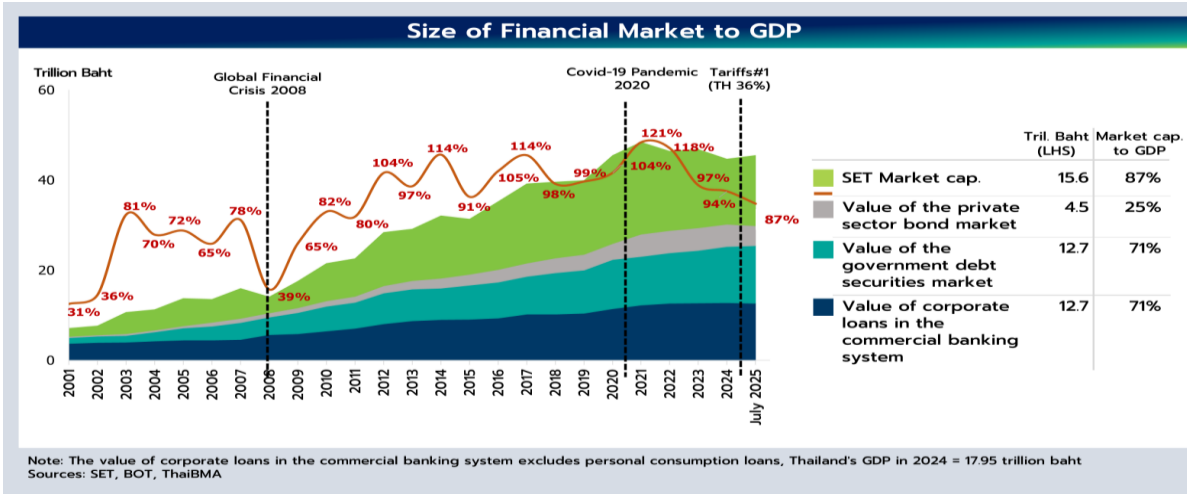


Draft Measures to Enhance the Attractiveness of the Thai Capital Market

Roles of the Thai Capital Market in the Economic System

The Thai capital market serves as an important mechanism for enhancing the country's economic growth. It is one of the key sources of capital mobilization for the business and government sectors, while also providing an option for the public to invest for long-term returns, both directly and indirectly. This can be seen from the total value of capital market (stock market and bond market) which previously doubled the GDP. Currently, the stock market capitalization to GDP alone accounts for 87%, which has grown nearly 3-fold over the past 20 years.



The Thai stock market situation in recent periods, when compared to ASEAN stock markets, still has outstanding features in many aspects. For instance, the Thai stock market has high liquidity ranking among the top. Thai stocks are also ranked among the top in global sustainability indices. Moreover, Thai listed companies have the highest dividend payout ratio. However, the average investment return over the past 10 years has been at a low level when compared to markets in the same region. Challenging factors range from the reduction of Thai stock weighting in the MSCI index, the lack of new growth stocks, the slowdown in IPO equity fundraising, while retail investors who have a high proportion of trading value compared to ASEAN show a declining trend.

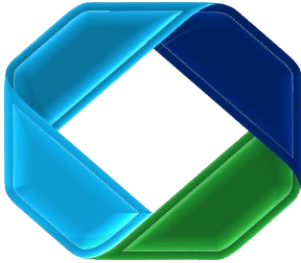
Challenges and Vulnerabilities

The combination of challenges and pressures from both internal and external factors which remain fragile and volatile, has slowed the country’s economic growth, undermined investor confidence, as well as weakened the competitiveness and growth potential of the Thai stock market amid intensifying regional and global competition. Therefore, it is urgent to launch measures to enhance its attractiveness to strengthen competitiveness; otherwise, the Thai stock market risks a diminished its role and reduced capacity to strengthen the country's economic growth.

Establishing a Taskforce

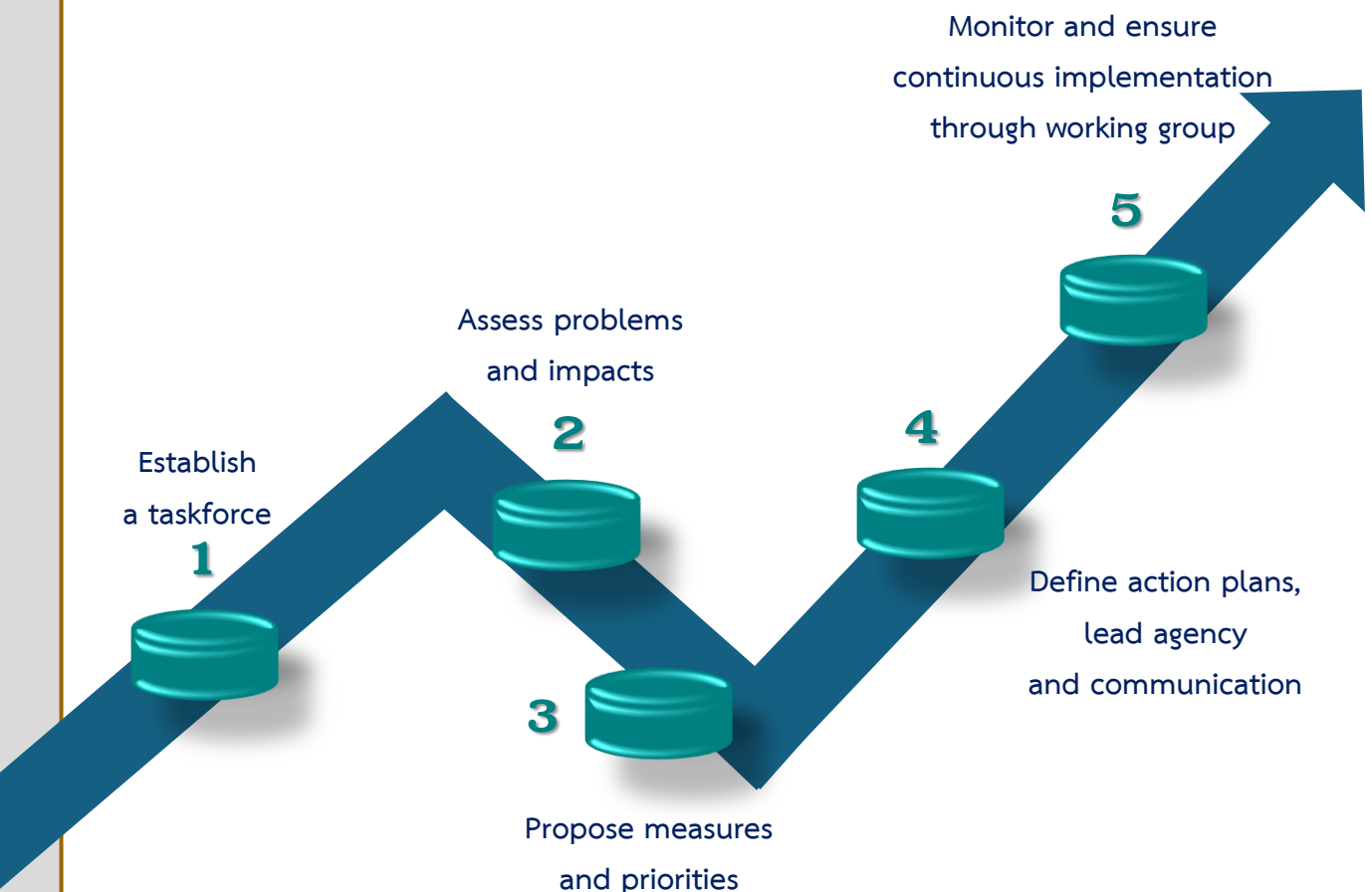
The establishment of the “**Taskforce for a Competitive and Attractive Market**” (Taskforce) initiated by the SEC aims to gather opinions, analyze problems, and find approaches to revitalize and enhance the competitiveness of the Thai stock market, while strengthening its resilience in addressing emerging challenges. The ultimate goal is to ensure that the market continues to play a vital role as an important mechanism for supporting and advancing the Thai economy.

Taskforce Composition comes from the collaboration of multiple sectors, i.e.:



-  The Fiscal Policy Office (FPO)
-  The Securities and Exchange Commission (SEC)
-  The Stock Exchange of Thailand (SET)
-  The Federation of Thai Capital Market Organizations (FETCO)

Working Process of Taskforce



Four Groups of Measures to Enhance the Attractiveness of Thai Capital Market

Based on the assessment of problems and impacts by the Taskforce, the findings have led to recommendations for a package of measures to enhance the attractiveness of Thai capital market. The package is designed to attract and build investor confidence, ensuring balance among the interests of majority and minority investors as well as foreign investors. The measures are divided into four groups as follows:

1 | Quality Demand

This includes promoting a long-term investment culture among the public through Individual Investment Accounts and increasing the role of domestic institutional investors to build more flexibility to the stock market.

2 | Attractive Supply

This involves attracting high-potential and quality businesses both domestic and international to enter the Thai capital market through various fundraising channels. It also includes streamlining the IPO process with an emphasis on “disclosure-based,” simplifying procedures and complex documents while maintaining appropriate investor protection. Furthermore, it encourages listed companies (PLCs) to prepare and publicly disclose concrete value-enhancement plans and operational outcomes, while ensuring effective communication with shareholders. Moreover, a clear roadmap for ESG disclosure in alignment with ISSB standards will be established to attract international investors who prioritize ESG commitments.

3 | Trusted Market

Measures include strengthening corporate governance of PLCs, raising the standards of gatekeepers supervision to deter inappropriate conduct, and using technology to improve access to financial information on small-and medium-sized companies, thereby enhancing investor capabilities.

4 | Supportive Ecosystem

This involves enhancing the ecosystem to facilitate the adoption of technology, improving investment access for retail investors (inclusion), and making it more convenient for foreign investors to exercise e-proxy rights.

Driving the Capital Market Forward

In the initial phase, implementing capital market measures will focus primarily on enhancing the stock market’s appeal through the Taskforce’s actions to secure proposals and support from relevant agencies. However, the SEC will continue developing other capital market areas, including the bond market, investment funds, and the transition to a digital capital market to increase efficiency and improve public investment access through tokenization. Additional taskforces will be established to support these future efforts.

The collaboration of all agencies in this initiative is aimed at ensuring that the ‘Measures to Enhance the Attractiveness of the Thai Capital Market’ are successfully implemented. These measures are expected to reinforce confidence in the Thai capital market as a reliable platform for fundraising and investment, enable it to remain competitive at the international level, and contribute to the continued development of the national economy.”

"I would like to see the Thai capital market serve as an effective mechanism for driving the country's economy and successfully respond to various challenges both now and in the future. The key is to strengthen the capital market in all aspects to build confidence in its capabilities while ensuring transparency and accountability. This will help elevate the capital market's long-term competitiveness."

Warothai Kosolpisitkul, Ph.D.
International Economic Advisor, FPO

"I believe that all stakeholders in the capital market agree that the Thai capital market must adapt to create opportunities and maintain competitiveness. Overcoming current challenges requires collaboration in identifying issues, recognizing problems, and pursuing changes that are mutually aligned and reinforcing each sector. No single agency can accomplish this alone. Therefore, the proposed measures should be drawn from shared consensus. While this plan will take time to implement, it is expected to build confidence and attractiveness that will benefit the Thai capital market in the long term."

Prof. Pornanong Budsaratagoon, Ph.D.
SEC Secretary-General

"The Stock Exchange of Thailand is committed to serving as a driving force for Thailand's economy by enhancing both the appeal and trust in the capital market. We are confident that the collective efforts from all sectors and the measures pushing forward together will strengthen the competitiveness of Thailand's capital market, making it more robust and attractive for fundraising and investment, even amid current challenges."

Asadej Kongsiri
SET President

"In a situation when we face challenges both domestically and internationally, FETCO firmly believes that public-private sector collaboration in implementing these capital market reform measures will be crucial for establishing a strong market foundation. This will enhance transparency and strengthen confidence among investors and market participants, while ensuring that the capital market continues to serve essential mechanism to support Thailand's sustainable economic development."

Kobsak Pootrakool, Ph.D.
FETCO Chairman

