

### **Thai bourse to transfer clearing and settlement unit on February 15**

The Stock Exchange of Thailand (SET) will transfer the Securities Clearing and Settlement Unit from Thailand Securities Depository Co., Ltd. (TSD) to Thailand Clearing House Co., Ltd. (TCH) on February 15. The move will make a clear operations between TCH and TSD, give increased protection for investors' assets stored in the depository and reduce cost of managing risk and placing collateral, thus bring the Thai capital market's post-trade services to be more in line with international standards, noted SET Chief Operating Officer Nongram Wongwanich.

As per Securities and Exchange Commission requirements, the Clearing House will require its members to have risk management systems, contingency plans, and risk management committee to establish TCH's risk management framework. Moreover, the Clearing House has received license to operate e-Payment services, as it is completely qualified to do so and is ready to provide clearing and settlement service according to the Royal Decree Governing Control and Supervision of Electronic Payment Service Business 2008.

"SET holds 99.99% of TCH's registered capital, making TCH a SET subsidiary, like TSD. Moreover, SET held hearings to clarify the transfer and listened to securities depository and TCH members. SET also tested clearing and settlement systems with related parties, e.g., the Bank of Thailand and settlement banks. Testing was successful, assuring everyone that this transfer will run smoothly and not affect services provided to members or TSD and TCH customers," said Ms. Nongram.

Separating the securities clearing and settlement operations from TSD reduces risks for investors depositing securities with TSD, since TCH is the central counterparty and guarantee securities clearing and settlement. TCH operates under the international standards of the Bank for International Settlement (BIS) and International Organization of Securities Commissions (IOSCO).

#### **TSD and TCH after the transfer of the Securities Clearing and Settlement Unit**

TSD provides post-trade services, including securities depository and securities and fund registration services. TCH is a clearing house for equities, bonds and derivatives product, and is the center for clearing financial products traded on the SET, Market for Alternative Investment (mai), Bond Electronic Exchange (BEX), and Thailand Futures Exchange PCL (TFEX), including securities traded over-the-counter. TCH is a center to receive or pay money or securities from members representing buyers and/or sellers. In 2009, TCH cleared securities and collateral worth THB540.52 billion



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