

CSDs: TSD (Thailand)

Date: 20 Dec 2011

SMI Markets: Thailand

CMIRR Markets: Thailand

TSD Post-Trade Service Enhancement Plans

During a meeting with custodians and brokers, the Thailand Securities Depository (TSD) announced several post-trade service improvements planned in 2012 / 2013. The following are being considered:

- **Corporate Action Information in XML for Brokers**
 - TSD is developing solutions to send corporate action information to local brokers in XML form and in real-time. This is expected in Q1 2012;
- **Services for Foreign-Currency Denominated Securities**
 - TSD and the Thailand Clearing House (TCH) will extend clearing, settlement and depository functions to foreign-currency denominated securities issued by a local registrar in July 2012. This will be expanded to cover foreign-currency denominated securities issued by foreign registrars at a later date.
- **New Derivatives Clearing System**
 - TCH / TSD will acquire a new derivatives clearing system, with the launch tentatively scheduled for Q3 2013;
- **Third Party Clearing (TPC)**
 - TSD will implement TPC Phase 2.1 to allow brokers to be third-party clearers in Q2 2012. This will be followed by Phase 2.2 for banks as third-party clearers at a later date;
- **Securities Borrowing and Lending (SBL) Pool**
 - TCH will act as an agent and will source and operate a securities lending pool. The service will include the marking-to-market of securities and collateral, and the handling of related corporate actions. The agency role of TCH is expected at the end of 2012. Currently, the TCH acts as a principal to SBL transactions;
- **Appointment of Global Custodian for the ASEAN Linkage**
 - The Stock Exchange of Thailand (SET) is in the process of selecting a global custodian to support cross-listing and the ASEAN Linkage in mid-2012. The selection process will be concluded in Q1 2012.

CSD Risk Impact

TSD (Thailand)

CSD Rating: A+

CSD Flash Impact: Positive

Impacted Risk Type: Asset Servicing Risk

Current Rating = AA-

Flash Impact = Positive

The second phase of the improvement to the distribution of corporate actions information will impact on brokers who are generally not SWIFT-enabled. The XML-format messages from TSD will enable them to provide corporate action information without having to manually upload information from TSD into their system. This will help reduce potential errors in transcription and improve the degree of corporate

action STP in the market.

The expansion of clearing, settlement and depository services to include foreign-currency denominated securities will include the dematerialisation of physical securities into TSD. This is expected to alleviate operational risks on the handling and safekeeping of paper instruments. In addition, the planned SBL pool will be another mechanism to improve liquidity in the market. However, these will not be put in place until later in 2012; the respective impacts will be assessed closer to their implementation and when additional information becomes available.

The other items being considered, i.e. derivatives clearing system and TPC, impact on the derivatives market and are outside the scope of analysis. These are provided for information only.

Market Information Impact

Thailand

This information affects the data contained in the Corporate Actions sections of the Securities Market Information Service.

Infrastructure Risk Ratings Impact

Thailand

Market Rating: A+

Market Flash Impact: Positive

Impacted Risk Type: Asset Servicing Risk

Current Rating = A+

Flash Impact = Positive

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Related Flash: [Use of SWIFT Messages for Corporate Action Announcements - Update, 26/09/2011 \(click to view\)](#)

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