

Thai depository delays changes to new settlement cycle T+2

After consultation with various parties, Thailand Securities Depository Co., Ltd. (TSD) will delay the introduction of the proposed shortened trading settlement cycle - from three days after the trading day (T+3) to two days (T+2), which was originally planned for implementation by end-2008. To ensure the smooth operation of T+2 and reduce default risks in clearing and settlement, TSD will continue to prepare various parties and further develop pre-settlement matching and securities borrowing and lending systems.

The decision was made after securities companies and custodians expressed concerns that not all parties' systems were ready for the change, TSD CEO Sopawadee Lertmanaschai said.

In the interim, the depository will further improve its post-trade integration (PTI) system to be able to fully compatible with securities firms, custodians and other parties system automatically. This will enable straight-through processing (STP), providing a seamless process from trading through to clearing and settlement. This will enable the T+2 settlement cycle to efficiently service all clearing members and foreign investors in different time zones.

STP provides accelerated clearing and settlement by increasing accurate and rapid data processing through minimizing human intervention, reducing manual input and standardizing order-sending and confirmation.

"TSD will develop its pre-settlement matching system, which supports transaction-matching between securities companies and custodians and reduces work, time and default risks in clearing and settlement. In addition, to increase efficiency in the clearing and settlement process the depository will promote the securities borrowing and lending (SBL) business by enhancing the SBL system to facilitate broker transactions and build up a list of lenders who are institutional investors and brokers' clients. When all this is in place, we will set a launch date for T+2 in consultation with related parties," Ms. Sopawadee added.

"TSD's decision to delay the introduction of the T+2 settlement cycle will not affect its or its members' operations. T+3 clearing and settlement remains the standard internationally," Ms. Sopawadee concluded.

For more information, please contact TSD Business Relations Unit
Ms. Chantane Pongkrasin Tel: 0-2229-2896
Email: contact.tsd@set.or.th <http://www.tsd.co.th>