

Capital Market: An Engine for Economic Growth and Prosperity

Mrs. Kesara Manhusree
President
The Stock Exchange of Thailand
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Agenda



- 1** Overview of SET
- 2** Capital Market: An Engine for Economic Growth
- 3** Sustainable Exchanges
- 4** SET & Technology



1 Overview of SET Market Indicators

	1975 (in USD)	1986 (in USD)	1996 (in USD)	2006 (in USD)	2017 (in USD)	1975 to 2017 (times)
Total MCAP	1.13 Mil	2.87 Mil	99.76 Mil	143.89 Mil	438,331.74 Mil	▲ 387,904
No. of listed cos.	18	89	454	530	729	▲ 40.5
Average Daily Value Turnover	0.13 Mil	3.87 Mil	208.14 Mil	462.45 Mil	1,440 Mil	▲ 11,077
Capital Raising	7 Mil	1,076 Mil	20,913 Mil	61,240 Mil	119,087 Mil	
Market Cap. To GDP	4%	7%	56%	65%	106%	



- Sources : SET Data as of April 25, 2017
- Data of Mkt cap. & Mkt cap to GDP started from 1980
- No. of listed companies include SET, mai, IFF, REITs and property funds

1 42 Years of SET's Achievement

Chapter 1 The Begin of SET : 1975-1985

- 1st commenced operation in 1975 with 21 listed companies
- 1st stock traded "BBL"
- During first two years, daily avg turnover was 3-4 Mil Baht/Day
- 1st into Bull Market in 1977, daily avg turnover increased to 232 Mil Baht/Day
- End of 1985, SET had 93 listed companies

Chapter 2 The Stage of Growth : 1986-1995

- Expand trading hours from 2 to 3 hours in 1990
- Introduced "ASSET" computerized trading system that had capacity of 100,000 transactions/hr in 1991
- Establishment of Thailand Securities Depository in 1995
- Introduces SET 50 Index in 1995

Chapter 3 The Overcome of Crisis : 1996-2005

- In 1999, Market for Alternative Investment (mai) was established to encourage small and medium-sized businesses to mobilize funds through capital market
- In 2000, Settrade.com Co.,Ltd. was established to provide online securities trading
- Bond Electronic Exchange (BEX) began trading on November 26, 2003
- Thailand Clearing House Co. Ltd was established on Aug 9, 2004 to act as a clearing house for derivative trading. In 2010, TCH became a clearing house for both securities and derivatives.

Chapter 4 Moving to be leading exchange: 2006-2015

- Established TFEX in 2006 by introduced 1st product "SET50 Index Futures
- Introduced "ARMS" system in 2008 and SET CONNECT in 2012 which can enlarge 10 times capacity
- Established property fund sector in 2009
- FTSE SET Index Series started in 2008

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2 Capital Market: An Engine for Economic Growth

The capital market plays an important role in the development of Thai economy

Market Cap to GDP = 106%

<u>Total Outstanding</u> <u>2016 (Bil. USD)</u>	<u>1,119</u>	<u>(100%)</u>
Market Capitalization of stock	433	(39%)
Corporate Bond Outstanding	79	(7%)
Gov't Bond Outstanding	224	(20%)
Bank lending	383	(34%)

The capital market has been the main source of fund in the period of opportunities and challenges

- Thailand's Eastern Seaboard Development in 1990-1996 : 17,854 Mil USD capital raised
- Recapitalization after the 1997 financial crisis in 1998-1999 : 20,649 Mil USD capital raised
- Domestic Growth in 2005-2010 : 15,424 Mil USD capital raised
- Thai companies' regional and global expansion in 2012-2016 : 46,521 Mil USD capital raised

2 Thai Capital Market to “Work” for Everyone

Business Plan 2017 : Cultivator with integrity toward sustainable growth

1. Fund-raising cultivator:

- To attract newly listed securities focusing on Thailand's competitive industries and clusters
- To enhance the quality and capability of listed companies by facilitating fundraising tools
- To build start-up ecosystem to strengthen the knowhow and readiness for raising capital funds



2. Investment Cultivator:

- To foster an investment culture by creating a long-term investor base in keeping with an aging society
- To educate Thai people to diversify investment into PVD fund and encourage employers to provide employee's choice schemes
- To launch FundConnex enabling investors to access mutual funds efficiently

3. Excellent Infrastructure & Capability

- To continuously develop infrastructure in line with international standards
- To standardize the clearing and settlement securities process, preparing for T+2
- To cooperate with other regional exchanges on foreign listing


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3 Sustainable Exchanges : Overview and Background

1993-2006		2007- Present	
CG Standard Development and Build CG Infrastructure		Elevate the quality of listed companies to be international and sustainability	
1993-1996	1997-2006	2007-2012	2013-Present
CG Standard Development	Build CG Infrastructure	Business and Social Development	CG & CSR Integration
1993 <ul style="list-style-type: none"> Regulated listed companies to have independent board for check & balance 	1999 <ul style="list-style-type: none"> Setup Thai Institute of Directors by SET, SEC, BOT and World Bank 	2007 <ul style="list-style-type: none"> Established Corporate Social Responsibility Institute (CSRI) 	2013 <ul style="list-style-type: none"> Introduced Environmental, Social, and corporate governance (ESG) guideline for business process
1995 <ul style="list-style-type: none"> Regulated listed companies to have audit committee for internal audit and risk management 	2001 <ul style="list-style-type: none"> Start CGR assessment 	2008 <ul style="list-style-type: none"> Develop CSR Guideline Version 1 	<ul style="list-style-type: none"> Promoted to listed companies to assess DJSI <p>Dow Jones Sustainability Indices</p>
1996 <ul style="list-style-type: none"> Build CG standard and knowledge by Professor Sangvien Indaravijaya 	2002 <ul style="list-style-type: none"> Set up CG center to support listed companies for CG Develop CG Principle Version 1 Create Shareholder activism through Thai Investors Association 	2010-2011 <ul style="list-style-type: none"> Launched CG Advisory Program & IR Advisory Program 	2014 <ul style="list-style-type: none"> SET joined UN SSE as 1st Exchange in ASEAN
	2004 <ul style="list-style-type: none"> Initiated CG awards, IR award 	2012 <ul style="list-style-type: none"> Developed <u>CSR Guideline Version 2 & 3</u> and <u>CSR Report</u> Established <u>IR Handbook</u> Promoted <u>ASEAN CG Scorecard</u> 1st time Highest in ASEAN 	2015 <ul style="list-style-type: none"> Initiated <u>Sustainability Awards</u> Highest number of listed companies in DJSI, highest in ASEAN Introduced THSI list
	2006 <ul style="list-style-type: none"> Develop CG Principle Version 2 according to OECD framework Initiated Corporate Social Responsibility Awards 		



3 ASEAN Corporate Governance Assessment Criteria

- E.1.1(Bonus) - Does the company have at least one female independent director/commissioner?
 - Total of board members 6,021 persons from 602 listed companies (as of May 2016)
 - 79.4% of listed companies pass this criteria

Number of women board in listed companies	0	1	2	3	4	5	6	7	8	Total
Number of listed companies	124	167	138	80	63	22	4	2	2	602

3 ASEAN Corporate Governance Scorecard

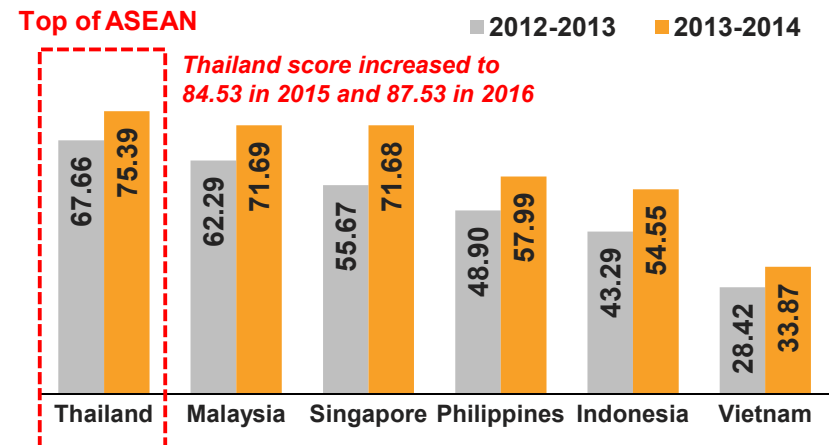
ACGA's CG Watch market scores: 2007 to 2016*

2007	2016
1.Hong Kong (67)	1. Singapore (67)
2.Singapore (65)	2. Hong Kong (65)
3.India (56)	3.Japan (63)
4.Taiwan (54)	4. Taiwan (60)
5.Japan (52)	5.Thailand (58) *
6. Korea (49)	6.Malaysia (56)
6. Malaysia (49)	7.India (55)
8.Thailand (47)	8.Korea (52)
9.China (45)	9.China (43)
10.Philippines (41)	10.Philippines(38)
11.Indonesia (37)	10.Indonesia (36)

Source: Asian Corporate Governance Association

* Remark on Thailand: ACGA sees Thailand is moving ahead with pre-existing national CG policies and plans. Enforcement is also better. However, political / regulatory falls in Thailand remain a drag, though this could be improved as political blockage is solved and institutional framework is enhanced.

ASEAN corporate governance scorecard*



The score is weighted and allocated to each of the five areas as follows:

- Rights of shareholders 10%
- Equitable treatment of shareholders 15%
- Role of stakeholders 10%
- Disclosure and transparency 25%
- Responsibilities of the board 40%

Remark: * Average total corporate governance score of the country's 100 largest listed companies based on market capitalization

Source: Joint Initiative of the ASEAN Capital Markets Forum and the Asian Development Bank

3 SET's Employee Structure from 746 employees



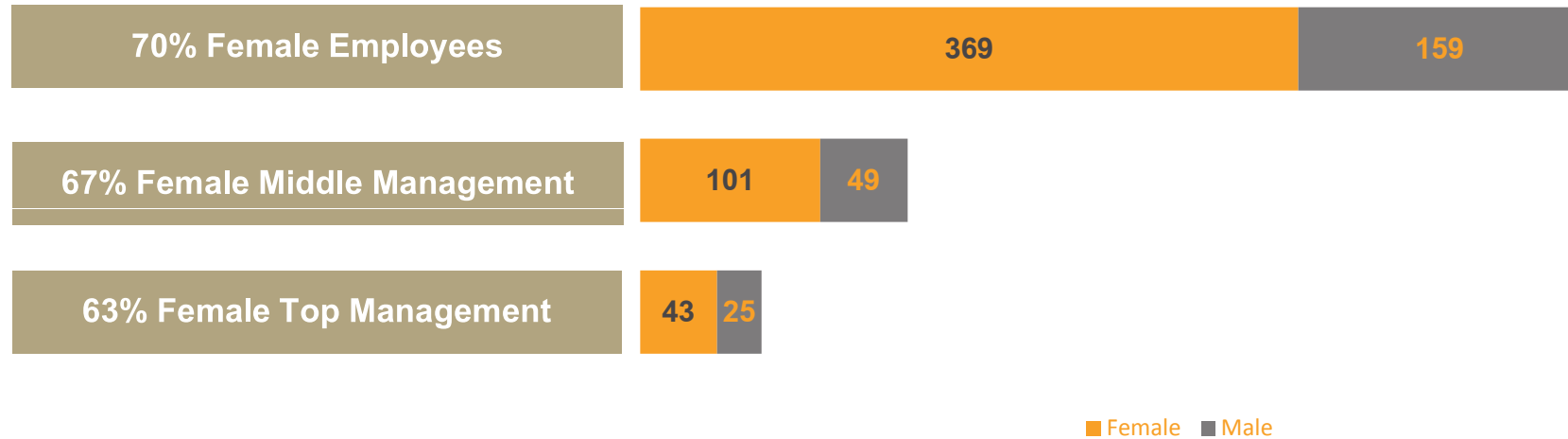
By Gender

Gender	Total
Female	513
Male	233

By level of management



3 SET's Employee Structure from 746 employees



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4 Technology and SET

- SET is a technology-based company not only the trading platform and process, but in all aspects of our business to serve all our stakeholders more efficiently and effectively.
- We have to maintain our system running for service 24 hours.
- A large proportion (22.65%) of employees work in the Information Technology division. (out of 22.65% : Female 48% Male 52%)
- Today, one of SET's key roles is to build start-up ecosystem, to strengthen the knowhow and readiness for them to raising capital funds through capital market, ultimately to form a firm base of the Thai economy.





The Stock Exchange of Thailand