



January 27, 2005

## TSD Ready for T+2 Clearing and Settlement Period by June 1, 2005

The President of the Thailand Securities Depository Co., Ltd. (TSD), Mrs. Nongram Wongwanich, disclosed that the TSD Board of Directors has approved a new clearing and settlement period, to be reduced from the present T+3 to T+2, effective from June 1, 2005 onwards.

Mrs. Nongram noted, "Shortening the clearing and settlement period from three to two business days after the transaction date (T+2) will enable investors to get their sales earnings faster."

"Securities settlements will continue to be easily done, as 68% of the securities deposited at the TSD are in our scripless system. Securities deposited in our scripless system can be transferred quickly and safely, thanks to the assurances provided by our state-of-the art security system. Shortening the settlement period to T+2 will not have any effect on the order confirmations between the brokers and their clients, because the brokers will still be able to send confirmation documents to their clients at T+1 as usual.

"The Stock Exchange of Thailand (SET) and the TSD will also encourage the brokers and investors to utilize the Electronic Fund Transfer (EFT) system more, so that they will be able to more conveniently transfer their purchases or sales through any banks' online system.

"Presently, only 11% of investors are still using cheque-clearing and they can all easily change to the electronic fund transfer at no additional expense. All they have to do is contact their brokers," Mrs. Nongram continued.

"Shortening the clearing and settlement period to T+2 will not only bring our system in line with international standards, it will also improve the Thai market's efficiency in clearing and settlement. The

new T+2 period will also help increase trading liquidity as well. Foreign markets currently using the T+2 standard include Germany, Hong Kong, Korea, Taiwan, and India.

“For foreign investors transferring their funds through their custodians, the TSD is consulting with the Bank of Thailand (BOT), asking for a relaxation of the requirement that commercial banks get the BOT’s permission prior to exchanging foreign currencies into baht for securities investment purposes. If this is approved, it will reduce the custodian banks’ operational work. The BOT has already agreed in principle. The regulations and the related rules have been being amended and are expected to be ready for official announcement sometime in February 2005,” said Mrs. Nongram.

The TSD will work to make sure that all related parties completely understand all relevant rules and are ready for the change before the implementation of this new standard. The ‘Rules, Conditions and Procedures for Operation as a Clearing House’ will also be amended, and the TSD will submit them for approval by the Securities and Exchange Commission (SEC).

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