

Thai depository recommends listed companies to use “record date” system

Thailand Securities Depository Co., Ltd. (TSD) is advising listed companies of changes resulting from the revision of the Securities and Exchange Act. TSD urges that public firms use the “record date” system to make shareholders’ meetings more efficient and allow shareholders to better prepare for those meetings. The recommended arrangement is in line with international best practice and allows shareholders to register securities transfers without having to wait for shareholders’ book-closing.

The depository, as the registrar of listed companies’ securities, has consulted various parties and specified procedural and systemic adjustments in line with the amended Act, which comes into effect on August 31, 2008. Shareholders’ registration book-closing will now take only a day instead of 21 days, TSD CEO Sopawadee Lertmanaschai explained.

During the previous 21-day delay, shareholders with securities certificates were unable to transfer their rights. Public firms can now use the record date to determine the list of shareholders who may exercise their rights and participate in meetings. Clause 225 of the Securities and Exchange Act requires that listed companies must declare the shareholders’ registration book-closing one day after the record date to list shareholders’ names on the scripless system. Furthermore, public firms and their shareholders will have up to two months, not the previous 21 days, to prepare for shareholders’ meetings.

“The record date system does not affect securities trading at all. The SEC’s rules and regulations on sending annual reports and meeting notices to shareholders within 110 days of the end of an accounting period remain in effect. Also, Clause 98 of the Public Limited Companies Act still requires that annual shareholders’ meetings be held within four months of the end of an accounting period. Record date arrangement is in line with international best practice as many some countries do not use securities’ registration book-closing,” Ms. Sopawadee concluded.

In addition, from September 1, 2008, shareholders with securities certificates cannot transfer securities on the actual book-closing day. Previously, shareholders could do this up to 12:00 hours on that day, except for those firms which declared the book-closing date to their shareholders before August 31, 2008. Scripless transfers can be processed on business days as usual.

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