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TSD to Offer One-Stop Back Office Service for Equity, Debt and Derivatives Trading

The President of Thailand Securities Depository Co., Ltd. (TSD), Mrs.Nongram Wongwanich said that, according to the Ministry of Finance's (MoF) Bond Market Development Plan II (A.D. 2005 – 2014), the bond market is set to become one of the three principal pillars of Thailand's financial sector along with the commercial banks and the equity market. The MoF has appointed the TSD to be the primary depository, clearing and settlement center for debt instruments in Thailand. The TSD will therefore become a service center for all equity, debt, and derivatives instruments in Thailand.

"Having the TSD act as a depository, clearing and settlement center for bonds will help increase liquidity in Thailand's bond market. This will also improve the efficiency of market supervision, and help facilitate risk management. It is also another step towards bringing Thailand's clearing and settlement system up to international standards, as well as making our system better ready to link with overseas bond markets," Mrs. Nongram said.

Currently the Bank of Thailand (BoT) is responsible for depository and clearing of government and state-owned enterprise bonds. TSD offers depository services for a segment of the corporate bonds in the market; however, there are currently no agencies offering clearing and settlement services.

Therefore when the TSD becomes both the depository and clearing houses for bonds, the overall efficiency of the bond market should be improved, since this will reduce operational costs and redundancies in both the public and private sectors. In addition, TSD's new role should increase market liquidity.

Furthermore, with approval granted by the Securities and Exchange Commission (SEC) to operate as a clearinghouse for the derivatives market, TSD will, from now on, be able to offer one-stop services relating to depository, clearing, and settlement for all equity, debt, and derivatives instruments. This change will be really useful for investors, securities companies, and all other relevant parties.

Mrs. Nongram went on to say that: "The TSD is honored to get this appointment from the MoF. We, here at the TSD, are confident that we will operate efficiently in this expanded role as the principal center for depository, clearing, and settlement services for equity, debt, and derivatives trading.

"With 10 years of experience in the equity market and with system infrastructure and staff in place, we are confident that we will be able to become Thailand's one-stop center for depository, clearing, and settlement services and that we will achieve international standards. We will also develop our systems and services further to eventually link with overseas back-office service agencies so that we'll be able to service other Asian bond markets as well as other market transactions," she concluded.

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