The SEC also encouraged activities of internal sports and recreation clubs, as well as providing exercise space to promote health of our employees.



Sports Day Events to strengthen relationship within the organization.



The weekly merit making activities to promote the staff's spiritual well-being. Plastic bags containing alms were reused or recycled.

Human Resources Statistics	2015	2016	2017
1. Number of employees	539	584	601
• Male	164	172	191
• Female	375	412	410
2. Employee classified by sex (%)			
• Male	30	30	32
• Female	70	71	68
3. Employment classified by types of contracts (%)			
• Full-time employee	91	92	90
• Permanent worker	6	6	7
• Temporary worker	1	1	-
• Outsource	2	2	3
4. Employment classified by levels (no. of staffs)			
• Administrative assistant	60	60	61
• Officer	317	355	369
• Assistant director	127	133	132
• Director	26	27	29
• Top management	9	9	10
5. Employment ratio classified by levels (%)			
• Administrative assistant	11	10	10
• Officer	59	61	61
• Assistant director	23	23	22
• Director	5	5	5
• Top management	2	1	2
6. Number of new employees (no. of staffs)	45	77	50
• Male	20	24	28
• Female	25	53	22
7. New employee classified by ages (no. of staffs)			
• Below 30 years old	32	35	41
• Between 30-50 years old	13	38	9
• Over 50 years old	-	3	-

Human Resources Statistics	2015	2016	2017
8. New employees: total employee ratios (%)	9	13	8
9. Number of employees whose term has ended (no. of staffs) (resignation and retirement)	28	32	37
• Male	7	15	11
• Female	21	17	26
10. Number of employees whose term has ended classified by ages	28	32	37
• Below 30 years old	14	12	10
• Between 30-50 years old	11	19	14
• Over 50 years old	5	1	13
11. Resignation/retired employees: total employee ratio (turn over) (%)	5	6	6
12. Average training hours of total employees (no. of days: year)			
• Male	25	29	76
• Female	25	29	85
13. Average training hours classified by employee's level (no. of days: year)			
• Administrative assistant	1	1	1
• Officer	5	8	11
• Assistant director	3	8	15
• Director	22	22	48
• Top management	19	19	86
14. Male-female employee wages ratio classified by employment levels			
• Administrative assistant	5.50:1	5.22 : 1	5.47 : 1
• Officer	2.40:1	2.55 : 1	2.39 : 1
• Assistant director	2.21:1	2.25 : 1	2.30 : 1
• Director	2.91:1	2.09 : 1	1.22 : 1
• Top management	0.94:1	1.78 : 1	2.16 : 1

Strengthening the Organizational Effectiveness

Highlights

- Providing data warehouse and open API services;
- Obtaining the ISO 27001 Certification for the Information Security Management System (ISMS);
- Communicating and building engagement with stakeholders on a continuing basis.

Area of Focus	Matter Considered	Outcome
1. Data and technology.	Appropriately utilizing and keeping up with technologies, and having adequate data to support the data-driven working environment, creating value to all stakeholders and enhancing cybersecurity.	<ul style="list-style-type: none"> • Providing data warehouse and open API services; • Applying the agile development concept; • Obtaining the ISO 27001 Certification for the Information Security Management System (ISMS); • Preparing Enterprise Architecture.
2. Communication and engagement with stakeholders.	Better understanding, gaining access and collaboration from stakeholders.	<ul style="list-style-type: none"> • Communicating and creating engagement in a variety of forms throughout the year; • Improving communication process, adding social listening tools and infographic, and using more social media channels.

We strived to enhance our work process efficiency by appropriately utilizing and keeping up with technologies, and having data adequacy to develop the data-driven working environment. We aimed to create value for all stakeholders and to enhance cybersecurity by communicating and engaging with stakeholders, leading to better understanding, more access and collaboration from stakeholders to effectively fulfill their requirements and sustain good relationship.

Data and Technology

Database Development: The recently established Data Management and Analytics Department at the SEC office provides recommendations for policy making process and operation planning. The main functions of the department include managing data as well as designing and developing data warehouse and data analytics. This year we have verified data accuracy and launched data warehouses of two systems, namely the mutual fund database and financial products database. We will further expand the systems to include data analytics and allow public utilization of the information via an open API. The information made available for the public are licensed entities/license check and mutual fund data such as types and features of mutual funds including their investments in each quarter. In the next phases, data warehouse on business operators, capital market related professionals and listed companies' information will be opened for the public.

Application Development: To accelerate development of applications which directly satisfy needs of the users, we have outsourced the development procedures and prepared the staffs to adopt agile development methodologies which involve close working collaboration between the developers and the users, gradual submissions of the completed tasks. In so doing, completed work pieces are foreseen and feedbacks are exchanged more in time. In addition, we have also applied the concept of User Experience (UX) in the system development so that we can obtain a system that is exactly suitable for the behaviors and requirements of the users. We have hired a consultant to work in pilot projects using the above principles. Future system development will continue to be based on the said methodologies.

Cybersecurity: We have adjusted cybersecurity policy in compliance with the criteria applied by the regulated agencies and in line with newly developed technologies. In 2017, the SEC's main and the backup computer centers were certified with the international standard ISO27001 for the Information Security Management Systems (ISMS).



The SEC received the ISO/IEC 27001:2013 Certificate in recognition of the SEC's main and backup computer centers' compliance with Information Security Management System Standard (ISMS).

Development of Information Technology Infrastructure:

In enhancing capacity of an organization to be able to accommodate the fast-changing directions, the work process needs designs that are adaptive and can accommodate strategies and changed directions. Development of Enterprise Architecture (EA) is a significant tool in linking strategies, work process and information technology. In the past year, we conducted a study and prepared to roll it out in 2018. We will also adopt Enterprise Information System (EIM) as the central system in the management of work process and linkage with the data system. This will promote the use of information technology in driving the Enterprise Architecture (EA) toward stronger efficiency and according to standard.



The SEC received the Cybersecurity Public-Private Cooperation Award in recognition of the SEC's outstanding achievement in raising organizational and public awareness of cyber risks.

Communication and Engagement with Stakeholders

Communication and engagement with stakeholders is essential for building better understanding and implementing measures that truly meet the requirements and expectations of stakeholders. Meanwhile, stakeholders are encouraged to learn the backgrounds of the SEC's concepts and operation. We place an importance on the communication and stakeholder engagement and continuously carry out related activities, for example, the Secretary-General's reaching out and meeting with diverse groups of stakeholders. Furthermore, over 100 seminars were arranged for knowledge building and collecting feedbacks regarding the SEC's measures, regulations and implementation from more than 10,000 stakeholders. About 20 sessions of public hearing were set up with more than 1,000 active participants. Setting up exhibition booths in public events such as SET in the City and Money Expo allowed the SEC to communicate and educate investors and the public.



The SEC joined the first "SET in the City 2017", featuring a virtual financial product supermarket where investors could virtually shop for the right products to fulfill their goals with the assistance of the SEC volunteers and data-based smart tools.



The SEC featured a virtual wealth planning exhibition under the theme "Creating a Financial Path to Sustainable Well-being" as well as tips and tools for achieving personal goals and good financial health at "Money Expo Bangkok 2017."



The SEC joined the second "SET in the City 2017" under the theme "SEC Investment Fitness" to invite visitors to pump up their financial and investment competency through various channels and self-learning tools for happier and stronger financial health.

In addition, we have improved communication means in line with the changed behaviors and technologies, including (1) adjusting communication process and adding social listening tools to follow up and analyze the issues prevailing in the social online network; (2) improving communication methods by selecting appropriate communication channels and using online channels in line with the behaviors of the

related parties; (3) enhancing clarity of content and format, describing the issues comprehensively and in easy-to-understand formats such as educational infographic series for the public.

In the next phases, more focus will be given to proactive communication and stakeholder engagement on a regular basis particularly through various social media channels.

เช็กให้ชัวร์ ว่าคุณพร้อมลงทุนใน “ICO” หรือไม่ ?

ICO (Initial Coin Offering) คือ การระดมทุนด้วยการเสนอขาย digital token ผ่าน Internet โดยใช้เทคโนโลยี blockchain เป็นพื้นฐาน

แม้ว่า การลงทุนใน ICO หากประสบความสำเร็จ อาจได้ผลตอบแทนสูงมาก แต่ก็มีความเสี่ยงสูง
ผู้ลงทุนอาจเสียเงินทั้งจำนวนได้ ข้อควรระวังต่อไปนี้ จึงเป็นสิ่งที่คุณควรศึกษา ก่อนตัดสินใจลงทุน

รู้จุดประสงค์	รู้วัตถุประสงค์ที่นำเงินไปทำอะไร มีแผนธุรกิจที่ชัดเจนหรือไม่
รู้สิทธิ	รับทราบสิทธิผู้ถือ Token จากเอกสารการเสนอขาย (White Paper)
รู้สัญญา	มีการเปิดเผย Smart Contract บนเว็บไซต์ และสอดคล้องกับ White Paper หรือไม่
รู้ป้องกัน	ตรวจสอบว่ากระเป๋าดิจิทัล หรือ Platform ที่ใช้ในการระดมทุน ถูกรัดกุม น่าเชื่อถือ ไม่มีข่าวว่าถูก Hack เป็น Fraud หรือ Scam



! การลงทุนใน ICO เป็นรูปแบบการลงทุนที่ยังใหม่และ**มีความเสี่ยงสูง**
การเข้าใจรูปแบบการลงทุนก่อนตัดสินใจ จะช่วยลดความเสี่ยงให้คุณได้

! ระมัดระวังจากแดนไกล หรือหลอกลวง

ICO เป็นธุรกรรมข้ามประเทศ หากธุรกิจไม่มีข้อมูลให้ตรวจสอบได้อย่างเพียงพอ ผู้ลงทุนอาจถูกหลอกลวงหรือตกเป็นเหยื่อกลโกงออนไลน์ได้ง่าย เพราะมีจาชีพอาจเข้ามาหลอกลวงโดยแฝงมาเป็นผู้ต้องการระดมทุน

! ระมัดระวัง Token หมดค่า

หาก digital token ที่ลงทุนไว้ไม่ได้ได้รับความนิยม อาจซื้อขายเปลี่ยนมือได้ยาก

! ระมัดระวังธุรกิจล้มเหลว

มักเป็น project ที่ก่อตั้งใหม่ จึงมีความเสี่ยงสูงที่จะล้มเหลว

! ระมัดระวังสัญญาณอันตราย

“รับประกันผลตอบแทน”
“โอกาสสุดท้าย”
“ไม่รับตัดสินใจ จะพลาดโอกาสทอง”
คือคำโฆษณาชวนเชื่อ ที่มีแนวโน้มว่าคุณจะถูกหลอกลวง

ศึกษาข้อมูลเพิ่มเติม : www.sec.or.th Start-to-invest

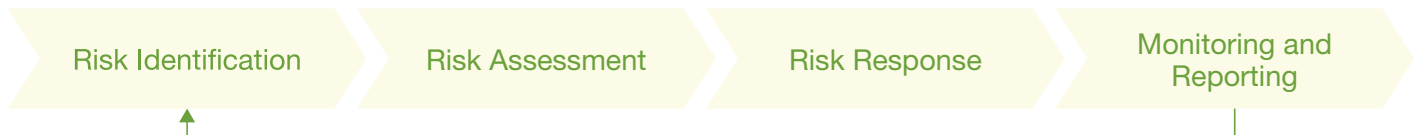
25th
Anniversary
1990-2017
กสท

An infographic series on Initial Coin Offerings (ICO) through social media channels to educate the public about digital assets and related matters.

Risk Management

The SEC has considered risk management a vital component in assuring that all operations achieve the objectives and strike an optimal balance between development in the capital market and needs of all stakeholders. In addition, risk management has been a critical part of developing the organization to be prepared for operations in the longer term. Assignments of main roles in our risk management framework have been outlined as follows:

- **The SEC board and management** have strived to cultivate risk management as one of our core values and to integrate in normal work process from conceptualization, decision making to formulation and execution of policies.
- **Employees of all levels** have been responsible for managing their own risks to achieve goals in conducting their operation by following the four step guidelines:
- **Top management** have been designated membership of the Risk Management Committee (RMC) with duties of developing risk profile, monitoring risk management regularly, and meeting with the audit committee to align the internal audit work with the risk management.



- (1) Identifying risks to objectives;
- (2) Assessing risks level (likelihood x impact) :
to facilitate right order of resource allocation to handle risks as appropriate to the risk level;
- (3) Identifying risk response, control activities, and key risk indicators (KRIs): to ensure that risks will be properly responded and managed; and
- (4) Monitoring the progress and KRIs made in managing risks and reporting to the SEC board: regularly at the minimum of two times yearly.

Development and implementations in our risk management capabilities were summarized as follows:

1. Monitoring on risk management and risk directions

We place importance on developing and updating our risk profile every year. Risks have been categorized into two levels: **(1) the organizational risk level** which has adverse impacts on achievement of the objectives, strategic operation, policy determination or the organization operation in key issues; **(2) the functional unit risk level** which affects the routine operations. We have consistently monitored progress made under a risk mitigation plan to assure that risks were appropriately handled according to the plan. We have also kept watching key risk indicators to promptly detect and handle the emerging risks.

2. Developing risk dashboard to monitor risks associated with debt securities

A risk dashboard has been a tool developed to help analyzing and monitoring risks associated with debt securities in a systematic manner. It has facilitated a quicker detection of risk implications and provided analytical results for display in the capital market risk dashboard, so that the management and staffs have been informed of risk occurrence, thus contributing to efficiency of oversight duties.

3. Overseeing stability and confidence in the financial system

In collaboration with the Bank of Thailand and the Office of Insurance Commission, we have shared information, assessed risks, and collectively worked to manage the emerging risks and to prevent the existing risks from expanding to cause damages in a wider spectrum. A joint working group for a stress test of the financial system was formed and assigned to analyze sensitivities and core connectivity of the financial system and to enhance the quality of the stress test to meet with the international standard, preparing for the Financial Sector Assessment Program (FSAP).

4. Administering business continuity plan

We have included two more unpredictable threats of sabotage and cyber-attack in our business continuity plan, originally covering only natural disasters, accidents, and riots. In the meantime, cyber security drills were conducted to ensure of capability to handle the situation and to contain the impacts on stakeholders. A cyber incident response working group was formed to study impacts that could be on agencies and the capital market and to design appropriate responding measures, should the incidents arise.



SEC Board



Mr. Voravidh Champeeratana
Chairman

Appointed

September 15, 2015 - April 28, 2016
(the first term)

April 29, 2016 (the second term)

Experience and contributions

Mr. Voravidh Champeeratana obtained a BBA (Management) and an MPA (Public Administration) from the University of Manila. He was also accorded Honorary Doctorate in Public Administration (Fiscal Management) from Udon Thani Rajabhat University. Prior to taking office as Chairman of the SEC board, he served in several key positions, including Member of the Commission for Judicial Service, Chairman of Krungthai Bank Plc., Chairman of the Commission of Thailand Institute of Scientific and Technological Research, Budget Director of Bureau of the Budget, Member of the Commission of Mass Rapid Transit Authority of Thailand, Member of the Commission of Sports Authority of Thailand and Member of the Council of National Institute of Development Administration (NIDA).

Other roles

He is now Member of the Committee for Examination of Draft Laws and Draft Auxiliary Regulations Proposed to the Cabinet-Third Group (Independent Agencies and State Enterprises), Member of the Sub-committee for Economic, Monetary and Financial Reform, Chairman of the State Railway of Thailand and Member of The Foundation of Princess Mother's Medical Volunteer (PMMV).



Mr. Somchai Sujjapongse
Permanent Secretary, Ministry of Finance
Commissioner

Appointed

October 1, 2015

Experience and contributions

Mr. Somchai Sujjapongse obtained a Bachelor's Degree (Honors) in Economics from Chulalongkorn University, Master's and Doctorate Degrees in the same field from the Ohio State University. Before taking office as Permanent Secretary of the Ministry of Finance, he held various key positions in the Ministry of Finance, including Director-General of the Customs Department, Director-General of the Fiscal Policy Office, Director-General of the State Enterprise Policy Office. In an academic area, he was a part-time Lecturer (Master Degree Program) at University of the Thai Chamber of Commerce, a Graduate Teaching Associate at Department of Economics of Ohio State University.

Other roles

His current key posts include Chairman of the Board of Director of Krungthai Bank Plc., Director of PTT Plc. and Director of Thai Airways International Plc.



Ms. Nuntawan Sakuntanaga
Permanent Secretary, Ministry of
Commerce
Commissioner

Appointed

October 1, 2017

Experience and contributions

Ms. Nuntawan Sakuntanaga obtained a Bachelor's Degree in Accounting from Chulalongkorn University, a Master's Degree in Business Administration from University of Wisconsin at Madison. Prior to taking office as Permanent Secretary of the Ministry of Commerce, she held various key positions in the Ministry of Commerce, including Deputy Permanent Secretary, Director-General of Department of Internal Trade, Director-General of Department of Intellectual Property, Director-General of Department of International Trade Promotion, Director-General of Department of Export Promotion, Director-General of Department of Trade Negotiations, Inspector General, Commercial Advisor, Deputy Director-General of Department of Foreign Trade, Deputy Director-General of Export Promotion.

Other roles

She is now Member of the Insurance Commission (Office of Insurance Commission), Deputy-Chairperson of the Trade Competition Commission, Member of the Board of Investment, Member of the Policy Committee for Special Economic Zones, Member of the Committee on Dumping and Subsidy, Member of the Board of Directors and Audit Committee of PTT Plc.



Mr. Veerathai Santiprabhob

Governor, Bank of Thailand
Commissioner

Appointed

October 1, 2015

Experience and contributions

Mr. Veerathai Santiprabhob obtained a Bachelor's Degree in Economics (1st Class Honors) from Thammasat University, Master's and Doctorate Degrees in the same field from Harvard University. He has extensive experiences in academia, public sector and international organizations. He was a senior executive of Siam Commercial Bank Plc. and the Stock Exchange of Thailand. He had also served as an Advisor of Thailand Development Research Institute as well as on the boards of many leading listed companies.

Other roles

His current posts include Member of the National Economic and Social Development Board, Member of the Board of Investment, Member of Insurance Commission (Office of Insurance Commission), Member of the State Enterprise Policy and Supervisory Committee, Member of the Board and Treasurer of Royal Initiative Discovery Foundation, Member of the Board of Mae Fah Luang Foundation under Royal Patronage and Honorary Member of Thammasat University Council.



Mr. Sarawut Benjakul

Commissioner

Appointed

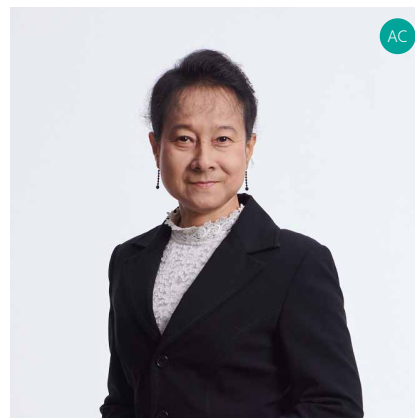
May 11, 2015

Experience and contributions

Mr. Sarawut Benjakul obtained an LLB (2nd Class Honors) from Ramkhamhaeng University, Barrister at Law from the Institute of Legal Education Thai Bar Association, Master of Laws in Commercial Law from University of Bristol, Master of Laws in International Legal Studies from the American University and Master of Laws from Howard University. He has versatile experiences in laws and served in several key positions, including Secretary-General of the Institute of Legal Education Thai Bar Association, Chairman of the Board of State Railway of Thailand, Chief Judge of Sakonnakorn Juvenile and Family Court, Chief Judge of Office of the President of the Supreme Court and Deputy Secretary of General Office of the Judicial Affairs.

Other roles

At present, he also serves in the positions as Secretary-General of Office of the Judiciary, Member of the Government Pension Fund, Member of the Commission for Judicial Service, Independent Director of Airport of Thailand Plc., Banking and Finance Expert Member of the Board of Special Case, Honorary Member of the Council of Mahasarakham University and King Mongkut's Institute of Technology Ladkrabang and Chairman of the Transaction Committee of the Anti-Money Laundering Office.



Ms. Gallayanee Parkatt

Commissioner

Appointed

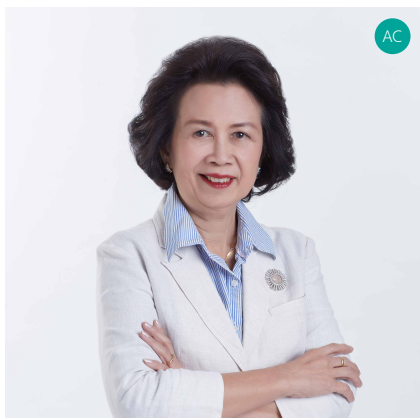
May 11, 2015

Experience and contributions

Ms. Gallayanee Parkatt obtained a Bachelor's Degree in Accounting from University of the Thai Chamber of Commerce, a Master's Degree in Business Administration-Finance from National Institute of Development Administration, Master's (By Research) and Doctorate Degrees in Finance from RMIT University.

Other roles

At present, she holds a number of significant positions such as Chairman of the Executive Board of Doctor of Business Administration Program of Sukhothai Thammathirat Open University, an Expert on Research in Financial and Accounting, an Academic Expert on Evaluation of Academic Performance on Determining as Associate Professor and Assistant Professor in public and private universities, Independent Director and Audit Committee of TV Thunder Plc.



Ms. Pranee Phasipol
Commissioner

Appointed

May 11, 2015

Experience and contributions

Ms. Pranee Phasipol obtained a Bachelor's Degree (Honors) and a Master's Degree in Accounting from Thammasat University. She has versatile experiences in accounting and held various key positions in the Ministry of Commerce, including Chief Inspector General, Commercial Advisor, Deputy Director-General of Department of Business Development and Department of Insurance. She also served in key positions of other organizations, such as, Advisor of the Thai General Insurance Association, Board Member of Business Operation of Foreigners, Ministry of Commerce and Board Member of the Life Insurance Fund.

Other roles

Her current posts include President of the Sub-Committee of Professional Accountant Ethics Setting, Advisor to Member of Federation of Accounting Professions, Member of the Sub-committee on Monitoring and Evaluation of the Support Arts and Crafts International Centre of Thailand, Independent Director and Member of the Audit Committee of Thaivivat Insurance Plc., Dusit Thani Plc. and SCI Electric Plc.



Mr. Yokporn Tantisawetrat
Commissioner

Appointed

January 23, 2016 - November 3, 2016
(the first term)

November 4, 2016 (the second term)

Experience and contributions

Mr. Yokporn Tantisawetrat obtained a Bachelor's Degree in Economics from Chulalongkorn University and a Master's Degree in the same field from Thammasat University. He held various positions, including Senior Executive Vice President, Chief Executive Office and Risk Officer of Siam Commercial Bank Plc., Director of SCB Securities Co., Ltd., Director of Vinasiam Bank (Vietnam), Director of Thai Rating and Information Services Co., Ltd., Director of TRIS Rating Co., Ltd.

Other roles

Currently, he is Chairman of Audit Committee and Director of Banpu Power Plc., Director of TMB Bank Plc. and Independent Director of AP (Thailand) Plc.



Mr. Chanin Vongkusolkrit
Commissioner

Appointed

November 4, 2016

Experience and contributions

Mr. Chanin Vongkusolkrit obtained a Bachelor's Degree in Economics from Thammasat University and an MBA in Finance from St. Louis University. He was Director, Chief Executive Officer and Senior Executive Officer of Banpu Plc.

Other roles

His current key posts include Chairman of Banpu Plc., Director of Banpu Power Plc., Director of the Erawan Group Plc., Director of Mitr Phol Sugar Corp. Ltd., Advisor to Chairman of the Thai Listed Companies Association, Chairperson-Task Force for Sustainability in Listed Companies, Director of Private Sector Collective Action Coalition Against Corruption Council (CAC), President of the Foundation for Better Life, Director of Faculty of Economics of Thammasat University.



Mr. Rapee Sucharitakul

SEC Secretary-General
Commissioner and Secretary

Appointed

May 1, 2015

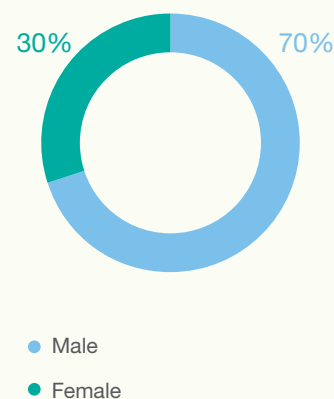
Experience and contributions

Mr. Rapee Sucharitakul holds an LLB (Honors) from University of Essex, and an LLM in Commercial Law from University of Bristol. He has extensive experiences in capital and financial markets. Prior to the SEC appointment, he held management and policymaking positions at several private and capital market organizations, including Member of the Board of Governors of the Stock Exchange of Thailand, Director of the Federation of Thai Capital Market Organizations, Director of the Association of Investment Management Companies, Director of the Thai Institute of Directors Association (IOD), Director of KASIKORNBANK Plc., Executive Chairman of KASIKORN Securities Plc., Executive Chairman of KASIKORN Asset Management Company Limited, Advisor to President of Muang Thai Life Assurance Plc. and Independent Director of Big C Supercenter Plc.

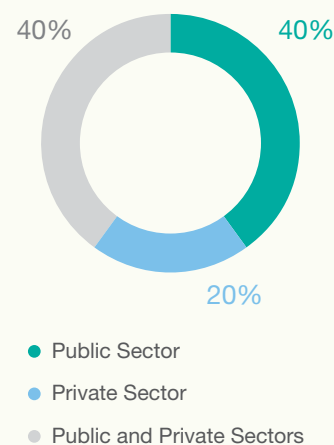
Other roles

Member of the State Enterprise Policy Committee.

Gender



Experience



Committee/Sub-committee

- AC Audit Committee
- GR Good Governance and Remuneration Sub-committee
- LC Legal Sub-committee (Consulting)
- LL Legal Sub-committee (Litigation)
- AP Appellate Sub-committee

Note:

Mr. Pailin Chuchottaworn resigned from the commissioner position, effective from November 17, 2017

Capital Market Supervisory Board



Mr. Rapee Sucharitakul
SEC Secretary-General
Chairman

Appointed
May 1, 2015

Experience and contributions

Mr. Rapee Sucharitakul holds an LLB (Honors) from University of Essex, and an LLM in Commercial Law from University of Bristol. He has extensive experiences in capital and financial markets. Prior to the SEC appointment, he held management and policymaking positions at several private and capital market organizations, including Member of the Board of Governors of the Stock Exchange of Thailand, Director of the Federation of Thai Capital Market Organizations, Director of the Association of Investment Management Companies, Director of the Thai Institute of Directors Association (IOD), Director of KASIKORNBANK Plc., Executive Chairman of KASIKORN Securities Plc., Executive Chairman of KASIKORN Asset Management Company Limited, Advisor to President of Muang Thai Life Assurance Plc. and Independent Director of Big C Supercenter Plc.

Other roles

Member of the State Enterprise Policy Committee.



Ms. Tipsuda Thavaramara
SEC Deputy Secretary-General
Board Member

Appointed
January 1, 2016

Experience and contributions

Ms. Tipsuda Thavaramara obtained a Bachelor of Arts in Mathematics (magna cum laude) from Harvard University, and a Master of Business Administration (with distinction) from Wharton School, University of Pennsylvania. With extensive experience in capital markets, she has made contributions to significant developments in many areas including laying out the groundwork for the establishment of the Thai Bond Market Association, drafting the Derivatives Act, supporting the launch of Thailand Futures Exchange and formulating the strategic plans for ASEAN capital markets integration and the Thailand Financial Technology Development Policy.

Other roles

Concurrently, she holds several policy and advisory level positions including Member of the drafting Sub-committee of the Thailand Capital Market Development Plan, Member of the Committee on Regional Capital Market Integration, Member of the Committee for Legal Amendment Supporting FinTech Development, Member of the Pension Reform Committee and Member of the Capital Market Clearing and Settlement Sub-committee.



Mr. Suwit Rojanavanich

Director-General, Fiscal Policy Office
Board Member

Appointed

October 1, 2017

Experience and contributions

Mr. Suwit Rojanavanich obtained a BA from Chulalongkorn University and an MBA (Banking and Finance) from North Texas State University. He served in several key positions at the Ministry of Finance, including Director-General, Bond Market Advisor, Director of Policy and Planning of Public Debt Management Office, Inspector General of Office of the Permanent Secretary. In other organizations, he was a member of the Board of Director Committee of Financial Institutions Development Fund (FIDF), Bank of Thailand, Board of Director Committee of SRT Electric Train Company, Board of Director Committee of Bank for Agriculture and Agricultural Cooperatives, Board of Director Company of Bangkok Commercial Asset Management Plc., Board of Director Committee of Dhanarak Asset Development Company Limited, Board of Director of MFC Asset Management Plc.



Ms. Pornanong Budsaratragoon

Board Member

Appointed

April 8, 2014

Experience and contributions

Ms. Pornanong Budsaratragoon obtained a BBA in Quantitative Analysis from Chulalongkorn University, an MBA in Management Information System from University of Dallas and a DBA in Finance from Chulalongkorn University. Her previous posts include Chairman of the Audit Committee and the Committee of the Agricultural Futures Exchange of Thailand.

Other roles

At present, she serves as Head of the Banking and Finance Department and Chairman of the Committee of Master of Science Program in Corporate Governance, Faculty of Commerce and Accountancy, Chulalongkorn University, Chairman of the Sub-committee on Consideration of Regulations on Issuance and Offering of Debt Securities, Derivatives and Structured Products, Member of the Sub-committee on Consideration of Regulation on Asset Management, Member of the Education Committee of the Thai Financial Planner Association, Expert Member of the Working Group on Knowledge Requirements and Investment Consultant Curriculum, Member of the Working Group on Examination and Assessment Standards, the Stock Exchange of Thailand, Board Member of the Thai-Nichi Institute of Technology, the Office of the Higher Education Commission, Expert member, Sub-committee for the Power Development Fund Management (on working capital), the Office of the Energy Regulatory Commission.



Ms. Suchada Pavananunt

Board Member

Appointed

April 8, 2014

Experience and contributions

Ms. Suchada Pavananunt obtained a BBA in Finance and Banking from Chulalongkorn University and a Master's Degree in Public and Private Management, School of Public Administration, National Institute of Development Administration. She has versatile experiences in securities and finance companies and held various key positions, such as, President and Chief Executive Officer of Thanachart Fund Management Co., Ltd., Vice President of Marketing and Deposit Services of Thanachart Capital Plc., Assistant Manager of Business Development of Thanachart Securities Plc.

Other roles

At present, she serves as Chairman of the Sub-Committee on Consideration of Regulations on Supervision and Development of Sales Conduct, Chairman of the Committee of Disciplinary Personnel in the Capital Market Business, Member of the Sub-Committee on Consideration of Regulation on Property Funds, Infrastructure Funds and Real Estate Investment Trusts.



Ms. Saranya Chindavanig

Board Member

Appointed

January 18, 2016

Experience and contributions

Ms. Saranya Chindavanig obtained a BBA in Accounting from Thammasat University, an MBA from Eastern Michigan University. She had served in significant positions, including Advisor of the Thai Listed Companies Association, Advisor of the Thai Institute of Directors Association (IOD), Audit Committee Member of Thai Wacoal Plc. and Zen Corporation Group Co., Ltd., Director of Corporate Finance Department and Accounting Supervision Department of the Securities and Exchange Commission.

Other roles

Currently, she is Chairman of the Sub-committee on Consideration of Regulations on Issuance and Offering of Equity Instruments and Governance of Securities Issuing Companies, Chairman of the Sub-committee on Consideration of Regulations on Business Takeovers, Member of the Sub-committee on Consideration of Regulations on Supervision of Business and Market Intermediaries.



Mr. Ekachai Chongvisal

Board Member

Appointed

January 18, 2016

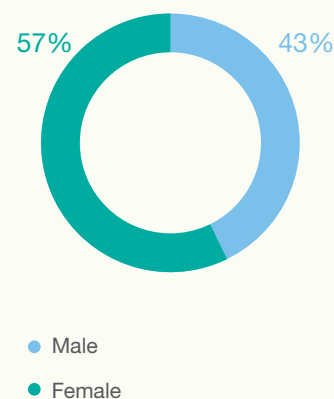
Experience and contributions

Mr. Ekachai Chongvisal obtained a Bachelor's Degree in Engineering (Honors) from Chulalongkorn University, an MBA in Finance with Beta Gamma Sigma (honor society) from Indiana University, Bloomington. He held various positions, including Chief Executive Officer and Director of the Association of Investment Management Companies (AIMC), Member of the Capital Market Committee of the Bank of Thailand, Independent Director of the Thai Bond Market Association, Director of Fitch Rating (Thailand) Co., Ltd., Director of TISCO Asset Management Co., Ltd., Director of SCB Asset Management Co., Ltd. and Director of Home Product Plc.

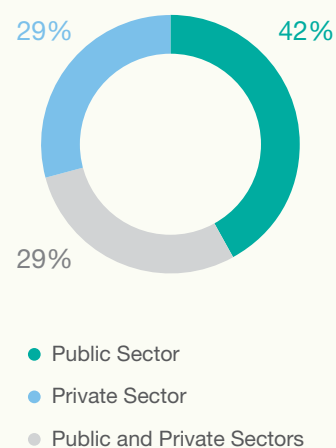
Other roles

He is now Chairman of the Sub-committee on Consideration of Regulations on Property Funds, Infrastructure Funds and Real Estate Investment Trusts, Chairman of the Sub-committee on Consideration of Regulations on Asset Management, Member of the Sub-committee on Consideration of Regulations on Issuance and Offering of Debt Securities, Derivatives and Structured Products.

Gender



Experience



Executive Officers



01 | **Mr. Rapee Sucharitakul**
Secretary-General

02 | **Ms. Tipsuda Thavaramara**
Deputy Secretary-General

03 | **Mr. Prakid Punyashthiti**
Deputy Secretary-General

04 | **Ms. Waratchya Srimachand**
Senior Assistant Secretary-General

05 | **Mr. Sakkarin Ruamrangsri**
Assistant Secretary-General

06 | **Ms. Paralee Sukonthaman**
Assistant Secretary-General

07 | **Ms. Nataya Niyamanusorn**
Assistant Secretary-General

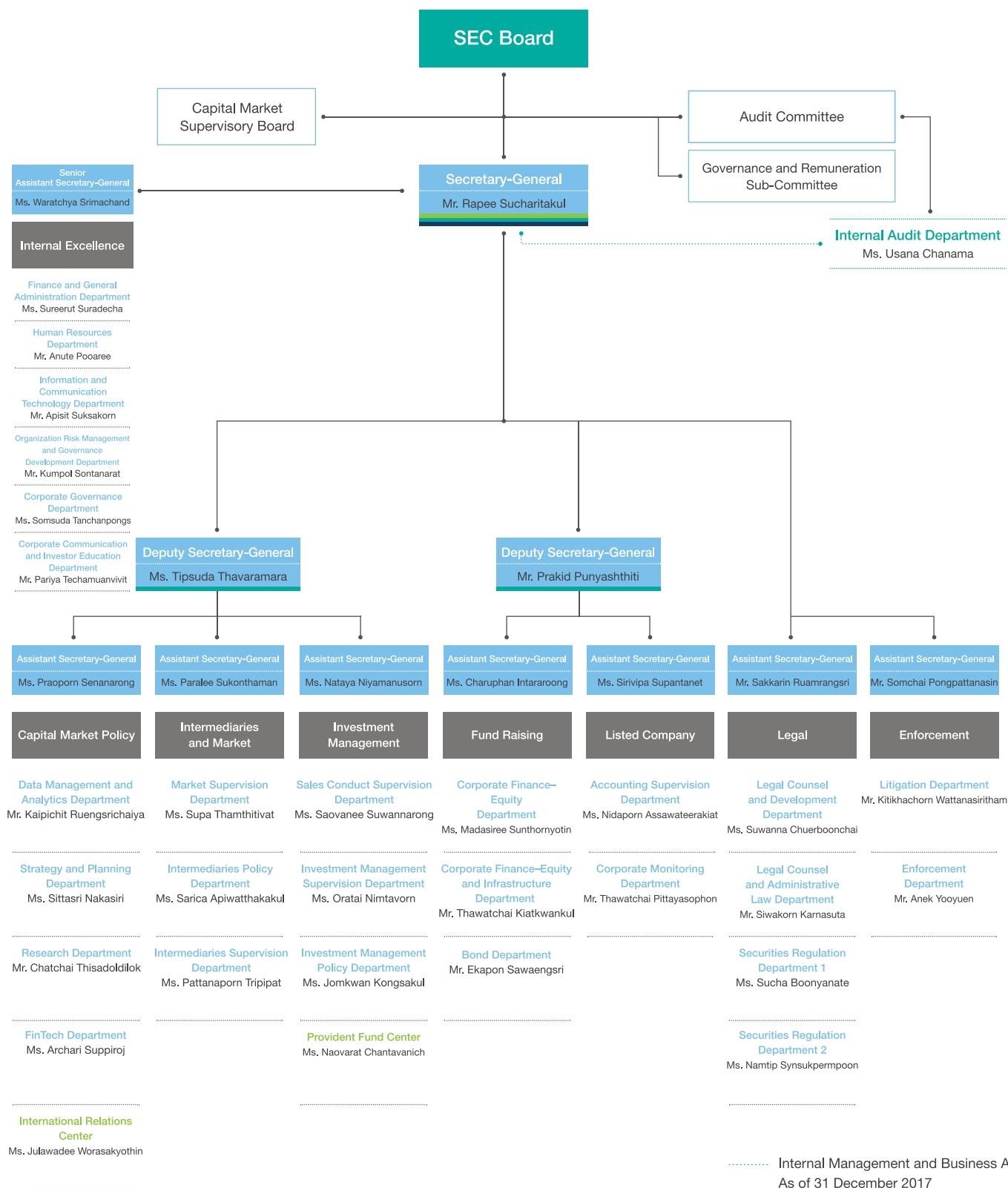
08 | **Mr. Somchai Pongpattanasin**
Assistant Secretary-General

09 | **Ms. Charuphan Intararoong**
Assistant Secretary-General

10 | **Ms. Sirivipa Supantanet**
Assistant Secretary-General

11 | **Ms. Praoporn Senanarong**
Assistant Secretary-General

SEC Structure



1. Board Structure

Pursuant to the Securities and Exchange Act B.E. 2535, the SEC is comprised of two boards:

- **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 Board.
- **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 and the Capital Market Supervisory Board with the Secretary-General as the highest 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 as stipulated in the Securities and Exchange Act 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

Audit Committee is responsible for supervising and reviewing of the SEC management in accordance with the Securities and Exchange Act, other laws related to the capital market, other applicable laws and regulations and the SEC governance, including code of ethics and anti-corruption policy. The Audit Committee also provides independent recommendations on good governance, risk management and internal control. This is to ensure the SEC operation is appropriate, efficient and effective.

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 appointed member shall be competent or have experiences in accounting, finance, law or capital market.

The term of office for the Audit Committee shall be as follows:

(1) Audit Committee that is SEC Board including expert member shall have term of office that is identical to their terms on the SEC Board.

(2) The others excluding SEC Board shall hold office for a term of four years and may be re-appointed, but not more than two consecutive terms.

2.2 Good Governance and Remuneration Sub-committee

The Good Governance and Remuneration Sub-committee's duty is to suggest policy and guidelines for development of good governance of the organization, including guidelines or criteria for the nomination, remuneration and evaluation of the SEC Board, the Capital Market Supervisory Board, the Sub-committee and the Secretary-General. The Sub-committee consists of three members from the SEC Board, each holding the office for a two-year term.

3. The Meeting Attendance of the Boards and Sub-committees

The SEC Board holds meeting at least once a month according to the pre-scheduled annual meeting calendar. The Secretary-General presents draft meeting agendas to the Chairman for approval. Once approved, the meeting agenda will be submitted to the SEC Board for consideration not less than seven days 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 seminar and 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 and thus shall be excluded from participating in the consideration of such item agenda.

In this respect, the meetings of the Capital Market Supervisory Board, the Audit Committee and the appointed Sub-committees follow similar guidelines.

Details of the meetings of each Board and the Sub-committees for the year 2017 are as follows:

3.1 SEC Board

Total Attendance/ Number of Meetings

Position	Name	SEC Board	Audit Committee	Appellate Sub-committee	Good Governance and Remuneration Sub-committee	Remarks
Chairman	Mr. Voravidh Champeeratana	12/12	-	-	-	
Ex-officio Members	Permanent Secretary of the Ministry of Finance					
	- Mr. Somchai Sujjapongse	8/12	-	-	-	
	Permanent Secretary of the Ministry of Commerce					
	- Ms. Wiboonlasana Ruamraksa	9/9	-	-	-	Holding office until September 30, 2017
	- Ms. Nuntawan Sakuntanaga	2/3	-	-	-	Holding office from October 1, 2017
Expert Members	Governor of the Bank of Thailand					
	- Mr. Veerathai Santiprabhob	12/12	-	-	9/9	Ms. Ruchukorn Siriyodhin attended the meeting on behalf of Mr. Veerathai Santiprabhob at the 1 st , the 5 th and the 9 th meetings
	Mr. Sarawut Benjakul	12/12	-	-	5/5	
	Ms. Gallayanee Parkatt	11/12	12/12	-	-	
	Ms. Pranee Phasipol	12/12	12/12	-	-	
	Mr. Yokporn Tantisawetrat	11/12	12/12	4/4	5/5	
	Mr. Chanin Vongkusolkrit	9/12	-	-	4/5	
Member and Secretary	Mr. Pailin Chuchottaworn	9/11	-	-	3/5	Holding office until November 16, 2017
	SEC Secretary-General	12/12	-	-	-	
	- Mr. Rapee Sucharitakul					

3.2 Capital Market Supervisory Board

Position	Name	Total attendance/ Number of meetings	Remarks
Chairman	SEC Secretary-General - Mr. Rapee Sucharitakul	13/13	
Ex-officio Members	SEC Deputy Secretary-General - Ms. Tipsuda Thavaramara Director General, Fiscal Policy Office - Mr. Krisada Chinavicharana - Mr. Suwit Rojanavanich	10/13 8/9 4/4	Holding office until September 30, 2017 Holding office from October 1, 2017
Expert Members	Ms. Pornanong Budsaratragoon Ms. Suchada Pavananunt Ms. Saranya Chindavanig Mr. Ekachai Chongvisal	13/13 12/13 13/13 12/13	

4. Remuneration of the Boards and Executives

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

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

Remuneration of Committee

unit : baht

Remuneration	SEC Board		Capital Market Supervisory Board		Audit Committee		Legal Sub-committee / Good Governance and Remuneration Sub-committee / Appellate Sub-committee		Draft Notification Sub-committee /Other Sub-committees	
	Chair	Member	Chair	Member	Chair	Member	Chair	Member	Chair	Member
Monthly stipend ^{1/}	56,250	45,000	50,000	40,000	56,250	45,000	-	-	-	-
Attendance fee/meeting ^{1/}	31,250	25,000	25,000	20,000	-	-	15,000	12,000	5,000	4,000
Additional monthly remuneration paid to expert members of the Capital Market Supervisory Board who fall under the prescribed condition ^{2/}	-	-	-	140,000	-	-	-	-	-	-

Remarks ^{1/} According to the Ministry of Finance's letter No. Gorkor 1007/3874 on the Improvement of the Remuneration of the SEC Board and the Sub-committees Appointed by the SEC Board, effective from February 27, 2017.

^{2/} The prescribed condition means being an expert member who has been affected by the restriction of working in any company or organization under the supervision of the SEC, such in which case an expert member must be able to perform additional work under the prescribed conditions.

Remuneration of SEC Board in 2017

unit : baht

Name	Position	Remuneration			Total
		SEC Board	Audit Committee	Other Sub-committees	
Mr. Voravidh Champeeratana	Chairman	1,025,446.43	-	-	1,025,446.43
Mr. Somchai Sujjapongse	Member	730,357.14	-	12,000	742,357.14
Ms. Wiboonlasana Ruamraksa	Member	610,357.14	-	-	610,357.14
Ms. Nuntawan Sakuntanaga	Member	115,000.00	-	-	115,000.00
Mr. Veerathai Santiprabhob	Member	750,357.14	-	-	750,357.14
Mr. Sarawut Benjakul	Member	820,357.14	-	230,000	1,050,357.14
Ms. Gallayanee Parkatt	Member	795,357.14	530,357.14	-	1,325,714.28
Ms. Pranee Phasipol	Member	820,357.14	530,357.14	64,000	1,414,714.28
Mr. Yokporn Tantisawetrat	Member	820,357.14	662,946.43	90,000	1,578,303.57
Mr. Chanin Vongkusolkrit	Member	770,357.14	-	40,000	830,357.14
Mr. Pailin Chuchottaworn	Member	684,357.14	-	36,000	720,357.14
Mr. Rapee Sucharitakul	Member and Secretary	820,357.14	-	108,000	928,357.14

Remuneration of Capital Market Supervisory Board in 2017

unit : baht

Name	Position	Remuneration			Total
		Capital Market Supervisory Board	Other Sub-committees	Additional Remuneration	
Mr. Rapee Sucharitakul	Chairman	925,000	-	-	925,000
Ms. Tipsuda Thavaramara	Member	680,000	-	-	680,000
Mr. Krisada Chinavicharana	Member	520,000	69,000	-	589,000
Mr. Suwit Rojanavanich	Member	200,000	12,000	-	212,000
Ms. Pornanong Budsaratragoon	Member	740,000	61,000	1,680,000	2,481,000
Ms. Suchada Pavananunt	Member	720,000	35,000	1,680,000	2,435,000
Ms. Saranya Chindavanig	Member	740,000	29,000	1,680,000	2,449,000
Mr. Ekachai Chongvisal	Member	720,000	37,000	1,680,000	2,437,000

4.2 Details of the remuneration of the management

In 2017, the SEC management consisting of Secretary-General, Deputy Secretary-General, Senior Assistant Secretary-Generals and Assistant Secretary-Generals, altogether eleven persons, received compensations including salaries, provident fund, car allowance and medical expenses totaling 80,563,486.68 baht, compared with 66,396,217.77 baht in 2016. The increase was due in part to the appointment of another Deputy Secretary-General and another Assistant Secretary-General.



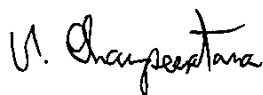
FINANCIAL SECTION

Report of the SEC Board on Internal Control over Financial Reporting

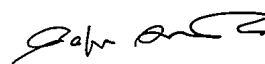
The SEC Board oversees the operation of the Securities and Exchange Commission, Thailand (SEC) by arranging the establishment and maintenance of appropriate, adequate and effective internal control over financial reporting in accordance with the criteria laid out in the Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Such internal control aims to provide reasonable assurance that the SEC financial reports are accurate, complete and prepared in accordance with the Thai Financial Reporting Standards. It is also to ensure that assets are safeguarded, and proper handling proceeded if any irregularity is found.

The SEC Board assigns the Audit Committee, consisting of independent members, to review the quality of the financial reports and the effectiveness of the internal control. The Audit Committee reports to the SEC Board. The Audit Committee's Report on the review of the said matters also appears in the Annual Report.

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, 2017.



(Voravidh Champeeratana)
Chairman



(Rapee Sucharitakul)
Secretary-General

Audit Committee Report 2017

The Audit Committee performs duties pursuant to the Securities and Exchange Act B.E. 2535 (1992) and the Audit Committee Charter. This includes supervision and oversight of the SEC Management in accordance with the Securities and Exchange Act, other laws related to the capital market, other applicable laws and regulations, and the SEC Governance, which incorporates a code of ethics and an anti-corruption policy. The Audit Committee also provides independent recommendations on good governance, risk management, compliance and internal control. This is to ensure that the SEC operation is appropriate, transparent, efficient and effective.

Appointed by the SEC Board, the Audit Committee currently consists of three independent expert members of the SEC Board, namely Mr. Yokporn Tantisawetrat as chair, and Ms. Gallayanee Parkatt and Ms. Pranee Phasipol as members.

In 2017, the Audit Committee convened 12 scheduled meetings to ensure that the SEC operation was implemented as recommended. Additionally, the Audit Committee had one session with the Risk Management Committee to assure that risk management and internal control activities were kept in line. Another exclusive session with the external auditor was held without the attendance of the SEC Management and representatives from the Internal Audit Department.

The Audit Committee also reported the quarterly performance and the annual results of the group performance evaluation to the SEC Board.

The Audit Committee's Performance

In supporting the SEC Board's supervision and oversight of the SEC Office administration, the Audit Committee discharged key responsibilities in 2017 as follows:

1. Non – IT Audit

1.1 Risk based Audit

(1) Review of the compliance with the Licensing Facilitation Act B.E. 2558 (2015). The audit report showed that the process of licensing securities and derivatives businesses, the process of approving major shareholders and capital market personnel, the process of approving the establishment of mutual funds and the registration of provident funds were consistent with the timeframe specified in the Licensing Manual for the Public and complied with the mitigation plan. The Audit Committee recommended that an IT system be used in the licensing process to increase monitoring efficiency and that a timeframe for the pre-approval process of registering provident funds be specified to keep the applicants informed of the whole process and the consideration period;

(2) Review of the SEC inspection process imposed on asset management companies. The Audit Committee recommended that the SEC give an importance to efficient use of the routine inspection time.

(3) Review of the implementation of the Tool Kit⁺, a systematic procedural guideline designed on the principles of good corporate governance. The guideline also incorporates the SEC core values of "Open-Mindedness" and "Insight" as deemed appropriate for the regulatory drafting process and public hearing. The Audit Committee recommended that the SEC give more emphasis on consolidating the public feedbacks and taking them into consideration when making further decisions on respective matters. Public disclosure of the information in this matter was also recommended.

(4) Review of the SEC business continuity management (BCM). The audit report showed that the BCM implementation was sufficient and in accordance with international standards. The BCM plan was implemented accurately, completely and effectively as expected and functioned well in actual situations. The Audit Committee recommended that the SEC emphasize the importance of the roles and responsibilities of BCM coordinators, especially with respect to inclusive communication to ensure that staff of all departments would be properly informed of relevant information.

1.2 Financial Audit: The Audit Committee assessed the effectiveness of the internal control over 2017 financial reporting to assure that the SEC had established and maintained appropriate, adequate and effective internal control in accordance with the international practices stipulated by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). The assessment results showed that the financial statements were accurate in accordance with financial reporting standards, and the information in the Notes to the Financial Statements was sufficiently disclosed. The Audit Committee recommended additional oversight and review of the reporting of the SEC's private fund managers in terms of structure and process.

1.3 The SEC Governance: The internal control assessment is conducted annually to ensure that the SEC operational control is adequate and in compliance with the regulation of the State Audit Commission. In addition, the budgetary management process is assessed. In 2017, the assessment results showed that the SEC internal control was adequate and in line with international standards and good corporate governance. The ethics program was also conducted. The results showed that the staff had adequate knowledge and understanding of computer ethics and awareness of conflicts of interest management. The internal environment within the workplace was adequately and appropriately controlled, which encouraged employees to maintain integrity in their duty performance.

In addition, the Audit Committee acknowledged the results of the audit report regarding the examinations of the securities holding of the Capital Market Supervisory Board members and the securities trading of the SEC employees in 2017.

2. IT Audit

The assessment results showed that the SEC Governance of Enterprise IT had aligned with COBIT5, a framework for international practice. The Audit Committee recommended that the SEC further enhance the governance in this area through the oversight of the ICT Steering Committee. In addition, the Audit Committee acknowledged the audit report prepared by a third-party expert regarding the general control assessment of information technology and compliance audit of the Security Policy. The report concluded that the SEC had adequate internal control, complied with the COBIT5 standard and the SEC Security Policy. The Audit Committee also reviewed the audit report on the management of technical vulnerabilities and concluded that the process of such management was appropriate and consistent with the SEC Security Policy.

3. Internal Audit Supervision

The Audit Committee supervised the internal audit performance pursuant to the annual audit plan and followed up on the materialization of their recommendation. The Audit Committee also oversaw the development and improvement of quality internal audit performance based on the developmental plan suggested by the Quality Assurance Review Program.

Additionally, the Audit Committee acknowledged and gave recommendations for the SEC operation in other matters, namely: the Quarterly Report on SEC Private Fund and financial statements, and the SEC complaint handling report. There were also meetings with the Risk Management Committee to update the status and progress of the SEC enterprise risk management. The Audit Committee acknowledged an overview of the SEC organizational structure and operation as well as departmental performance issues and gave comments and suggestions beneficial to the work of respective departments.

In conclusion, the Audit Committee is of the opinion that the SEC operation has been in compliance with the applicable laws and regulations and a good corporate governance policy. The risk management has functioned properly with an adequate, efficient control system. Additionally, the Audit Committee viewed that 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 the information of significance has been adequately disclosed in the Notes to the financial statements.



(Mr. Yokporn Tantisawetrat)
Chair of the Audit Committee



Financial Statements

To The Minister of Finance

Opinion

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, 2017, the statement of comprehensive revenues and expenses, statement of changes in fund balances, statement of cash flows for the year then ended, and notes to the financial statement including a summary of significant accounting policies.

In the OAG's opinion, the SEC's financial statements present fairly, in all material respects, the financial position of SEC as at 31 December 2017, and the results of its operations and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

The OAG conducted its audit in accordance with Thai Standards on Auditing. The OAG's responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of the OAG report. The OAG is independent of the SEC in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King as relevant to the OAG's audit of the financial statements, and the OAG have fulfilled other ethical responsibilities in accordance with the Code. The OAG believes that the audit evidence which the auditor has obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the SEC, but does not include the financial statements and auditor's report thereon. The annual report of the SEC is prepared to the OAG after the date of this auditor's report.

The OAG's opinion on the financial statements does not cover the other information and the OAG does not express any form of assurance conclusion thereon.

In connection with the OAG audit of the financial statements, The OAG responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the audit or otherwise appears to be materially misstated.

When the OAG read the annual report of the SEC, if the OAG concludes that there is a material misstatement therein, The OAG is required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the SEC's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the SEC or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the SEC's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

The OAG's objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes the OAG's opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, The OAG exercises professional judgement and maintains professional skepticism throughout the audit. The OAG also:

- Identifies and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtains an understanding of internal control relevant to the audit 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 SEC' internal control.

- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Concludes on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the SEC's ability to continue as a going concern. If the OAG concludes that a material uncertainty exists, the OAG is required to draw attention in the OAG auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the OAG's opinion. The OAG's conclusions are based on the audit evidence obtained up to the date of the OAG auditor's report. However, future events or conditions may cause the SEC to cease to continue as a going concern.

- Evaluates the overall presentation, structure and content of the financial statements, including the disclosure, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

The OGA communicates with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the OGA identifies during the OGA audit.

(Ms. Chitra Mekapongpanh)

Director of Auditor Office

(Mr. Satawat Boonkoy)

Auditor In-charge

Securities and Exchange Commission, Thailand

Statement of Financial Position

As at December 31, 2017

Unit: Baht

	Notes	2017	2016
Assets			
Current assets			
Cash and cash equivalents	4.1	202,101,048.84	152,770,367.09
Short-term investments	4.2	284,229,738.20	419,103,223.10
Receivables and accrued revenues	4.3	645,706,215.48	623,969,669.26
Other current assets	4.4	5,164,498.12	7,601,155.79
Total current assets		1,137,201,500.64	1,203,444,415.24
Non-current assets			
Long-term investments	4.5	5,548,601,039.86	5,003,545,579.40
Property, plant and equipment	4.7	1,035,219,451.61	1,049,422,113.10
Intangible assets	4.8	70,452,628.15	76,416,371.24
Other non-current assets	4.9	95,923,252.32	109,449,639.42
Total non-current assets		6,750,196,371.94	6,238,833,703.16
Total assets		7,887,397,872.58	7,442,278,118.40

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

Securities and Exchange Commission, Thailand

Statement of Financial Position

As at December 31, 2017

Unit: Baht

	Notes	2017	2016
Liabilities and funds			
Current liabilities			
Payables and accrued expenses	4.10	119,668,365.12	82,429,905.74
Total current liabilities		119,668,365.12	82,429,905.74
Non-current liabilities			
Employee benefit obligations	4.11	461,716,946.48	379,223,435.77
Other non-current liabilities		15,740,835.29	15,198,216.29
Total non-current liabilities		477,457,781.77	394,421,652.06
Total liabilities		597,126,146.89	476,851,557.80
Funds			
Initial capital		1,250,532,337.10	1,250,532,337.10
Special reserve for capital market development	4.13.1	1,566,320,819.35	1,516,134,505.94
Reserve for a permanent parking building	4.13.2	500,000,000.00	500,000,000.00
General reserve	4.13.3	3,532,262,653.67	3,156,225,382.99
Accumulated revenues over expenses		271,411,650.00	467,957,111.09
Other components of funds	4.14	169,744,265.57	74,577,223.48
Total funds		7,290,271,725.69	6,965,426,560.60
Total liabilities and funds		7,887,397,872.58	7,442,278,118.40

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

(Mr. Rapee Sucharitakul)
Secretary-General

(Ms. Sureerut Suradecha)
Director, Finance and General Administration Department

Securities and Exchange Commission, Thailand

Statement of Comprehensive Revenues and Expenses

For the year ended December 31, 2017

Unit: Baht

	Notes	2017	2016
Revenues			
Fee income	4.15.1	802,685,698.02	811,271,399.17
Contribution from the Stock Exchange of Thailand	4.15.2	491,110,002.20	536,450,892.34
Investment income	4.15.3	153,351,833.97	166,657,038.95
Interest income		2,380,706.75	1,614,844.45
Other income		6,017,114.47	7,405,191.10
Total revenues		1,455,545,355.41	1,523,399,366.01
Expenses			
Human resources expenses	4.16	876,967,392.68	788,934,712.74
Administrative expenses	4.17	230,947,946.69	198,131,428.99
Depreciation and amortization		96,514,557.42	97,032,456.97
SEC Board and sub-committees remuneration	4.18	24,756,678.54	21,529,969.63
Total expenses		1,229,186,575.33	1,105,628,568.33
Revenues over expenses from operating activities		226,358,780.08	417,770,797.68
Revenues and expenses for capital market development	4.19		
Revenues for capital market development		59,715,370.65	68,531,627.68
Expenses for capital market development		14,662,500.73	18,345,314.27
Revenues over expenses for capital market development		45,052,869.92	50,186,313.41
Revenues over expenses		271,411,650.00	467,957,111.09
Other comprehensive revenues and expenses			
Items that will be reclassified subsequently to profit or loss :			
Gain on change in value of available-for-sale investments	4.14	95,167,042.09	25,184,094.38
Items that will not be reclassified subsequently to profit or loss :			
Actuarial loss	4.11	(41,733,527.00)	-
Other comprehensive revenues over expenses for the year		53,433,515.09	25,184,094.38
Total comprehensive revenues over expenses		324,845,165.09	493,141,205.47

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

Securities and Exchange Commission, Thailand

Statement of Changes in Funds Balances

For the year ended December 31, 2017

Unit: Baht

Notes	General reserve					Other components of funds				
	Initial capital	Reserve for a permanent parking building	Special reserve for Capital market development	transferred from revenues over expenses	transferred from reserve for a permanent office building	Total	Accumulated revenues over expenses	Gain (loss) on changes in value of available-for-sale investments	Unrealized gain (loss) on foreign exchange	Total other components of funds
	1,250,532,337.10	500,000,000.00	1,510,104,631.81	1,623,868,118.12	1,254,700,000.00	2,878,568,118.12	283,687,139.00	49,393,129.10	-	49,393,129.10
Balance as of January 1, 2016										
Revenues over expenses transferred to general reserve	4.13.3	-	-	277,657,264.87	-	277,657,264.87	(277,657,264.87)	-	-	-
Revenues over expenses transferred to special reserve for capital market development	4.13.1	-	6,029,874.13	-	-	-	(6,029,874.13)	-	-	-
Revenues over expenses		-	-	-	-	-	467,957,111.09	-	-	-
Other comprehensive revenues and expenses		-	-	-	-	-	-	-	-	-
Gain (loss) on change in value of available-for-sale investments	4.14	-	-	-	-	-	-	21,831,638.92	3,352,455.46	25,184,094.38
Total comprehensive revenues over expenses		-	-	-	-	-	467,957,111.09	21,831,638.92	3,352,455.46	25,184,094.38
Balance as of December 31, 2016		1,250,532,337.10	500,000,000.00	1,516,134,505.94	1,901,525,382.99	3,156,225,382.99	467,957,111.09	71,224,768.02	3,352,455.46	74,577,223.48
Balance as of January 1, 2017		1,250,532,337.10	500,000,000.00	1,516,134,505.94	1,901,525,382.99	3,156,225,382.99	467,957,111.09	71,224,768.02	3,352,455.46	74,577,223.48
Revenues over expenses transferred to general reserve	4.13.3	-	-	417,770,797.68	-	417,770,797.68	(417,770,797.68)	-	-	-
Revenues over expenses transferred to special reserve for capital market development	4.13.1	-	50,186,313.41	-	-	-	(50,186,313.41)	-	-	-
Revenues over expenses		-	-	-	-	-	271,411,650.00	-	-	-
Other comprehensive revenues and expenses		-	-	-	-	-	-	-	-	-
Actuarial loss	4.11	-	-	(41,733,527.00)	-	(41,733,527.00)	-	-	-	(41,733,527.00)
Gain (loss) on change in value of available-for-sale investments	4.14	-	-	-	-	-	-	104,190,882.66	(9,023,840.57)	95,167,042.09
Total comprehensive revenues over expenses		-	-	-	-	-	271,411,650.00	104,190,882.66	(9,023,840.57)	95,167,042.09
Balance as of December 31, 2017		1,250,532,337.10	500,000,000.00	1,566,320,819.35	2,277,562,653.67	3,532,262,653.67	271,411,650.00	175,415,650.68	(5,671,385.11)	169,744,265.57

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

Securities and Exchange Commission, Thailand

Statement of Cash Flows

For the year ended December 31, 2017

Unit: Baht

	2017	2016
Cash flows from operating activities		
Revenues over expenses	271,411,650.00	467,957,111.09
Adjustments to reconcile revenues over expenses to net cash from (used in) operating activities		
Interest income	(106,102,062.28)	(109,238,555.82)
Dividend income	(37,380,194.01)	(38,776,883.09)
(Gain) Loss on sales of investments	(82,824,596.31)	(74,591,356.86)
(Gain) Loss on foreign exchange of investments	13,239,647.98	(12,059,870.86)
(Gain) Loss on disposal of assets	-	(1,990,982.13)
Write-off assets	1.00	-
Depreciation and amortization	96,514,557.42	97,032,456.97
Employee benefit expenses	41,840,322.00	35,020,102.00
Adjustment of charges CIP-Licensed software	-	25,876.77
Revenues over expenses from operating activities before changing in operating assets and liabilities	196,699,325.80	363,377,898.07
Operating assets (increase) decrease		
Receivables and accrued revenues	56,109,888.60	(73,258,297.71)
Other current assets	595,652.67	(268,288.16)
Loans to employees	242,062.10	150,655.00
Receivables - contract deposits	-	(50.98)
Short-term deposits with obligation (welfare)	15,125,330.00	9,136,585.00
Operating liabilities increase (decrease)		
Payables and accrued expenses	8,448,642.75	18,165,822.10
Payables - contract deposits and guarantees	542,619.00	(4,148,434.36)
Employee benefit obligations	(1,080,338.29)	(706,519.27)
Net cash flow from operating activities	276,683,182.63	312,449,369.69

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

Securities and Exchange Commission, Thailand

Statement of Cash Flows

For the year ended December 31, 2017

Unit: Baht

	2017	2016
Cash flows from investing activities		
Proceeds from private funds	-	180,000,000.00
Investments in private funds	(300,000,000.00)	(280,000,000.00)
Net proceeds from (net payment for) investment in short-term bonds	134,873,484.90	(169,235,224.90)
Proceeds from interest	109,523,888.15	110,822,723.35
Proceeds from dividend	37,166,874.12	39,579,086.84
Net payment for investment	(129,384,323.07)	(143,339,998.93)
Proceeds from sale of assets	-	3,390,000.00
Payment for the purchase of property, plant and equipment	(74,591,957.39)	(19,099,538.15)
Payment for the purchase of intangible assets	(4,940,467.59)	(14,303,220.00)
Net cash flow used in investing activities	(227,352,500.88)	(292,186,171.79)
Net increase (decrease) in cash and cash equivalents	49,330,681.75	20,263,197.90
Cash and cash equivalents at the beginning of year	152,770,367.09	132,507,169.19
Cash and cash equivalents at the end of year	202,101,048.84	152,770,367.09
Supplemental cash flow information		
Items not effecting cash flow		
Payable for purchase of securities	33,078,663.23	1,104,575.46
Payable for purchase of property, plant and equipment and intangible assets	17,137,703.86	15,096,500.00
Total	50,216,367.09	16,201,075.46

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

Securities and Exchange Commission, Thailand

Notes to financial statements

For the year ended December 31, 2017

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 for which the SEC Board has set policies and regulations 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
- Capital market professionals
- Prevention of unfair securities trading practices

The SEC is located at 333/3, Vibhavadi Road, ChomPhon, Chatuchak, Bangkok 10900.

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 (FAP). The financial statements are stated at cost on an accrual basis except when stated otherwise.

Significant accounting estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The SEC's financial performance are stated in the statement of comprehensive revenues and expenses because the SEC is a non-profit organization.

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

The FAP has issued the accounting standards, financial reporting standards, interpretations of accounting standards and interpretations of financial reporting standards. Effective for periods beginning on or after January 1, 2018 and the SEC has not applied the following accounting standards and interpretations before the standards come into effect:

Accounting standards

TAS 1	(revised 2017)	Presentation of Financial Statements
TAS 2	(revised 2017)	Inventories
TAS 7	(revised 2017)	Statement of Cash Flows
TAS 8	(revised 2017)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10	(revised 2017)	Events after the Reporting Period
TAS 11	(revised 2017)	Construction Contracts
TAS 12	(revised 2017)	Income Taxes
TAS 16	(revised 2017)	Property, Plant and Equipment
TAS 17	(revised 2017)	Leases
TAS 18	(revised 2017)	Revenue
TAS 19	(revised 2017)	Employee Benefits
TAS 20	(revised 2017)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21	(revised 2017)	The Effects of Changes in Foreign Exchange Rates
TAS 23	(revised 2017)	Borrowing Costs
TAS 24	(revised 2017)	Related Party Disclosures
TAS 26	(revised 2017)	Accounting and Reporting by Retirement Benefit Plans
TAS 27	(revised 2017)	Separate Financial Statements
TAS 28	(revised 2017)	Investments in Associates and Joint Ventures
TAS 29	(revised 2017)	Financial Reporting in Hyperinflationary Economies
TAS 33	(revised 2017)	Earnings per Share
TAS 34	(revised 2017)	Interim Financial Reporting
TAS 36	(revised 2017)	Impairment of Assets
TAS 37	(revised 2017)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38	(revised 2017)	Intangible Assets
TAS 40	(revised 2017)	Investment Property
TAS 41	(revised 2017)	Agriculture

Financial reporting standards

TFRS 2 (revised 2017)	Share-based Payment
TFRS 3 (revised 2017)	Business Combinations
TFRS 4 (revised 2017)	Insurance Contracts
TFRS 5 (revised 2017)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (revised 2017)	Exploration for and Evaluation of Mineral Resources
TFRS 8 (revised 2017)	Operating segments
TFRS 10 (revised 2017)	Consolidated Financial Statements
TFRS 11 (revised 2017)	Joint Arrangements
TFRS 12 (revised 2017)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2017)	Fair Value Measurement

Interpretations of accounting standards

TSIC 10 (revised 2017)	Government Assistance - No specific Relation to Operating Activities
TSIC 15 (revised 2017)	Operating Leases – Incentives
TSIC 25 (revised 2017)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
TSIC 27 (revised 2017)	Evaluating the Substance of Transactions involving the Legal Form of a Lease
TSIC 29 (revised 2017)	Disclosures – Service Concession Arrangements
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TSIC 32 (revised 2017)	Intangible Assets – Web Site Costs

Interpretations of financial reporting standards

TFRIC 1 (revised 2017)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (revised 2017)	Determining whether an Arrangement contains a Lease
TFRIC 5 (revised 2017)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (revised 2017)	Applying the Restatement Approach under TAS 29 (revised 2017) Financial Reporting in Hyperinflationary Economies

Interpretations of financial reporting standards (Continued)

TFRIC 10	(revised 2017)	Interim Financial Reporting and Impairment
TFRIC 12	(revised 2017)	Service Concession Arrangements
TFRIC 13	(revised 2017)	Customer Loyalty Programmes
TFRIC 14	(revised 2017)	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction under TAS 19 Employee Benefits
TFRIC 15	(revised 2017)	Agreements for the Construction of Real Estate
TFRIC 17	(revised 2017)	Distributions of Non-cash Assets to Owners
TFRIC 18	(revised 2017)	Transfers of Assets from Customers
TFRIC 20	(revised 2017)	Stripping Costs in the Production Phase of the Surface Mine
TFRIC 21	(revised 2017)	Levies

The SEC management has determined that the above accounting standards, financial reporting standards, interpretations of accounting standards and interpretations of financial reporting standards either will not significantly impact the financial statements being presented or not applicable to SEC's activities.

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, are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value which do not to investment.

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 long-term investment fund is divided into two 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 at the date of financial position statement.

Unrealized gains (losses) on available-for-sale investments are recognized under other comprehensive revenues and expenses.

Gains (losses) from foreign exchange translation of investments in monetary items were recognized in the statement of comprehensive revenues and expenses. The gains (losses) arising from foreign exchange translation of the investments in securities of non-monetary items, such as investments in equity instruments classified as available-for-sale, are recognized under other 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 Property, plant and equipment

Land is stated at cost less accumulated impairment losses (if any). 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. 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 net 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 replacements are recognized as a part of the carrying amount of property, plant and equipment if it is probable that SEC will obtain the future economic benefits associated with the replacements and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognized. Costs of the day-to-day 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 year digits method, over their estimated useful lives as follows:

Asset class	The useful life
Office building and buildings	5 - 35 years
Building renovation	5 years
Furniture and fixtures	5 - 10 years
Office equipments	5 - 10 years
Vehicles and equipment	5 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.

3.4 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:

Asset class	The useful life
Licensed software fee	10 years
System development costs	5 years

3.5 Impairment

The carrying amounts of assets are reviewed when there is any indication 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. 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.

3.6 Employee benefits

Short-term employee benefits are recognized in the statement of comprehensive revenues and expenses when related services were delivered.

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 Fund's investment policy has 10 options for members. Employees contribute 3 - 15 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 by the projected unit credit method that calculated by independent actuaries. The estimate must be based on a variety of assumptions including discount rate, salary increase rate, employee turnover rate, mortality rate and inflation rate.

Obligations are recognized incurred in each year as an expense in the statement of comprehensive revenues and expenses. Actuarial gain and loss are recognized immediately under other comprehensive revenues and expenses in the statement of comprehensive revenues and expenses.

Past service costs are recognized immediately in the statement of comprehensive revenues and expenses in the period in which they are incurred.

3.7 Revenue recognition

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

3.7.1 Fee income

- Application fees: Revenue is recognized when application form and fee are received by the SEC.
- Registration fees: 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 accrual basis.
- Other fees: Revenue is recognized when request form and fee are received by the SEC.

3.7.2 Contribution from the Stock Exchange of Thailand under the SEA, at the rate specified by the SEC Board, is recognized on an accrual basis.

3.7.3 Investment income or other income

- Interest income is recognized using the effective interest method in accordance with the proportion of the period.
- Dividend income is recognized when the SEC's right to receive payments is established.
- Other income is recognized on an accrual basis.

3.8 Expenses recognition

Expenses are 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 $\text{VaR}_{\text{CL}0.05} = 3$ percent (a probability of less than 5 percent to have a loss of 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 deposits and local and foreign debt securities with no currency exchange risk. The remaining portion can be invested in bank deposits in foreign currencies or other risky assets comprising debt securities, equity securities, property funds, infrastructure funds, commodities funds and real estate investment trusts, either locally or overseas. The investments are independently managed by the asset management companies in accordance with the investment policy framework approved by the SEC Board.

3.9.1 Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Market prices of debt investments change when market interest rate changed. Generally, when market interest rate increases, the debt securities' price decreases, and when market interest rate decreases, the debt securities' price increases. The SEC has set the investment policy to maintain a portfolio duration of no more than benchmark plus one year to limit the risk. The portfolio is managed and monitored by private fund managers.

3.9.2 Credit Risk

Credit risk is the risk that a counterparty may default on contractual obligations under financial instruments. The SEC has set the Investment Policy to invest in debt securities of A- equivalent or upwards. If the credit rating falls below a prescribed level, the asset management company must report to the custodian within three working days and propose solutions.

3.9.3 Foreign exchange risk

Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The SEC has set limit on investment with foreign exchange exposure at or below 20 percent of net asset value.

3.10 Leases

Leases contracts in which all risks and rewards of ownership are substantially retained by the lessor are classified as 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. Increases in the rent, as set out in the rental agreement, must be included in the calculation of the minimum lease payments.

3.11 Fair value measurement

The SEC uses the market approach to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards, except that the cost approach or income approach is used when there is no active market or a quoted market price is not available.

Fair value hierarchy

In applying the above-mentioned valuation techniques, the SEC maximizes the use of relevant observable inputs in accordance with Financial Reporting Standard No.13 "Fair Value Measurement". This standard establishes a fair value hierarchy that categorizes inputs into three levels as follows:

Level 1 Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 Use of unobservable inputs such as the SEC's estimates of future cash flows

4. Supplementary Information

4.1 Cash and cash equivalents

Unit: Million Baht

	2017	2016
Cash, check in transit and petty cash	0.89	0.62
Bank deposits	81.51	72.37
Bonds and treasury bill	119.70	79.78
Total	202.10	152.77

4.2 Short-term investments

Unit: Million Baht

	2017	2016
Fixed deposits (due date within 1 year)	215.00	215.00
Short-term bonds	69.23	204.10
Total	284.23	419.10

4.3 Receivables and accrued revenues

Unit: Million Baht

	2017	2016
Receivables from the sale of securities	138.00	56.94
Business undertaking fee	324.49	385.05
Contribution from the SET	140.08	136.61
Accrued interest and dividend managed by private fund managers	25.51	25.89
Prepaid expenses	10.83	12.30
Advances	2.19	1.02
Miscellaneous receivables	2.27	0.37
Receivable - The Revenue Department	0.06	0.43
Annual registration statements fee	1.03	1.03
Interest income from BOT bonds	0.49	0.53
Interest income from saving and fixed deposits	0.15	2.95
Interest income from fixed deposits with Government Housing Bank and Others	0.61	0.81
Receivable – Employee	-	0.04
Total	645.71	623.97

4.4 Other current assets

Unit: Million Baht

	2017	2016
Loans to employees not exceeding 1 year	2.56	4.41
Value added tax pending receipt of tax invoice	2.38	2.91
Office supplies	0.22	0.28
Total	5.16	7.60

4.5 Long-term investments

Unit: Million Baht

	2017	2016
Managed by private fund managers		
- Current and saving deposits	5.06	9.64
- Fixed deposits	215.00	115.00
- Investment in debt and equity instruments and alternative investments	5,328.54	4,878.91
Total	5,548.60	5,003.55

Investment in debt and equity instruments and alternative investments

Unit: Million Baht

	2017		2016	
	Cost	Fair value	Cost	Fair value
Debt instruments	4,281.09	4,319.73	3,853.04	3,870.99
Equity instruments	722.08	812.44	726.21	736.00
Alternative investments	155.62	196.37	228.43	271.92
Total	5,158.79	5,328.54	4,807.68	4,878.91

Alternative investments are investments in property funds, infrastructure funds and real estate investment trust.

Debt instruments consisted of:

Unit: Million Baht

	2017	2016
Available-for-sale securities		
Bonds	2,505.66	1,883.86
Debentures	1,754.96	1,876.04
Promissory notes and other debt instruments	59.11	111.09
Total	4,319.73	3,870.99

4.6 Fair value measurement of financial instrument

The SEC had the following financial assets that were measured at fair value using different levels of inputs as at December 31, 2017, as follows:

	Unit: Million Baht		
	Level 1	Level 2	Total
Investments in available-for-sale securities			
Debt instruments	-	4,319.73	4,319.73
Equity instruments	812.44	-	812.44
Alternative investments	196.37	-	196.37
Derivatives	-	5.66	5.66

Derivatives include forward contract and SWAP contracts to hedge the risk of foreign equity securities and foreign debt securities, respectively.

The valuation and inputs for Level 2 valuation

1. The fair value of Thai baht and foreign bonds were determined based on market price in Thai Bond Market Association (ThaiBMA) and market interest rate in Bloomberg.

2. The fair value of derivatives (Swap and Forward Contracts) were determined based on the price calculated by counterparty banks. The reference price can be observed in Bloomberg (Swap Rate, Interest Rate, Exchange Rate, etc.). During the year, there were no transfers within the fair value hierarchy.

4.7 Property, plant and equipment

Unit: Million Baht

	Balance as at December 31, 2017							
	Cost				Accumulated depreciation			
	January	Increase	(Decrease)	December	January	Increase	(Decrease)	December
	1, 2017			31, 2017	1, 2017			31, 2017
Land	136.75	25.40	-	162.15	-	-	-	162.15
Office building and building	824.91	5.00	-	829.91	90.36	24.39	-	114.75
Leasehold improvement	0.08	-	-	0.08	0.05	0.01	-	0.06
Furniture and fixture	62.98	1.52	-	64.50	36.83	9.22	-	46.05
Office equipment	422.11	36.92	(0.04)	458.99	275.18	51.67	(0.04)	326.81
Vehicles and equipment	9.94	3.50	-	13.44	6.96	0.01	-	6.97
CIP-Leasehold improvement	0.24	0.79	(0.24)	0.79	-	-	-	-
CIP-Computer equipment	1.79	-	(1.79)	-	-	-	-	-
Total	1,458.80	73.13	(2.07)	1,529.86	409.38	85.30	(0.04)	494.64

Depreciation for the year ended 31 December 2017 amounting to 85.30 million baht

Unit: Million Baht

	Balance as at December 31, 2016							
	Cost				Accumulated depreciation			
	January	Increase	(Decrease)	December	January	Increase	(Decrease)	December
	1, 2016			31, 2016	1, 2016			31, 2016
Land	136.75	-	-	136.75	-	-	-	-
Office building and building	824.91	-	-	824.91	66.42	23.94	-	90.36
Leasehold improvement	0.08	-	-	0.08	0.03	0.02	-	0.05
Furniture and fixture	62.12	0.86	-	62.98	27.75	9.08	-	36.83
Office equipment	414.31	20.86	(13.06)	422.11	235.92	52.31	(13.05)	275.18
Vehicles and equipment	23.14	-	(13.20)	9.94	18.40	0.37	(11.81)	6.96
CIP-Leasehold improvement	-	0.24	-	0.24	-	-	-	-
CIP-Computer equipment	-	1.79	-	1.79	-	-	-	-
Total	1,461.31	23.75	(26.26)	1,458.80	348.52	85.72	(24.86)	409.38

Depreciation for the year ended 31 December 2016 amounting to 85.72 million baht

The gross values of the property, plant and equipment that are fully depreciated but still in use are 134.76 million baht and 115.64 million baht as at the end of 2017 and 2016, respectively.

4.8 Intangible assets

Unit: Million Baht

	Balance as at December 31, 2017								
	Cost				Accumulated depreciation				Net
	January	Increase	(Decrease)	December	January	Increase	(Decrease)	December	
	1, 2017			31, 2017	1, 2017			31, 2017	
Licensed software	137.30	9.72	-	147.02	67.54	10.81	-	78.35	68.67
System development	9.17	0.55	-	9.72	8.02	0.41	-	8.43	1.29
CIP-Licensed software	5.33	0.30	(5.33)	0.30	-	-	-	-	0.30
CIP-System development	0.19	-	-	0.19	-	-	-	-	0.19
Total	151.99	10.57	(5.33)	157.23	75.56	11.22	-	86.78	70.45

Amortization for the year ended 31 December 2017 amounting to 11.20 million baht

Unit: Million Baht

	Balance as at December 31, 2016								
	Cost				Accumulated depreciation				Net
	January	Increase	(Decrease)	December	January	Increase	(Decrease)	December	
	1, 2016			31, 2016	1, 2016			31, 2016	
Licensed software	96.28	41.02	-	137.30	56.65	10.89	-	67.54	69.76
System development	9.17	-	-	9.17	7.60	0.42	-	8.02	1.15
CIP-Licensed software	22.45	15.13	(32.25)	5.33	-	-	-	-	5.33
CIP-System development	0.19	-	-	0.19	-	-	-	-	0.19
Total	128.09	56.15	(32.25)	151.99	64.25	11.31	-	75.56	76.43

Amortization for the year ended 31 December 2016 amounting to 11.31 million baht

4.9 Other non-current assets

Unit: Million Baht

	2017	2016
Fixed deposit for employee benefits	90.20	105.33
Loans to employees exceeding 1 year	5.25	3.65
Refundable deposits	0.47	0.47
Total	95.92	109.45

Fixed deposits for employee benefits is deposited at the Government Housing Bank to guarantee employee housing loans.

4.10 Payables and accrued expenses

Unit: Million Baht

	2017	2016
Payables	57.16	27.42
Accrued expenses	38.90	49.16
Miscellaneous payables	17.56	-
Revenue department payables	5.96	5.28
Others	0.09	0.57
Total	119.67	82.43

4.11 Employee benefit obligations

Unit: Million Baht

	2017	2016
Changes in present value of employee benefit obligations during period		
Present value of obligations at the beginning of year	379.22	344.91
Benefits paid	(1.08)	(0.71)
Current service cost	24.88	20.22
Interest cost	16.08	14.80
Past service costs due to changes of employee benefit	0.88	-
Actuarial loss	41.74	-
Obligations at the end of year	461.72	379.22

Unit: Million Baht

	2017	2016
Amount recognized on statement of comprehensive of revenues and expenses		
Current service cost	24.88	20.22
Interest cost	16.08	14.80
Past service costs due to changes of employee benefit	0.88	-
Total	41.84	35.02

Actuarial assumptions

Discount rate	3.8%	4.3%
Inflation rate	2.5%	3.0%
Employee turnover rate	0-12%	0-12%
Salary increase rate	5-12%	5-12%
Medical inflation rate	5.0%	6.0%

Mortality rate

Thai Mortality Table 2008
adjusted with a death rate
of 3 percent per year.

Thai Mortality Table
2008

Retirement age

60 Years

60 Years

The sensitivity analysis for significant actuarial assumptions that affect the present value of the long-term employee benefit obligation under defined benefit plan.

Unit: Million Baht

	2017		2016	
	Increase	Decrease	Increase	Decrease
Discount rate (1% change)	(127.69)	192.50	(118.89)	180.39
Salary increase rate (1% change)	0.57	(0.50)	0.48	(0.42)
Medical inflation rate (1% change)	190.18	(128.47)	173.40	(117.19)
Employee turnover rate (20% change)	(8.16)	8.48	(7.05)	7.30
Mortality rate (1% change)	88.84	(87.91)	81.25	(80.25)

The weighted average duration of the defined benefit obligation is 16.4 years.

Analysis of the maturity of the payment of benefits calculated from the obligation under defined benefits plan expected to pay in the future.

Unit: Million Baht

	2017
Benefits Expected to Pay	
Expected to pay within a year	3.65
Expected to pay in 2 – 5 years	24.34
Expected to pay in 6 – 10 years	36.24

4.12 Long-term leases Amounts due during the period from the statement of financial position date.

Unit: Million Baht

	2017		2016	
	Within 1 year	1-5 years	Within 1 year	1-5 years
Car rental agreements	2.90	3.56	3.12	5.28
Other lease agreements	0.49	0.65	0.44	-
Total	3.39	4.21	3.56	5.28

4.13 Reserve

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

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 financial literacy programs for individuals through various media, etc. The set aside amount must not exceed the SEC's profit in each year.

2. Special purpose reserves are as follow

2.1 Reserve for a permanent office building is to be set aside after special reserve for capital market development. In accordance with the SEC board's resolution at the Meeting No.7/2012 dated July 5, 2012, the SEC board increased amount of the reserve from 850 million baht to 1,254.70 million baht. It was fully reserved as at the end of 2014.

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. It was fully reserved as at the end of 2015.

3. General reserve is the last type of reserve to be set aside from the remaining profit (revenues over expenses) after special reserve for capital market development and special purpose reserves until the full amount of 4,107 million baht is reserved.

If the set aside amount has reached the amount approved by the Minister of Finance, the remaining revenue shall be sent to the Government under section 27 of the SEA. Such rules for reserves was effective since the reserve of the financial result of the year 2012. Types of reserve are as follows:

4.13.1 Special reserve for capital market development

Unit: Million Baht

	2017	2016
Beginning balance	1,516.13	1,510.10
<u>Add</u> Additional allocation	50.19	6.03
Total	1,566.32	1,516.13

4.13.2 Reserve for a permanent parking building

Unit: Million Baht

	2017	2016
Beginning balance	500.00	500.00
Total	500.00	500.00

4.13.3 General reserve

Unit: Million Baht

	2017	2016
Beginning balance	3,156.23	2,878.57
<u>Add</u> Additional allocation	417.77	277.66
<u>Less</u> Actuarial loss	(41.74)	-
Total	3,532.26	3,156.23

General reserve amounting to 3,532.26 million baht composes of (1) the amount of 2,277.56 million baht allocated from revenues over expenses. The SEC has obtained approval from the Minister of Finance to reserve from revenues over expenses until reaching the amount of 4,107 million baht (2) the reserve for a permanent office building at the amount of 1,254.70 million baht.

4.14 Other components of funds

Unit: Million Baht

	2017	2016
Beginning balance	74.58	49.40
Add Gain on change in fair value of available-for-sale securities	104.19	21.83
Gain (Loss) on foreign exchange	(9.03)	3.35
Ending balance	169.74	74.58

Other components of fund balances in the amount of 169.74 million baht were differences arising from value changes between carrying amount and fair value of investments in private funds and value change from foreign exchange translation of investments in non-monetary securities in accordance with the SEC accounting policy in note 3.2

4.15 Revenues

4.15.1 Fee income

Unit: Million Baht

	2017	2016
Annual fees from		
Securities businesses	215.33	285.45
Listed companies	122.98	96.97
Asset management businesses	68.28	139.66
Limited brokerage, dealing and underwriting of investment units (LBDU) businesses	40.35	12.55
Bond Dealers and underwriters	38.50	38.00
Total	485.44	572.63
Other fees	317.24	238.64
Total	802.68	811.27

4.15.2 Contribution from the Stock Exchange of Thailand

Unit: Million Baht

	2017	2016
Contribution collected based on		
Trading value	489.11	512.65
Listed company's shareholder equities ¹	-	21.80
Fixed rate	2.00	2.00
Total	491.11	536.45

¹ In 2016, fee from listed companies that were not required to be approved for securities offering, was collected by the SET. From 2017 onward, this fee is directly paid to the SEC and included in annual fees.

4.15.3 Investment incomes

Unit: Million Baht

	2017	2016
Income from investment in funds managed by private fund managers		
Interest income	99.89	104.23
Dividend income	37.38	38.78
Gain (Loss) on sale of investments	82.82	74.59
Gain (Loss) on foreign exchange ¹	(13.24)	12.06
Total	206.85	229.66
Income from investments (internally managed)	6.21	5.01
Total	213.06	234.67
<u>Less</u> Income from investment for capital market development ²	(59.71)	(68.01)
Balance	153.35	166.66

¹ In 2017, gain (loss) on foreign exchange was moved from other income to income from investment in private fund.

² In 2017, gain (loss) on foreign exchange was included.

4.16 Human resources expenses

Unit: Million Baht

	2017	2016
Expenses for executives	79.32	66.01
Expenses for officers and employees	797.65	722.92
Total	876.97	788.93

4.17 Operating expenses

Unit: Million Baht

	2017	2016
Wage	70.50	58.16
Employee development expenses	38.07	35.46
Repair and maintenance expenses	23.29	18.40
Expense for public relations	15.89	7.68
Utilities expenses	13.86	14.43
Rent	12.36	12.33
Vehicle expenses	8.04	8.91
Consultant fee	9.66	7.48
Subscription and news services	7.62	6.63
Office supplies	5.77	6.45
Travel expenses	5.73	6.35
Communication expenses	2.37	2.50
Property tax	2.28	2.50
Other expenses	15.51	10.85
Total	230.95	198.13

4.18 SEC Board and sub-committees remuneration

Unit: Million Baht

	2017	2016
Committees/Sub-committee benefits for executives	2.50	2.39
Committees/Sub-committee benefits for commissioners	22.26	19.14
Total	24.76	21.53

4.19 Revenues and expenses for capital market development

Unit: Million Baht

	2017	2016
Revenues for capital market development		
Income from investment for capital market development	59.71	68.01
Administrative fines	-	0.52
Expenses for capital market development		
Financial literacy, investor education and other activities	(14.66)	(18.35)
Total	45.05	50.18

4.20 Commitments and contingent liabilities

The SEC office and/or the SEC Board and/or Capital Market Supervisory Board were named in three pending administrative cases with claims amounting to 194.69 million baht as follows:

1. The first case, with a claim of 159.89 million baht, involves the allegedly unlawful revocation of the SEC-approved auditor status. The case was dismissed by the Central Administrative Court and now under the Supreme Administrative Court's consideration

2. The second case, with a claim of 0.48 million baht, involves the alleged negligence to properly supervise the complaint on the price of warrants to purchase shares of listed companies being significantly reduced. The case was dismissed by the Central Administrative Court and now under the Supreme Administrative Court's consideration.

3. The third case, with a claim of 34.32 million baht, involves the allegedly defaults of the contract for work and the SEC filed a statement of defense and counterclaim of the company for defaults of the contract amounting to 15.67 million baht, together with filing a request to the Court for summoning the Bank, as a guarantor, to be co-defendants with the company. In this case, the Civil Court had a judgement ordered the company and the bank to jointly pay damages of 3.25 million baht and fine of 3 million baht to the SEC and the SEC to pay the company's completed work in the amount of 2.74 million baht and to return the bank guarantees to the company. The SEC does not have to return the retention guarantees amount of 11.15 million baht to the company. The case is under consideration of the Court of Appeal.

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, on an equitable basis and not acting inconsistently with the law, they have strictly performed the contractual obligations and carefully considered the exercise of their contractual and legal rights. No action that could cause damage to the parties, they are confident that it is very likely that their cases will be successfully defended without any damages required to be paid. Therefore, the SEC has not recognized any provision in the financial statements.

4.21 Reclassifications

The comparative information presented in these financial statements. For the year ended December 31, 2016 have been reclassified certain items in order to compare the financial statements. For the year ended December 31, 2017, with no impact on the statement of financial position and statements of comprehensive revenues and expenses are reported on.

Reclassification as follows:

	Before reclassification	Reclassification	Unit: Million Baht After reclassification
Statement of Financial Position as at December 31, 2016			
Current assets			
Accrued revenues	526.98	(526.98)	-
Receivables and Accrued revenues	-	623.97	623.97
Other current assets	18.00	(10.40)	7.60
Non-current assets			
Long-term investments	5,086.37	(82.83)	5,003.54
Loans to employees	8.05	(8.05)	-
Other non-current assets	105.80	3.65	109.45
Current liabilities			
Payables	27.42	(27.42)	-
Accrued expenses	49.16	(49.16)	-
Payable – The Revenue Department	5.28	(5.28)	-
Other current liabilities	1.21	(1.21)	-
Payables and accrued expenses	-	82.43	82.43
Statement of Comprehensive of Revenues and Expenses for the year ended December 31, 2016			
Revenues			
Investment income	158.17	8.49	166.66
Information service income	0.11	(0.11)	-
Other income	15.78	(8.38)	7.40
Expenses			
Administrative expenses	295.16	(97.03)	198.13
Depreciation and amortization	-	97.03	97.03

4.21 Reclassifications (continued)

	Before reclassification	Reclassification	Unit: Million Baht After reclassification
Statement of Cash Flows for the year ended December 31, 2016			
Cash flows from operating activities			
(Gain) Loss on sales of investments	(86.65)	12.06	(74.59)
(Gain) Loss on foreign exchange of investments	-	(12.06)	(12.06)
Operating assets (increase) decrease			
Accrued revenues	(66.22)	66.22	-
Advances	0.56	(0.56)	-
Receivable - The Revenue Department	(0.43)	0.43	-
Other current assets	(5.85)	5.58	(0.27)
Receivables and accrued revenues	-	(73.26)	(73.26)
Operating liabilities increase (decrease)			
Payables	1.06	(1.06)	-
Accrued expenses	19.26	(19.26)	-
Unearned revenues	0.18	(0.18)	-
Payable - The Revenue Department	(2.25)	2.25	-
Other current liabilities	(1.63)	1.63	-
Payable - contract deposit	(0.04)	0.04	-
Payables and accrued expenses	-	18.16	18.16

4.21 Reclassifications (continued)

	Before reclassification	Reclassification	Unit: Million Baht After reclassification
Cash flows from investing activities			
Investments in private funds	(497.86)	217.86	(280.00)
Proceeds from interest	107.26	3.56	110.82
Proceeds from dividend	38.78	0.80	39.58
Net proceeds for sale of investments	86.65	(86.65)	-
Payment of investment liabilities	(7.77)	7.77	-
Net payment for investment	-	(143.34)	(143.34)
Payment for the purchase of property, plant and equipment	(18.27)	(0.83)	(19.10)
Payment of property, plant and equipment	(0.83)	0.83	-

4.22 Approval of financial statements

Secretary-General of the SEC approved the financial statements on March 14, 2018.

Financial Highlights

The SEC's revenue comprised fee income collected from securities business operators and listed company, subsidies from the Stock Exchange of Thailand and investment income. In 2017, the SEC's total revenue amounted to 1,515 million baht with a total expense of 1,244 million baht. The revenue exceeded the expenses by a net amount of 271 million baht. The net excess amount of revenue over expenses was lower than the preceding year. This was because securities trading value which was a base factor in calculation of subsidy income from the SET was 24 million baht lower than the year before. The average daily trading value was 50,114 million baht in 2017 (52,526 million baht/day in 2016). In addition, the annual fee income collected from securities business operators declined because of changes in the criteria of fee charges from a sliding scale to a flat rate scale of 0.001 percent, with a minimum charge of 100,000 baht and a ceiling charge of 10 million baht. Meanwhile, the expenses for human resources edged up primarily due to addition of two new top management positions. Besides, the review process of job structure, compensation structure, manpower planning to meet with corporate duties, maintenance of competent staffs which have been considered corporate valuable assets resulted in adjustment of monthly salary of the 278 employees and the new recruits.

As 2017 marked the SEC's 25th year anniversary in operation, we organized several significant seminars to build up knowledge and understanding, and to promote collaborations from all parties in the capital market. Additionally, we engaged professional consultant companies to formulate manpower and succession planning.

The SEC's assets for business operation comprised property building, and equipment with a total value of 1,035 million baht.

For the year 2018, the SEC has budgeted a revenue forecast at 1,517 million baht and expenses at 1,714 million baht which is a budget deficit of 197 million baht. We plan for investment in replacement of the main operation system which has been used since 1995. This will be a significant investment in 22 years with a total budget of 170 million baht and will continue to the years 2019-2020 with a budget of 75 million baht in each year. Furthermore, there are postponement of project implementation from 2017 worth 31 million baht including reinforced concrete building structure project, co-working space, solar roof and investor education projects.

In overall, the SEC has a solid financial standing to carried out various activities with adequate reserves to support the operation continuously over the longer term.



The Economy and the Capital Market in 2017 and Outlook for 2018

The Global Economy

The International Monetary Fund (IMF) estimated that in 2017 the world economic growth continued to strengthen to 3.7%¹ accelerating from 3.2 in 2016. The growth was driven by strong expansion in all countries, particularly a driving momentum of the obvious recovery in the major advanced economies. In Europe, the economic expansion was supported by rallying domestic demand, picking up labor markets and rising consumer confidence. Meanwhile, the US economy continued to grow, with strong labor markets, and improved consumer confidence by the virtue of the new tax policy package. The upside development in these economies has propelled global trade volume, which has been broad-based, and in turn inducing notable recovery in the emerging market economies which have been the trading partner countries. The robust growth as well as the gradually adjusted inflation led to some central banks' decisions to pursue monetary policy normalization. The US Federal Reserve raised policy interest rates three times in March, June and December to be ranging between 1.25-1.50 %, and started implementing balance sheet reduction. European Central Bank (ECB) and the Bank of Japan (BOJ) still maintained the monetary policy rates at low levels and extended the asset repurchase programs starting from last year to reinforce economic recovery. The prevailing low interest rates worldwide, remaining liquidity, and favorable business performance contributed to buoyancy in equity markets in many countries to record new all-time high, as notably indicated by S&P 500 index standing over 2,600 points and Nikkei index closing over 22,900 points.

In 2018, the global economy is expected to continue as “Goldilocks Economy”, with optimal rates of expansion. Yet, the growth prospects could encounter greater challenges on a transitory path of monetary policy normalization in many countries. The IMF projected that the global economy will accelerate to the rate of 3.9%, driven by strong expansion in the advanced economies. The US economic growth has been continuously supported by domestic spending, continuously

strengthening employment situation, and benefit of tax reform package. Meanwhile, the Euro zone, Japan, and China are expected to expand continuously but at decelerating rates. Adding to the world growth momentum was economic recovery in the emerging market economies (EMs) such as India and Brazil, and the commodity exporter countries benefiting from the rising price cycle. However, there are challenges and risk factors to be monitored closely. These include the economic growth and inflation rates in the advanced economies including the USA, the European Union and Japan, serving as indicators for monetary policy directions. The market anticipated that the Fed is likely to adjust upward the policy rate at the minimum of three times this year. In addition, political issues in many European countries, the aftermath of Brexit, conflicts in different geo-political tensions such as in the Korean Peninsula, oppositions between Saudi Arabia and Iran will significantly impact the world growth and monetary systems.

Thailand's Economy

Thailand's economy expanded at 3.9%² in 2017, speeding up from 3.2% in the prior year. The main drivers to the growth include strong expansion in export sector both in quantity and pricing in line with the accelerated expansion in the trading partner economies, and the pickup of the private consumption, although the public investment weakened due to expenditure disbursement lower than the budget and large-scale investment projects still in the beginning phases.

¹ Preliminary figure for 2017 (Source: IMF World Economic Outlook, update Jan 2018)

² Estimated figure for the year average growth rate from the Economic Report for the quarter 3/2017 by the National Economic and Social Development Board (NESDB).

The Thai Capital Market

Economic stability continued to remain satisfactory with low averaged rate of inflation, edging up slightly from the preceding year at 0.7%. The current account continued to register in surplus range, as trade balance still recorded a surplus. Thailand's net capital flow was in a deficit of USD 19.06 billion³ due to capital outflows for direct investment overseas and investment in foreign assets. Thai baht against US Dollar value appreciated by 3.9% from the previous year-end closing to stand at 33.94 baht per USD.

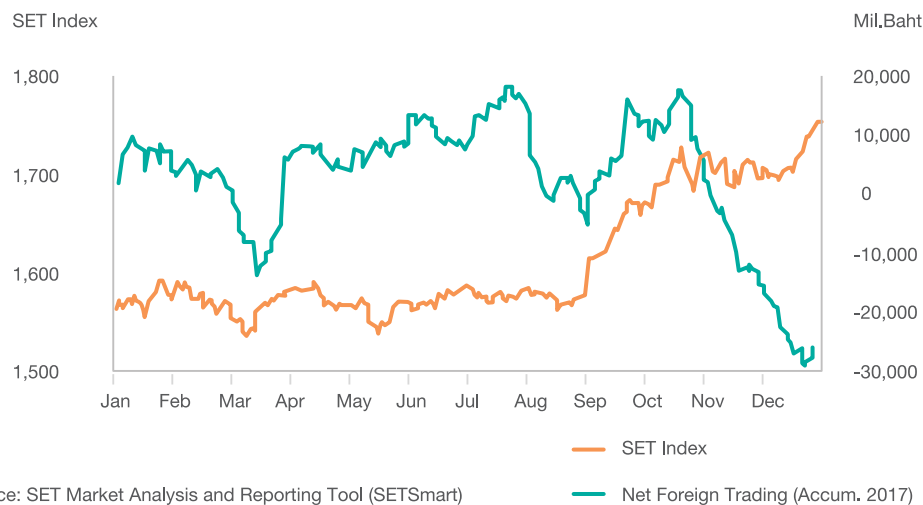
The National Economic and Social Development Board projected that the Thai economy will grow in the range of 3.6-4.6 % in 2018, supported mainly by the acceleration of global growth which is broad-based and attributed to higher earnings in the export and service sectors; the pronounced recovery in private investment in key manufacturing sectors in line with the export upsurge and rising confidence in overall favorable economic conditions; the acceleration of public investment following progress made in key investment projects and increases in the expenditure budget framework. The inflation rate is expected to gradually adjust in the range of 0.9-1.9% which is not worrisome. However, challenges and risk factors to monitor closely encompass political development which could impact consumption and investment directions, slowdown in the agricultural sector, and uncertainties in World's trade and economic policies affecting the manufacturing sector and finance system in the country.

The Equity Market

- The SET Index closed at year-end 2017 at 1,753.7 points, rising 13.7% from the previous year. Daily average turnover was 47,755 million baht, declining from the daily average of 50,245 million baht in the prior year. The SET index upswing was supported by the World growth and the country's economic recovery. Besides, the increased prices of consumer goods coupled with investors' anticipation of listed companies' increased profits in tandem with the economic conditions led to upward adjustment of market index. The three top performing sectors were industrials, service business, and resources. The market capitalization at the end of 2017 closed at 17.59 trillion baht, up by 16.6% from the previous year-end.
- The mai Index closed at 540.4 points at the end of the year 2017, down by 12.3% from the previous year. Daily Average Turnover of 2017 was 2,358 million baht, up from the average of 2,281 million baht per day in the prior year. The market capitalization at the year-end 2017 was 339 billion baht, down 20.3% from the previous year.
- The SET Index surged significantly at latter period of 2017, supported by internal and external favorable economic factors as well as net foreign capital inflows from August to September. In the last quarter, however, the foreign investors heavily net sold, but this was countered by net buying of local institutional investors, thus supporting the market index to continue in higher levels.
- At the end of 2017, SET recorded foreign investors net sales of 25,755 million baht and local investors net sales of 94,624 million baht. The local institutional investors net bought at 103,632 million baht and the securities companies net bought at 16,747 million baht.

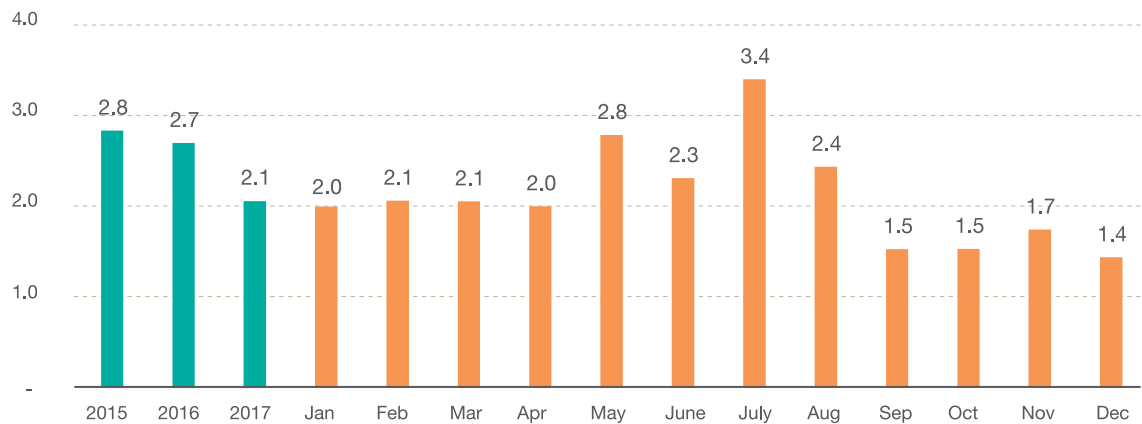
³ Preliminary figure from the Bank of Thailand's Monthly Report on Economic and Monetary Conditions for the month of December 2017.

SET Index and Net Foreign Trading in 2017



- Short selling activity in 2017 was averaged at 2.3% of the turnover of stocks in the SET 100, a drop from the year before due to the higher market index. The activity peaked in July at 3.4% and was least active at 1.4% in December.

Short Sales of the Thai Capital Market in 2017



Source: SET Market Analysis and Reporting Tool (SETSmart)

- To enhance service quality and competency of Thailand's capital market, the SEC encouraged the Stock Exchange of Thailand (SET) to reduce the cycle settlement period of payment and securities delivery from the current practice of three working days (T+3) to two working days (T+2) to mitigate risks and lower costs born by the Thailand's Clearing House and the members. The investors will receive ownership and money earlier and can manage the investment portfolio in accordance with the foreign markets. The new settlement rule is effective from March 2, 2018

Issuance and Offer for Sale of Equities

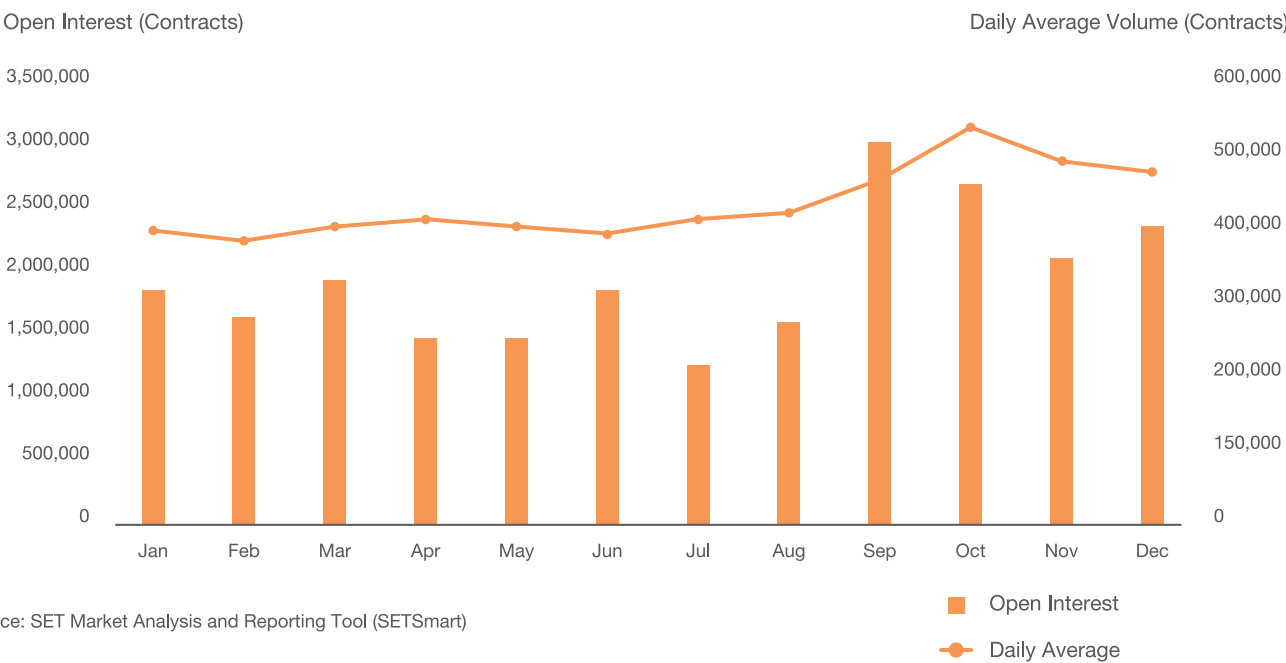
- In 2017, total capital raised by listed companies on the SET and mai amounted to 243,567 million baht, rising at 8.8% from the year before. 22 Companies launched initial public offerings (IPO) on the SET and 17 companies on the mai with a combined value of 92,060 million baht, a rise of 2.89 times from the prior year. The growth of IPO resulted from new listings of many large-scale companies, the high market index level boosting up confidence of the companies in the market's fund mobilization effectiveness. The highest IPO size was Gulf Energy Development Plc. of 23,998 million baht.
- As for fund mobilization in the secondary market for the next issuance and offering has a total value of 151,507 million baht, 20.8% lower as majority of shares are allocated for the existing shareholders according to the right offering.
- There were four IPOs of trust funds for investment in Real Estate Investment trust (REITs) with an aggregate value of 11,831 million baht, a drop of 41% from the year before. In addition, three trust funds were converted from Property Fund.
- One IPO of infrastructure fund valued at 3,605 million baht.

The Futures Market

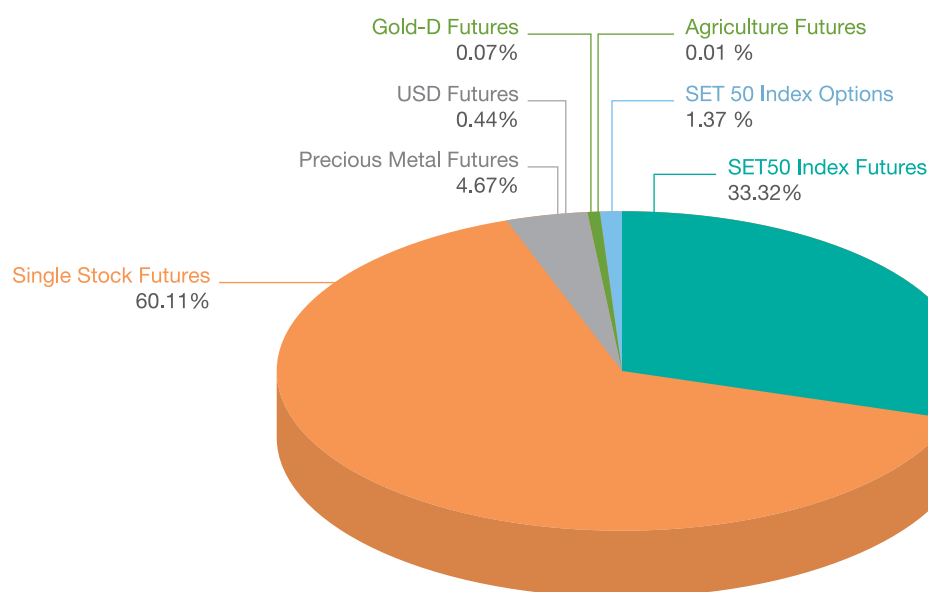
- The Thailand Futures Exchange Plc (TFEX) recorded a total turnover of 78.99 million contracts or an average of 324,217 contracts per day. The increase was due mainly to trading of Single Stock Futures contracts. The Single Stock Futures trading grew from an average of 138,634 contracts per day in 2016 to 194,593 contracts per day in 2017. The growth in trading volume resulted from an addition of new 24 underlying stocks in the Single Stock Future, making up at present a total of 93 underlying securities, catering to the investors' increasing demand. The trading activities of future contracts with underlying goods such as exchange rates, gold, and agricultural commodities was also rising, whereas the trading volume of SET 50 Index Futures dropped from an average of 131,938 contracts per day in 2016 to 131,938 contracts per day in 2017.
- The market's open interest position at the year-end 2017 reached 2,813,036 contracts, up 46.5% from 2016. Majority of trading was individual investors accounted for 51.9%, institutional investors 37.8%, and foreign investors 10.3%
- In September 2017, TFEX started rolling out Gold-D Futures with 99.99% pure gold bar as underlying asset. The trading prices have been quoted in US Dollar, so that the investors could compare with the world prices conveniently. The margin deposit and last price settlement have been still in Thai baht currency. The trading hours for all gold futures are extended to 23.55 hours, to enable the investors better manage risks and adjust investment strategies catch up with the world market.

- The futures market outlook for 2018 continues to be brisk, as the products are more diverse and meeting the investors' demand. TFEX planned to increase underlying stocks in the Stock Futures and to improve relevant factors to enhance liquidity for trading the existing products, particularly SET 50 Index Options and RSS3D Futures. In addition, TFEX is promoting Thailand's Clearing House Service by allowing investors to use securities as collaterals for trading in TFEX to facilitate convenience for the investors.

Net Open Position and Futures Trading Volume per Day in 2017



Futures Contract Proportion in 2017

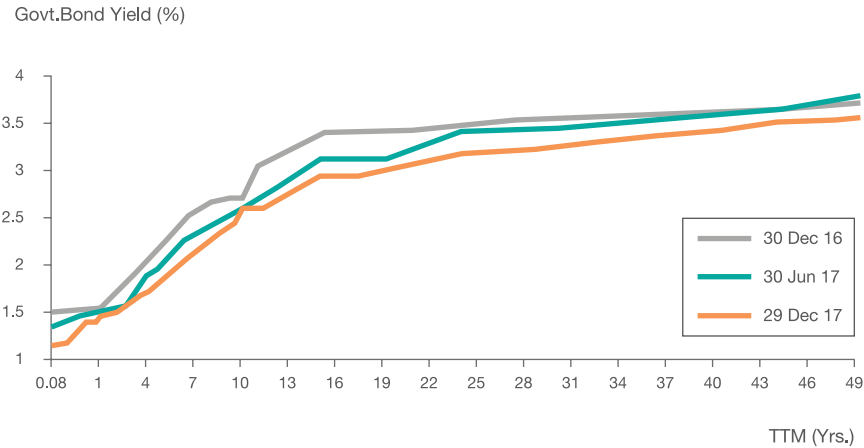


Source: SET Market Analysis and Reporting Tool (SETSmart)

The Bond Market

- The Thai bond market continued to expand in 2017 from the year earlier. The outstanding of all types of debt instruments valued at 11.94 trillion baht, up 4.2% from 2016. Government bonds rose 4.5% in value from last year to 8.34 trillion baht, corporate bond up 2.8% to 3.45 trillion baht, Baht denominated bond up 18.3% to 92.7 billion baht, foreign currency bond up 23% to 55.4 billion baht. In 2017, the net foreign inflow to Thailand's bond market totaled 223 billion baht. Foreign holding of Thai bond increased to 852 billion baht or 7.5% of the total outstanding, 78% of which are in long-term government bond due to favorable Thailand economic development with the country's current account in surplus.
- 2017 observed a tendency of downward parallel shift in the government bond yield curve from the end of the year 2016. The yields of short-term government bonds declined at an average of 11-33 basis points because of stronger internal and external demands as against lower supplies of short-term Bank of Thailand bonds and treasury bills. The yields of medium term and long-term bonds decreased at 13-43 basis points reflecting demands of internal and external investors. However, in the next phases, upward shifts are anticipated in line with the world economic growth.

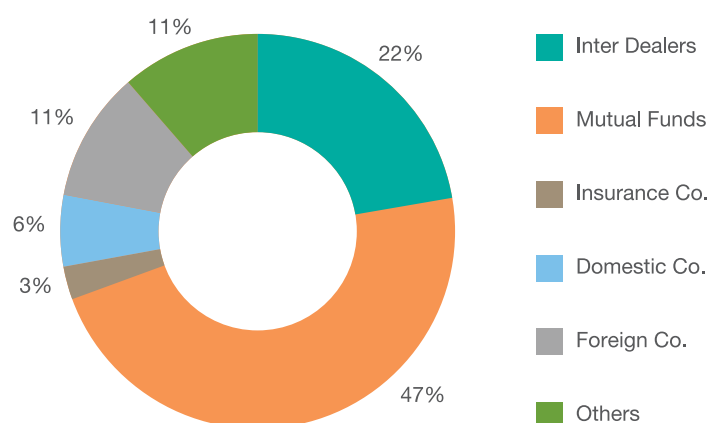
Yield Curve for Government Bonds
(30 December 2016, 30 June 2017, 29 December 2017)



Source: Thai Bond Market Association

- The outright trading value of debt instruments averaged at 90.4 billion baht per day in 2017, 1.6% down from the year 2016. Trades were predominantly between bond dealers and investors accounting for 77.8% of the total trading volume. The mutual funds were the largest investors at 47.3 %, followed by foreign companies, other investors, domestic companies and insurance companies respectively. Turnover between bond dealers accounted for 22.3% of the total trading value.

Outright Trading Value in 2017



Source: Thai Bond Market Association

Issuance of Debt Securities

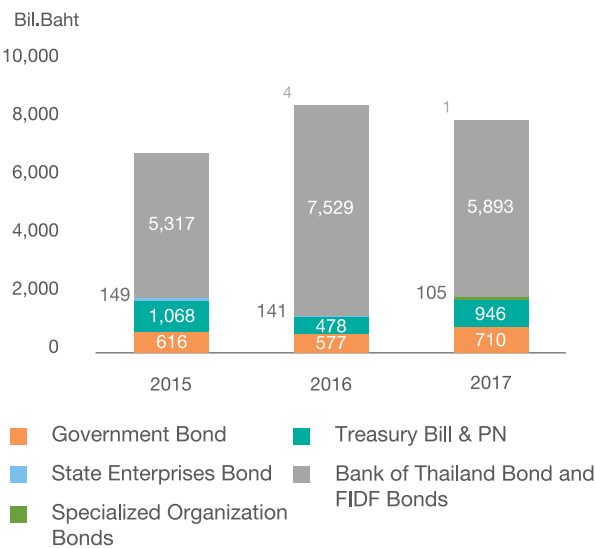
- The issuance of all types of debt instruments in the countries totaled 11.17 trillion baht, 5.53% down from 2016. New issuance of Government bonds amounted to 7.66 trillion baht, dropping at 12.3% from the decreases in bonds issuance by the Bank of Thailand, Financial Institutions Development Fund's bonds, state-enterprises bonds, and specialized organization bonds.
- Issuance of corporate bonds was growing at 13.6% to a total value of 3.51 trillion baht, despite the event of default on some debt instrument issuers. The increases comprise short-term bonds valued at 2.69

trillion baht, growing at 18.1%, and long-term bonds up by 1% to the value of 826 billion baht. The long-term bonds issued by listed companies in the SET and mai rose by 16.2% at the total value of 562 billion baht. The top three highest issuance sectors were (exclusive of commercial banking and finance groups) commerce group, property development group, and construction material groups. Issuance of long-term corporate bonds of firms not listed in the SET dropped 21.8% to register at 239 billion baht, of which Thai baht denominated bonds totaled 20 billion baht and foreign currency bonds accounted for 6.47 billion baht.

⁴ Special organizations include property loan management organization, asset management companies, secondary mortgage corporation, energy fund administration institute (public organization)

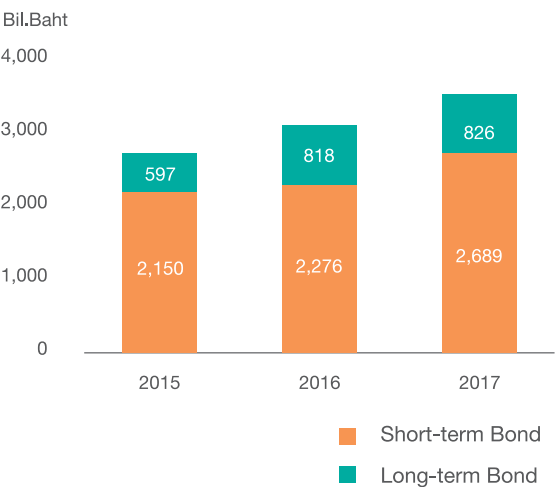
- 2018 is expected to observe declines in the private sector's issuance and offers of debt instruments in the form of bill of exchange (B/E) which will be replaced by other types of short-term debt instruments in line with the SEC's 2018 plan to restrict B/E offering to the general public. Issuance and offering of long-term debt securities is anticipated to increase before the upward adjustment of interest rate in the foreign markets as projected.

Government Debt Instrument Offering by Type



Source: Bank of Thailand

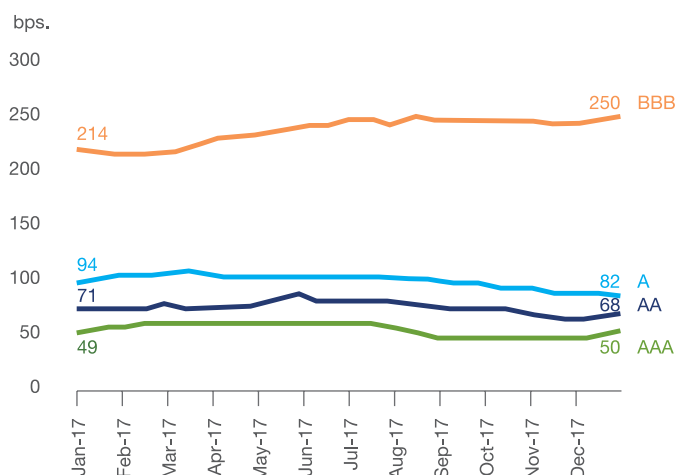
Debt Instrument Offering in Private Sector by Type



Source: The Securities and Exchange Commission

- The incidents of B/E defaults contributed to a better reflection of risks inherent in corporate bond yields. The credit spreads of the BBB-rated bonds adjusted upward at the end of 2016. But as more investors shifted their interests and investment in the group of A-rated bonds, the credit spreads of the BBB bonds have become narrower.

Credit Spread of Debt Instrument (5 years) by Credit Rating



Source: Thai Bond Market Association

- Furthermore, the SEC plans to improve regulations related to issuance and offering of debt securities with following objectives: 1) enhancing appropriateness of mechanisms for investor protection by restricting B/E from offering to the general public, due to existing legal constraints and inferior mechanisms for investor protection for this type of security as opposed to those applied for bonds; 2) preventing abuse of fund mobilization channel through Private Placement (PP- Limited Offer) by allowing offers of B/E only to investors related to the issuing companies, high net worth investors⁵ or institutional investors; and 3) Enhancing protection and ensuring disclosures of significant information for high net worth investors (HNW) to in their decision making in investment. Finally, the SEC strives to enhance

operation standards of the intermediaries by requiring an absolute segregation of the functioning units that handle with the issuers and product screening from the units that deal with the investors. This is to promote check and balance mechanism of interests between the issuers and the investors, and to better layout standards of appropriateness and prudence in the intermediary's operation. The SEC also aims to adjust the regulations to facilitate convenience for debt instrument issuers, such as its plan for launching Medium Term Note Program (MTN)⁶ for issuers requiring offers of multiple debt securities within a close time frame. The MTN program will be valid for two years after the date of permission.

⁵ Offers of B/E to sell to High Net Worth investors are required to conduct through an intermediary so that the investors receive recommendations and information for their investment decision making.

⁶ Medium Term Note Program (MTN): the issuers are required to submit an application and a registration statement for issuance and offer for sale of bonds. All types of plain bond of all currencies are allowed for sale offering except perpetual bonds, subordinated bonds, bonds with embeded derivatives, securitization bonds, and Basel III instruments including Public Offering type, HNW type, and institutional investor type II. No restrictions on maturity period of not exceeding the 2-year period.

Overview of the Securities and Derivatives Businesses

The Securities Brokerage

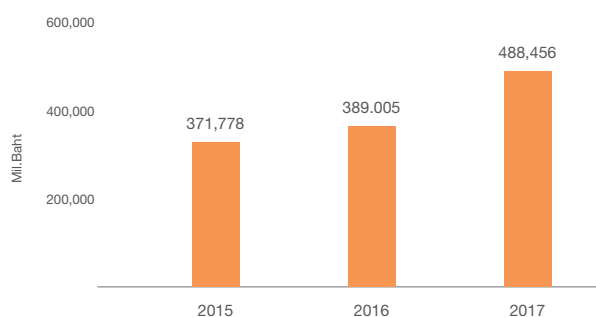
In 2017, there were two new applications for approval of securities licenses and one licensed brokerage which applied for approval of business reactivation. The total number of securities companies at the end of the year was 43 companies, mainly comprised of 39 securities brokers and four non-brokers.

	2016	2017
Securities company ¹		
- Broker	37	39
- Non-broker ²	4	4
Total	41	43

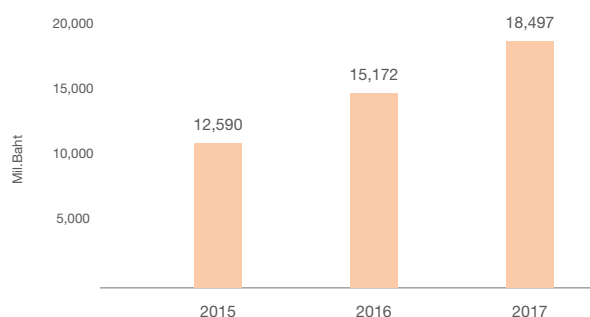
The securities brokerage industry's overall development over the past year showed a trend of increasing in other businesses than regular brokerage services. The major factor for this adjustment was the decrease in trading volume from the previous year, an increase of competition from new participants and the continuous decline of commission fee. The characteristics of businesses with notable growth were as follows:

1) Wealth creation: securities brokerage companies provided mutual fund unit trading service whose total amount increased by 99,451 million baht (up 25.6% YoY), while the private fund management service grew 3,257 million baht in net asset value (up 21.5% YoY). Such growth in both services was consistent with the overall direction of asset management business.

Sales Volume of Investment Units via Securities Companies



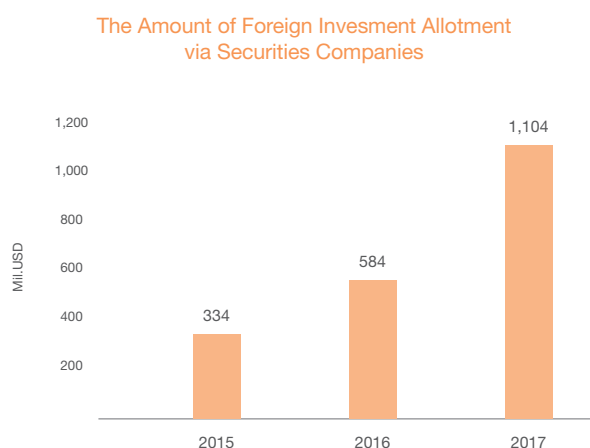
Net Asset Value of Private Funds managed by Securities Companies



¹ Both member and non-member of the Stock Exchange.

² This includes debt securities broker, securities dealing, securities underwriting and investment advisor.

2) Foreign investment abroad: in 2017, the amount of money requested for accompanying investors to invest in foreign securities increased by 520 million USD (up 90% YoY), reflecting investors' demand for diversification and higher return than domestic investment. This growth was consistent with the Bank of Thailand's move to ease the flow of cross border funds transfer by continuous expansion of foreign investment funds through securities company limits.



3) Offering or providing services of complex products: which provided higher returns and answered investors' needs when basic products yield low returns. In the past three years, the volume of offering of derivative warrants, equity-linked note and block trade on single stock futures showed continuous growth both in terms of number of service providers and the volume of offerings.³

In addition, in the past year, securities brokers have used information technology to assist investors in placing conditional orders and in program trading services.⁴ This has been consistent with the widespread and steadily growing trend of using automated systems in capital markets globally such as algorithmic trading.

³ Currently, there are 12 securities companies offering derivative warrants with offering volume growing at 15% per year / Nine companies offering equity-linked notes with offering volume growing at 43% per year / 22 companies offering block trade on single stock futures with offering volume growing at 55% per year.

⁴ Nine additional conditional order services and two additional program-based automatic trading services.

The market share structure of the brokerage business remained stable. In 2017, the market share of the top ten bracket was at 48.6%, a slight decline from the previous year's 49.2% percent. As a whole, the operating performance and financial position of the industry showed that brokerage revenues, the main income of the securities industry, declined by 5,310 million baht (down 17% YoY.) Comprehensive income declined by 1,749 million baht (down 17% YoY) and total assets was 392,092 million baht (up 12% YoY) from the previous year at 349,274 million baht. Brokerage operating performance declined in contrast to the SET Index due to daily average trading value decreasing from the previous year (down 4.6% YoY to 50,114 million baht per day), along with the commission fee which continued to drop.

In securities trading, retail investors were still the most active investors in terms of trading volume compared to other investors, but the proportion was likely to decline. In the past year, the trading volume of retail investors dropped to 48.3% of total trading volume (down from 54% in the previous year.) And in 2017, the total margin loans rose to 69,969 million baht (up 22% YoY) with the total value of collateral at 255,220 million baht, or approximately 3.6 times of total margin loans. The cause for the margin loans' growth was partly due to the SET Index which increased from 2016, closing at 1,753.71 points (up 13.7% YoY) as a result of the economy's steady improvement and growth. In addition, there were three new business operators which offered margin loans to investors.

Information showing Financial Position and Income of Securities Brokers^{5 6}

Financial Position

Unit: Million Baht

	2016	2017
Total Assets	349,284	392,092
Cash, cash equivalent, and deposit	69,489	66,879
Investment, net	123,712	139,323
Receivables – securities and derivative business	110,262	130,680
Receivables – clearing house	29,616	32,141
Total Liabilitie	255,268	291,976
Loans and debt instruments	47,377	70,293
Payables – securities and derivatives business	175,520	186,886
Payables – clearing house	17,675	16,210
Shareholders' Equity	94,016	100,116
Common stock	44,965	47,316
Retain profit (loss)	38,781	40,018

⁵ Financial data presented was collected from unaudited financial statements.

⁶ Financial data came from 38 securities firms in 2017.

Comprehensive Income Statement

Unit: Million Baht

	2016	2017
Revenues	44,294	39,368
Fee - brokerage	30,392	25,082
Profit (loss) – own trading account	7,549	6,440
Expenses	31,474	29,495
Employee benefits expenses	16,952	15,096
Comprehensive profit (loss)	10,018	8,269

Margin Loan

Unit: Million Baht

	2016	2017
Margin loan (million baht)	57,516	69,969
Collateral (million baht)	226,286	255,220
SET Index (point)	1,543	1,754

Net Liquid Capital

Unit: Million Baht

	2016	2017
Net Liquid Capital (million baht) average amount per intermediary	2,126	2,138
Net Capital Ratio (%) average amount per intermediary	69	57

Minimum regulatory requirement: Net Liquid Capital 15 - 25 million baht, and Net Capital Ratio 7%

All securities firms maintained net liquid capital significantly higher than regulatory requirement. As at the end of 2017, the average net liquid capital ratio of the industry has risen to 2,138 million baht (up 0.6% YoY), while the net capital ratio to net debt and net capital ratio declined to 57%.

The Derivatives Agent

Over the past year, five derivatives brokerage operators applied for deactivation of their licenses, three of which were engaged solely in agricultural derivatives business and two of which dealt in derivatives business. Of these, one operator applied for deactivation of its license in order to merge with another company. In addition, one established operator reentered to operate a new business which brought the number of business operators at the end of the year to a total of 42.

	2016	2017
Derivatives agent		
- operating securities brokerage business as well	34	35
- operating derivatives agent business only	9	5
- ceasing operation of derivatives agent business	4	2
Total	47	42

As for the overall development in the past year, the average daily futures trading volume rose to 324,217 contracts per day (up 14 %YoY) due to the increase in the number of single stock futures contracts, with an average trading volume of 194,593 contracts per day (up 40% YoY), and the derivatives with gold underlying, with an average trading volume of 15,852 contracts per day (up 33% YoY.) This growth was in line with the rise of the SET Index and gold price in the global market. Another factor that boosted the single stock futures trading volume was Block Trade, where the intermediaries acted as the counterparty with the investors, which has recently become very popular.

In terms of the market share structure of the derivatives business and the operating performance of five derivatives brokerages, the overall market share of derivatives business operators declined to 6.59% from 9.95% in the previous year. However, the total revenue of the derivatives business operators rose by three million baht (up 0.8% YoY.) And although income from commission fee decreased, the increase in investment income compensated for it. As a result, in 2017, the total loss for the derivatives brokerages decreased to 37 million baht from the previous year's total loss of 40 million baht.

Information showing Financial Position and Income of Derivatives Agents^{7 8}

Financial Position

Unit: Million Baht

	2016	2017
Total Assets	2,885	2,420
Cash, cash equivalent, and deposit	859	770
Receivables – clearing house	888	670
Total Liabilities	2,151	1,696
Loan and debt instruments	715	700
Payables – securities and derivatives business	1,003	867
Shareholders' Equity	734	724
Common stock	1,115	965
Retain profit (loss)	(381)	(240)

Comprehensive Income Statement

Unit: Million Baht

	2016	2017
Revenues	341	344
Fee - brokerage	157	98
Profit (loss) – own trading account	209	281
Expenses	381	382
Employee benefits expenses	168	145
Comprehensive profit (loss)	(40)	(37)

⁷ Financial data presented was collected from unaudited financial statements.⁸ Financial data of the five derivatives agent firms which are still operating business in 2017 only.

Net Liquid Capital

Five derivatives agent operators maintained net liquid capital at significantly higher levels than the minimum requirement. As at the end of 2017, the average net liquid capital was at 208 million baht (up 13% YoY) while the average net capital ratio was at 392%.

Unit: Million Baht

	2016	2017
Net Liquid Capital (million baht) average amount per intermediary	184	208
Net Capital Ratio (%) average amount per intermediary	160	392

Minimum regulatory requirement: Net Liquid Capital 15 million baht, and Net Capital Ratio 7%.

Overview of the Asset Management Businesses

The Business Operators

In 2017, the asset management industry comprised 23 asset management companies, with one newly established company namely Siam Knight Fund Management Securities Co., Ltd, a former operator in private fund management. The 12 asset management companies affiliated with the commercial banks continued to be dominant players in the market with a combined market share of 88% (figure 1). The main selling channels of these companies were bank branches accounting for 73% (figure 2). In the first half of 2017, the asset management companies recorded

revenue of 17,725 million baht, signifying a growth of 24% with an increase of 3,748 million baht from the same period last year. The net profit increased at 19% or 736 million baht. However, the net profit margin in the first half of 2017 fall to 25% from 27% in the period of December 2016 (figure 3).

Figure 1: Market Shares

Asset Management Company	Dec 2017		Dec 2016		Change	
	NAV (Million Baht)	Market Share	NAV (Million Baht)	Market Share	NAV (Million Baht)	% NAV
Asset Management Company						
1. Kasikorn Asset Management Company	1,013,234	20%	987,017	21%	26,217	3%
2. SCB Asset Management Company	862,669	17%	862,990	18%	(321)	-0.04%
3. BBL Asset Management Public Company	724,465	14%	628,701	13%	95,764	15%
4. MFC Asset Management Public Company	449,232	9%	74,876	2%	374,356	500%
5. TMB Asset Management Company	433,828	9%	306,456	6%	127,372	42%
6. Krung Thai Asset Management Public Company Limited	393,268	8%	807,202	17%	(413,935)	-51%
7. Krungsri Asset Management Company	360,757	7%	294,972	6%	65,786	22%
8. Thanachart Fund Management Company	201,907	4%	159,877	3%	42,030	26%
9. UOB Asset Management (Thailand) Company	169,764	3%	156,537	3%	13,227	8%
10. Phatra Asset Management Company	67,115	1.3%	43,062	1%	24,054	56%
11. CIMB-Principal Asset Management Company	59,415	1.2%	63,799	1%	(4,384)	-7%
12. Aberdeen Asset Management Company	51,857	1.0%	45,930	1%	5,927	13%
13. Land and Houses Fund Management Company	51,785	1.0%	64,439	1%	(12,654)	-20%
14. Tisso Asset Management Company	47,336	0.9%	35,357	1%	11,979	34%
15. One Asset Management Company	46,897	0.9%	51,850	1%	(4,953)	-10%
16. Asset Plus Fund Management Company	36,387	0.7%	35,720	1%	668	2%
17. Manulife Asset Management (Thailand) Company	6,783	0.1%	6,942	0.1%	(159)	-2%
18. Bangkok Capital Asset Management Company Limited	2,187	0.04%	1,068	0.02%	1,119	105%
19. Phillip Asset Management Company	1,577	0.03%	3,615	0.1%	(2,038)	-56%
20. Talis Asset Management Company Limited	1,479	0.03%	909	0.02%	570	63%

Asset Management Company	Dec 2017		Dec 2016		Change	
	NAV (Million Baht)	Market Share	NAV (Million Baht)	Market Share	NAV (Million Baht)	% NAV
21. Solaris Asset Management Company	868	0.02%	22,778	0.5%	(21,910)	-96%
22. Capital Link Fund Management Limited	207	0.004%	1,265	0.03%	(1,058)	-84%
23. Siam Knight Fund Management Securities Company Limited	93	0.002%	-	-	-	-
REIT Manager						
1. CPN REIT Management Company Limited	29,448	0.6%	-	-	-	-
2. WHA Real Estate Asset Management Company	21,125	0.4%	11,557	0.2%	9,568	83%
3. RMI Company	16,212	0.3%	16,089	0.3%	123	1%
4. Univentures REIT Management Company Limited	8,264	0.2%	8,217	0.2%	48	1%
5. Ticon Management Company Limited	6,493	0.1%	5,747	0.1%	746	13%
6. Hemaraj REIT Management Company Limited	5,986	0.1%	5,738	0.1%	248	4%
7. SCCP REIT Company Limited	5,715	0.1%	5,540	0.1%	175	3%
8. Gland REIT Management Company Limited	4,404	0.1%	-	-	-	-
9. Dusit Thani Properties REIT Company Limited	3,671	0.1%	-	-	-	-
10. Amata Summit REIT Management Company	3,618	0.1%	3,617		2	0.05%
11. Strategic Property Investors Company Limited	3,516	0.1%	-	-	-	-
12. Charn Issara REIT Management Company	3,216	0.1%	3,152		64	2%
13. AIM REIT Management Company Limited	1,551	0.03%	-	-	-	-
14. SST REIT Management Company Limited	623	0.01%	-	-	-	-
Total	5,096,954	100%	4,715,018	100%	381,936	8%

Figure 2: Proportion of Sales Channels of Mutual Funds

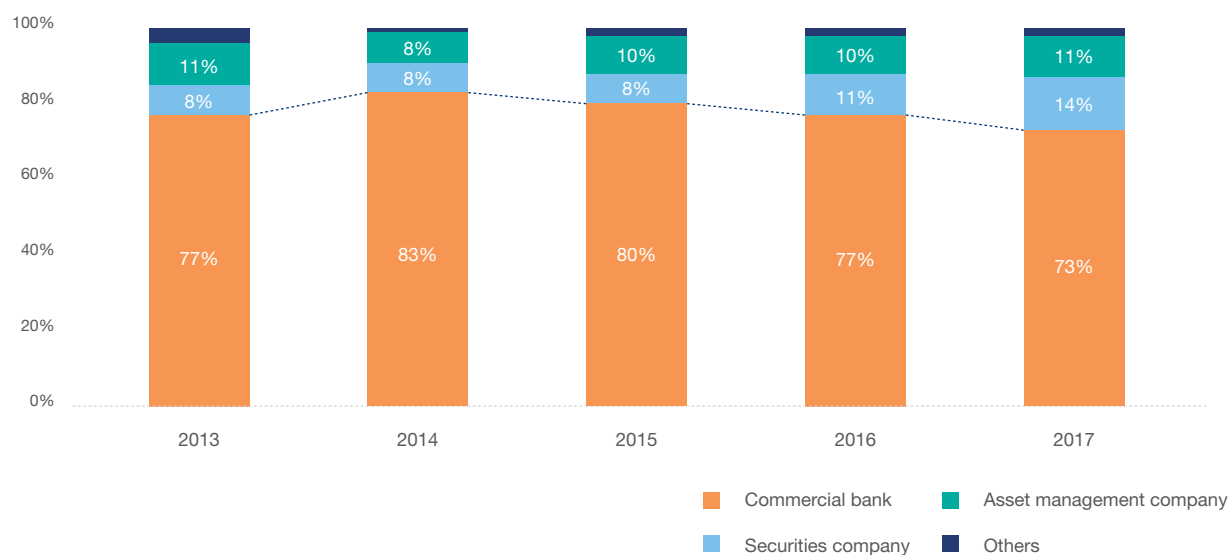


Figure 3: Revenues and Earnings of Asset Management Companies

	Unit: Million Baht		
	June 2017	Dec 2016	June 2016
Revenues	17,725	30,975	14,247
Fee	17,394	30,311	14,019
Earnings	4,518	8,044	3,782

Mutual Fund¹

The mutual fund in 2017 was growing continuously. At the end of December 2017, the industry asset size rose 8% from the previous year to 5.1 trillion baht. The number of multi-asset allocation funds increased significantly to 21,

while the net asset value rose 51% to 96 billion baht. Fixed Income term funds² fell at the highest number of 82, with 23% drop in the net asset value of 180 billion baht (figure 4).

¹ Including mutual funds and real estate investment trust.

² Debt security investment funds redeemable at the maturity date.

Figure 4: Net Asset Value classified by Policy and Local/Foreign Investment

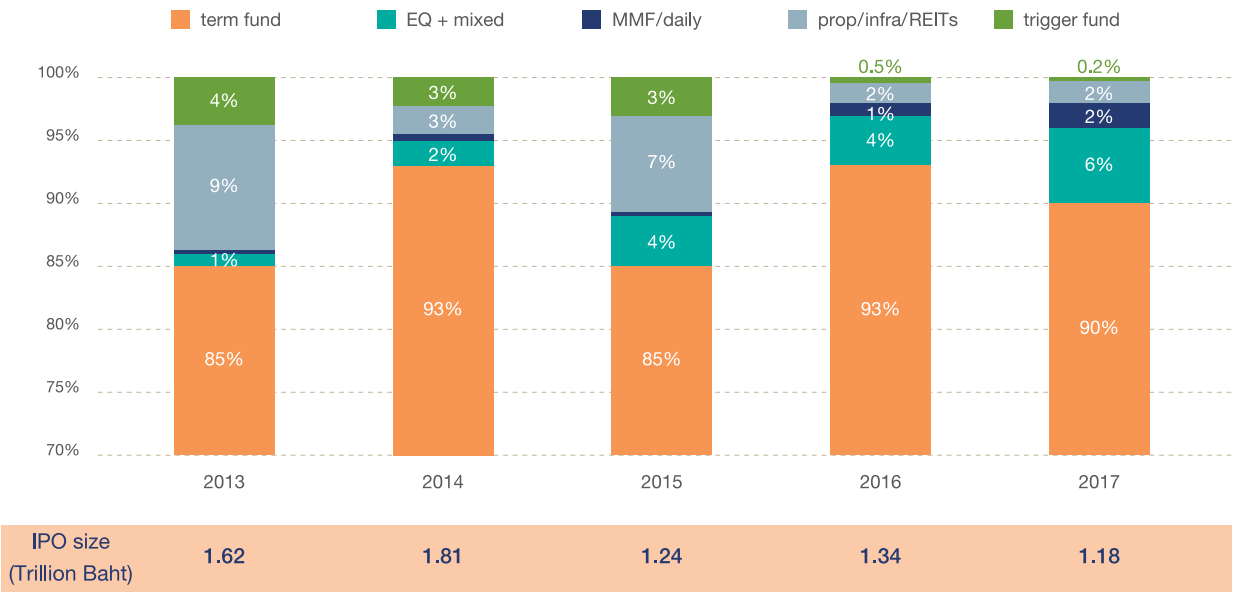
Classified by Investment Policy	Number of Funds		NAV (Million Baht)		Change	
	Dec 2017	Dec 2016	Dec 2017	Dec 2016	NAV (Million Baht)	% NAV
Mutual fund and trust fund						
Equity fund	535	515	978,504	782,465	196,039	25%
Fixed income fund	482	548	2,714,913	2,549,181	165,733	7%
Money Market Fund	39	40	250,058	266,962	(16,904)	-6%
Daily Fixed	100	91	1,675,441	1,440,285	235,156	16%
Term Fund	301	383	591,609	771,149	(179,540)	-23%
Others	42	34	197,805	70,785	127,020	179%
Mixed fund	224	233	381,486	291,226	90,260	31%
Equity and debt	87	117	99,229	104,519	(5,290)	-5%
Equity, debt and others	137	116	282,257	186,707	95,550	51%
Alternative fund	98	95	94,520	84,457	10,064	12%
Property fund (type 1)	39	50	133,485	279,727	(146,242)	-52%
Specific fund	37	48	131,670	277,881	(146,211)	-53%
Non-specific fund	2	2	1,815	1,846	(31)	-2%
Real Estate Investment Trust (REIT)	19	12	128,713	69,368	59,346	86%
Managed by asset management company	4	3	14,871	9,711	5,160	53%
Managed by other REIT managers	15	9	113,843	59,657	54,186	91%
Infrastructure fund offered to general investors	7	6	247,066	236,666	10,400	4%
Total mutual funds and trust funds	1,404	1,459	4,678,689	4,293,089	385,599	9%
Classified by Foreign Investment						
Foreign investment fund	628	590	1,152,611	1,014,772	137,839	14%
Local investment fund	776	869	3,526,078	3,278,318	247,760	8%
Specialized fund						
Property fund for institutional investors	18	26	48,866	92,603	(43,737)	-47%
Property fund for resolving financial institution problems (Type 2)	6	6	17,597	19,258	(1,661)	-9%
Mutual fund for resolving financial institution problems (Type 3)	-	-	-	-	-	-
Property and loan fund (Type 4)	12	20	31,268	73,345	(42,077)	-57%
Vayupak fund	1	1	369,250	328,726	40,524	12%
Country fund	2	2	149	600	(450)	-75%
Total specialized funds	21	29	418,265	421,929	(3,663)	-1%
Grand total	1,425	1,488	5,096,954	4,715,018	381,936	8%

There were 516 new funds launched in 2017, with a total IPO size of 1.2 trillion baht, compared with 594 new funds in 2016 mobilizing 1.3 trillion baht. Term funds were still the dominant type of fund with the largest public offering of 90% at a value of 1.1 trillion baht³ (figure 5). Retail term funds stepped up their public offering size from 50% in 2016 to 94% in 2017, while AI term funds' offering value declined from 50% in 2016 to only 6% in 2017 (figure 6).

2017 saw newly launched funds with more diversities of fund policies, to name but a few: equity funds focusing on investment in companies with robotics technology, artificial intelligence, or in other technology industries; equity

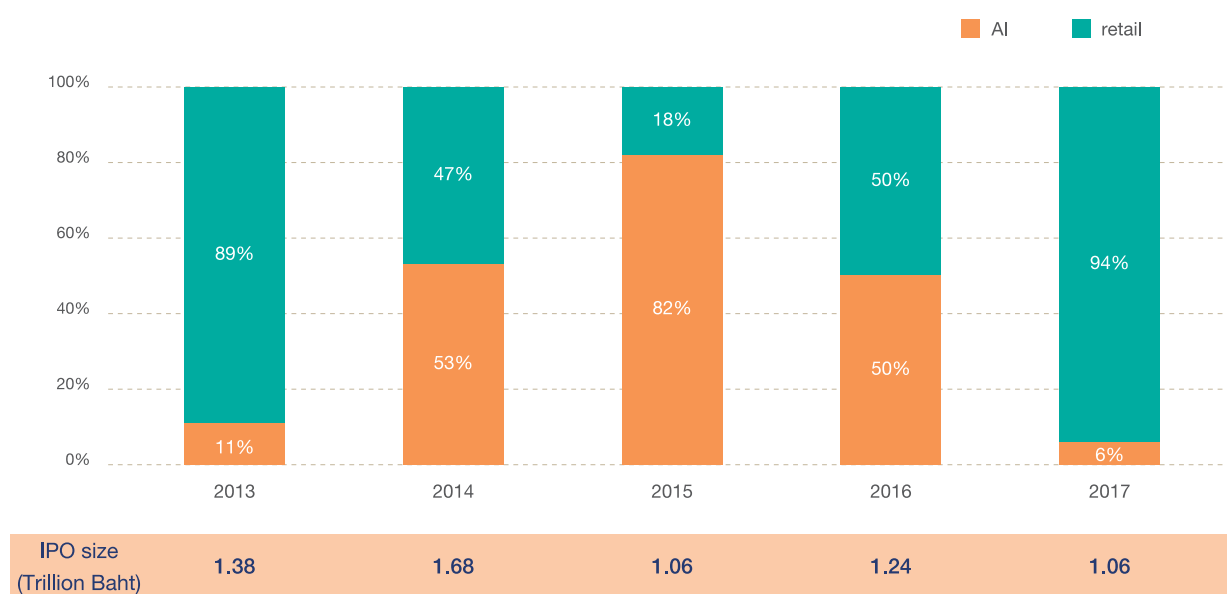
funds emphasizing on securities of companies which have good corporate governance; and equity funds adopting machine learning techniques in asset selection for their investment portfolio. Mixed funds have introduced multi-asset allocation funds to increase flexibilities in fund management, mixing among equity, debt and other alternative assets. These newly launched funds have a combined IPO size of 3% of the total IPO of the fund industry.

Figure 5: Offering Proportion based on Types of Funds



³ Most term funds have maturity periods of 6-12 months. New replacing funds were launched continuously.

Figure 6: Proportion of Term Fund Offering to AI and Retail Investors



The fund structure⁴ in 2017 consisted of over 58% fixed income funds which included money market fund (MMF) of 5%, Daily FI 36%, term fund 13% and other fixed income funds 4%. Most of these funds focused on investment in foreign fixed income fund units. Equity funds accounted for 21% of the industry, mixed fund 8% and alternative asset funds 13%⁵, respectively (figure 7).

On the front of capital flows, Daily FI funds received the largest net inflow of 210 billion baht, followed by global bond funds 65 billion baht, and mixed funds 46 billion baht. Most of the capital inflow in mixed funds was channeled to multi-asset allocation funds focusing in foreign investment. Term funds however experienced a net outflow of 240 billion baht (figure 8). The capital inflow to funds reflected

investors' search for higher yields, given low level of interest rate of bank deposits. The Daily FI funds, global bond funds, and mixed funds concentrating in multi-asset allocation units were the net inflow recipients, due to higher annual return at the rates at 1.62%, 5.23% and 8.85% respectively, compared with the average annual interest rates of bank term deposit⁶ at 1.37%.

⁴ The structure is exclusive of specialized funds.

⁵ Inclusive of property fund, infrastructure fund, REITs, gold and oil fund and funds focusing on such assets.

⁶ Averaged interest rate of fixed 1 year deposit of the 5 big-scale commercial banks including Bangkok Bank, Siam Commercial Bank, Kasikorn Bank, Krungthai Bank, and Krungsri Ayudhaya Bank.

Figure 7: Proportion of Mutual Funds based on Types of Funds

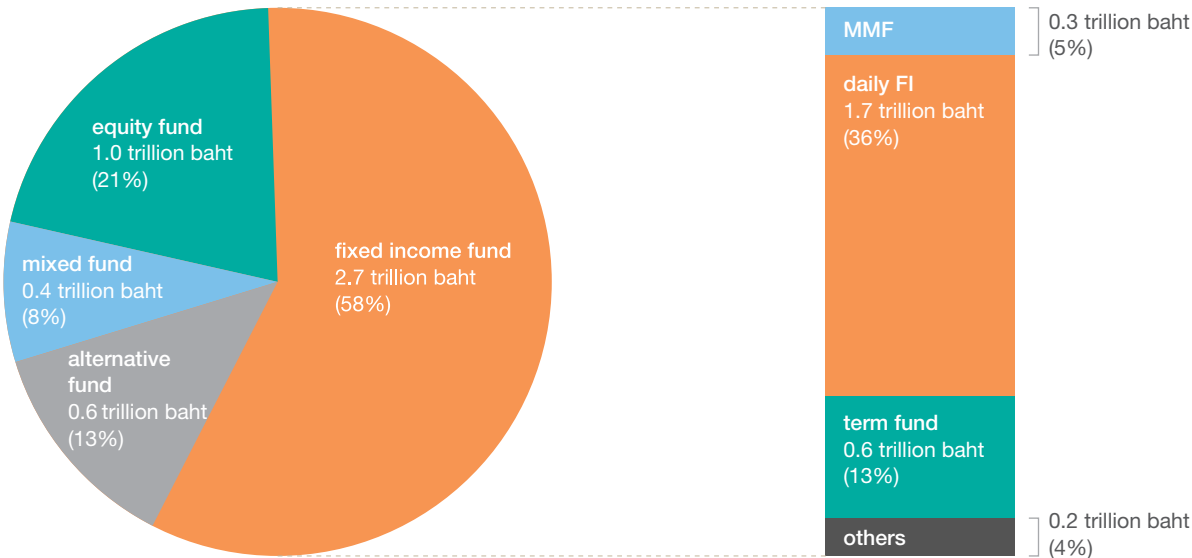
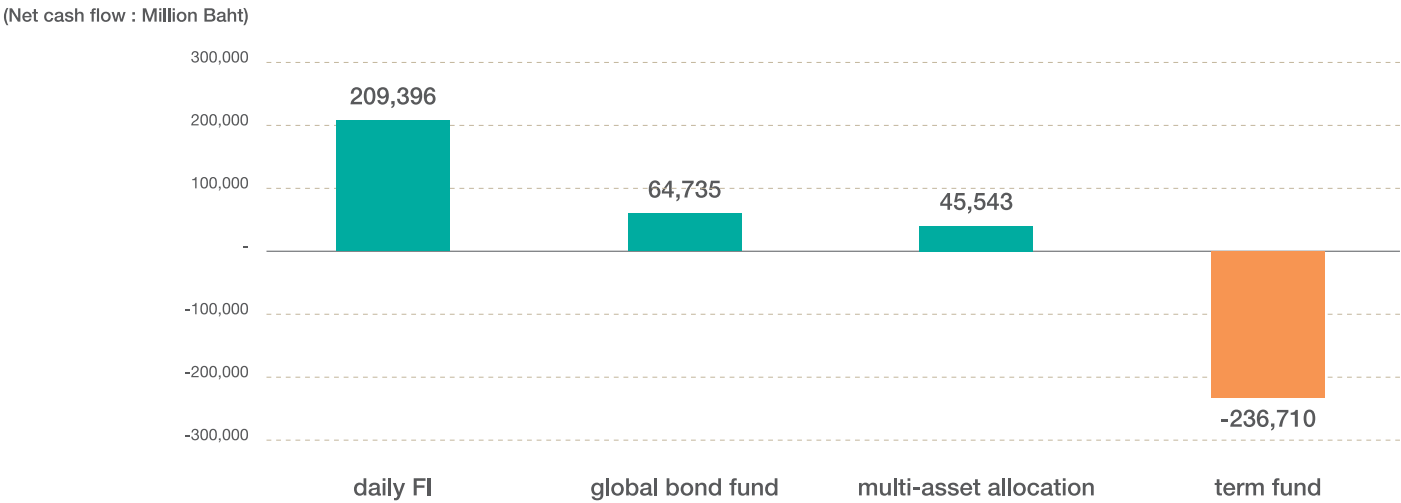


Figure 8: Net Cash Flow of Funds

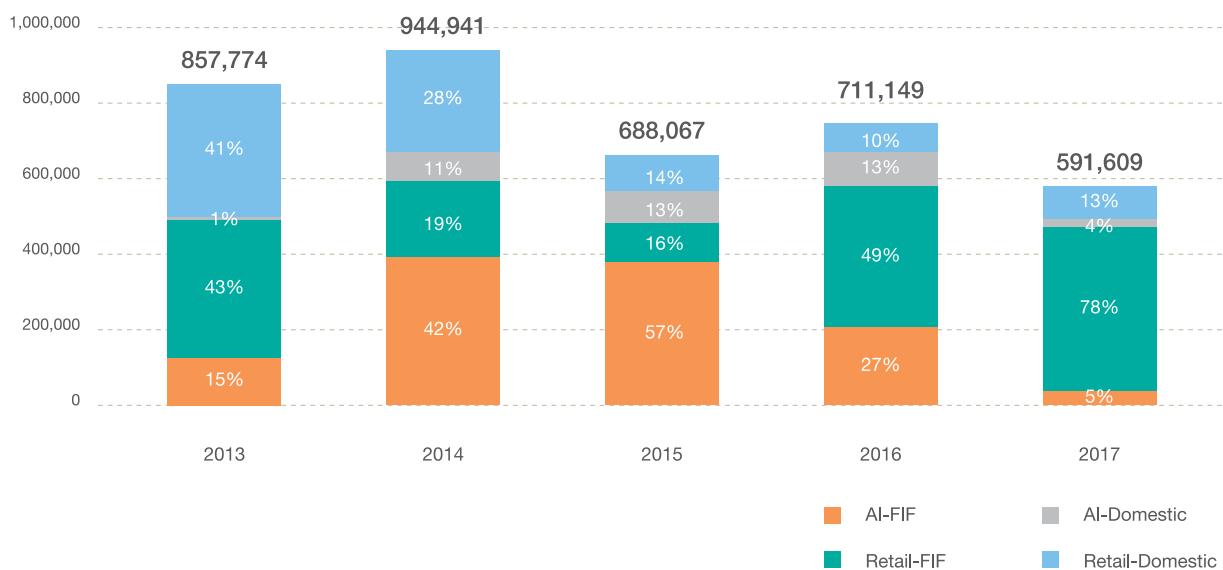


Although the cases of B/E defaults at the outset of 2017 did not evidently affect the growth of the fund market, term fund structure has changed significantly as a result. The net asset value of term funds fell 23% from 777 billion baht in 2016 to 590 billion baht at the end of 2017, especially the AI term funds which invested in the mentioned defaulted B/E has decrease from 40% in 2016 to 9% in 2017. In respond to this, the fund companies launched Foreign

Investment term funds (retail-FIF term fund), emphasizing investment in securities overseas and catering to retail investors. This type of term fund increased from a proportion of 49% at the end of 2016 to 78% at the end of 2017 (figure 9).

Figure 9: Proportion of Term Funds based on Types of Investors and Types of Foreign Funds

(NAV : Million Baht)



In 2017, term funds invested in foreign assets at a total of 500 billion baht. The investment concentrated mostly in China. The investment in China rose from 35% at the end of 2016 to 63% at the year-end of 2017. The other investment destinations ranking from the top were the United Arab Emirates at 16%, Qatar 13%, Malaysia 3% and Hong Kong 2%. (figure 10). Most investments were in deposits of large-scale and financially healthy commercial banks in those countries. All investments were fully hedged against exchange rate risks.

Investments in non-investment grade and unrated debt securities declined from 70 billion baht or 9% of the total investment at the end of 2016 to 10 billion baht or 2% of the total investment at the end of 2017 (figure 11).

Figure 10: Proportion of Foreign Investment of Term Funds based on Countries

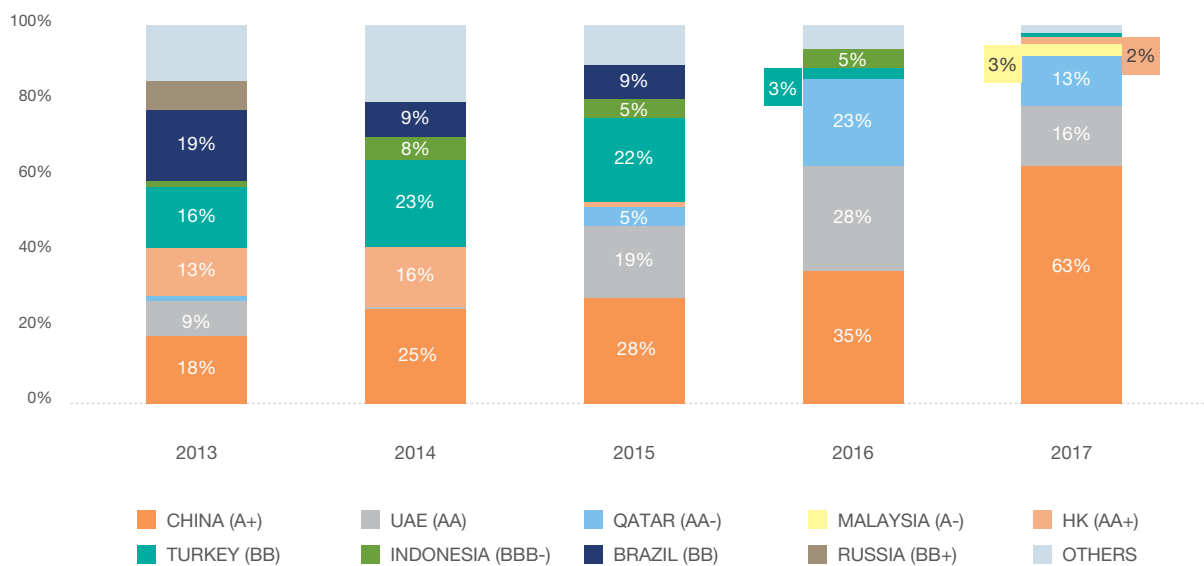
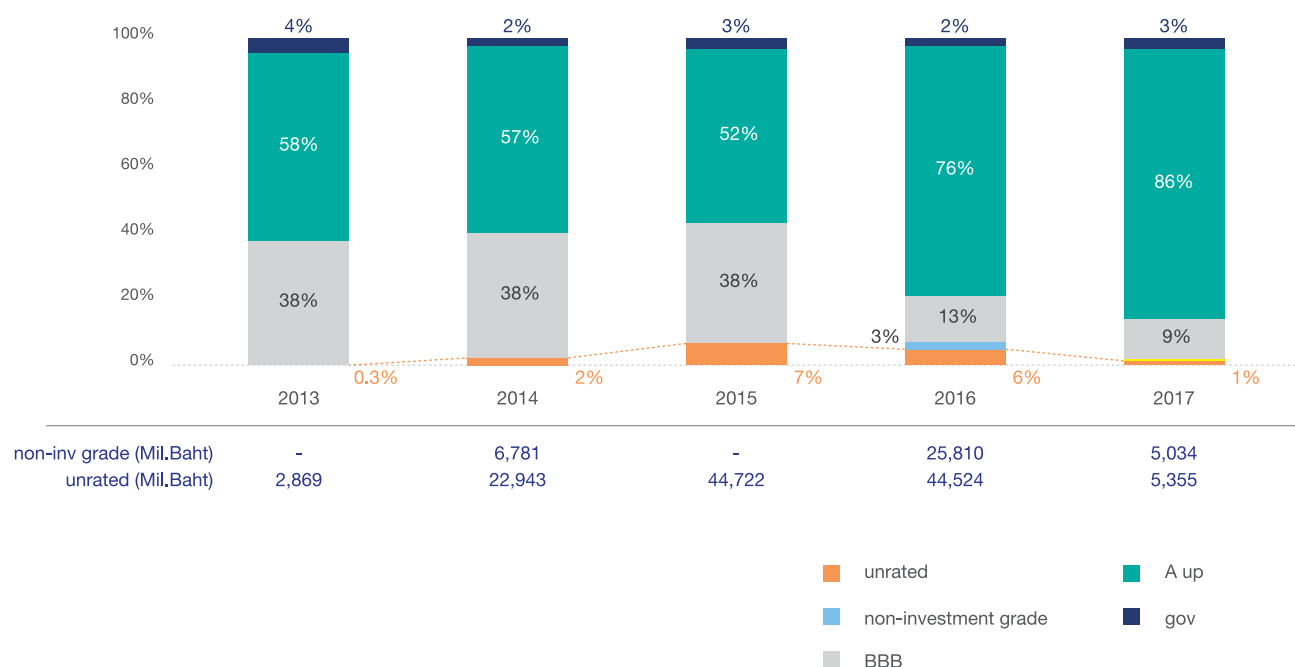


Figure 11: Proportion of Investment of Term Funds based on Credit Rating



Policy adjustments have been undertaken to contain impacts of B/E default incidents in 2017. The SEC has redefined criteria regarding single entity limit of the fund investment, to enable investors to reduce risks in their overall investment, and to enhance the quality of fund management to be in line with the international standards. In addition, the new rules required that disclosure of risks should be made with more clarity so that the investors properly understand the features of funds and associated risks before making decisions.

Statistical Highlights*

Equity offerings

Unit: Million Baht

Type of Offerings	2015	2016	2017p
Initial public offerings	38,771	32,488	92,060
Secondary public offerings** (SPO)	113,462	191,366	151,507
Total	152,233	223,854	243,567

Real Estate Investment Trusts (REITs)

Unit: Million Baht

Type of Offerings	2015	2016	2017p
Initial public offerings	9,711	20,169	11,831
Public offerings	5,752	3,163	4,994
Total	15,463	23,332	16,825

Debt securities offerings

Unit: Million Baht

Type of Offerings	2015	2016	2017p
Domestic offerings	2,746,751	3,093,499	3,514,668
By Thai juristic persons	2,713,634	3,065,412	3,489,814
Short-term debt securities	2,147,923	2,275,865	2,688,642
Public offerings	37,690	37,648	24,502
Institutions / High net worth investors	1,389,366	1,547,071	1,377,775
Private placements	720,866	691,146	1,286,366
Long-term debt securities	565,711	789,547	801,171
Public offerings	127,755	89,035	129,170
Institutions / High net worth investors	357,447	590,633	570,541
Private placements	80,509	109,879	101,460

Note * Last update as of the making of this report

** Data from the Stock Exchange of Thailand (excluding stock dividend)

p = preliminary data

Debt securities offerings (Continued)

Unit: Million Baht

Type of Offerings	2015	2016	2017p
By foreign juristic persons	33,117	28,087	24,855
Short-term debt securities	1,577	15	-
Public offerings	-	-	-
Institutions / High net worth investors	716	-	-
Private placements	861	15	-
Long-term debt securities	31,540	28,072	24,855
Public offerings	-	-	-
Institutions / High net worth investors	31,540	28,072	24,855
Private placements	-	-	-
Overseas offerings	52,293	63,217	149,449
Total	2,799,044	3,156,716	3,664,117

Government debt securities offerings classified by types of securities

Unit: Million Baht

Types of Securities	2015	2016	2017p
Domestic offerings	7,150,070	8,725,466	7,654,021
Government bonds	615,918	577,459	709,698
Treasury bills	976,402	305,000	572,925
Promissory notes	91,444	173,479	372,969
State enterprise bonds*	149,001	140,856	105,464
BOT bonds and FIDF bonds**	5,317,305	7,528,672	5,892,965
Specialized organization bonds***	-	4,400	1,000
Overseas offerings****	57,665	54,243	165,415
Total	7,207,735	8,799,709	7,819,436

Source: Bank of Thailand

Note: * Excluding debentures issued by state enterprises that are limited companies.

** Par value of BOT bonds and Financial Institutions Development Fund bonds (FIDF bonds) with principal and interest guaranteed by Ministry of Finance.

*** Initially comprising PLMO, AMC, SMC and EFA.

**** Including Bond, Debenture, Floating Rate Note, Floating Rate Certificate of Deposit and Negotiable Certificate of Deposit.

p = preliminary data

Asset management businesses (Continued)

Types of Funds	2015		2016		2017	
	No. of Funds	NAV (Million Baht)	No. of Funds	NAV (Million Baht)	No. of Funds	NAV (Million Baht)
Mutual funds	1,329	3,469,168	1,396	4,036,681	1,345	4,538,824
Property funds	78	368,718	76	372,330	57	182,350
Real Estate Investment Trusts	8	43,600	12	69,368	15	93,576
Infrastructure funds	5	221,532	6	236,666	7	247,194
Private funds	3,546	601,858	3,829	767,440	5,195	853,949
Provident funds	412	883,493	401	973,273	394	1,082,619

Issuance and offering of derivative warrants (DW)

Unit: Issue

	2015	2016	2017
Total	1,598	1,929	2,165

Note: New issue only

Provident fund status

	2016	2017	Change (%)
NAV (million baht)	973,273	1,082,619	11%
No. of funds	401	394	-2%
No. of employers	16,439	17,561	7%
No. of employees	2,899,897	2,965,270	2%

Investment of provident funds

Investment Types	2016		2017		Change (%)	
	Value (Million Baht)	%NAV	Value (Million Baht)	%NAV	Value (Million Baht)	%NAV
Cash and bank deposits	172,576	17.73	159,055	14.69	-13,521	-7.83
Government bonds, treasury bills and debt instruments guaranteed by the Ministry of Finance	235,660	24.21	269,789	24.92	34,129	14.48
Bills of exchange and promissory notes	10,706	1.10	12,774	1.18	2,068	19.32
Debentures	298,032	30.62	307,464	28.40	9,432	3.16
Common share, preferred shares and warrants	160,039	16.44	200,186	18.49	40,147	23.75
Investment units	95,671	9.83	130,568	12.06	34,897	36.47
Others	6,716	0.69	10,834	0.98	4,118	61.32
Liabilities	(6,127)	(0.63)	(8,052)	(0.74)	1,925	23.91
Net Asset Value	973,273	100.00	1,082,619	100	109,346	11.23

Provident funds with employee's choice policy

	2016	2017	Change (%)
No. of participating employers	7,097	8,207	15.64

Tender offers for business takeover

Tender Offers	2015	2016	2017
For business takeovers			
Tender offer value (million baht)	49,847	140,310	49,614
Acquired share value (million baht)	42,507	89,293	7,144
No. of cases	8	16	13
For delisting			
Tender offer value (million baht)	4,153	3,731	26,270
Acquired share value (million baht)	3,401	2,872	6,878
No. of cases	1	3	4
Total			
Tender offer value (million baht)	54,000	144,041	75,884
Acquired share value (million baht)	45,908	92,165	14,022
No. of cases	9	19	17

Tender offers waivers

Unit: Case

Types of Waivers	2015	2016	2017
Granted waivers	15	19	18
(1) No changes of control	10	16	6
(2) Rehabilitation	2	-	-
(3) Granted approval from shareholders' meetings (whitewash resolution)	2	2	5
(4) Partial tender offer	1	1	2
(5) Necessary and appropriate	-	-	5
Waivers of procedures or methods for making tender offers	1	3	1

Actions against related party transactions and acquisition and disposal of assets

Actions	2015		2016		2017	
	No. of Companies	Value (Million Baht)	No. of Companies	Value (Million Baht)	No. of Companies	Value (Million Baht)
Related party transaction and acquisition and disposal of assets proposed for approval at shareholders' meetings	45	164,690	54	523,956	60	495,919
Ordered rectifications	19	94,533	31	92,259	24	247,631
Released investor alerts	6	33,940	6	24,655	4	2,182
Ordered rectifications, transactions postponed or cancelled	2	23,940	4	7,134	2	414

Rectification orders categorized by issues

Unit: Company

Relevant Accounting Standards	2015	2016	2017
Auditor expressed a qualified opinion due to audit limitation imposed by the management, or the financial statements were inconsistent with financial reporting standards	2	1	-
Auditor did not express an opinion due to audit limitation imposed by the management	2	2	-
Property, plant and equipment (transfer of the revaluation surplus not complying with the applicable accounting standards)	1	-	-
Liabilities from issuing bill of exchange	-	-	1
Loan and interest income from business operation	-	-	1

Action on financial statements of listed companies

Unit: Issue

Action	2015	2016	2017
Special audit	-	-	3

Action on approved persons

Types of Approved Person	Misconduct	Sanction Warning
Auditor	Breach of duty	2

Approval of securities licenses, derivatives licenses and trustee license in 2017

Unit: Company

Types of Licenses	No. of Approval
1. A - All types of securities business	1
2. B - Brokerage, dealing and underwriting of debt securities+ investment advisory service + securities borrowing and lending	1
3. D - Brokerage, dealing and underwriting of investment units	2
4. Sor-1 – All categories of derivatives business	1
5. Derivatives dealer	1
Total	6

Activation of securities business, derivatives business and trustee business in 2017

Types of Businesses	No. of Approval
Securities underwriting of debt securities	1
Private fund management	1
Securities borrowing and lending business (principal and agent)	1
Mutual fund management	1
Securities underwriting	1
Investment advisor	1
Securities brokerage of investment unit	1
Securities brokerage	1
Securities brokerage of debt securities	1
Derivatives dealer	1

Note: Excluding companies that request cancellation of old licenses and apply for a new one while operating business continuously.

Securities, derivatives and trustee business operators

Types of Businesses	2015	2016	2017
Securities businesses			
- Securities brokers	38	38	39
- Securities dealers	35	35	35
- Securities underwriters	38	39	40
- Investment advisors	40	41	41
- Securities borrowing and lending	30	31	32
- Inter-dealer brokers	4	4	4
- Securities financing	1	1	1
- Full branches	536	513	503
- Cyber branches	13	14	7
Asset management businesses			
- Mutual fund management	24	24	25
- Private fund management	33	37	39
- Private fund management (provident fund)	17	17	17
- Brokers, dealers and underwriters limited to investment units	33	40	40
- Venture capital management	2	2	2
- Full branches	8	8	9
Derivatives businesses			
- Derivatives agents	41	42	42
- Derivatives fund managers	17	19	19
- Derivatives investment advisor	1	1	1
- Derivatives agent (Institutional investor)	1	1	-
- Derivatives dealers (Institutional investors)	48	48	48
- Derivatives agents (Agricultural)	1	2	-
Trustee businesses			
- REIT managers	10	14	21
- Real Estate Investment Trust trustee	6	7	7
- Sukuk trustee	1	1	1
- Trustee of private equity trust	3	3	3
- Trustee of infrastructure trust	3	3	3

Securities, derivatives and trustee business operators (Continued)

Types of Businesses	2015	2016	2017
Other businesses			
- Mutual fund supervisors	13	13	13
- Custodians	14	14	14
- NAV verifiers of provident funds	13	13	13
- Marketing representative of private fund	11	12	13
- Marketing representative of derivatives fund	1	1	1
- Fund rating agencies	4	4	4
- Credit rating agencies	2	2	2
- Securities registrars	16	16	16

Note: Excluding companies whose operation was temporarily suspended.

Number of securities companies

Types of Businesses	2015	2016	2017
Securities company	42	41	43
Asset management company	24	27	27
Investment advisory business	11	10	9
Investment unit brokerage	3	5	6
Total	80	83	85

Approval of personnel in securities and derivatives businesses

Unit: Position

Types	Approval		
	2015	2016	2017
Directors and executives	1,361	1,378	1,285
Investment analyst consultants	1,246	1,301	1,266
Investment consultants	54,973	65,779	78,089
Investment planners	3,277	2,631	2,968
Fund managers	683	711	776

Number of active personnel in securities and derivatives businesses

Unit: Position

Types	Active		
	2015	2016	2017
Directors and executives*	1,354	1,370	1,276
Investment analyst consultants	719	733	685
Investment consultants	46,143	65,701	56,142
Investment planners	3,088	2,294	2,385
Fund managers	449	472	513

Note: * Directors of securities businesses may concurrently hold the same position at other securities companies (cross directorship).

Approval of independent professionals

Types	Approval		Total of Approved Independent Professionals As of End of 2017
	New	Renewal	
Financial advisors (company)	1	14	73
Financial advisor supervisors (person)	34	17	396
Auditors (person)	26	36	62

Aggregate complaints data

Types of Complaints	2015	2016	2017
1. Unfair securities trading activities (market manipulation, false news, insider trading)	18	21	19
2. Unlicensed business	58	20	5
2.1 Unlicensed securities and derivatives businesses	45	12	4
2.2 Unlicensed investment advisory service	13	8	1
3. Investment consultants' misconduct	29	28	30
4. Other complaints	488	622	667
Total	593	691	746

Investigations classified by types of offences

Types of Offences	Number of Cases
Unfair securities trading activities	
- Dissemination of false news	2
- Market manipulation	36
- Insider trading	40
Corporate frauds or malpractices committed by executives of listed companies/issuing companies and falsification of documents or accounts	10
Unlicensed securities/derivatives businesses	3
Failure to report securities holding and tender offer/other offences	4
Total	95

Administrative sanctions and others in 2017

The SEC sanctioned 21 offenders, including twelve investment consultants/analysts, six securities company executives/asset management companies/authorized persons/branch managers, one fund manager, one valuation company and one principal valuer, with details as follows:

Types of Approved Persons	Misconducts	Sanctions		
		Public Reprimand	Suspension	Revocation
Investment consultant/ Investment Analyst	1. Dishonest acts			
	1.1 Fraud/embezzlement	-	-	4
	1.2 Using client's trading account to trade securities for himself or another person	-	-	1
	1.3 Using another person's name and forging the signature to open a trading account and trade securities for himself	-	-	1
	2. Unprofessional acts			
	2.1 Giving inappropriate information or advice by concealing important information that may be misleading or distort the facts	-	2	-
	2.2 Giving advice unsuitable for customer profiles or failing to deliver prospectus	-	2	-
	2.3 Giving incomplete information or advice in material aspects that may affect investors' benefits	-	1	-
	2.4 Accepting investors' assignment to make securities trading decisions	-	1	-
	2.5 Signing as an investment consultant in the buy/sell order form of investment units without performing duties as an investment consultant	-	4	-

Types of Approved Persons	Misconducts	Sanctions		
		Public Reprimand	Suspension	Revocation
Securities Company Executive/Asset Management Company/ Authorized Person/Branch Manager	1. Behaving in breach of duties, being dishonest or lacking responsibilities and professional due care			
	1.1 Disclosing or disseminating false information or documents	-	2	-
	1.2 Giving advice unsuitable for customer profile or failing to deliver prospectus	-	1	-
	1.3 Failing to follow client's order	-	1	-
	2. Negligent inspection on operation	-	1	-
	3. Unfair trading activities or exploitation of investor through trading of capital market product	-	-	2
Fund Manager	Unfair trading activities or exploitation of investor through trading of capital market product	-	-	1
Valuation Company	Improper performance of duty	-	1	-
Principal Valuer	Improper performance of duty	-	1	-
Total		-	17	9

Note: 1. Some offenders may commit more than one offence.

2. As some of the offenders failed to comply with several regulations, the number of offenders, therefore, is less than the number of offences.

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

Types of Offences	Criminal Complaint	Settlement ¹	
	No. of Persons	No. of Persons	Fine (Baht)
Securities business			
- Securities brokerage	-	4	1,283,350.00
- Securities borrowing and lending	-	1	340,500.00
Total	-	5	1,623,850.00
Asset management business			
- Asset management business	-	4	1,567,200.00
- Executives of asset management companies were punished due to the companies' failure to comply with the SEC regulations	-	4	800,000.00
Total	-	8	2,367,200.00
Acquisition of securities for business takeover²			
- Reporting securities increases or decreases by every five percent	-	5	2,191,750.00
- Tender offers	-	5	3,178,500.00
- Executives of juristic persons were punished due to the juristic persons failing to comply with the tender offer law	-	2	3,192,000.00
Total	-	12	8,562,250.00
Securities issuance and offering			
- Issuers failed to prepare and submit financial information and operating performance in accordance with the SEC regulations	15	33	7,167,510.00
- Executives of issuing companies were punished due to the companies' failure to prepare and submit financial information and operating performance in accordance with the SEC regulations	14	34	6,625,650.00
- Issuers failed to report incidents in accordance with the SEC Office's mandate	-	3	436,660.00
- Executives of issuing companies were punished due to the companies' failure to report incidents in accordance with the SEC Office's mandate	-	1	367,500.00
- Executives of issuing companies failed to report changes to their securities holding in accordance with the SEC regulations	-	5	1,406,450.00

Types of Offences	Criminal Complaint	Settlement ¹	
	No. of Persons	No. of Persons	Fine (Baht)
- Issuers offered debentures without approval ³	-	3	2,530,000.00
Total	29	79	18,533,770.00
Misconduct committed by issuing company executives			
- Presenting false statements or agreeing to present false statements in juristic persons' accounts	10	-	-
- Supporting the offenses of executives in corruption/ Agreeing to present false statements in juristic persons' accounts	27	-	-
- Failing to exercise duties responsibly and honestly with due care in accordance with Section 89/7 of the SEA	1	-	-
Total	38	-	-
Grand Total	67	104	31,087,070.00

Note:

1. The table shows only the information related to the 104 offenders who consented to, and fully paid for, the fines imposed by the Criminal Fining Committee pursuant to the Securities and Exchange Act B.E. 2535 (1992).
2. Regarding offences related to acquisition of securities for business takeover, some offenders committed offences related to both reporting of increases and decreases in securities by every five percent and making of tender offers.
3. The Criminal Fining Committee imposed a fine of 1,530,000 baht on a debenture public offering without approval, but the offenders in the case did not pay the fine. As a result, the SEC Office referred the case to the Economic Crime Division (ECD) of the Royal Thai Police.

Criminal complaints filed in 2016 under the Derivatives Act B.E. 2546

Types of Offences	Criminal Complaint	Administrative Fines	
	No. of Persons	No. of Persons	Fine (Baht)
Operating derivatives business			
- Operating derivatives business without approval	2	-	-
Total	2	-	-

Civil Penalty in 2017

Of the total 27 persons (10 cases) imposed 25 persons (9 cases) agreed to comply with the civil sanctions imposed by the Civil Sanction Committee and 2 persons (1 case) refuse to comply. The details are as follows:

- The offenders agreed to comply with the civil sanctions imposed by the Civil Sanction Committee

Types of Offences	No. of Cases	No. of Persons	Civil Monetary Penalty	A compensation at an equal amount to the benefit received (Baht)	Total (Baht)
Unfair securities trading activities					
- Insider trading	7	15	28,137,069.62	19,613,700.00	47,750,769.62
- Market manipulation	1	4	3,135,871.25	-	3,135,871.25
Duty performance of directors and executives	1	6	3,000,000.00	-	3,000,000.00
Total	9	25	34,272,940.87	19,613,700.00	53,886,640.87

Note: 1. The civil penalty was imposed on the offences occurred before the effective date of the Securities and Exchange Act (No.5) B.E. 2559 (2016) (12 December 2016) in accordance with the transitional provisions of Section 47 of such Act. In any case, the imposition of the civil penalty on such offences shall not exceed the penalty rates according to the governing law during the time when such offences were committed.

2. The SEC prohibited 16 persons against whom civil penalty was imposed from holding the position of director or executive in issuing companies according to the Notification of the Securities and Exchange Commission No. KorJor. 3/2560 Re: Untrustworthy Characteristics of Company Directors or Executives date 23 January 2017, and 3 persons were prohibited from holding the position of director or executive of securities company according to the Notification of the Capital Market Supervisory Board No. TorLorThor. 8/2557 Re: Rules on Personnel in the Capital Market Business.

- The offenders did not agree to comply with the civil sanctions imposed by the Civil Sanction Committee. The SEC therefore prosecuted the case in the civil court.

Types of Offences	No. of Cases	No. of Persons
Unfair securities trading activities		
- Insider trading	1	2
Total	1	2

Court judgments on 12 cases in 2017

1. One case on asset embezzlement by listed company executives

Offence	Section	Judgment
Ms. Nipaporn Khomkha aided Mr. Sompong Witthayaraksan, Chairman of S.E.C. Auto Sales and Services Public Company Limited ("SECC"), in the embezzlement of 42 million baht which SECC had received as payment for subscription of its new capital shares, for Sompong's or other persons' interest, causing damage to the company. She also colluded with him in falsifying SECC accounts to mislead shareholders or any persons by recording fictitious car sale revenues worth 30 million baht and inaccurate liabilities 30 million baht less than the actual amount. The falsified accounts involved records of related transactions and the company's financial statements from Q3/2007 to the accounting period where the SEC filed a criminal complaint on September 3, 2009.	307 308 311 312 and 315 of the Securities and Exchange Act B.E. 2535 (1992) (SEA).	On January 17, 2017, the Criminal Court dismissed the case. (It is currently under the consideration of the Appeal Court).

2. One case on listed company executive's failure to perform duties with responsibilities, honesty and due care

Offence	Section	Judgment
Mr. Nittimon Hastindra Na Ayudhya, Chairman of Nation Multimedia Group Public Company Limited ("NMG"), and Chair of NMG annual general shareholders' meeting 2015, banned some shareholders from attending and others from voting at the meeting on April 29, 2015. His action was in violation of Section 33, Section 102 and Section 105 of the Public Limited Companies Act B.E. 2535 (1992) and was deemed a failure to perform duties responsibly, carefully and honestly in violation of Section 89/7 of the SEA, to gain benefits for himself or other persons, and consequently liable to the penalties prescribed in Paragraph 1 of Section 281/2 of the SEA. (The criminal complaint was filed on December 24, 2015).	89/7 and Paragraph 1 of Section 281/2 of the SEA.	On August 1, 2017, the Bangkok South Criminal Court found Nittimon guilty in accordance with Section 4, Section 89/7 and Paragraph 1 of Section 281/2 of the SEA in conjunction with Section 4, Section 33, Paragraph 1 of Section 85, Section 102, Section 104 and Section 105 of the Public Limited Companies Act B.E. 2535 (1992). Given that his action was a single offence against several laws, he became subject to the penalties under the SEA, which, in comparison with the other laws, prescribes the maximum penalty in accordance with Section 90 of the Criminal Code. Thus, Mr. Nittimon was fined 500,000 baht. (The case is under the consideration of the Appeal Court).

3. One case on unfair securities trading activities

Offence	Section	Judgment
On May 7, 2010, Mr. Hans Jorgen Ibsen Nielsen sold 3,450,000 shares of L.V. Technology Plc. ("LVT") in his daughter's trading account to the possible disadvantage of third parties based on the non-public information about the negative operating results in Q1/2010, which showed a net loss of 37.65 million baht in material contrast to the positive operating results during the past three years (2007-2009) which consistently showed quarterly profits from a revenue-generating project known to him while he was a marketing consultant for LVT. Later, the information on the negative operating results which was material to the change of LVT share price became known to him by virtue of his position as LVT President. (The criminal complaint was filed on August 19, 2013).	241 of the SEA.	On July 19, 2017, the Criminal Court found Mr. Nielson guilty in accordance with Section 241 and Section 296 of the SEA in conjunction with Section 3 of the Criminal Code, and sentenced him to a one-year imprisonment and a one-million baht fine. As a result of the defendant's confession, the penalties were reduced by half, to a six-month imprisonment and a 500,000-baht fine, in accordance with Section 78 of the Criminal Code. The jail term was suspended for two years.

4. One case on unlicensed securities business

Offence	Section	Judgment
During 2000 – July 2001, Mr. Ravi Pattiyawongse and other persons who were subject to the same criminal complaint operated securities brokerage business without license under the names, Benson Dupont and Morgan Pacific, by soliciting overseas clients to invest in securities in a manner liable to a fraudulent act against investors overseas in violation of Section 343 of the Criminal Code. (The criminal complaint was filed on July 26, 2001).	90 of the SEA.	On August 9, 2016, the Supreme Court revised the verdict of the Appeal Court by sentencing the defendant to a three-year imprisonment for operating unlicensed securities brokerage business under the name Benson Dupont. As a result of the defendant's deposition beneficial to the case, the court reduced the penalty by one third, to a two-year imprisonment earlier sentenced by the Trial Court.

5. Three cases on unlicensed derivatives businesses

Offence	Section	Judgment
5.1 Miss Keswarang Sawatdipan deceived other persons into believing in a false statement that she was a legally licensed derivatives agent, leading to her gaining a possession of the deceived investors' assets. Her actions were also liable to the offences under Section 343 of the Criminal Code. The criminal complaint was filed on June 25, 2009).	16 of Derivatives Act of B.E. 2546 (2003).	On July 24, 2017, the Bangkok South Criminal Court found Keswarang guilty in accordance with Section 16 and Section 125 of the Derivatives Act, and Paragraph 2 of Section 4 and Section 12 of the Emergency Decree on Loans of Money Amounting to Public Cheating and Fraud B.E. 2527 (1984), in conjunction with Section 83 of the Criminal Code. Her action was a single offence against several laws. She was then subject to the penalty against loan fraud, which was the maximum penalty under Section 90 of the Criminal Code. The court sentenced Keswarang to a five-year imprisonment. As a result of her confession, the penalty was reduced by half, to a two-year and six-month imprisonment. There was no cause for suspension of the imprisonment. (The case is under the consideration of the Appeal Court).

Offence	Section	Judgment
5.2 World Trading Prosperity Co., Ltd. deceived other persons into believing in a false statement that the company was a legally licensed derivatives agent, leading to the company gaining a possession of the deceived investors' assets. Such actions were also liable to the offences under Section 343 of the Criminal Code. (The criminal complaint was filed on December 18, 2009).	16 of Derivatives Act B.E. 2546 (2003).	On September 4, 2017, the Bangkok South Criminal Court found the defendant guilty in accordance with Section 3, Section 16 and Section 125 of the Derivatives Act, and Section 3, Section 4, Section 11/1 and Section 12 of the Emergency Decree on Loans of Money Amounting to Public Cheating and Fraud B.E. 2527, and Section 3 of the Amendment to the Emergency Decree on Loans of Money Amounting to Public Cheating and Fraud B.E. 2527 B.E. 2534 and Section 3 and Section 5 of the Amendment to the Emergency Decree on Loans of Money Amounting to Public Cheating and Fraud (No.2) B.E. 2545 (2002). The defendant committed multiple offences which were liable to separate penalties. The operation of unlicensed derivatives business was in violation of Section 91 of the Criminal Code and subject to a fine of 100,000 baht; the operation of unlicensed business related to foreign payment factors under the Law on Foreign Currency Exchange was subject to a fine of 500,000 baht, resulting in a total fine of 600,000 baht. As a result of the defendant's confession and deposition beneficial to the case, the penalties were reduced by half, to a total fine of 300,000 baht. (The case is under the consideration of the Appeal Court).

Offence	Section	Judgment
5.3 Mr. Chawanakorn Thiensawat, Director of Intrend Consultant (Thailand) Co., Ltd., conspired with other persons who were subject to the same criminal complaint in operating derivatives brokerage business without license. (The criminal complaint was filed on November 30, 2011).	16 of Derivatives Act B.E. 2546 (2003).	On January 9, 2017, the Bangkok South Criminal Court sentenced the defendant to a three-month imprisonment and a fine of 10,000 baht. The jail term was suspended for one year.

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

Offence	Section	Judgment
6.1 The financial statements for 2015, annual registration statement for 2015 (Form 56-1), annual report for 2015 (Form 56-2) and financial statements for Q1 and Q2/2016. An executive responsible for the company's operation was also liable to the penalty. (The criminal complaint was filed on October 13, 2016.)	- the company violated Section 56 and 199 in conjunction with Section 56 of the SEA. - the executive violated Section 300 of the SEA.	On February 28, 2017, the Criminal Court ordered both defendants to pay a fine of 848,500 baht each and a further fine of 500 baht for everyday during which the contravention continued.
6.2 The financial statements 2015, annual registration statement for 2015 (Form 56-1), annual report for 2015 (Form 56-2) and financial statements for Q1 and Q2/2016. An executive responsible for the company's operation was also liable to the penalty. (The criminal complaint was filed on October 14, 2016.)		On February 28, 2017, the Criminal Court ordered both defendants to pay a fine of 840,000 baht each and a further fine of 500 baht for everyday during which the contravention continued.

Offence	Section	Judgment
6.3 The financial statements for 2015, annual report for 2015 (Form 56-2), annual registration statement for 2015 (Form 56-1) and financial statements for Q1 and Q2/2016. (The criminal complaint was filed on November 14, 2016.)	- the company violated Section 56 and 199 in conjunction with Section 56 of the SEA. - the executive violated Section 300 of the SEA.	On February 24, 2017, the Criminal Court ordered defendant to pay a fine of 516,250 baht and a further fine of 500 baht for everyday during which the contravention continued.
6.4 The financial statements for Q3/2016. An executive responsible for the company's operation was also liable to the penalty. (The criminal complaint was filed on February 27, 2017.)		On October 19, 2017, the Criminal Court ordered both defendants to pay a fine of 209,500 baht each and a further fine of 500 baht for everyday during which the contravention continued.
6.5 The financial statements for Q1 Q2 and Q3/2015. An executive responsible for the company's operation was also liable to the penalty. (The criminal complaint was filed on March 16, 2017.)		On May 15, 2017, the Criminal Court ordered both defendants to pay a fine of 298,750 baht each and a further fine of 250 baht for everyday during which the contravention continued.

Statistical highlights of the Stock Exchange of Thailand (SET)

	2015	2016	2017
SET Index ^{1/}	1,288.02	1,542.94	1,753.71
Total trading value (million baht)	9,997,371	12,259,772	11,652,311
Average daily trading value (million baht)	41,141	50,245	47,755
Turnover ratio (%) ^{2/}	76.49	89.61	71.34
Market capitalization ^{1/} (million baht)	12,282,754	15,079,272	17,587,433
No. of listed companies ^{1/}	517	522	538
No. of listed securities ^{1/}	1,665	1,838	2,052
P/E ratio (times) ^{1/}	22.57	18.55	19.06
P/BV ratio (times) ^{1/}	1.74	1.96	2.13
Dividend yield (%) ^{1/}	3.36	3.04	2.70

Source: The Stock Exchange of Thailand

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

$$^{2/} \text{ Turnover ratio} = \left[\frac{\text{trading value}}{\text{average market capitalization}} \right] \times 100$$

Trading values of the SET

Unit: Million Baht

	2015	2016	2017
Net buying value ^{1/}			
Local institutional investors	79,054	-8,657	103,632
Proprietary trading	-6,417	25,372	16,747
Local non-institutional investors	81,708	-94,642	-94,624
Foreign investors	-154,345	77,927.17	-25,755
Buying and selling value ^{2/}	19,994,742	24,519,546	23,304,623
Local institutional investors	2,010,083	2,556,522	2,664,909
Proprietary trading	1,977,564	2,693,339	2,553,132
Local non-institutional investors	11,263,801	12,749,862	10,730,456
Foreign investors	4,743,294	6,519,823	7,356,126
Percentage of buying and selling value (%) ^{3/}	100.00	100.00	100.00
Local institutional investors	10.1	10.4	11.4
Proprietary trading	9.9	11	11
Local non-institutional investors	56.3	52	46
Foreign investors	23.7	26.6	31.6

Source: The Stock Exchange of Thailand

Notes: ^{1/} Net buying value = buying value - selling value^{2/} Buying and selling value = buying value + selling value
^{3/} Percentage of buying and selling value =
$$\left[\frac{\text{buying value} + \text{selling value}}{\text{total market buying and selling value}} \right] \times 100$$

Statistical highlights of the Market for Alternative Investment (mai)

	2015	2016	2017
mai Index ^{1/}	522.62	616.27	540.37
Total trading value (million baht)	768,097	556,487	575,437
Average daily trading value (million baht)	3,161	2,281	2,358
Turnover ratio (%) ^{2/}	217.42	148.63	150.60
Market capitalization (million baht) ^{1/}	323,478	425,364	338,836
No. of listed companies ^{1/}	122	134	150
No. of listed securities ^{1/}	167	178	203
P/E ratio (times) ^{1/}	52.94	63.27	106.13
P/BV ratio (times) ^{1/}	3.29	3.86	2.83
Dividend yield (%) ^{1/}	1.00	1.24	1.42

Source: The Stock Exchange of Thailand

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

$$^{2/} \text{Turnover ratio} = \left[\frac{\text{trading value}}{\text{average market capitalization}} \right] \times 100$$

Trading values of the mai

Unit: Million Baht

	2015	2016	2017
Net buying value ^{1/}			
Local institutional investors	3,078	8,789	1,033
Proprietary trading	20	4	-125
Local non-institutional investors	-1,813	-9,412	-561
Foreign investors	-1,285	619	-348
Buying and selling value ^{2/}	1,536,195	1,112,974	1,150,873
Local institutional investors	11,377	31,730	27,317
Proprietary trading	3,976	2,034	3,158
Local non-institutional investors	1,484,879	1,043,536	1,083,047
Foreign investors	35,963	35,674	37,352
Percentage of buying and selling value (%) ^{3/}	100.00	100.00	100.00
Local institutional investors	0.7	2.8	2.4
Proprietary trading	0.3	0.2	0.3
Local non-institutional investors	96.7	93.8	94.1
Foreign investors	2.3	3.2	3.2

Source: The Stock Exchange of Thailand

Notes: ^{1/} Net buying value = buying value - selling value^{2/} Buying and selling value = buying value + selling value
^{3/} Percentage of buying and selling value =
$$\left[\frac{\text{buying value} + \text{selling value}}{\text{total market buying and selling value}} \right] \times 100$$

Statistical highlights of the Thai bond market

	2015	2016	2017p
Government Bond Total Return Index ^{1/}	257.42	261.55	275.79
Average Government Bond Yield (%) ^{1/}	2.88	3.01	2.78
Investment Grade Corp. Bond Total Return Index ^{1/}	214.37	219.74	228.16
Average Investment Grade Corp. Bond Yield (%) ^{1/}	2.86	2.85	2.48
Total trading value (million baht) ^{2/}	19,648,713	22,409,446	22,046,708
Government debt securities	18,826,665	21,330,597	20,783,094
Corporate debt securities ^{2/}	802,564	1,056,864	1,241,593
Foreign bonds	19,484	21,984	22,020
Average daily trading value (million baht) ^{3/}	80,859	91,842	90,335
Turnover ratio (%) ^{3/}	204	214	198
Government debt securities	250	267	249
Corporate debt securities	33	38	42
Foreign bonds	22	28	23
Outstanding value of registered securities (million baht) ^{1/}	10,022,947	10,874,338	11,403,304
Government debt securities	7,518,399	7,982,108	8,344,519
Corporate debt securities	2,416,074	2,812,386	2,964,608
Foreign bonds	88,474	79,845	94,177
No. of registered securities ^{1/}	3,029	3,297	2,824
Government debt securities	582	548	516
Corporate debt securities	2,409	2,716	2,269
Foreign bonds	38	33	39

Statistical highlights of the Thai bond market (Continued)

	2015	2016	2017p
Percentage of trading value (%)	100.00	100.00	100.00
Inter-dealers	26.07	20.68	22.26
Dealers-to-clients	73.93	79.32	77.74
Non-dealer license financial institutions	2.64	2.35	1.8
Mutual funds	47.81	47.71	47.34
Insurance companies	2.78	2.84	2.74
Domestic companies	4.74	6.32	5.63
Foreign companies	7.28	10.86	10.67
Retail investors	0.34	0.14	0.16
Others	8.35	9.10	9.4

Source: The Thai Bond Market Association

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

^{2/} Only outright trading value

$$\text{Turnover Ratio} = \left[\frac{\text{trading value}}{\text{average outstanding}} \right] \times 100$$

p = preliminary data

Statistical highlights of the Thailand Futures Exchange (TFEX)

	Unit: Contract		
	2015	2016	2017
SET50 Index Futures			
Open interest *	288,560	283,692	318,464
Average daily trading volume	110,142	131,939	107,873
SET50 Index Options			
Open interest *	5,624	13,582	35,939
Average daily trading volume	1,264	1,757	4,433
Single Stock Futures			
Open interest *	615,012	1,589,464	2,393,257
Average daily trading volume	81,103	138,634	194,593
Metal Futures			
Open interest *	18,328	24,958	50,637
Average daily trading volume	6,015	11,901	15,130
Interest Rate Futures			
Open interest *	-	-	-
Average daily trading volume	-	-	-
Brent Crude Oil Futures			
Open interest *	384	-	-
Average daily trading volume	107	119	-
USD Futures			
Open interest *	13,584	8,180	13,150
Average daily trading volume	1,118	835	1,422
Sector Index Futures			
Open interest *	-	-	-
Average daily trading volume	-	-	-

Source: Thailand Futures Exchange Plc.

Note: * At the end of period.

Trading volumes of TFEX

	Unit: Contract		
	2015	2016	2017
Trading volume (long and short) ^{1/}	97,077,798	139,152,328	157,981,148
Local institutional investors	33,797,596	51,217,625	60,216,694
Local non-institutional investors	52,045,981	73,439,335	80,915,235
Foreign investors	11,234,221	14,495,368	16,849,219
Percentage of trading volume (%) ^{2/}	100.00	100.00	100.00
Local institutional investors	34.82	36.81	38.12
Local non-institutional investors	53.61	52.78	51.22
Foreign investors	11.57	10.41	10.67

Source: Thailand Futures Exchange Plc.

Notes: ^{1/} Trading volume = long volume + short volume

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

Sub-Committees

1. 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) Ms. Saranya Chindavanig | Chairman |
| (2) Representative from the Stock Exchange of Thailand | Member |
| (3) Representative from the Thai Company Secretary Club,
the Thai Listed Companies Association | Member |
| (4) Representative from the Investment Banking Club,
the Association of Thai Securities Companies | Member |
| (5) Representative from the Association of Investment
Management Companies | Member |
| (6) Representative from the Thai Investors Association | Member |
| (7) Representative from the Thai Institute of Directors Association | Member |
| (8) Ms. Kobbtoon Srichai | Member |
| (9) Mr. Chatwut Tanchanpongs | Member |
| (10) Mr. Susheel Narula | Member |
| (11) SEC director of the department
in charge of the 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 | Member and Secretary |

Appointed on February 26, 2016 to serve a term from February 26, 2016 to February 25, 2018.

2. Sub-committee on Consideration of Regulations on Issuance and Offering of Debt Securities, Derivatives and Structured Products

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

Comprises:

- | | |
|---|----------------------|
| (1) Ms. Pomanong Budsaratragoon | Chairman |
| (2) Representative from the Thai Listed Companies Association | Member |
| (3) Representative from the Investment Banking Club,
the Association of Thai Securities Companies | Member |
| (4) Representative from the Thai Bond Market Association | Member |
| (5) Representative from the Stock Exchange of Thailand
(in case of derivatives or structured products only) | Member |
| (6) Mr. Ekachai Chongvisal | Member |
| (7) Ms. Yingyong Nilasena | Member |
| (8) Mr. Arsa Indaravijaya | Member |
| (9) Mr. Bhudinan Sethanandha
(in case of derivatives or structured products only) | Member |
| (10) Mr. Konthee Prasertwongse
(in case of sukuk only) | Member |
| (11) Mr. Sakares Khamwalee
(in case of sukuk only) | Member |
| (12) SEC director of the department
in charge of the supervision of
debt securities, sukuk, derivatives or
derivatives-embedded instruments and
structured products | Member and Secretary |

Appointed on February 26, 2016 to serve a term from February 26, 2016 to February 25, 2018.

3. 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) Mr. Ekachai Chongvisal | Chairman |
| (2) Representative from the Stock Exchange of Thailand | Member |
| (3) Representative from the Investment Banking Club,
the Association of Thai Securities Companies | Member |
| (4) Representative from the Association of Investment
Management Companies | Member |
| (5) Representative from the Thai Investors Association | Member |
| (6) Representative from the Custodian Club
selected from mutual fund supervisors | Member |
| (7) Representative from the State Enterprise Policy Office
(in case of infrastructure funds only) | Member |
| (8) Representative from the Thai Real Estate Association
(in case of property funds or real estate investment trusts) | Member |
| (9) Ms. Suchada Pavananunt | Member |
| (10) Mr. Pairat Monthapan | Member |
| (11) SEC director of the department
in charge of the supervision of property funds,
infrastructure funds, real estate investment trusts
including financial instruments to invest in
property funds, infrastructure funds
and real estate investment trusts | Member and Secretary |

Appointed on February 26, 2016 to serve a term from February 26, 2016 to February 25, 2018.

4. 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 and derivatives fund management;
 - (c) Development on the issuance of investment products;
 - (d) Issuance of other regulations attached and related to (a) (b) or (c);
- (2) To perform other duties as assigned by the Capital Market Supervisory Board.

Comprises:

- | | |
|---|----------------------|
| (1) Mr. Ekachai Chongvisal | Chairman |
| (2) Representative from the Government Pension Fund | Member |
| (3) Representative from the Association of Investment Management Companies | Member |
| (4) Representative from the Custodian Club selected from mutual fund supervisors | Member |
| (5) Representative from CFA Society of Thailand | Member |
| (6) Ms. Pomanong Budsaratragoon | Member |
| (7) Ms. Chotika Sawananon | Member |
| (8) SEC director of the department in charge of the establishment of mutual funds and the supervision of mutual fund management and private fund management | Member and Secretary |

Appointed on February 26, 2016 to serve a term from February 26, 2016 to February 25, 2018

5. Sub-committee on Consideration of Regulations on Supervision of Business and Market Intermediaries

- (1) To consider and give advice on issuance of regulations and other matters related to supervision of securities and derivatives business operators, securities exchange, bond exchange, over-the-counter centers, derivatives exchange, clearing house, securities depository and related business operators as well as securities-related agencies, derivatives businesses and promotion of SME businesses including other regulations attached and related to such case;
- (2) To perform other duties as assigned by the Capital Market Supervisory Board.

Comprises:

- | | |
|---|----------------------|
| (1) Ms. Pornanong Budsaratragoon | Chairman |
| (2) Representative from the Stock Exchange of Thailand and affiliated companies | Member |
| (3) Representative from the Association of Thai Securities Companies | Member |
| (4) Representative from the Association of Investment Management Companies | Member |
| (5) Representative from the Thai Bond Market Association (in case of relevant matter only) | Member |
| (6) Ms. Saranya Chindavanig | Member |
| (7) Mr. Kengkla Ruckphaopunt | Member |
| (8) Ms. Chotika Sawananon | Member |
| (9) Mr. Somjin Sornpaisarn | Member |
| (10) SEC director of the department in charge of supervision of licensing and securities and derivatives business operators or SEC director of the department in charge of supervision of securities exchange, derivatives exchange, clearing house, securities depository or SEC director of the department in charge of promoting SME Businesses, as the case maybe | Member and Secretary |

Appointed on February 26, 2016 to serve a term from February 26, 2016 to February 25, 2018

6. Sub-committee on Consideration of Regulations on Business Takeovers

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

Comprises:

- | | |
|--|----------------------|
| (1) Ms. Saranya Chindavanig | Chairman |
| (2) Representative from the Stock Exchange of Thailand | Member |
| (3) Representative from the Investment Banking Club,
the Association of Thai Securities Companies | Member |
| (4) Representative from the Association of Investment
Management Companies | Member |
| (5) Mr. Kengkla Ruckphaopunt | Member |
| (6) Ms. Patrapom Milindasuta | Member |
| (7) Mr. Suparek Auychai | Member |
| (8) SEC director of the department
in charge of business takeovers | Member and Secretary |

Appointed on February 26, 2016 to serve a term from February 26, 2016 to February 25, 2018.

7. Sub-committee on Consideration of Regulations on Supervision and Development of Sales Conduct

- (1) To consider and give advice on:
 - (a) Issuance of regulations on communication with clients and sales conduct;
 - (b) Issuance of regulations on supervision of sales conduct providers ;
 - (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) Ms. Suchada Pavananunt | Chairman |
| (2) Representative from the Association of Thai Securities Companies | Member |
| (3) Representative from the Association of Investment Management Companies | Member |
| (4) Representative from the Thai Investors Association | Member |
| (5) Representative from Bank of Thailand
(in case of sales of mutual funds and debt securities only) | Member |
| (6) Representative from the Thai Bankers Association
(in case of sales of mutual funds and debt securities only) | Member |
| (7) Representative from the Office of Insurance Commission
(in case of sales of mutual funds only) | Member |
| (8) Representative from the Thai Life Assurance Association
(in case of sales of mutual funds only) | Member |
| (9) Representative from Morningstar Research (Thailand) Ltd.
(in case of sales of mutual funds only) | Member |
| (10) Mr. Krisada Sektrakul | Member |
| (11) SEC director of the department
in charge of the supervision and
development of sales conduct or
SEC director of the department
in charge of sales conduct,
as the case maybe | Member and Secretary |

Appointed on February 26, 2016 to serve a term from February 26, 2016 to February 25, 2018.

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 Capital Market Supervisory 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.

Consisting of five members whom the Secretary-General selected from the Capital Market Supervisory Board-approved List to perform duties on consideration of any matter. The selection focuses on relevant knowledge, expertise and experience of members constituting a quorum. The selection criteria are as follows:

- | | |
|---|----------------------|
| (1) One person from category 1 | Chairman |
| (2) Three persons from category 2 and/or category 3 | Member |
| (3) One person from category 4 | Member and Secretary |

Comprises:**Category 1:** Chairman

- (1) Khunying Jada Wattanasiritham
- (2) Prof. Emeritus Khunying Suchada Kiranandana
- (3) Ms. Pattareeya Benjapolchai

Category 2: Financial Experts as Member

- (1) Mr. Chavalit Chindavanig
- (2) Mr. Paiboon Nalinthrangum
- (3) Mr. Varah Sucharitakul
- (4) Prof. Pomchai Chunhajinda, PhD
- (5) Assoc. Prof. Kamphol Panyagometh, PhD

Category 3: Legal Experts as Member

- (1) Ms. Kulkanist Khamsirivatchara
- (2) Mr. Charin Satchayan
- (3) Ms. Pompinant Asawawattanaporn
- (4) Ms. Manida Zimmerman

Category 4: SEC Representatives as Member and Secretary

- (1) SEC director of the department in charge of the supervision of business takeovers
- (2) SEC director of the department in charge of the development of regulations

Appointed on February 19, 2017 to serve a term from February 19, 2017 to February 18, 2019.

9. Legal Sub-committee (Consulting)

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) To examine and give opinions on the draft regulations of the SEC Board;
- (3) To comment and give recommendation on special assignments.

Comprises:

- | | |
|--|----------|
| (1) Mr. Sarawut Benjakul | Chairman |
| (2) Mr. Disatat Hotrakit | Member |
| Secretary-General, Office of the Council of State | |
| (3) Mr. Pruettipong Srimachand | Member |
| Assistant Governor, Bank of Thailand | |
| (4) Ms. Suda Wisarutphit | Member |
| Legal Expert | |
| (5) Assistant Secretary-General relevant to legislation, | Member |
| the Securities and Exchange Commission | |

The SEC shall appoint SEC director of the legal department to serve as secretary of the sub-committee.

Appointed on November 2, 2017 to serve a term from December 1, 2017 to November 30, 2019.

10. Legal Sub-committee (Litigation)

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) 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;
- (2) Seizure or attachment of assets of persons whose actions appear to be evidence of wrongdoing under the SEA and the Derivatives Act;
- (3) Requisition of criminal court order to prohibit the persons under (2) from leaving the Kingdom and ordering of temporary prohibition of such act before the criminal court issues an order.

Comprises:

- | | |
|--|----------|
| (1) Mr. Sarawut Benjakul | Chairman |
| (2) Director-General or Deputy Director-General
of Department of Special Investigation as assigned | Member |
| (3) Director-General or Deputy Director-General
of Department of Special Litigation as assigned | Member |
| (4) Pol. Gen. Sutej Dechrugsa | Member |
| (5) Mr. Chaiyos Panchabutchai
Senior Expert Public Prosecutor
Executive Director's Office of Thailand Criminal Law Institute | Member |
| (6) Mr. Pruettipong Srimachand
Assistant Governor, Bank of Thailand | Member |
| (7) Assistant Secretary-General relevant to law enforcement,
the Securities and Exchange Commission | Member |

The SEC shall appoint an officer to serve as secretary of the sub-committee and not more than two officers to serve as assistant secretary.

Appointed on November 9, 2017 to serve a term from December 1, 2017 to November 30, 2019.

11. 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. Yokporn Tantisawetrat | Chairman |
| (2) Mr. Nontaphon Nimsomboon | Member |
| (3) Mr. Satom Topothai | Member |

SEC director of the department in charge of the implementation of the appeals process shall serve as secretary of the sub-committee.

Appointed on November 14, 2016 to serve a term from November 3, 2016 to November 2, 2018.

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.

Comprises:

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

Serve a term from November 30, 2015 to November 29, 2017.



The SEC strives to enhance the benefits and well-being of people through being a trustworthy and proactive organization, collaborating with all stakeholders to build a sustainable capital market.

CONTACT INFORMATION

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