

ANNUAL REPORT  
**2015**

# Towards the 5<sup>th</sup> Decade of Sustainable Growth



The Stock Exchange of Thailand:

# Towards the 5<sup>th</sup> Decade

Creating wealth, stability and all  
dimensions of development to promote  
sustainable growth for the Thai society





# Contents

	Vision & Mission 04	Message from the Chairman 06	Message from the President 08
SET Market Movement 2015 12		SET Group Financial Highlights 14	
Thai Bourse's 2015 Performance 15		Business Operation of the SET Group 24	
		Major Significant Developments of SET in 2015 30	
The SET Group's Strategic Plan for 2016 and Long-Term Strategic Goal 48	Corporate Governance Report 51	Audit Committee Report 81	
	Nomination and Remuneration Committee Report 83		Risk Management Committee Report 84
			

	<p>Corporate Governance and Social Responsibility for Financial Statements</p> <p>86</p>			
<p>Enterprise Risk Management</p> <p>87</p>				
				<p>Management Discussion and Analysis</p> <p>89</p>
		<p>Report of the Board of Governors Relating to Responsibility for Financial Statements</p> <p>96</p>		
	<p>Auditor's Report and Financial Statements</p> <p>97</p>	<p>Organization Chart</p> <p>172</p>	<p>Board of Governors</p> <p>174</p>	
<p>SET Executives</p> <p>180</p>		<p>Shareholding Structure</p> <p>184</p>		

# Vision

Empowering business and investors through our strengths to match the right financial opportunities

## Mission

### Clients and Intermediaries

Expand business issuers and investor base by satisfying their financial needs and strengthening intermediaries for mutual growth and success

### Operations

Operate with flawless execution according to international standards to ensure efficiency, effectiveness, flexibility and global connectivity

### Products and Services

Offer a wide range of attractive products and services to create value and match financial opportunities across different segments of business and investors

### People and Culture

Inspire staff to perform up to their fullest potential and create a corporate culture that aims at achieving excellence in matching the right financial opportunities for business and investors



# Message from the Chairman



In 2015, The Stock Exchange of Thailand (SET) laid out a strategic plan geared towards long-term, sustainable economic growth alongside with social and environmental responsibilities, all of which are key factors in propelling Thailand's growth to a brighter future.

During the past year, in addition to serving as a major avenue for business fundraising and savings among the Thai people, SET also focused on developing quality in all dimensions of sustainable growth by promoting listed firms' quality, taking into consideration environmental, social, and governance (ESG) practices in the operations. SET launched its first sustainability awards to recognize listed companies with outstanding performance in sustainability development, driving business growth and creating value for all stakeholders.



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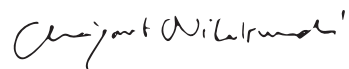
Education, a key success factor, is always on top of our priority list. SET has continued to develop expertise and skills among capital market professionals to comprehensively strengthen the capital market foundation. At the same time, SET has further cultivated financial literacy among the public by joining with a strong network of partners, consisting of government agencies, private organizations, and educational institutions, to provide diverse groups of Thais with fundamental knowledge of financial and investment planning allow them to achieve greater financial security.

Within its own operations, SET embraced the principles of sustainability as the focus in serving the stakeholders involved in the stock market, whether they were customers or partners, by collaborating as the intermediary in supporting and working with parties in all areas.

The SET's new environmentally-friendly head office, started operating in 2016, showcases world-class design and construction, certified by standards of the Leadership in Energy and Environmental Design (LEED) of the US Green Building Council (USGBC), of the Gold level for energy efficiency, pollution prevention, and advanced technology. It has been designed as a one-stop investment knowledge center, consisting of "INVESTORY," the first investment discovery museum in Thailand along with the Maruey Knowledge & Resource Center, becoming a complete investment digital library for the nation.

To move forward following its focus on being an internationally-recognized Sustainable Stock Exchange (SSE) in line with the United Nations SSE initiative, SET is ready to support the Thai government economic and social development policies as well as enhancing financial literacy among all Thais in order to create wealth, stability, and sustainable growth for Thailand.

On behalf of The Stock Exchange of Thailand, I would like to thank the government agencies and the private sector, including listed companies, member companies, and asset management companies, as well as the social sector, investors, general public, especially SET management and employees in your cooperation and efforts to accelerate the Thai capital market to this remarkable strength and stability, further driving the Thai economy towards sustainability.



**Dr. Chaiyawat Wibulswasdi**  
Chairman

# Message from the President



Moving towards the 5<sup>th</sup> decade of operation, The Stock Exchange of Thailand (SET) in 2015 started to create a new horizon, based on its stronger foundation to enhance the quality of the capital market in all aspects, maintain its leadership in this region in both quality and quantity, and ultimately drive economic and social sustainability growth. In addition to constantly offering a variety of products and services together with educating investors nationwide, SET has tirelessly upgraded its risk management to be in accordance with internationally recognized standards in favor of confidence increases among investors.

The market capitalization of 41 newly-listed securities in 2015 amounted to THB 289.32 billion, the highest value in the ASEAN for the third consecutive year, with THB 130.61 billion raised from the primary market. With the SET Index ending 2015 at 1,288.02 points, the average daily securities trading was THB 44.30 billion, close to that of the previous year. There were a total of 1,646 securities listed on SET and 166 securities on Market for Alternative Investment (mai), making the total market capitalization at THB 12.61 trillion. For Thailand Futures Exchange PCL (TFEX), the average daily trading volume of TFEX increased remarkably to 199,749 contracts in 2015 from 147,026 contracts in 2014, or rising by 35.86 percent.

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2015 was recorded as another year of recognition in international front. Following the partnership with UN Sustainable Stock Exchanges (UN SSE) Initiative, SET, jointly with key United Nations agencies, organized “SSE Regional Dialogue: South East Asia”, the first of its kind in Asia, confirming the regional leadership role in sustainability. Furthermore, 13 Thai listed companies were selected to be included in Dow Jones Sustainability Index (DJSI), the largest number in ASEAN, while Thai listed companies scored 84 percent of ASEAN CG Scorecard, top performance in the region for four consecutive years. In addition, SET also launched “Thailand Sustainability Investment” list, featuring 51 listed companies operating on the sustainable path. The list has been designed to showcase successful models for listed companies and other business sectors to follow by incorporating all business dimensions covering environmental, social and corporate governance (ESG), in their operation to strengthen economic foundation and the Thai society in the long run.

At SET, we recognize the changing economic landscape of today and tomorrow, with more focus on SMEs, start-ups, and social enterprises as they are among solid bases for the next phase of the country’s economic growth. SET continuously equipped them with knowledge and tools, keeping them well-prepared, while encouraging them to utilize the capital market to raise fund, create opportunities and strengthen their businesses.

Crafting quality investor is the area SET has committed to excel. In 2015, SET further expanded quality investor base, educating personal financial planning and investment among investors and the general public through partnership with capital market alliances to organize activities such as roadshows in more provinces, “Banker-to-Broker” campaign, “Your 1<sup>st</sup> Stock” events, and many more nationwide. Furthermore, SET created specific activities aiming at enabling people to manage their finances properly and get ready to step into an aging society with clear objectives and scenarios.

To optimize the potential of digital economy via digital technology on the way to a digital exchange, SET has incorporated technology and innovation to improve the work operations and services, particularly the information dissemination so that investors can get updated information. Starting from 2015, all data materials from the SET group’s websites have been integrated and available on one single site via [www.set.or.th](http://www.set.or.th), including the SET Application.

In line with the advanced global practice, in 2015 Thailand Clearing House Co., Ltd., a SET subsidiary, upgraded its operation according to Principles for Financial Market Infrastructures (PFMI), a vital part to support the Thai capital market’s long-term operation, SET has also revised the market surveillance regulations by using the trading alert list and cash balance guidelines for investors’ effective investment decision-making.

In developing more products for investors, in 2015, SET has made tremendous progress in merging Thailand Futures Exchange PCL (TFEX) and the Agricultural Futures Trading Commission (AFET) with cooperation from related public and private organizations. The merger initiative will ensure more efficiency and minimize trading cost for investors, marking another milestone of TFEX in offering a fully integrated trading service to investors.

The continuing achievements are building strong foundation for SET, also taken the ESG aspects as key principles in laying down and implementing its green policy framework, paving way for sustainable growth for this 5<sup>th</sup> decade and beyond.

On behalf of SET, may I express my sincerest appreciation to the management and each and every one of the staff for the dedication and support, including all the stakeholders who are vital in making all the missions and activities successful, for the benefit of the Thai capital market, as well as the country’s economic and social growth towards sustainability.

  
**Kesara Manchusree**  
President

# Towards Further Growth

Driving business growth continuously on the capital market's solid foundation



เรียนรู้ และพัฒนา  
Learning, Learning, and Developing

# ดัชนีชี้วัดตลาดทุนไทย The Thai Capital Market

ดัชนีชี้วัดของตลาดทุนที่ขับเคลื่อนสังคมและเศรษฐกิจไทย สู่ความมั่นคง มั่งคั่ง ยั่งยืน  
Capital market, which helps drive the country's economy and society towards stability, prosperity, and sustainability

ทศวรรษที่ 2  
2529 - 2538  
พัฒนาอย่างก้าวกระโดด  
Rapid Development

ทศวรรษที่ 3  
2539 - 2548  
ปรับตัวต่อโลกใหม่  
Adaptation to the New World

ทศวรรษที่ 4  
2549 - 2558  
ระลอกวิกฤตและฟื้นตัว  
Crisis and Recovery



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ดัชนีชี้วัด

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**2523**  
ดัชนีชี้วัด SET Index  
ก่อตั้งวันที่ 30 เมษายน 2518  
ใช้เงินบาท เป็นตัวฐาน  
The SET Index was created  
using April 30, 1975  
as its base date, with  
a base value of 100

**2526**  
บริษัท  
Microbank  
ก่อตั้ง

**2527**  
บริษัท  
S&P  
ก่อตั้ง

**2530**  
ดัชนีชี้วัด  
ดัชนีชี้วัด

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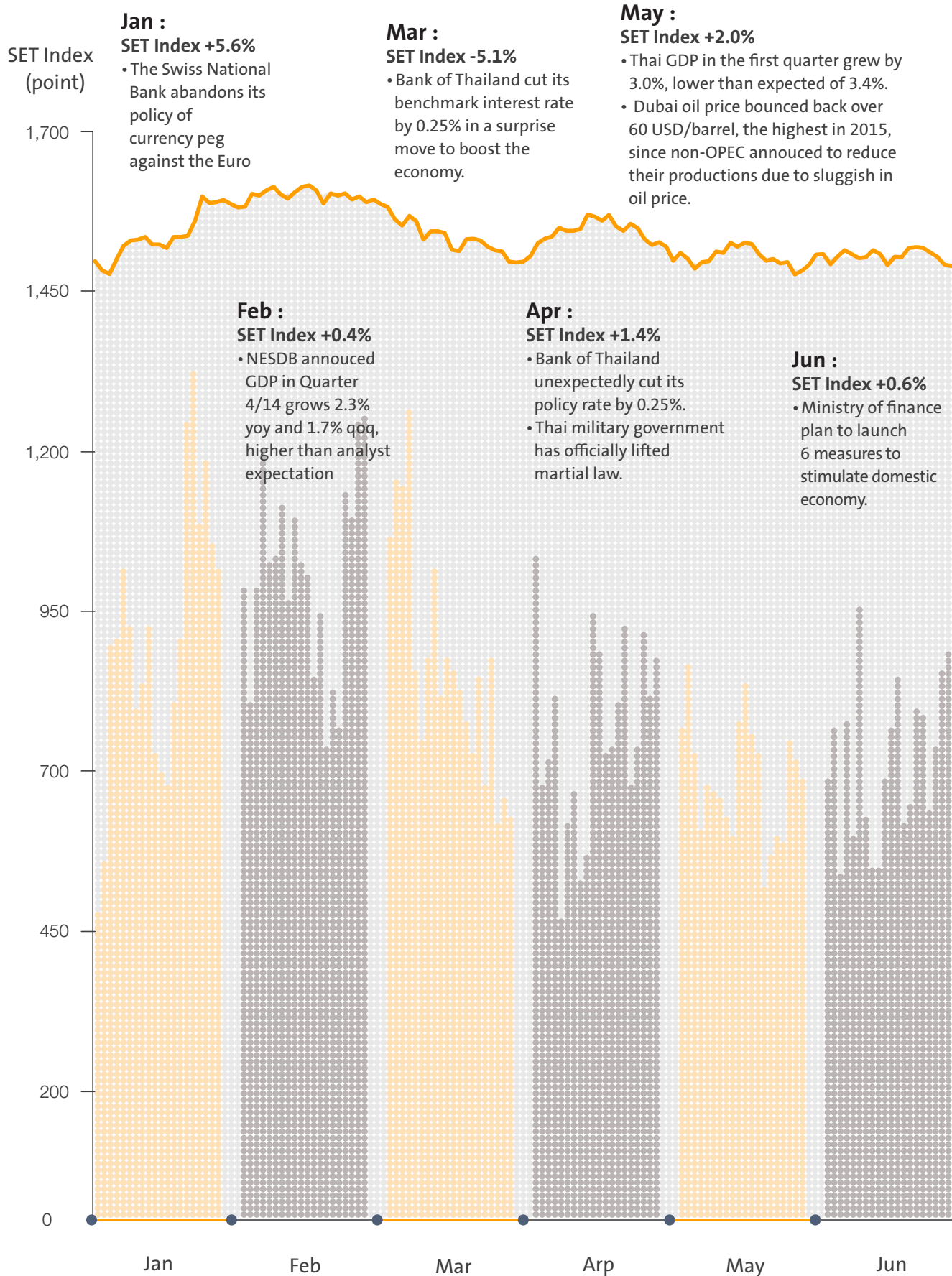
**2552**  
ดัชนีชี้วัด  
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# SET market movement 2015



\*Note: m-o-m: percentage change compared to previous month

**Jul :**

**SET Index -4.3%**

- Chinese stock market dropped 30% after it hit a seven-year high in the middle of June, causing a panic sell form both local and foreign investors.
- Greek bailout referendum, as the results, the bailout conditions were rejected by majority.

**Sep :**

**SET Index -2.4%**

- Thailand's Baht fell toward a six-year low at THB 36.47 against USD, dropped by 10.7% YTD.

**Nov :**

**SET Index -2.5%**

- Thailand's 4G auction raises the final price of 2 licences to be lot more higher than the previous one due to higher competition from the new entrant.

Unit: Million Baht

**Aug :**

**SET Index -4.0%**

- The People's Bank of China (PBOC) announced a surprise devaluation of its Yuan against USD about 4.6% the biggest one day fall in a decade.
- An explosion at the Ratchaprasong intersection in central Bangkok.

**Oct :**

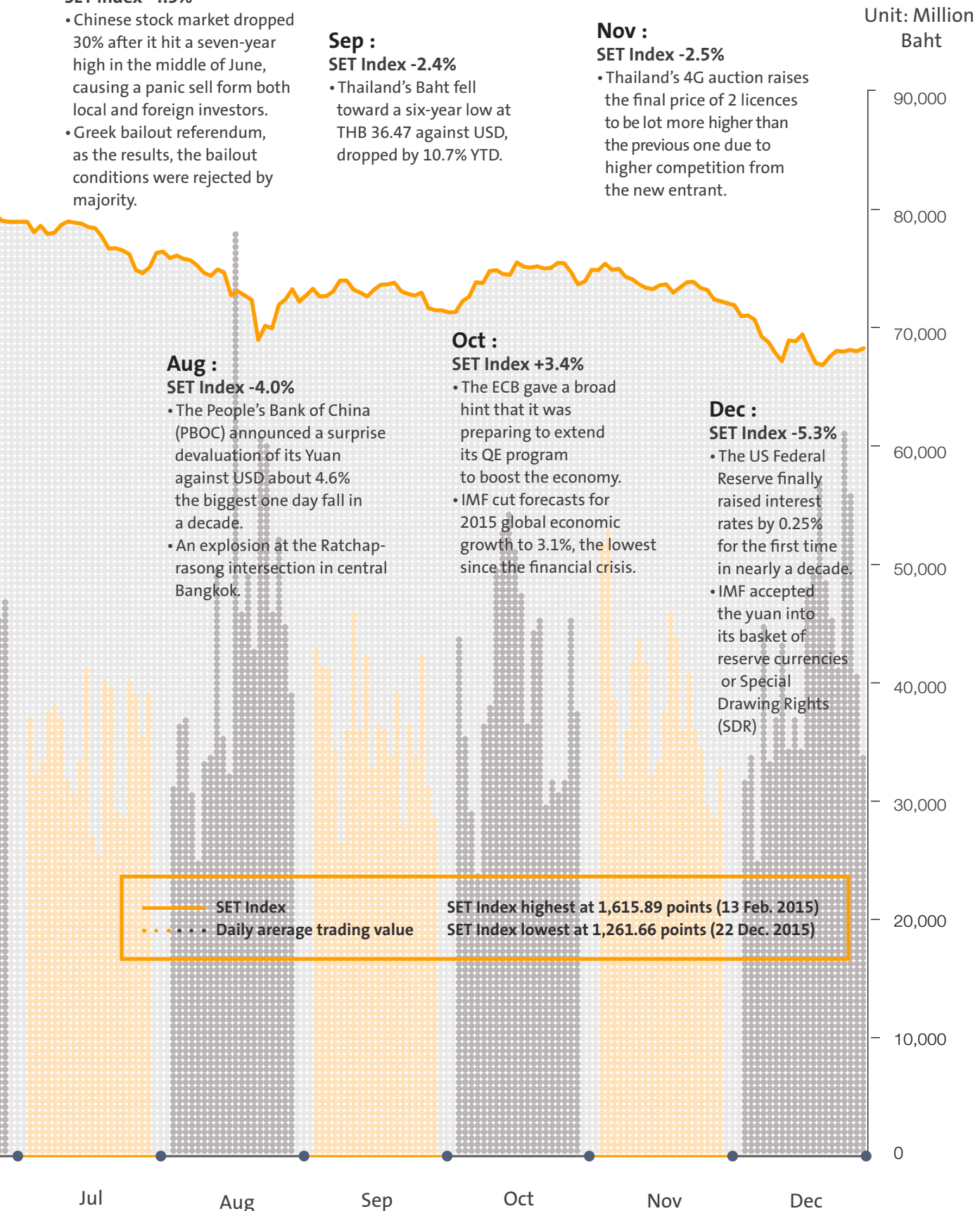
**SET Index +3.4%**

- The ECB gave a broad hint that it was preparing to extend its QE program to boost the economy.
- IMF cut forecasts for 2015 global economic growth to 3.1%, the lowest since the financial crisis.

**Dec :**

**SET Index -5.3%**

- The US Federal Reserve finally raised interest rates by 0.25% for the first time in nearly a decade.
- IMF accepted the yuan into its basket of reserve currencies or Special Drawing Rights (SDR)



# SET group financial highlights

(In Million Baht)

	2015	2014	2013	2012	2011
<b>Consolidated statements of revenues and expenses</b>					
Total revenues	5,215	5,237	5,302	4,499	4,135
Operating revenues	4,518	4,201	4,309	3,365	3,245
Investment income, net	492	871	821	982	752
Other income	205	165	172	152	138
Total expenses	3,335	3,082	2,976	2,599	2,545
Revenues over expenses, net	1,382	1,535	1,661	1,365	1,110
<b>Consolidated statements of cashflows</b>					
Net cash provided by operating activities	636	1,051	1,096	621	512
Net cash provided by (used in) investing activities	(331)	(1,503)	(329)	118	(651)
<b>Consolidated statements of financial position</b>					
Total current assets <sup>1</sup>	17,326	18,012	22,965	16,077	16,502
Long-term investments	9,263	8,690	5,126	8,315	5,329
Total assets	36,136	34,452	34,039	29,937	27,019
Total current liabilities <sup>1</sup>	10,760	10,346	11,515	8,596	7,494
Total liabilities	12,747	12,213	13,386	10,451	9,151
Fund balances	23,389	22,239	20,653	19,486	17,868
<b>Key financial ratio</b>					
Revenue growth (%)	(0.42)	(1.23)	17.85	8.80	0.83
Operating revenue growth (%)	7.55	(2.51)	28.05	3.70	22.96
Expenses to revenues ratio (%)	63.95	58.85	56.13	57.77	61.55
Net profit margin <sup>2</sup> (%)	26.50	29.31	31.33	30.34	26.84
Return on fund balance (%)	5.91	6.90	8.04	7.01	6.21
Current ratio (Times)	1.61	1.74	1.99	1.87	2.20
Debt to fund ratio (Times)	0.54	0.55	0.65	0.54	0.51
<sup>1</sup> Other current assets and other current liabilities included margin deposits and benefits at the same amount. (as the guarantee for derivative contracts of the clearing house)					
Assets / payables of margin deposits and benefits	8,830	8,054	9,362	6,810	6,053
<sup>2</sup> Net profit margin calculated by revenues over expenses, net / total revenues					



# Thai Bourse's 2015 Performance

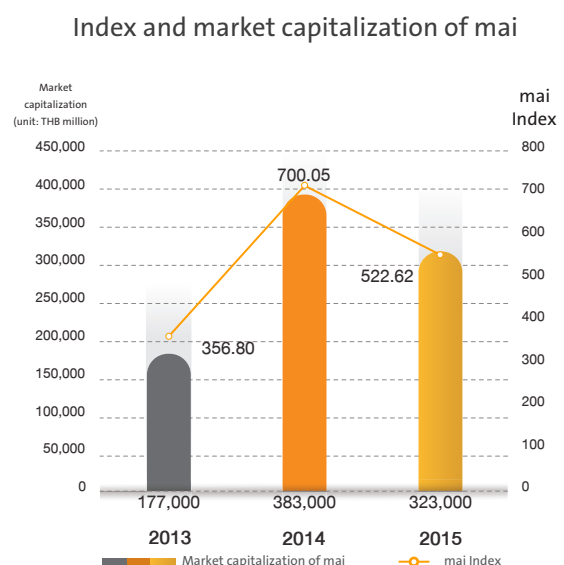
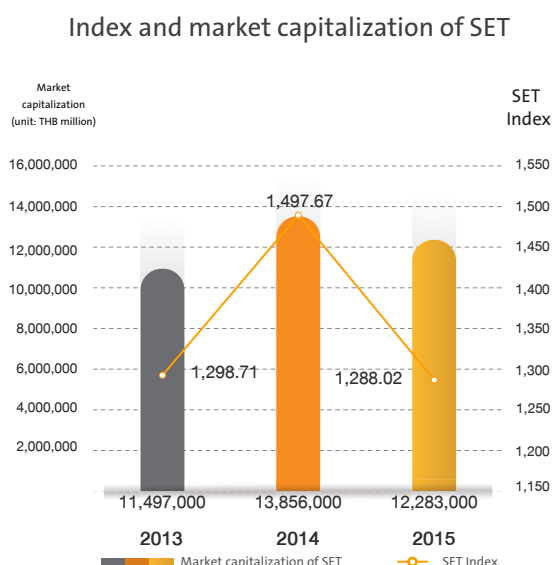
In 2015, The Stock Exchange of Thailand (SET) showed remarkable development regionally, despite domestic uncertainty and global volatility. The daily trading value of SET and Market for Alternative Investment (mai) averaged at THB 44.30 billion (USD 1.23 billion), the highest trading value in ASEAN for three consecutive years. The market capitalization of newly listed companies on SET and mai was THB 289.32 billion (USD 8.03 billion) from 41 companies, the highest level among regional stock markets for the third consecutive year. Furthermore, the number of investors grew to 146,176 accounts, especially the online account which continued to grow strongly to 137,693 accounts. The SET Index ended 2015 at 1,288.02 points, down by 14 percent from the end of 2014, moving in similar direction to other exchanges in the region but providing better return than the MSCI emerging market figure.

## Overview

In 2015, the capital market was affected by domestic economic slowdown such as the lower-than-expected export figure, including such external factors as fear of Chinese economy's slow growth; concern about US Federal Reserve rate hike for the first time in nine years, etc. SET index ended 2015 at 1,288.02 points, down by 14.0 percent from the end of 2014, which moved accordingly to peers in the same region but provided

better return than MSCI emerging market figure, while both SET and mai paid dividend yield higher than in 2014. Market capitalization decreased to THB 12.6 trillion (USD 350 billion), down by 11.5 percent from the end of 2014 as the SET index went down. At the end of 2015, there were a total of 1,646 securities listed on SET and 166 securities on mai.

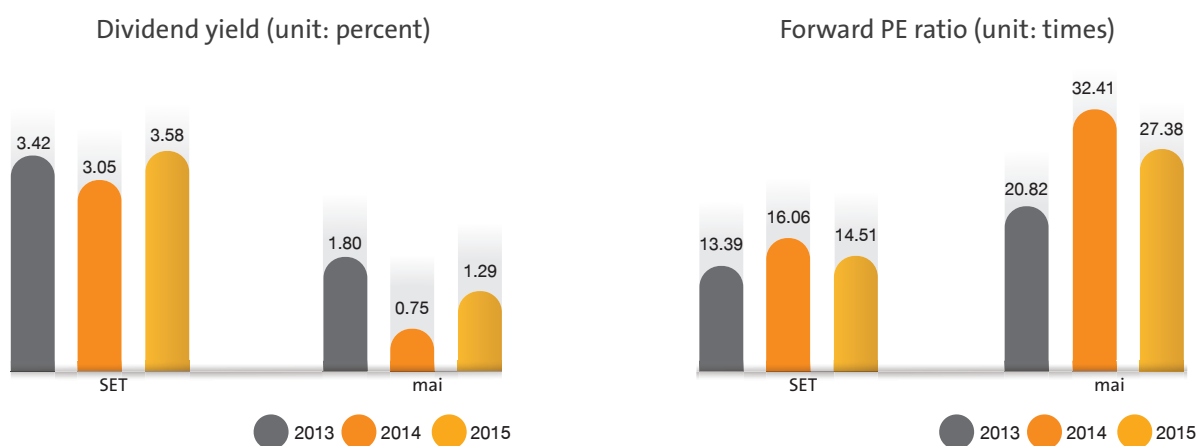
### Index and market capitalization of SET and mai



Source: SETSMART

The dividend yield and forward P/E ratio of SET and mai at the end of 2015 remained attractive. In 2015, the dividend yield of SET increased to 3.58 percent from 3.05 percent, and

mai rose to 1.29 percent from 0.75 percent. At the same time, forward P/E ratio was at 14.51 times for SET and 27.38 times for mai.



Source: Bloomberg

## Fundraising

Equity capital raising activity was very active in 2015, for both SET and mai which accounted for THB 319.8 billion (USD 8.9 billion) from 41 newly-listed securities. Of these, THB 131

billion (USD 3.7 billion) was raised from the primary market, consisting of 20 companies on SET, 13 companies on mai, two infrastructure funds and six real estate investment trusts.

### Capital raising of SET and mai

	Value* (unit: THB million)			Number of companies		
	2015	2014	2013	2015	2014	2013
Initial public offering	130,611	113,990	191,600	41	45	38
Secondary offering	132,204	166,880	166,010	169	159	178
<b>Total</b>	<b>262,815</b>	<b>280,870</b>	<b>357,610</b>	<b>210</b>	<b>196</b>	<b>216</b>

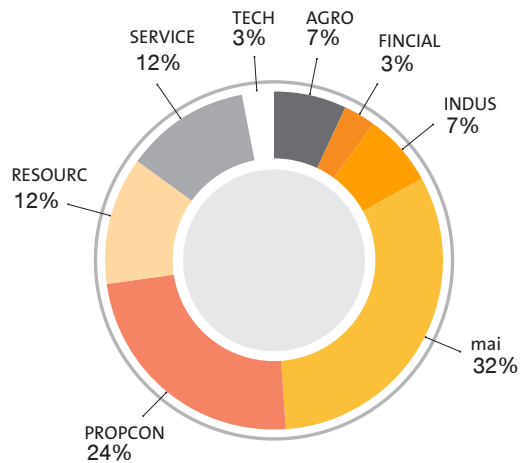
\*calculated by IPO price multiplied by the number of newly issued equities

Source: SETSMART

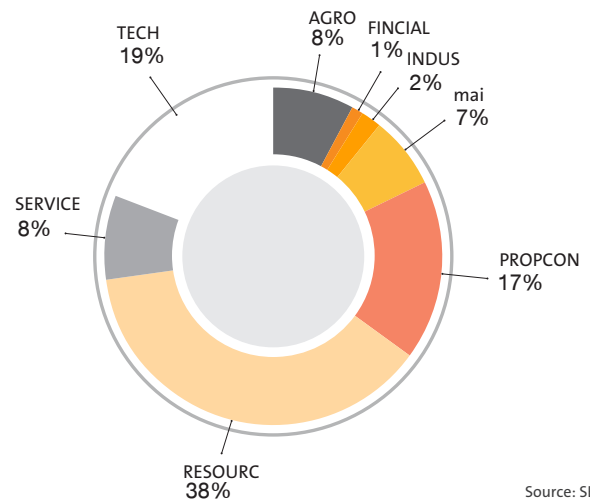
In 2015, there were various types of investment on SET ranging from common stocks, infrastructure funds and real estate investment trusts, showing SET's proactive strategy to continuously drive and promote new listing of quality companies. It was the first time in a decade that state enterprises and subsidiaries made their investment choice in the capital market,

namely Global Power Synergy pcl (GPSC), a power-generation unit of PTT Group; Star Petroleum Refining pcl (SPRC), one of Thailand's top refiners; and North Bangkok Power Plant Block 1 Infrastructure Fund of Electricity Generating Authority of Thailand (EGAT).

### Proportion of newly listed securities by industry group



### Market capitalization at IPO of newly listed securities by industry group



Source: SET

In 2015, 243 listed companies on SET and mai raised additional funds through the secondary market worth a combined of THB 189 billion, a 13.9 percent increase from a year earlier, up from 204 companies in 2014, bolstered by the merger of companies in Banking and Property Development Sectors in

the first half, and funding for business expansion among medium-sized firms. Private placement accounted for 48 percent of total funding in secondary market, rights offering at 34 percent, while others such as warrants, preferred stocks, and dividend stocks accounted for 18 percent of the total.

## Trading activities

In 2015, the Thai bourse recorded the most liquid market in ASEAN for the third consecutive year. The daily trading value of SET and mai averaged at THB 47.7 billion (USD 1.3 billion) during the first half of 2015. Affected by the global market conditions, the average daily trading value of SET and mai

dropped to THB 41.1 billion (USD 1.1 billion) in the second half of the year. As a consequence, the average daily trading value of SET and mai accounted for THB 44.3 billion (USD 1.2 billion) in 2015, a 2.56 percent lower than the previous year.

### Trading value of SET and mai (unit: THB million)

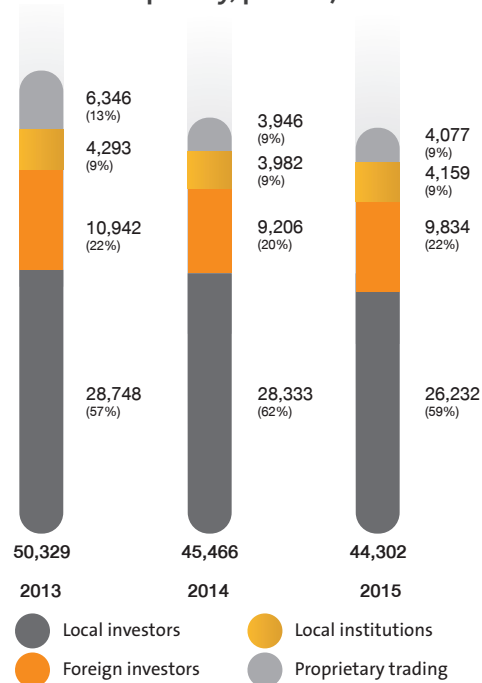
Trading value (unit: THB million)	2015	2014	2013
Trading value of SET	9,997,372	10,193,179	11,777,210
Trading value of mai	768,098	946,112	553,459
Total trading value	10,765,470	11,139,291	12,330,669
Average daily trading value of SET and mai	44,302	45,466	50,329
Trading value growth (y-o-y percent)	-2.56	-9.66	55.80

Source: SETSMART

Local retail investors were the most active segment in 2015. The average daily trading value by retail investors was at THB 26.2 billion (USD 727 million) or about 59.21 percent of total trading value, 62.32 percent lower than last year. Foreign investor's average daily trading value increased to THB 9.8 billion (USD 272 million) or 22.20 percent of total trading value, up by 6.82 percent from the previous year. The daily trading value by local institutions averaged at THB 4.2 billion (USD 115 million), accounted for 9.39 percent of total trading value. Furthermore, the average daily trading value by proprietary traders totaled THB 4.1 billion (USD 113 million) or 9.20 percent of the total trading value.

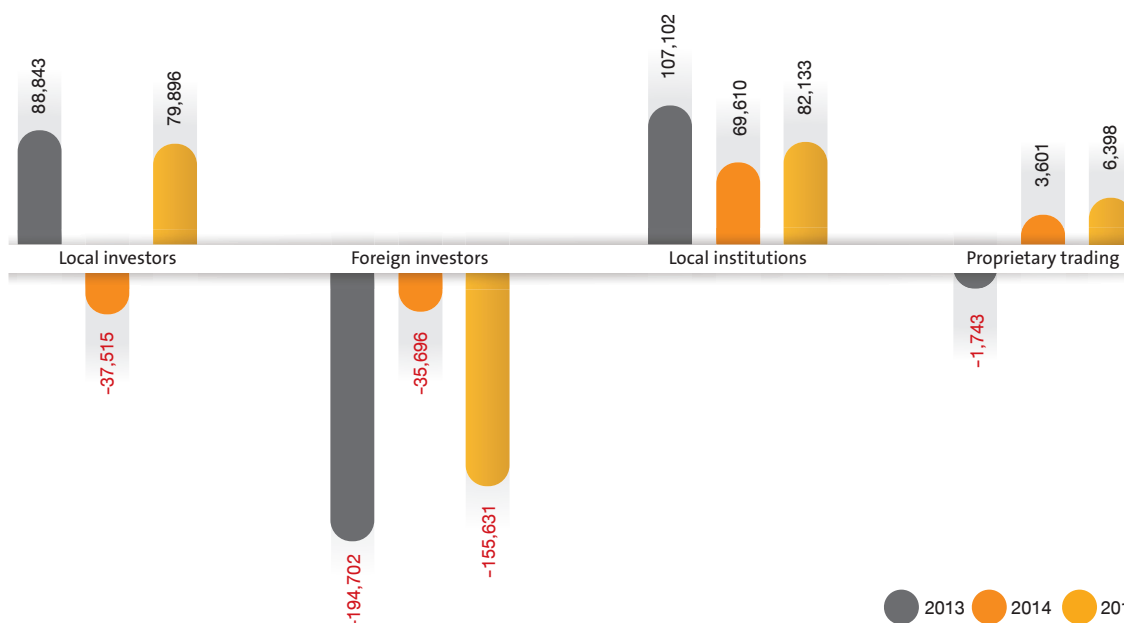
Local institutions and local retail investors were the major net buyers in the Thai stock markets in 2015. In 2015, local institutions, local investors and proprietary traders bought a net THB 82.1 billion (USD 2.3 billion), THB 79.9 billion (USD 2.2 billion) and THB 6.4 billion (USD 177 million) respectively. Nonetheless, foreign investors sold a net THB 155.6 billion (USD 4.3 billion).

**Trading value combined SET and mai by investor type (units: THB million per day, percent)**



Source: SETSMART

**Net position of SET and mai in 2015 by investor type (unit: THB million)**



Source: SETSMART

The number of trading accounts and trading value per account reached record high. The number of trading accounts at the end of 2015 amounted to 1,244,907 accounts, up by 13.30 percent from the end of 2014. Of these, the number of active accounts was 23.0 percent of total trading accounts,

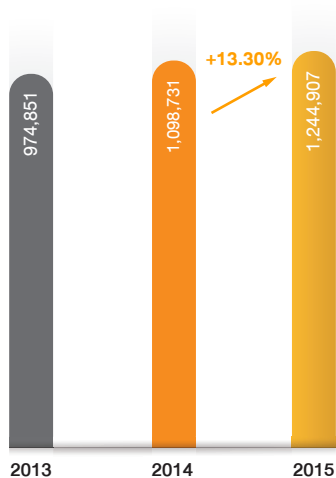
while trading value per account in 2015 was THB 2.86 million, partly due to SET's activities to enhance quality investors via collaboration with alliances including Thai Financial Planners Association (TFPA), Investment Analysts Association (IAA) and with 27 leading securities firms, to jointly organize

the Banker-to-Broker project to reach savers in the region. In 2015, the project covered 10 commercial banks and 10 securities firms.

At the same time, internet trading activity continued to grow both the number of online trading accounts and trading value. The number of trading accounts at the end of 2015 amounted to 955,850 accounts, up by 137,693 accounts from the end of

2014. Among these, the number of active accounts increased to 224,726 accounts, up by 16.03 percent from a year earlier, accounting for 37.90 percent of total trading accounts or over 60 percent of retail investors. In addition, SET has continuously developed tools to support market information search and online trading making it more convenient for investors. In 2015, SET launched “Settrade Streaming for iPad” for Android and updated the program to support Apple Watch and new iPad.

Trading accounts of SET and mai (unit: accounts)

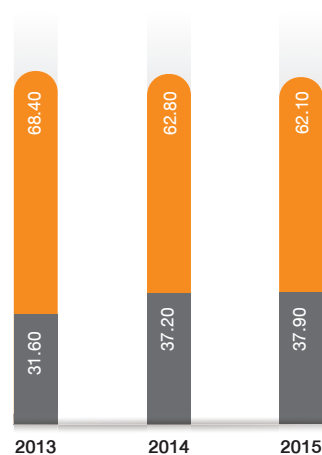


Source: SETSMART

In 2015, a total of 21 securities firms provided Direct Market Access (DMA) services, while 19 firms offered Program trading service. The combined value of trading via DMA and Program trading increased to an average daily trading of THB 6.16 billion, up 21 percent from end-2014, or accounted for 14 percent of the total trading.

If categorized by market cap, the trading of medium-cap stocks increased significantly in 2015, the average daily trading

Trading value combined SET and mai by channel (unit: %)

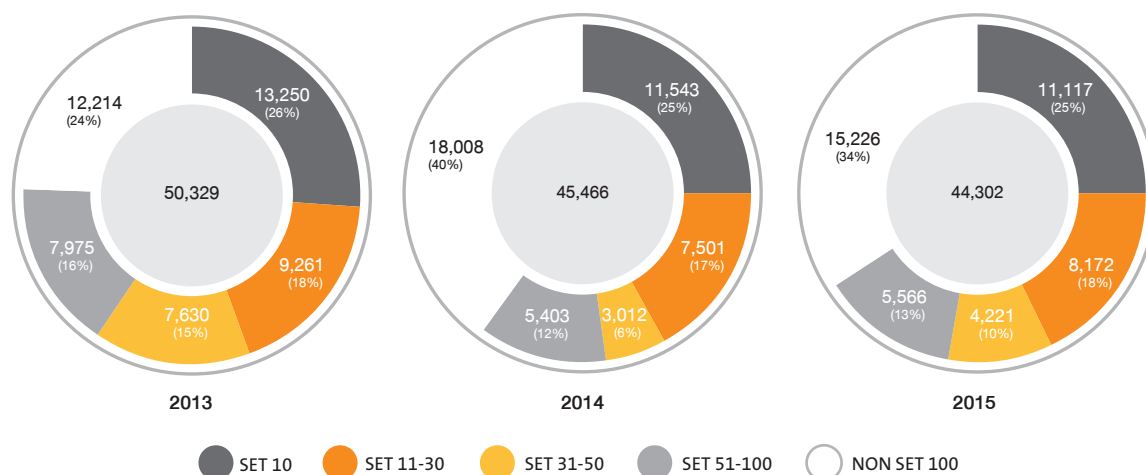


Internet trading Non Internet trading

Source: SETSMART

value of medium-cap stocks (SET31-50 and SET51-100) rose to THB 9.8 billion (USD 272 million), up by 16.31 percent from the previous year and accounted for 22.09 percent of total trading value. Meanwhile, the proportions of the average daily trading value of large-cap stocks, SET1-10 and SET11-30 accounted for 25.09 and 18.45 percent respectively, considered relatively unchanged.

### Trading value of SET and mai by stock type (units: THB million, percent)



Source: SETSMART

## Derivatives Trading

The derivatives market trading activities rose favorably. In 2015, the average daily trading volume was up 35.86 percent from 2014 with 199,749 contracts per day. The increase was mainly due to a rise in trading activities of the SET50 Index

Futures and SET50 Index Option contracts. The number of derivatives trading accounts also grew significantly reaching 113,575 accounts, up by 12.84 percent in 2015.

### Average daily trading volume of TFEX

(no. of contracts)

Products	2015	2014	2013
SET 50 Index Futures	110,142	58,790	23,218
SET 50 Index Options	1,264	444	267
Single Stocks Futures	81,103	80,100	34,351
50 Baht Gold Futures	546	974	2,253
10 Baht Gold Futures	5,469	5,319	6,757
Oil Futures	0	133	190
Silver Futures	0	0	5
Interest rate Futures	0	0	0
USD Futures	1,118	1,265	977
Sector Index Futures	0	0	0
<b>Total</b>	<b>199,642</b>	<b>147,025</b>	<b>68,013</b>
<b>change % (y-o-y)</b>	<b>35.86</b>	<b>116.20</b>	<b>55.21</b>

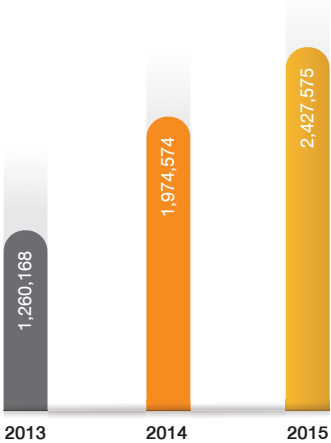
Source: SETSMART

## Post-trade operational review

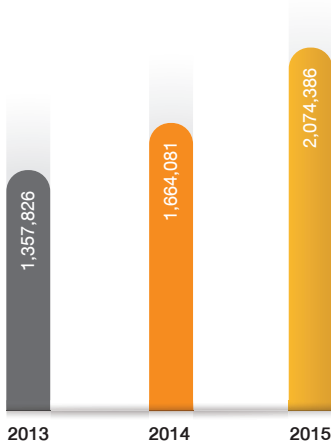
	2015	2014	2013
<b>Securities Depository</b>			
Number of Depository Participants (Participants)	806	776	733
Brokers	37	37	37
Banks	34	34	34
Issuers	700	669	627
Others	35	36	35
Number of Securities Deposited in the Securities Depository System (Securities)			
Common Stock and Corporate Bond	2,941	2,741	2,073
Government Bond	437	482	495
<b>Securities Registration</b>			
Number of Companies in the Securities Registration System (Companies)	687	656	621
Number of Securities in the Securities Registration System (Securities)	2,100	1,953	1,429
Number of Shareholder in the Securities Registration System (Citizen ID.)	1,291,094	1,152,297	1,014,753
<b>Securities Clearing and Settlement</b>			
Number of Participants in the Clearing House (Participants)			
Equity & Debt	39	39	53
Derivatives	42	42	42

# Total Volume & Value of Securities Clearing and Settlement

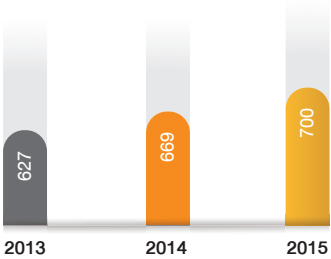
**Volume of Securities in the Securities Depository (Million Shares)**



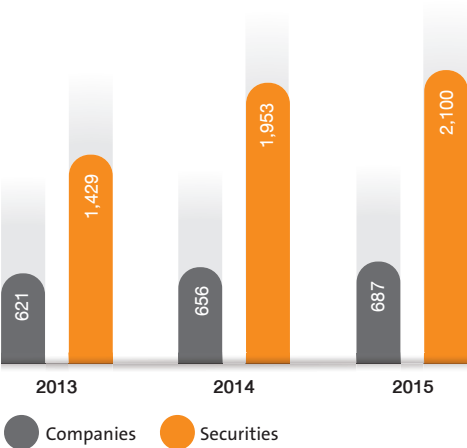
**Number of Investors under e-Dividend Service (ID)**



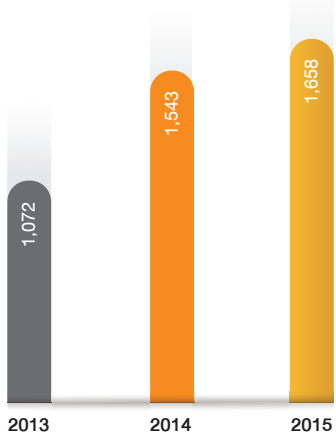
**Number of Companies in Issuer Account Project (Companies)**



**Number of Companies/ Number of Securities in Securities Registrar System**

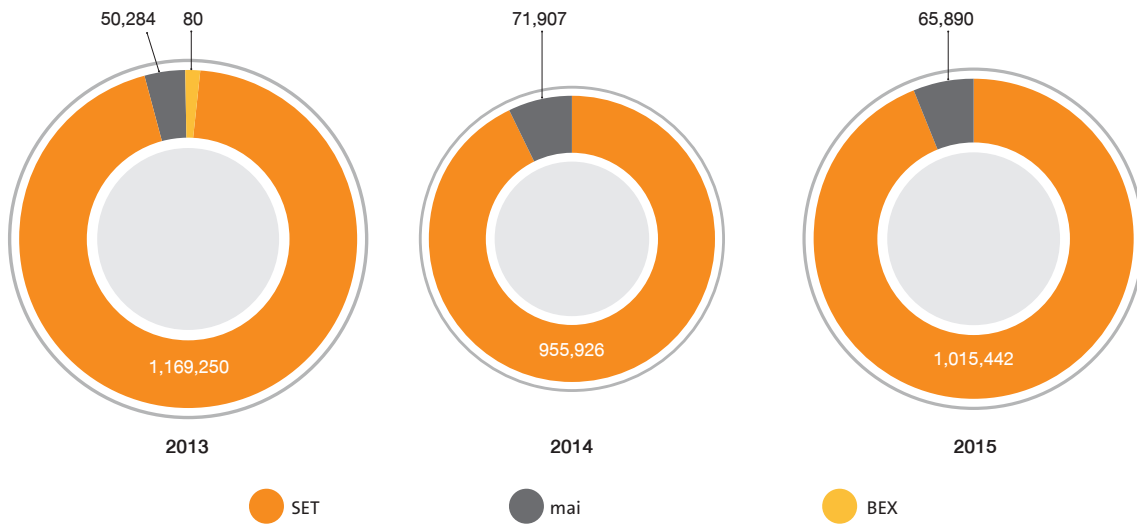


**Number of Securities under e-Dividend Service**

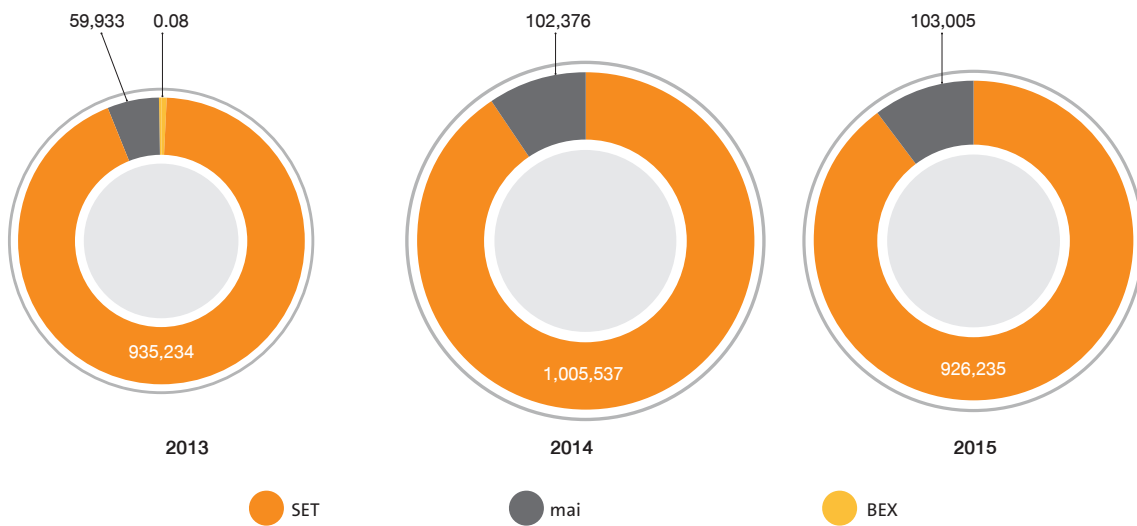




### Total Value of Securities Clearing and Settlement (THB Million)



### Total Volume of Securities Clearing and Settlement (Shares)



# Business operation of SET group

## Vision and mission

The Stock Exchange of Thailand (SET) and its subsidiaries (SET group) have the vision to “empower business and investors through our strengths to match the right financial opportunities.” To support such vision, the SET group sets up the mission to 1) Expand business issuer and investor base by satisfying their financial needs and strengthening intermediaries for mutual growth and success, 2) Offer a wide range of attractive products and services to create value and match financial opportunities across different segments of business and investors, 3) Operate with flawless execution according to international standards to ensure efficiency, effectiveness, flexibility and global connectivity, and 4) Inspire staff to perform up to their fullest potential and create a corporate culture that aims at achieving excellence in matching the right financial opportunities for business and investors.

We aim to 1) be domestic champion by being the most preferred listing, trading and post-trade processing venue of Thai securities, 2) become a connector to the Greater Mekong Subregion (GMS), 3) be a key player in promoting and benefiting from ASEAN asset class, and 4) connect with global alliances and networks.

## Business overview

The SET group is the only stock exchange providing full-coverage exchange services and promoting capital market development in Thailand. The SET group has core businesses as follows:

### Exchange business

#### 1. Securities market

**Listing and trading:** The SET group provides securities listing and trading service for equity and bond instruments through SET and Market for Alternative Investment (mai) for equity and through Bond Electronic Exchange (BEX) for bond. As of December 31, 2015, there were 517 companies listed on SET and 122 on mai along with 493 bond products listed on BEX. The SET group also lists other types of securities covering warrants, derivative warrants (DW), exchange-traded funds (ETF), real estate investment trust (REIT) and infrastructure fund (IFF).

**Clearing and settlement:** The SET group is a clearing house for transactions taking place on SET, mai and BEX. The SET group serves as the central counterparty (CCP) for all trading activities on those exchanges. In addition to serving as CCP for trading on the exchanges, the SET group provides clearing and settlement services for over-the-counter bond trading.

**Depository:** The SET group acts as a central securities depository for stocks and bonds, using a secure and efficient scripless system. The SET group provides services for securities deposit, withdrawal, transfer, pledge and revocation. Investors can conduct these transactions through our depository participants.

**Regulation:** The SET group supervises trading activities of all market participants to ensure that the market is fair, orderly and transparent. The SET group also requires listed companies to disclose accurate, transparent and timely information to investors and the public.

## 2. Derivatives market

The SET group operates a derivatives market that trades derivatives products of which underlyings include securities, commodities and foreign exchange. The SET group is also a clearing house for transactions occurring in the derivatives market. In addition, the SET group supervises all market participants' activities.

## 3. Technology services

The SET group provides both front and back office services for members convening, Front-office Service Bureau (FSB), Internet trading system, and Back-office Service Bureau (BSB). These centralized services help market participants to utilize the benefit of economy of scale to expand their business and to shorten their development time for new products and services. In addition, SET's Internet trading system (SETTRADE) is well recognized and is utilized by 42 out of 46 brokerage firms in Thailand.

In addition, the SET group develops and disseminates stock indexes and provides trading market data and listed companies' information to data vendors and investors so that investors can utilize them for investment decisions.

## 4. Registrar services

The SET group acts as a registrar for stocks and maintain the Register Book that contains accurate and complete shareholder information. Our services also cover information of shareholder benefits and connect registrar services with a direct linkage to the Securities Depository Center for the benefits of listed companies and investors.

Furthermore, the SET group has secured data storage and processing system with the corresponding back-ups ready for securing the continuity of our services. Our vault and data management systems have been in place to secure the rights of the securities holders and for verification and risk minimizing purposes.

## Capital market development

The SET group is committed to promoting long-term development of the Thai capital market and becoming a pillar for sustainable capital market development which can enhance competitiveness of the Thai economy and support capital market's stakeholders and Thai society. The SET group has set four major missions as follows:

### 1. Capital market education

The SET group organizes the educational development into four aspects according to the target groups which are 1) Professional Education, 2) Investor Education, 3) General Public Education, focusing on financial literacy for Thai people and the use of education centers such as Maruey Knowledge & Resource Center and SET Investment Center etc, and 4) Executive Education, focusing on educating public sector and business leaders about capital market and building a network among capital market leaders.

### 2. Sustainable development

The SET group promotes Corporate Governance (CG) to be on par with international standards and Social Responsibility (SR) to be integrated in business operation and to build ecosystem which can support SR in the Thai capital market by encouraging local institutional investors to invest responsibly and through the founding of SR hub for government, educational organization and the Thai people. The SET group also encourages listed companies to conform with criteria defined by Dow Jones Sustainability Index.

### 3. Capital market development infrastructure

The SET group fortifies capital market's infrastructure for the Thai economy and society by supporting projects of various Thai capital market associations and advocating changes in rules and regulations that are barriers to capital market development.

## 4. Capital market research

The SET group conducts and disseminates in-depth capital market research and leading indicators of Thai capital market to benefit stakeholders and the Thai people. The SET group will continue to establish a platform where market practitioners

and academic researchers can contribute the knowledge for the long-term development of the Thai capital market. In addition, the SET group promotes the capital market research to be more accessible by Thai general public, as well as organizes international capital market conferences.

## Revenue structure

The SET group's revenue structure during the past 3 years is as follows:

(Unit: THB million)

Products and services	2015		2014		2013	
	Revenue	%	Revenue	%	Revenue	%
<b>Equity</b>						
- Trading	1,077	23.84	1,114	26.52	1,233	28.61
- Listing	494	10.93	435	10.35	361	8.38
- Clearing and settlement	293	6.48	300	7.14	336	7.80
- Depository	283	6.26	260	6.19	234	5.43
- Membership fees	34	0.82	31	0.74	31	0.72
<b>Total equity revenues</b>	<b>2,184</b>	<b>48.33</b>	<b>2,140</b>	<b>50.94</b>	<b>2,195</b>	<b>50.94</b>
<b>Derivatives</b>						
- Trading	295	6.53	230	5.47	355	8.24
- Clearing	127	2.81	99	2.36	152	3.53
- Membership fees	50	1.11	51	1.21	70	1.62
<b>Total derivatives revenues</b>	<b>472</b>	<b>10.45</b>	<b>380</b>	<b>9.04</b>	<b>577</b>	<b>13.39</b>
<b>Information technology</b>						
- Member services	466	10.31	420	10.00	416	9.66
- Information services	307	6.80	238	5.67	216	5.01
- IT support	106	2.35	91	2.17	69	1.60
<b>Total information technology revenues</b>	<b>879</b>	<b>19.46</b>	<b>749</b>	<b>17.84</b>	<b>701</b>	<b>16.27</b>
<b>Registrar</b>						
- Securities registrar	982	21.74	868	20.66	770	17.87
- Fund registrar	1	0.02	64	1.52	66	1.53
<b>Total registrar revenues</b>	<b>983</b>	<b>21.76</b>	<b>932</b>	<b>22.18</b>	<b>836</b>	<b>19.40</b>
<b>Total operating revenues</b>	<b>4,518</b>	<b>100.00</b>	<b>4,201</b>	<b>100.00</b>	<b>4,309</b>	<b>100.00</b>

## Business competition

Due to financial liberalization and capital market linkage all over the world, the SET group operates under highly competitive environment although the SET group is the only stock exchange in Thailand. Companies looking for fund can raise it through other exchanges abroad, while, investors can choose to invest in countries at their own preferences. In addition, other exchanges can develop similar products or substitute investment products to SET's to attract both Thai and international investors.

Furthermore, the new international trend which can become new types of competitors are a Alternative Trading System (ATS) and for internalization process which could affect the SET group's competitiveness in the future once the capital market in Thailand is liberated.



# Towards Further Success

Improving quality across the board with a  
wide range of products and services to cater  
to investors and fundraisers





# Significant Developments at SET in 2015

Throughout 2015, The Stock Exchange of Thailand continued to drive business growth while maintaining leadership in ASEAN in certain areas. SET has encouraged all the capital market sectors to integrate sustainable development into their business processes for continuous growth. If taking into account the stakeholders' needs and based on the capital market's strong foundation, the country's economic competitiveness will be increased.

Focusing on the development on both the quality and quantity dimensions, SET diversifies products and services to meet the various needs of both investors and fundraisers, while strengthening the fundamentals and stakeholders' potential to cope with future changes. In summary, in 2015 SET enhanced three key attributes: stability, wealth and sustainable growth, as follows.

## 1. Increasing stability

SET aims to stabilize the Thai capital market via risk management tools and advanced technology. In 2015, the focus was on building effective securities trading surveillance to ensure transparency, as such creating confidence among investors and stakeholders. Advanced technology and innovations were introduced in all dimensions to accommodate future growth.

### Optimizing risk management

#### Improving surveillance measures to avoid investment risk

SET places utmost importance on surveillance of securities trading to ensure transparency by improving the Trading Alert and Cash Balance measures to impose on securities with trading irregularities, ensuring effective detection, as such investors will be informed of the updated information and the risk impact on the whole system can be minimized. In addition, penalties on members have been adjusted to correspond with the level of impact and damage occurred currently.

#### Managing risk in line with international standards

Furthermore, in 2015 Thailand Clearing House Co., Ltd. (TCH), a SET subsidiary, upgraded the risk management measures for the clearing and settlement system, including the securities depository in accordance with the new foreign regulatory standards of the Principle for Financial Market Infrastructure (PFMI) and European Markets Infrastructure Regulation (EMIR) in order to strengthen the confidence of Thai and foreign investors.

### Embracing digital systems

SET has applied digital technology in this digital economy to become a digital exchange. It helps increase office-wide efficiency and service development covering securities listing, securities trading, and investment information providing, as well as post-trade services, as follows:

- SET has increased efficiency so that from now on the applicants requesting securities to be listed can now apply via electronic system. This system was first used with derivative warrants (DW) in 2012 and has been developed steadily and in it could handle new share issuance and stock warrants. In 2015, SET fully entered the digital era by launching a digital listing service (Digital IPO) covering all types of equity, officially started on January 25, 2016.



- SET revitalized the www.set.or.th website by integrating information and services from all SET groups in one place in order to offer one-stop service, enabling investors and the public to access information and services quickly and easily. SET also launched “SET Application” on smart phones and tablets for investors to catch up with trading, listed firms’ information, video clips, various seminars, etc. more easily, anytime, anywhere. By the end of 2015, the SET Application was downloaded more than 100,000 times. To cater to the lifestyle of the new generation, the information has been promoted via social media. Currently, the number of SET social media followers exceeds 500,000.

In addition, the SET Market Analysis and Reporting Tool (SETSMART) has been further developed to meet the needs of more investors such as tablet compatibility, additional functions for investors to better analyze data for investment decision-making.

- The data center management focused on network scalability to support business growth and the SETNET 3 network capability. The ISO27001 security management has

increased efficiency for rapid data transmission from SET to customers, and could accommodate more co-location leases, with 10 companies currently using the service.

- Thailand Futures Exchange PCL (TFEX) was awarded “Best Technology Innovation by an Exchange” for outstanding trading system innovation, at the 2015 Futures and Options World (FOW) Awards for Asia event.



- Thailand Securities Depository Co. Ltd. (TSD) turned the TSD counter service into a modern Digital Counter Service, creating paperless environment. It provides investors with convenience, speed, and efficiency using electronic forms for the issuance of new stock certificates and the transfer of equity shares, etc.



- Thailand Clearing House Co., Ltd. (TCH) developed a new payment system for securities clearing and settlement to support the Thai capital market's growth, starting from August 24, 2015. The new system facilitates multi-currency securities settlements, making international transactions easier. This enhanced service is second to none, compared to clearing houses worldwide. In addition, the straight-through processing of securities deposits has also been developed for more efficient operating performance.

## 2. Creating Wealth

SET has continued to expand the listed company base and quality investor base while developing a variety of existing products and services for both the equity and derivative markets to increase investment opportunities and cater to all customer segments. At the same time, SET has continuously been a connector to business investments in the Greater Mekong Subregion (GMS), while exchanging ideas and transferring financial and investment knowledge and experience among the GMS countries.

## Developing products and services

### Equity market

SET has adjusted the selection criteria for stocks in the SET50 and SET100 Indices calculations to ensure that the stock constituents of the indexes reflect enough liquidity for investors to trade. Additional criteria have been used to consider the proportion of number of shares traded relative to the number of the firm's listed shares. The method of calculating the total return index (TRI), which measures total investment return, has also been adjusted. This includes the adjustment of capital gains and dividends, in line with international practices by using the changes in the daily price index to calculate capital gains instead of using the changing market capitalization. This gives correlation between the TRI index and the price index.

In addition, SET has developed the depository receipt (DR) equity instrument, or warrant instrument for foreign securities, providing another alternative that supports the trading of foreign securities by Thai investors effective on May 16, 2015.



## Thailand Futures Exchange

Thailand Futures Exchange (TFEX) has developed many types of products and services to add investment options and facilitate investors' effective use of TFEX products as investment tools and for risk management tools, as follows:

- Boosting liquidity for the SET50 Index Options, with cooperation from member companies through the Market Maker project, for four futures products as well as encouraging investors to use "Options Wizards" as an aid for novice investors to make investment decisions when investing in the SET50 Index Options.
- Adding 10 more underlying stocks to the Single Stock Futures for a total of 70 securities, so that investors have a broader range of choices to use as investment and risk management tools.
- Raising the holdings status for USD futures for investors to 10,000 futures contracts from the previous 5,000 contracts, equivalent to USD 10 million. This will enable investors to use

USD futures to manage exchange rate risks more effectively. The Bank of Thailand has also approved in principle in allowing all TFEX full license members to trade USD futures.

In line with the government policy on the merger of the Agricultural Futures Exchange of Thailand (AFET) to become the center of agricultural futures trading under TFEX, in 2015, TFEX made progress, with the cooperation from the government agencies consisting of the Ministry of Finance, the Ministry of Commerce, the SEC, the Agricultural Futures Exchange of Thailand (AFET), and the Office of the Agricultural Futures Trading Commission (AFTC), in the policy making, regulatory adjustment, and trading preparation involving member companies and stakeholders. TFEX also organized training programs to enhance the agricultural futures knowledge among entrepreneurs and investors, participated by 70 executives and staff from various groups within the agricultural futures business sector. The first agricultural derivatives product, the ribbed smoked rubber sheets grade 3 (RSS3 Futures), was launch in 2016.



## Connecting with foreign countries

SET has been playing an active role as a GMS Connector in business fundraising and investing among the Greater Mekong Subregion (GMS) countries, comprising Cambodia, Laos, Myanmar, Thailand and Vietnam. In 2015, two Vietnamese companies were listed on SET as holding companies: PM Thoresen Asia Holdings pcl and Amata (Vietnam) Joint Stock Company. Moreover, MFC Industrial Real Estate Investment Trust (MIT) was also listed as the first REIT to invest in foreign assets with a leasehold investment in a data center in the U.K. SET continued to drive the listing of other types of foreign companies in more varieties of investment. In 2015, the additional guideline for accepting foreign companies to be listed on SET as primary listing for its first time, was in effect as well as for the listing of infrastructure trust for companies with investment in foreign infrastructure projects such as power plant and telecommunications system, etc.

In addition, SET continued to enhance cooperation and capital market's knowledge-based activities among GMS countries, while exchanging expertise in various dimensions as follows:

- In 2015, SET organized the Capital Market Academy (CMA)'s exclusive program called "CMA GMS Program," for the first time, to encourage the exchange of knowledge and experience among 50 senior executives from GMS government and private sectors, in Bangkok, Thailand, as such creating a springboard for capital markets' joint development. SET also participated in the 3<sup>rd</sup> GMS Capital Market Education Forum in Hanoi, Vietnam to exchange knowledge and know-how in the development of capital markets in various dimensions. In addition, the GMS Professional Education Working Committee also prepared knowledge standards for Equity Investment Consultants, enabling each country to apply such standard as a framework to further raise the level of professional knowledge.
- SET, jointly with the IMF Regional Office for Asia and the Pacific, organized the GMS Workshop, to implement next steps of the annual GMS Exchanges CEOs meeting. The participants were GMS senior executives from the ministry of finance, the central bank, including capital market regulators, sharing experiences in creating fundraising opportunities, linking investments across markets, and optimizing clearing and settlements, to get ready for the business expansion in the region.



- SET has compiled the GMS Economic Exposure Universe to provide investors with a list of Thai listed companies that could generate a substantial portion of their investment and/or revenue from GMS. This information is valuable for those investors interested in investing in businesses with growth potential from the expansion of the GMS. More information is available at: [http://www.set.or.th/gms\\_exchanges](http://www.set.or.th/gms_exchanges) .
- In 2015, the capital markets in GMS organized study trips and exchanged data according to their memorandum of understanding (MOU). For example, listed companies from Vietnam and Laos made visits to study the development of corporate and attended training on derivatives market development in Vietnam. The training was also organized in Vietnam on regulations related to the issuance of Non-Voting Depository Receipts (NVDRs) according to the plan to expand foreign investors' investment. The training on developing the SMEs market was organized in Cambodia. In addition, there was also a signing session to renew the MOU with the Laos Stock Exchange for five more years (2015–2020) in order to continue the long-term cooperation in developing the capital market and encouraging business opportunities among all GMS member nations.

### 3. Growing Sustainably

SET focuses on enhancing the quality of listed companies, while providing financial and investment knowledge among investors, the general public and professionals and strengthening all the stakeholders, as SET promotes both growth and quality towards sustainability.

#### Enhancing Listed Company's Quality

SET puts emphasis on developing potential of listed companies for sustainable growth, taking into consideration the environmental, social and governance (ESG) framework in running business. We also encourage listed companies to enter the sustainability assessment in line with the international standard as such strengthening the Thai capital market in the long run.

#### Developing Corporate Governance (CG)

SET is committed to promoting corporate governance among listed companies, getting well-prepared for the ASEAN arena. Highlights of performance are as follows:

- **Upgrading good governance development:** SET, jointly with the Organization for Economic Co-operation and Development (OECD), the Office of the Securities and Exchange Commission (SEC) and the Thai Institute of Directors Association (IOD) organized the 2015 OECD-Asian Roundtable on Corporate Governance participated by over 150 senior managers representing both public and private sectors, both local and overseas. The objective was to create understanding and upgrade corporate governance standard of listed companies under the updated version of the OECD Corporate Governance Principle.
- **Promoting knowledge and realization of CG best practice:** In 2015, SET shared updated knowledge and experience in CG practices among directors and senior managers of 50 listed companies. SET organized the quarterly CG Forum, attended by 839 participants. CG workshops were organized for 812 corporate secretaries. CG information was disseminated to various media. In addition, the Board Evaluation Handbook and Whistle Blowing Guideline for the efficient CG practices were revised. SET also conducted the Thai Directorship and Remuneration Surveys 2015, and provided the results of the findings to listed companies so they could benchmark the matters concerning directorship and remuneration. In addition, SET also published: “Directors, Pillars of Corporate Governance” and “Ethics: Corporate Governance Consciousness”, aiming to promote CG practices.



- **Upgrading CG best practice among Thai listed firms ready for ASEAN market:** SET has continuously analyzed and evaluated CG practices among listed companies every year. In 2015, the results are satisfactory and can be summarized as follows:

- The assessment results of ASEAN CG Scorecard 2015, conducted by IOD, to evaluate CG practices among listed companies in ASEAN, showed that Thailand ranked first for four years in a row among the six ASEAN nations participating in the assessment (Thailand, Malaysia, Singapore, Indonesia, the Philippines and Vietnam). 23 listed companies in Thailand were included among Top 50. The names were announced and the listed firms of the Top 50 were presented the CG Awards in Manila, the Philippines, in recognition of their continuous efforts in business undertakings under CG Principle.
- As for the assessment results of Corporate Governance Report of Thai Listed Companies (CGR), conducted by IOD with support from SET, the Thai listed companies achieved average score of 75 percent, classified at “Good” level. More listed companies placed importance on concrete CG practices, operating business with consideration on social responsibility for sustainable growth.

- **Synergizing with alliances to enhance CG among listed firms**

**DAP:** SET supported the organizing of Director Accreditation Program (DAP), a basic course for directors to comply with the responsibility in best practice and CG principle, for directors of companies preparing for listing on SET. The training course was participated by 179 participants from 88 listed firms. In addition, SET also supported the Thai Investors Association in organizing 25 training courses to enhance the quality of Shareholders’ Right Protection Volunteers and equip them with knowledge about roles, duties and rights of minor shareholders.

## Social Responsibility

- **Promoting and developing ESG knowledge:** SET promotes the quality development of listed companies and all involved parties by emphasizing business growth hand in hand with ESG development for long-term business sustainability and capital market strength. The training course on Social Responsibility Management for Sustainable Development was organized for eight classes, attended by executives from 334 listed firms. In addition, seven workshop courses to enhance skills for practitioners were organized for 10 classes, participated by executives from 132 listed firms.



Moreover, four SD Forums were organized, attracting a total of 1,200 participants. The forums updated knowledge on sustainability, information disclosure and current social investment activities.

- **Providing advice on sustainable development (SD) for companies listed on mai:** SET and mai jointly initiated in-depth project entitled “Corporate Sustainability Advisory Program” in 2014 for five companies. In 2015, corporate sustainability practices of these five companies were compiled and published, entitled “mai and a step towards sustainability”, and this book has now been used as case studies for other listed companies to learn from.



- **Supporting Thai listed companies towards international sustainability standard:** SET has continuously supported and prepared certain potential listed companies to enter

sustainability indices assessment of the world-renowned Dow Jones Sustainability Indices (DJSI), through an activity – DJSI Exclusive Training, by inviting speakers from RobecoSAM to provide knowledge and guidance in preparation for the assessment.

In 2015, out of the total of 34 listed companies, invited for the assessment, 23 listed companies, or 68 percent participated in the assessment. Out of these participants, 13 companies were selected as DJSI members, as such earning Thailand a record of having the highest number of listed companies as DJSI members among ASEAN for two consecutive years. These showed their success of the Thai listed firms in gaining international recognition.

- **Recognizing listed companies with outstanding SD:** SET has assessed sustainability development results in order to upgrade efficiency of the listed firms’ internal operations in accordance with the ESG concept. In 2015, 100 listed companies participated in the assessment, showing average assessment scores of 60 percent. In addition, SET Sustainability Awards were presented to nine companies in recognition of their outstanding performances in sustainability development, whereas the SET Social Enterprise Investment Awards were presented to four listed companies in order to encourage listed companies to participate in social enterprise (SE) investment.



- **Announcing “Thailand Sustainability Investment”:**

SET has promoted listed companies to operate under the ESG principle, on top of generating attractive financial returns. SET and mai-listed firms that have passed the ESG assessment criteria, together with the DJSI members were compiled into a list of “Thailand Sustainability Investment” for the first time, becoming useful investment information for high quality stocks. In 2015, there were 51 listed companies on Thailand Sustainability Investment list.

- **Promoting disclosure of ESG information:**

SET has encouraged listed companies to continuously disclose their ESG information for the benefit of all stakeholders. It can be used as tool to review and monitor their own sustainability performances. SET organized two levels of training to provide knowledge for listed companies : ESG Report Program under 56-1 Reporting Form, of the SEC, participated by 289 listed companies in eight classes as well as the ESG Report Program under the UN Global Reporting Initiative (GRI) framework, participated by 18 listed companies.



### Upgrading Investor Relations Function

SET has promoted development of Investor Relations (IR) function for listed companies, a major mechanism that enables listed companies to achieve transparency in their businesses, through the disclosure of accurate, complete and timely information leading towards greater confidence among investors. A series of seminars has been conducted such as CEO workshop, SD Talk Basic, IR Intermediate, IR and Advanced IR, including training course development, in-depth advice for one on one, as well as creating understanding among senior managers in order to promote and support the performance of IR function in the right direction.





In addition, SET has developed the Best Practice manual and guideline under CG Principle such as the “IR Check List” to be used as tool to review completeness and appropriateness of IR performance at different phases; “IR Practice Survey” to be used as benchmark for IR performance; and “IRO Directory” a list of IR officers making it convenient for investors and analysts.



In 2015, it was evident that listed companies have been increasingly aware of the significance of IR function, as reflected by an increase in the number of listed companies participated in the Best Investor Relations Awards to 188, or six percent from 2014. In addition, there were four listed companies winning regional recognition awards for their IR performance.

### Upgrading quality of listed companies’ personnel

SET organized a training program called “Strategic CFO in Capital Markets” to enhance personnel development of listed companies and companies interested in being listed, on financial strategy management techniques, team management, operation system and effective approach to gain benefits from the capital market in order to achieve continuous and sustainable growth.



These included the arrangement of seminars on “Compensation as Morale and Encouragement for Employees” (ESOP/EJIP), and “M&A Tips for Directors,” aiming at creating understanding about capital markets tools.



As on SET oversees the certification and training of Certified Investment & Securities Analyst (CISA) qualification, an accredited investment and securities analyst program, SET initiated a scholarship program for training and testing of CISA 1, so as to develop and encourage personnel of listed companies to apply their investment & securities analyst knowledge in their operations, which will eventually benefit listed companies and capital markets.

## Developing Intermediaries

### Upgrading quality of personnel in securities business

SET, in cooperation with various professional associations, such as the Association of Thai Securities Companies, Association of Investment Management Companies and Investment Analysts Association, has developed tailor-made training programs that fit the needs of personnel in different areas, covering investment consultants, investment analysts, securities operation officers and HR personnel. The training programs that have already been launched were “The IC leader @ Securities and Asset Management Companies,” “The TFEX specialist @ brokers” program, “The Strengthening analyst @ broker” program, the “Evening class for IC @ SET” program, organized throughout 2015, attended by 3,538 participants.

### Preparing students for capital market professions

SET has cooperated with various professional associations and 26 universities to encourage students to prepare themselves for capital market career, both at intermediaries and listed companies. These preparatory courses consist of the “New Breed IC @ U-Net” program, designed for the development of investment consulting personnel, in which 755 students managed to pass the licensing program; “the Young Corporate Financial Officer (YFO)” program aiming at developing students for financial and IR officer professions, participated by 75 students; the New Breed Analyst @ U-Net program aiming at preparing graduate students for the new breeds of investment analyst through intensive training and testing programs for of CISA 1 level, 85 students winning scholarships and 20 instructors at universities participating.

### Developing licensing standard

As SET is in charge of the set standards of capital market personnel, SET has carried out the following activities:

- **Supervising professional licensing standard:** SET supervises and manages contents, test banks and testing standards of investment consultants. In 2015, there were 66,175

persons entering the test, with 10 random inspections on quality assurance of testing centers. As for the management of CISA program that issues certification requires for analyst and fund manager licensing, in 2015, a total of 2,530 persons entered the test.

- **Supervising license renewal training program:** SET approved 150 training programs relating to license renewal, and conducted random inspection of quality assurance of 13 license training institutes.
- **Cooperating with GMS partners in exchanging management and CG experiences:** SET cooperated with the National Committee for Business Development (NCBD) of Lao PDR, the supervisory body for enterprise development of Lao, to organize a seminar on “State Owned Enterprises Management and Corporate Governance” at the Stock Exchange of Lao, Vientiane. The seminar aimed at sharing experiences with the administrators who oversee state enterprises and executives of state enterprises, totaling 60 persons, on state enterprise management in Thailand, especially corporate governance, for the benefit of state enterprise management in Lao in the future.

## Developing Quality of Investors and General Public

SET aims at creating wealth for the Thai people by continuously organizing and developing learning channels for financial and investment planning for investors and the general public.

- **Developing financial planning knowledge and skill:** SET launched “Money Matters Need Planning: rethink and become wealthy” program Year 3 in order to campaign awareness of financial planning and wealth creation among career people in government service, state enterprises and private organizations all over the country. The program reached more than 2.3 million target groups through both offline and online channels including the live broadcast of Financial Planning Program through Money Channel.

Furthermore, SET launched “Employee’s Choice @ Workplaces” program, aiming at encouraging provident fund members to acquire knowledge of retirement plan and fund, as well as how to select Employee’s Choice investment that fits their personal needs. 172,136 persons participated in the training programs and other learning media.



- **Promoting quality investors:** SET has disseminated knowledge to investors in central and regional areas through the “Investor Classroom” program, aiming at creating quality investors. In 2015, a total of 10,666 persons participated in this program. To reach people in various provinces, SET provided knowledge through the seven SET Investment Centers (SET IC), at universities nationwide and more than 16,908 participants joined the events and activities.

SET developed learning channels to enhance investor potential in personal financial planning and published: a two-book series on Happy Retirement entitled “Happy Single, Free Life, and Steps towards Financial Independence” and “Happy Retirement for Parents”; including a book series on Financial Matters Need Commitment Book 1 entitled “Personal Financial Planning.” The investment book series included the two-book series on Stock Analysis by Sectors entitled “Energy Sector Stocks” and “Property Development Sector Stocks,” a four-book series on Golden Goose Stocks entitled “Golden Goose Stock Tactics,” “Golden Goose Stock Investors,” “Golden Goose Stock Strategies,” and “Golden

Goose Stock Gurus.” Another book was “Never Dying Stocks.” In addition, SET also published “Share for All,” a commemorative book for the fourth anniversary of SET’s establishment from first to fourth decades, also available via online e-books and “SET e-book” Application.



- **Creating INVESTORY,** an investment museum to serve as a one-stop investment knowledge center covering financial and investment planning. This first interactive self-discovery center in Thailand opened its door to the public on January 4, 2016.



- **Upgrading Maruey Library to Digital Library:** In 2015, there were more than 300,000 users of Maruey library, both at SET head office and Esplanade Department Store (Floor 2<sup>nd</sup>). The new Maruey library is now housed in the new SET head office on Ratchadaphisek road, with more space and services. It is considered a leading digital library of the country, using digital technology, such as digital bookshelf, digital self-service, digital device and Maruey e-library. It provides an easy and rapid access to capital market's information catering to investors, capital market professionals and the general public.



## Creating SET Sustainability

### Promoting Research Quality and Upgrading the Thai Capital Market

- **Developing research quality for capital market development:** SET's Capital Market Research Development Institute aims at developing and supporting capital market research studies. It also includes other studies and research for the benefit of market stakeholders in a wider perspective leading towards sustainable development, such as "Creating Investor Attitude Indicators via SET Database," "Disclosure of Dividend Stock List," and the "Global Economic Exposure Universe," revealing a list of stock with investment in or earnings from overseas. SET also cooperated with the Thai Listed Companies Association to conduct the CEO survey on economic outlook every six months to obtain the top management opinions on listed companies regarding economic and business outlook, as well as the exports, investment and fundraising trends, as well as hot issues or major incidents in different timeframes. This information benefits corporate planning for both business and related government sectors.
- **Building network of education and business sectors, granting scholarships for capital markets research to graduate students:** SET granted awards for outstanding research on capital market development to encourage quality knowledge-based studies among researchers in the Thai education sector. SET also set up a Capital Market Research Clinic, in cooperation with 15 leading educational institutions nationwide and all parties involved in the capital market business

- **Organizing a forum for researchers to present research work and exchange views:** SET has organized the Capital Market Research Forum every month for six consecutive years. It is a venue to present capital market research and studies, as well as exchanging views on issues of public interest. The forums were participated by distinguished guests, capital market experts and specialists, and policy makers from both financial and capital markets, as well as lecturers from leading universities to share their views that could benefit the capital market development in Thailand.



Moreover, SET signed a memorandum of understanding (MOU) for the development of CG database and research work in the Thai capital market, with the Faculty of Commerce and Accountancy, Chulalongkorn University and the Faculty of Management, Kasetsart University (Si Racha campus). The aim was to support CG database development and research for the benefit of the Thai capital market, as well as the future CG research and studies.

- **Cooperating with NECTEC:** The cooperation aims at developing a system for large capacity data management, which will enhance efficiency in various capital market research studies.

- **Organizing international seminar:** SET, jointly with the IMF Regional Office for Asia and the Pacific (OAP), organized the first International Capital Markets Conference 2015 in Thailand, under the “Building Regional Capital Markets: Global Experiences: GMS Aspiration” theme. It aimed at exchanging views about fundraising opportunities, investment connections and capital markets development among the Greater Mekong Sub-region (GMS) nations, participated by more than 300 senior executives from both local and international organizations.



- **Enhancing the Thai Capital Market:** SET joined as a member of the joint public-private sector capital markets taskforce, to drive the capital markets reform, organized through different venues arranged by the government, such as a sub-committee on Capital Markets Reform of the National Reform Council, a taskforce recommending views on the direction of the 12<sup>th</sup> National Economic and Social Development plan, the sub-committee for Thailand’s International Competitiveness Upgrading. The latest one was the taskforce under the Thai Capital Markets Development Board, chaired by the Finance Minister, aiming to provide guidelines to move forward the Thai capital market in various dimensions, in order that the Thai capital market can support the Thai economic and social development in a sustainable manner. The suggested guidelines were such as the formulation of the Thai Capital Market Development Plan (2016-2020), to strategically promote connections between the Thai and regional capital markets; the competitiveness enhancement of the Thai financial sector, and the development of basic financial literacy for the general public, the campaign to promote long-term savings for Thailand’s aging society among others.



### Enhancing Leadership via CMA

The Capital Market Academy (CMA) is committed to providing knowledge and understanding for the top management in both public and private sectors responsible for policy setting. During 2005–2015, the total of 1,818 top executives graduated from 21 CMA classes. In 2015, CMA updated the contents of its Top Management Modules in classes 20 and 21 to match the current global trend, such as merger and acquisition (M&A), joint venture, social enterprise, corporate governance using the local and world-class case studies. In addition, CMA also organized a special academic seminar for top management of six institutes, under the topic of “Synergizing Creativity for Thailand’s Stability, Wealth and Sustainability.” The outcome of the seminar was later publicized while they had the opportunity to exchange views.

### Enhancing Personnel Potential for Business Growth

SET places considerable emphasis on the development of human resources, preparing them for the future business expansion, through HR management and development programs, as follows:

- Organizing leadership development program to enhance potential of future leaders, through integrated activities, such as training, seminar as well as local and overseas study trips
- Providing job rotation, both within and across divisions, by developing the multiple job-related skill sets to equip personnel with multi-tasking knowledge, skill and capability for a broader scope of work.

- Providing scholarships for both local and overseas studies in the areas of business administration, law and technology for personnel in order to enhance their knowledge and capabilities, bringing back advanced technology and innovation for further organizational development. In 2015, SET offered one scholarship for post-graduate study in Thailand and three scholarships for post-graduate study abroad.
- Conducting 360-degree Competency Assessment, to be used as guideline for future leadership development and inputs for individual development plan (IDP) for senior managers, including the preparation of succession plan for the top management for the benefit of the organization
- Developing performance management system, which is clear and linked to the organization's targets. The KPI of President should link with the organization's targets, cascading down to executives and individual employee, respectively, including the link of KPI and performance-based compensation of individual employee.

- Communicating with employees via internal channels constantly, and organizing joint activities between executives and employees
- Enhancing cordial relations among employees executives: In 2015, SET organized "I love SET" outdoor trips to a resort in Khao Yai National Park, a mountainous area in the northeastern part of Thailand, for teambuilding.

Recognizing every employee as a valuable asset, SET aims at instilling pride and confidence in themselves and the organization, from the inside out. All the programs in 2015 were intended to support and enhance their potential and teambuilding, creating a better working environment and a happy workplace. This will lead to high quality of work, as such building corporate competitiveness capable of coping with future changes effectively.



# Towards Further Sustainability

Enhancing value and synergy for the Thai capital market's long-term sustainable growth by always taking society and environment into consideration







BCSLM

# The SET group's strategic plan for 2016 and long-term strategic goal

The Stock Exchange of Thailand (SET) seeks to continually integrate sustainable development into its business processes to advance the development of the Thai capital market. SET has focused on fulfilling stakeholders' needs and strengthening the capital market foundation to fortify Thailand's economic competitiveness, society and environment. SET has set out the long-term strategic goal emphasizing on sustainable growth, and has aimed at achieving three vital targets by 2020, which are: 1) growing equity market with quality to support the development of Thai economy, 2) enhancing liquidity as well as investors' knowledge in derivatives market, and 3) providing various investment products and services with world-class standard.

Therefore, SET has planned the 2016 strategic plan focusing on six major areas to drive the new S-Curve of Thai capital market growth:

## 1. Expand and enhance quality of listed companies, as well as strengthening SMEs

### 1.1 Attract new listed securities

SET aims to facilitate both domestic and international businesses with fund-raising needs. In 2016, SET targets to increase market capitalization by THB 270 billion from initial public offering (IPO). Targeted IPO companies are 1) industry leaders, 2) companies in government-supported business sectors, and 3) companies with business in Greater Mekong Subregion (GMS).

### 1.2 Enhance quality and capability of listed companies and SMEs

SET aims to enhance capabilities of doing businesses for both Thai listed and non-listed companies focusing especially on SMEs. SET plans to facilitate business-matching scheme among the companies to facilitate their innovative development and succession planning.

Furthermore, SET will focus on quality improvement of listed companies for sustainable development. SET will support and nurture those companies to enhance their corporate governance (CG). SET will also encourage them to embrace their businesses with the Environment, social, and governance (ESG) principles to be eligible for inclusion in Thailand Sustainability Investment (THSI) which is the list of companies with excellent ESG principles at the domestic level, and become a member of Dow Jones Sustainability Index (DJSI) at the international level.

### 1.3 Improve listing and regulating framework for listed securities

SET plans to revise listing and regulating framework by focusing on 1) criteria for new listing in both SET and mai, 2) trading rules and mechanism, and 3) risk management and trading supervision scheme.

### 1.4 Develop corporate financial professionals of listed companies and SMEs

SET strives to become a center of corporate financial professional development to support the change of Thai industries. SET will launch a new SET – corporate financial development curriculum to groom corporate professionals specializing in finance and investor relations. Thus, listed companies and SMEs can effectively utilize the capital market to fulfill their funding needs. In 2016, SET plans to train 2,000 personnel of targeted listed companies and SMEs.

## 2. Develop new asset classes and enlarge coverage of existing products and services

In 2016, SET aims to continually expand its product and service range to serve a variety of investment demands in the market. SET will develop new asset classes and multi-currency products, as well as introduce physical-delivery method for commodity products, such as agricultural futures and electronic gold.

SET also emphasizes on business expansion and linkages with other capital markets. SET aims to become a GMS connector to bridge investment opportunities and to enhance capital market knowledge for all countries in the region. In addition, SET plans to cooperate with the world's leading exchanges and organizations to extend its international reach.

### **3. Strengthen the domestic institutional investor base**

To balance the participation of investors, SET targets to increase participation of local institutional investors. Cooperating with asset management companies and the Securities and Exchange Commission (SEC), SET plans to educate Thai people to allocate their investments into assets that yield higher return over the long run such as equity mutual funds and equity provident funds, etc. This will improve financial stability for their retirements, while Thailand is entering the aging society. In addition, SET will educate business employees on the benefits of financial and investment planning, and promote provident fund with employee-chosen asset allocation scheme (employee's choice). With the scheme, employees will be able to increase their equity allocation for long-term return. In 2016, SET targets to 1) increase an additional 1,000 employers that provide provident funds with employee's choice scheme, 2) educate 150,000 provident fund members, and 3) attain a purchase of 75,000 million THB through mutual funds and insurance companies.

Moreover, SET plans to build a centralized infrastructure, called Fund Service Platform, to facilitate the expansion of domestic institutional investors. This infrastructure will enhance efficiency of distribution channels and reduce complexity in operations and services.

### **4. Expand the retail investor base with quality**

SET will enhance quality and skills of investors and equip them with investment knowledge which will allow them to plan their investment that suits best with their risk appetite. SET will adopt digital channels to reach targeted investors. By cooperating with intermediaries, SET aims to expand retail investor base in not only metropolitan area but also provincial areas. With these plans, SET targets to attract 110,000 retail investors in equity market and 10,000 retail investors in derivatives market.

### **5. Improve capability of investment professionals and capital market infrastructure to be ready for future market competition**

#### **5.1 Build foundation and enhance capability of investment professionals**

SET, together with partner organizations, will focus on strengthening capability of investment consultants (IC) and prepare them for new asset classes. For experienced IC, SET will build advanced skills, such as investment planner and multi-product specialist. For new IC, SET will prepare skills to create a new generation for securities and asset management businesses.

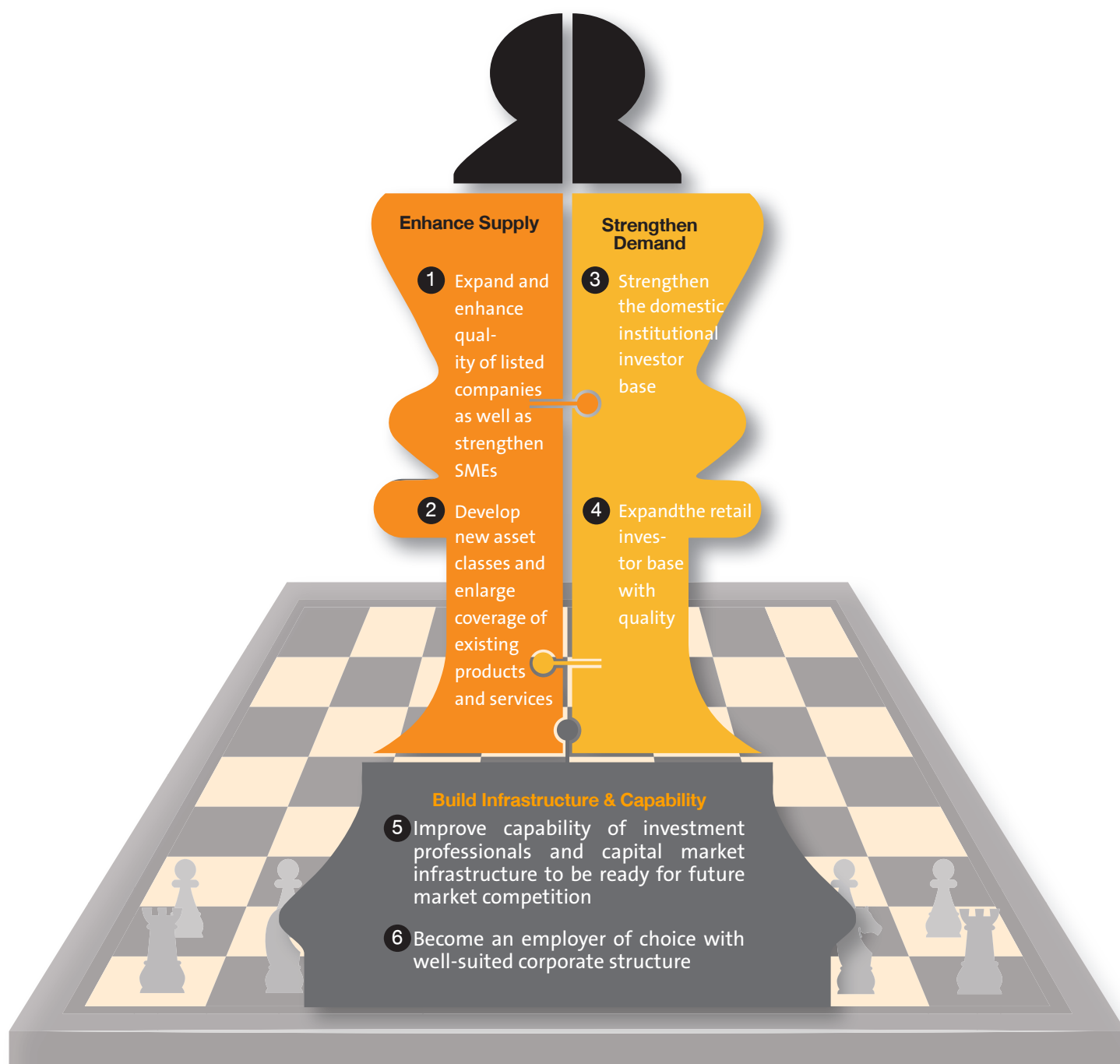
#### **5.2 Develop infrastructure to support capital market development**

In 2016, SET plans to focus on four major infrastructure developments as follows: 1) Promote a straight-through digital processes in capital market, such as shareholders' voting through digital channel (e-Voting), digital transfer of shareholders' proxy (e-Proxy), and digital disclosure of listed companies' information

(Digital Disclosures), 2) Maintain cybersecurity practices that are on par with international standards, that is ISO27001  
 3) Increase capacity of online-trading system by 50 percent  
 4) Raise SET international profile through both regional and global capital market forums, such as Asian and Oceanian Stock Exchanges Federation (AOSEF), ASEAN CEO, and Association of National Numbering Agencies (ANNA).

## 6. Become an employer of choice with well-suited corporate structure

SET aims to become an employer of choice for all employees. SET will recruit, develop and retain capable person to advance their career path and to become the next generation leaders that ensure sustainable growth of SET and the Thai capital market.



# Corporate Governance Report

The Stock Exchange of Thailand (SET) places importance and priority to maintain high standards of good corporate governance and business operation with integrity, transparency and fairness to all stakeholders, and drive all listed companies to achieve its performance in line with good governance best practice. SET's key activities to enhance corporate governance are summarized as follows:

## 1. Rights of members

SET is a juristic entity constituted under the Securities and Exchange Act of Thailand, and therefore does not have a corporate structure or shareholders. Nevertheless, the Act requires the Exchange to convene an annual meeting of members within four months before its fiscal year ends, to elect board members, approve financial statements, appoint an auditor and approve remuneration of the Board of Governors (BoG) members. In addition, the BoG must call an extraordinary meeting when members representing no less than one-fifth of all members submit a written request to the board to hold such meeting.

### Protection of members' rights above the standard required by law

1. Before the annual meeting of members, in order to encourage all members to place importance on meeting attendance, SET sends the meeting notice, including the date, time, venue of the meeting and the meeting agenda, to every member. The meeting is normally held at the SET building and starts at 4.00 p.m. making it convenient for all members to attend.
2. SET members can add items to the meeting agenda ahead of the meeting through electronic or postal mail.
3. The BoG Chairman presides over all meetings. The BoG Chairman offers all members an equal opportunity to give suggestions and ask questions, including voicing their views, etc. Three-fourths of all members constitute a quorum.
4. Any member may nominate persons to become a SET governor, based on his / her background, competency, ethics and integrity.
5. Comprehensive meeting minutes are recorded, covering significant details such as the names of governors, executives and members who attended the meeting, meeting resolutions, questions, explanations and opinions (both pros and cons) of the meeting.
6. The minutes of the SET members meeting will be sent to all members within 14 days of the meeting.

## 2. Equitable treatment of members

SET has policies for fair and equitable treatment of members, as well as equitable hearing of opinions from all members. SET endeavors to provide necessary information to all members, such as SET's financial products and services, SET updated news and regular updates on the capital market, etc., building clear understanding in compliance with the SET regulations. The procedure is as follows:

1. Each member is entitled to one vote. Approval of a resolution requires a majority of votes. Any member may nominate persons to become a SET governor, then vote via secret ballot on the nominations. The Audit Committee chairman verifies the vote counting.
2. Any member who is unable to attend a meeting is entitled to appoint a proxy, using the proxy form enclosed with the meeting notice.
3. SET has a specific unit function directly responsible for managing suggestions and views from members. SET seeks to consistently improve its operations for the benefits of SET and members.

### Members' ordinary and extraordinary meetings

In 2015, the BoG called an ordinary meeting on April 22, chaired by the BoG Chairman and attended by six governors (out of total of 11). There was one extraordinary meeting in 2015, with an average attendance of 94% of members. Among

the matters considered were election of governors, appointment of the auditor, consideration of significant practices relevant to members, and the arrangement of hearings on matters related to all members, which was the amendment of the Buy-in criteria.

### Collaborative activities among members in 2015

Activities	Times	Details
SET and ASCO executive luncheon meetings	6 times	These monthly panel discussions were held between members of the Association of Thai Securities Companies (ASCO) and various parties involved in the capital market to discuss matters of mutual concern.
CEO networking	1 times	These were panel discussions among senior executives of all brokerage firms to strengthen the good relationships and enable members to express opinions on the securities business.
Member meeting	4 times	Arranged four seminars for members, under the topics of <ul style="list-style-type: none"> <li>- A survey study findings: In-depth behavior of investors in the stock market</li> <li>- Revision of amendment: Procedures for the filing of reports through electronic means</li> <li>- Revision of amendment: Punishment imposed on members and disclosure of punishment</li> <li>- A survey study findings: Segmentation by provinces of retail investors in stock market during 2013-2014</li> </ul>
Member newsletter	4 issues	This publication is for all members, containing quarterly updates on the capital market.
CEO letter	12 issues	This is a monthly newsletter from the SET president to managing directors of all securities companies, informing them of SET activities.

### 3. Roles and treatment of stakeholders

The SET Board of Governors (BoG) is committed to responsibility and governs the SET group to conduct business with transparency and fairness to all stakeholders according to the practical principle and guideline in SET Code of Conduct as shown below:

#### Summary of current best practices on stakeholders, in accordance with the SET group’s Code of Conduct

Members, listed companies and asset management companies	<ul style="list-style-type: none"> <li>• Hearing to stakeholders and related parties’ views, both on regulatory adjustments and new regulations issuance, including creating a clear understanding in compliance with the SET regulations and standards</li> <li>• Organizing extensive public relations activities to promote company profiles, including facts and figures of listed firms, securities and asset management companies, for the benefit of investors and the public</li> </ul>
Investors and the public	<ul style="list-style-type: none"> <li>• Developing a variety of financial instruments, products and services with service excellence and providing accurate and adequate information about them</li> <li>• Providing complete, accurate and updated information</li> <li>• Providing effective two-way communication channels for investors and the public to access business information as well as report complaints. Customer information must be kept confidential and not used for the benefit of one’s own or other persons</li> </ul>
Employees	<ul style="list-style-type: none"> <li>• Providing development programs to enhance employee competency and career advancement opportunities</li> <li>• Managing remuneration and other benefits for employees and management, taking into account the economic situation and SET’s long-term achievement, competitively with other leading organizations</li> <li>• Taking care of its employees consistently well, with equal treatment and welfare benefits</li> <li>• Setting up effective communication channels between management and staff and implementing activities regularly and consistently, covering strategic objectives and directions for the capital market. In addition, all employee opinions and suggestions must be fairly and equally treated</li> </ul>
Suppliers and other business partners	<ul style="list-style-type: none"> <li>• Treating suppliers and business partners with fairness and transparency, based on mutual benefit</li> <li>• Avoiding dishonest conduct purposely carried out to benefit suppliers / business partners. All parties must strictly comply with contractual agreements, obligations and conditions</li> </ul>
Creditors	<ul style="list-style-type: none"> <li>• Complying with contracts or agreements as well as guaranteeing conditions with creditors strictly</li> <li>• Managing effectively to ensure that creditors trust in SET’s financial status and debt repayment ability (solvency)</li> <li>• Disclosing financial information accurately, completely and in a timely manner</li> </ul>
Competitors	<ul style="list-style-type: none"> <li>• Competing fairly, not seeking to obtain competitive intelligence dishonestly and not being involved in illegal actions to gain competitive information or beat competitors</li> </ul>
Government sector	<ul style="list-style-type: none"> <li>• Supporting the government’s policies, in compliance with the rules and regulations of regulatory commission entities, as well as promoting and supporting various government activities to strengthen national stability and growth</li> </ul>
Society, community and the environment	<ul style="list-style-type: none"> <li>• Keeping in mind the responsibilities to the society and environment, ensuring the staff are knowledgeable about CSR and strongly encouraging staff’s participation in CSR activities (Please find more details in SET’s Sustainability Report 2015.)</li> </ul>

## Summary of SET activities for investors, listed companies, securities companies and stakeholders in 2015:

Providing investment information to students, investors and general public	Continued to provide financial and investment information services to the general public every year through SET Investment Center (SET IC), founded by The Stock Exchange of Thailand	7 provinces: Khon Kaen, Chonburi, Chiangmai, Phitsanulok, Songkla, Suratthani and Ubon Ratchathani
	Organized roadshows, under the “New Frontier Roadshow” project to provide intensive investment knowledge and consultation catering to investors’ needs in order to strengthen capabilities of people in the provinces to become quality investors	26 provinces
Supporting investment in the country by providing information for interested investors about Thai listed companies as well as SET products and services	Set up “SET booth” at Money Expo, held in five major cities across the country	5 provinces: Pattaya, Hat Yai, Korat, Udonthani and Chiang-mai
	Cooperated with Association of investment Management Companies (AIMC) to hold Mutual Fund Fair, providing investment consultation via intensive seminar and workshop	More than 1,500 funds from 15 leading asset management companies
	Organized the 11 <sup>th</sup> SET in the City under the concept “Explore new trends and discover investment opportunities”	1 time, in Bangkok
Organizing roadshows in the country and overseas for investors to meet with Thai listed firms in order to gain more confidence on Thai listed firms’ potential	Organized SET Thai Corporate Day 2015 under the concept “Thailand : ASEAN’s Gateway to GMS” in Bangkok	<ul style="list-style-type: none"> <li>• 220 institutional investors</li> <li>• 50 Thai listed companies</li> <li>• 925 meetings arranged</li> </ul>
	Together with Credit Suisse Securities (Thailand) Limited/ Capital Nomura Securities pcl / DBS Vickers Securities (Thailand) Co., Ltd./ KT Zmico Securities Co., Ltd. and Auerbach Grayson and Company LLC organized roadshows targeting global investment hubs in Europe, USA and Asia	4 times in Hong Kong & Japan / Singapore / London / USA With 40 Thai listed companies
	Together with Phatra Securities pcl and Bank of America Merrill Lynch organized “Thailand Focus 2015 : Opportunity Growth and Reform”	<ul style="list-style-type: none"> <li>• 400 foreign and Thai investors (including 80 institutional investors)</li> <li>• 100 Thai listed companies presented profile and performance</li> <li>• more than 950 meetings arranged</li> </ul>

The results of a survey measuring satisfaction in the SET group’s services in 2015 among customers and concerned parties consisting of listed companies, member companies, asset management companies, financial consulting companies, commercial banks and insurance companies, found that the overall satisfaction score was 96%.



## Human resource management

SET recognizes that employees are SET's most valuable resource so it seriously focuses on the importance of recruiting, retaining and developing its human resources, covering safety,

benefits, and welfare for all employees, based on righteousness, transparency and fairness. In addition, SET supports and synergizes the positive atmosphere of the workplace, entailing happiness, unity and sustainable loyalty to the organization.

## Highlights of human resource management in 2015

<b>Number of full-time staff</b>	714 employees consisting of 223 males and 491 females
<b>Turnover rate</b>	7%
<b>Welfare benefits</b>	<ul style="list-style-type: none"> <li>• Provident fund scheme, medical welfare, scholarships, financial welfare and emergency loans</li> <li>• The savings co-operative unit promotes savings and financial support among members. In 2015, it supported 218 members with 723 loan contracts totaling THB 84,213,600</li> <li>• SET Employees Club consisting of appointed and elected staff to be the center point for promoting employee-relations activities creating a teamwork spirit, synergy and happiness among executives and staff in the working environment, as well as extending to the society.</li> </ul>
<b>Safety and healthcare</b>	<ul style="list-style-type: none"> <li>• A top priority is maintaining a hygienic and safe working environment for employees. In 2015, there were various operations conducted to ensure a safe and clean workplace such as spraying antibacterial and antivirus disinfectants on all floors of the office buildings four times during the year; spraying insecticides to control mosquitos, termites and ants monthly; and conducting annual fire drills. In the previous year, there were no management or employees records on injuries in the workplace.</li> <li>• SET realizes that employees are valuable assets and key success of the organization. Apart from supporting efficiency at work, SET emphasizes an importance of Work-life balance by providing Ergonomics workplace as well as sport facilities such as fitness room, basketball court, table tennis room, etc. From the past operation, the amount of employees' sick leaves decreased to 2.5 days per year. Meanwhile, SET also provides welfare benefits and annual physical checkups including physician and nurse available in the first-aid room.</li> </ul>

## Remuneration and career advancement opportunities

- Having a remuneration system competitive to leading corporations, corresponding with the economic situation and SET's long-term achievements. The evaluation system is based on the exchange's achievements, key performance indicators and actual individual performance (Performance Based Pay).
- Providing long-term benefits for the employees who have continuously worked in the organization for long periods of time. There are certain criteria for promotions, mainly the employee's job performance and employment

- duration. Traditionally, an annual ceremony is held to honor employees with token of appreciation at every five years of service, starting from year 10. This event is held on April 30 every year, the same day as SET's anniversary, as a way to raise the spirit and morale of dedicated employees.
- Providing scholarships to employees to study for a master's degree both in Thailand and abroad. This can both motivate employees at their full potential and retain qualified staff as important resources for SET in the future. In 2015, four scholarships were granted.

## Employees training and development

As employees are valuable resources and key success of the organization. SET recognizes the importance of developing its human resources by providing career development programs, both internal and external training as well as functional training to enhance employee competency and career advancement opportunities.

In 2015, SET supported the training courses for executives and employees which can be summarized as follows:

- In terms of in-house training, SET allocated 54 courses for executives and staff focusing on leadership, management, teamworking, and functional skills enhancement. Executives and staff attended 2,768 man-days in duration. The total budget was THB 9,641,000. For external training, 80% of executives and staff attended various training for the total of 1,110 man-days in duration.
- Arranged “I love SET trip” activity to build good relationship among co-workers and teamworking spirit in the organization, three times at Khao Yai, a mountaineous resort area in a province north of Bangkok. More than 600 management and staff participated in this project.
- Arranged for senior management to attend training courses organized by professional executive development institutes, focusing on various areas of development including “Be an Effective Influencer to Lead Change in SET”, “TLCA Executive Development Program” and “DCP Program”. A total of 134.5 man-days were spent in these training programs.

In addition, in 2015, a training program was provided to enhance employees’ knowledge and understanding of environmental conservation so that they could both become aware of the use of resources and their value, and help reduce global warming. Examples of such training include:

- “Cabinets and papers” activity to provide information regarding the classification of the documents via infosafe
- “a-b-c for SET Relocation” activity to give employees the knowledge about the use of electrical appliances and system in SET’s new building for full efficiency and ecofriendly results.

## Superb working environment and employee participation

SET focuses on the importance of creating a happy working atmosphere for employees, and offered the following activities in 2015:

- Emphasizing work-life balance, SET offered some leisure activities via a campaign called “Be(e) Happy”.
- Providing monthly knowledge-sharing sessions, casual meetings, to update employees on health, languages, information technology and environment issues. The speakers were SET executives from each related functions, as well as outside experts. Employees could closely interact, discuss, and learn more via the Q & A session.
- Providing employees with continuous block of leave (5 working days in a row) so they could manage their annual leave effectively.

Moreover, SET is committed to effective communications and cascading between top executives and staff and among all management levels. In 2015, the key activities can be summarized as follows:

Activities	Times	Details
Town Hall Meeting	3 meetings	A regular and continuous internal communications channel between top executives and staff to enhance understanding among all staff on SET policies, guidelines and directions. SET welcomes all employee views and recommendations and gives them fair and equal treatment.
SET Sawasdee	12 issues	These are messages from the SET president sent to all employees by email to communicate on SET's important activities and key operating results in line with business goals, as well as to motivate staff dedication.
Management Meeting / Senior Management Meeting	11 meetings	These regular meetings have enabled executives of each department to exchange views, synergizing business success and encouraging effective teamworking. The policies and key work progress could also be cascaded down to all employees.
Little Voice Great Value Program	1 session	SET surveyed employee engagement to the organization, which has been operated for 11 years. In 2015, the survey showed that the employee's engagement was in the 69 <sup>th</sup> percentile compared with other organizations around the world, better than the previous year. SET will continue to do this survey to develop work environment in the organization because SET believes the higher employee's engagement rate, the better teamwork and more success.

### Business partner selection process

SET must select business partners with transparency and fairness to each and every one of them. The selection process must strictly comply with SET's procedures and processes of the regulations and practices relating to purchasing and procurement, which can be summarized as follows:

- To set required qualifications for companies applying as suppliers/business partners and keep all of them equally informed of all necessary information
- To set up the procurement working group to shortlist business partners according to specified criteria with transparency and fairness
- To prepare written agreements or contracts with business partners which must be fair to all
- To set up the inspection working group which is independent of the procurement working group to closely inspect according to the set conditions or agreement
- To arrange the payments according to the terms and conditions set forth in the agreement

In 2015, SET regulated "SET's Supplier Code of Conduct", setting forth the standards and practices by providing guidelines to encourage suppliers to conduct their business in such a way that they address social, environmental, and governance concerns, on top of the reasonable price, products and services quality and delivery timeline. These practices include: practice on environmental management; practice on human rights protection; practice on anti-corruption; practice on ethics and corporate governance, including a channel to report wrongdoings and compliants of the business malpractices to the chairman of the Audit Committee.

SET aims to share this code of conduct and encourage all of our suppliers and companies interested in applying as suppliers/business partners to follow these guidelines, so as to be standardized and synergized for Thailand's economic, social and environmental development towards sustainability.

## Anti-misconduct and anti-corruption policy

SET's BoG has realized the importance of conducting business to prevent and combat misconduct and corruption by setting up the anti-misconduct and anti-corruption policies as key parts of the corporate governance principles. In 2015 the BoG approved "SET's Anti-Corruption Guidelines", the revision version of "SET's Anti-Corruption Guideline for employee 2013", to cover governors, committee members, and advisors/experts. In addition, some practices have been revised to be in line with best practice of combat corruption as regulated by the Private Sector Collective Action Coalition Against Corruption Council, or CAC.

In 2015, SET continued to comply with the policy and guidelines prohibiting the acceptance of gifts, in order to establish good governance and best practice for employees to follow with transparency, without conflicts of interest. This policy has been communicated to the third parties and all stakeholders in order to establish a shared understanding, commitment, and common culture in the fight against misconduct and corruption.

## Creating awareness and communicating the intention in the Anti-misconduct and Anti-corruption policies

In 2015, the SET group communicated the intention of the Anti-misconduct and Anti-corruption policies to stakeholders both internally and externally through a variety of activities as follows:

- **Business partners or potential business partners:** Arranged the first meeting with business partners to help them understand SET's anti-misconduct and anti-corruption policies by clearly identifying the wordings of the anti-corruption policy in procurement process such as purchasing order forms, bidding announcements, and terms of reference announcements.
- **Listed companies, member companies and other agencies involved:** posted "SET's Anti-Corruption Guideline" on the SET website with a letter from SET President requesting cooperation in refraining from giving gifts to SET staff in order to create standard for best practice.

- **SET management and staff:**

1. Organized training session on "Fraud Risk Management" to provide knowledge, promote understanding realization on fraud risk put into practice, while being capable on risk management, in line with SET anti-corruption measures.
2. Publicized articles on fraud and corruption case studies occurred in Thailand to raise awareness of the damage and published the 2015 version of "SET's Anti-Corruption Guideline".

## Participating in Anti-corruption activities

In 2015, SET has continuously encouraged our governors, executives and employees to participate in various activities to support anti-corruption efforts, for example:

- The SET Chairman joined the committee of the Anti-Corruption Organization of Thailand, representing SET in meetings and exchanging ideas which are beneficial to the development of anti-corruption guidelines for Thailand.
- Joined the Anti-Corruption Day 2015: "Active Citizen Against Corruption" together with members of Anti-Corruption Organization of Thailand from both public and private sectors on September 6, 2015
- Attended the 2015 annual conference of the Institute of Internal Auditors of Thailand (IIA) under topic of "Good Governance and Anti-Corruption in Thailand" and "Fraud & Anti-corruption" on November 2, 2015
- Joined the launch of "Anti-Corruption Foundation" organized by The National Anti-Corruption Commission (NACC) on November 4, 2015. NACC member Wicha Mahakun, as chairman of the foundation, presided over the opening ceremony, while Prime Minister Prayut Chan-o-cha addressed the opening speech emphasizing the importance of anti-corruption that must be realized by all sectors and at the same time consciousness should be promoted among the youth.

### **Risk assessment of the Anti-corruption**

Fraud and corruption are considered key risks facing the organization. Every year, each department must evaluate and identify the measures required to manage such risks. Each department has to continuously monitor and report risk status to ensure that SET can handle risks in a timely manner and manage risks efficiently, keeping them at an acceptable level. The Risk Management Department regularly tracks and reports risk status to senior management, the Risk Management Committee and the SET Board of Governors, keeping them constantly informed. The Internal Audit Department verifies the effectiveness of internal control measures related to the prevention of fraud and corruption.

### **Monitoring of the Anti-corruption policy's implementation**

The Compliance unit is directly responsible for consulting with and providing suggestions to staff, as well as ensuring that SET operations comply with SET anti-corruption policy and guidelines. In addition, this unit manages whistle-blowing from staff who has found actions likely to lead to corruption, coordinating with the internal audit unit for investigation, for transparency and fair treatment with all parties and then report to the SET president and the Audit Committee.

### **Compliance with rules and regulations**

The SET BoG realizes the importance of strict compliance with the Securities and Exchange Act and other laws related to business conduct. The BoG also recognizes the rights of all stakeholders, respecting human rights and fair labor treatment.

### **Whistle-blowing policy**

SET provides channels for all stakeholders to report or notify directly to the chairman of the Audit Committee about wrongdoings, violations of rights, violations of Code of Conduct, incorrect financial reports or internal control systems of the SET group. Investigations will be conducted and the findings will be reported to the SET BoG for decision of next steps. SET's whistleblowing policy is clearly stated in the SET group's corporate governance policy and available via the SET's

website in the "Whistleblowing policy" section. Whistleblowers can contact SET via:

1. e-mail:  
ChairmanofTheAuditCommittee@set.or.th
2. Postal mail:  
Chairman of the Audit Committee  
Internal Audit Department  
The Stock Exchange of Thailand  
93 Ratchadaphisek Road, Dindaeng  
Bangkok 10400

SET has an effective process to ensure that whistleblowers will be protected in good faith. The whistleblower can choose to declare or not declare his / her name or contact details, and the filing will be kept confidential. The whistleblower can request special protection and he / she will receive fair treatment. In 2015, no such reports were submitted via SET channels.

## **4. Disclosure and transparency**

The BoG emphasizes the quality of information disclosed to ensure that important information for business operations and securities trading is distributed sufficiently, accurately, timely and transparently. The SET website is a major source of important information, both financial and non-financial, in both Thai and English. Samples are as follows:

- SET publishes information on its overall operations covering the structure of the SET group operations, names and profiles of SET governors and executives, rules and regulations for listed companies and member companies, market data, as well as companies and securities information. In addition, SET also publishes information on its corporate governance and corporate social responsibility.
- SET's annual report, including audited financial statements and Management Discussion and Analysis, from 2001 to the latest issue can be downloaded, with each report being published no later than 60 days after year-end, same as listed companies. The 2015 SET financial report was published on February 17 2015, or 48 days following

the end of the period covered, which was before the deadline. The BoG provides a statement of its responsibilities related to the SET financial reports alongside the auditor's report in SET's annual report.

In 2015, SET made major changes on the website ([www.set.or.th](http://www.set.or.th)) by fully integrating products and services of the SET group consisting of Market for Alternative Investment (mai), Thailand Securities and Depository (TSD) as well as Thai Clearing House (TCH), and Thailand Securities Institute (TSI), to provide convenient one-stop service for all investors. SET has also introduced a new menu called 'Investor classroom' full of contents on financial and investment planning, featuring online (e-learning) resources for potential investors with more than 3,000 video clips of online seminars and e-learning lessons.

In addition to disseminating information via website, SET also provides information through various easily-accessible channels and public relations activities providing information on listed companies. Some examples are as follows:

- Methods for disseminating information include organizing training courses to provide investment education, releasing important news on the capital market, and providing investment insights and financial planning techniques through SET social media, consisting of Facebook, Twitter and YouTube. Moreover, in 2015 SET also launched a new application called "SET Application" (or SET App), developed by SET, as a center for investment knowledge and information, as well as listed companies profile, SET activities, previous seminars, including how to invest in stocks.
- News and information regarding finance and investment are broadcast 24 hours a day on Money Channel television station, which broadcasts. Additionally, press releases are distributed to all media covering printed media, radio, TV and websites.

- The Opportunity Day event is held regularly following the announcement of quarterly financial statements so that listed companies can meet with securities analysts, investors and the media in order to keep them informed about business performance. This provides opportunity for investors to receive information directly from each company's executives. In 2015, Opportunity Day was participated by 534 listed companies and 427,079 investors and other interested parties.
- Another information channel for investors, listed companies, securities companies, and other stakeholders to receive information on request, to contact SET staff and to access other information services is via phone call to SET office, or call center which operates 24 hours a day:

1. S-E-T Call Center (via telephone number 0-2009-9999 or [SETCallCenter@set.or.th](mailto:SETCallCenter@set.or.th)) provides services on investment, SET products and services, the SET group, Capital Market Research Institute and Money Channel's activities, including answering members' enquiries, etc.
2. TSD Call Center (via telephone number 0-2009-9999 and [TSDCallCenter@set.or.th](mailto:TSDCallCenter@set.or.th)) provides information about registrar services and provident funds, e-Dividend Service, as well as information on shareholders via the internet portal, transferring or reissuing replacement documents if lost.

Moreover Thailand Futures Exchange (TFEX), a SET subsidiary, was awarded the "Best Technology Innovation by an exchange", at the 2015 Futures and Options World (FOW) Awards for Asia event, covering outstanding trading system innovation; low latency execution; shorter time for introducing new products, growing business volume, facilitating multi-market and multi-currency products, as well as risk management capacity increase.

## 5. Responsibilities of the Board of Governors

### The Board structure

The structure of the SET's Board of Governors adheres to the Securities and Exchange Act, consisting of the followings:

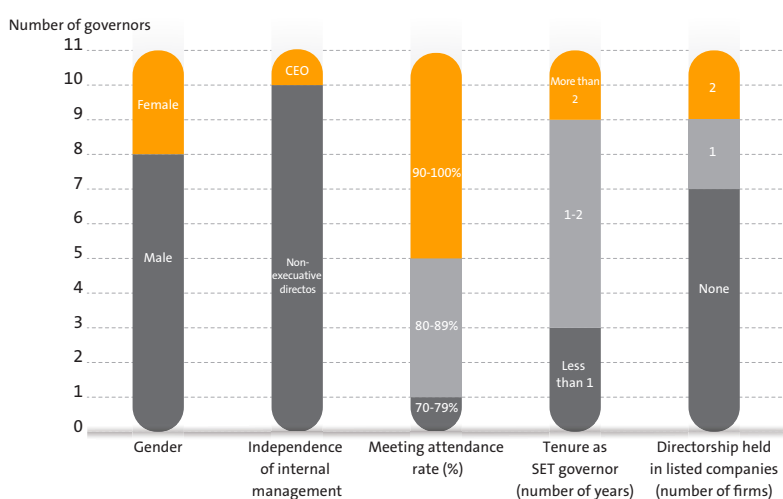
- Five governors have been appointed by the Securities and Exchange Commission, each of them have a high expertise and extensive experience in stock exchanges, securities companies or financial businesses, at least one of them is a senior executive of a listed company. These governors are Chaiyawat Wibulswasdi, Jotika Savanana, Voravan Tarapoom, Somchai Thaisa-Nguanvorakul, and Subhak Siwaraksa.
- Five governors have been elected at a SET members' meeting, four of them being representatives from member companies at the executive vice president position or higher, namely Suthep Peetakanont, Charnchai Kongthongluck, Pichet Sithi-Amnuai, and Chaipatr Srivisarvacha. The fifth governor has been elected by a SET members' meeting, based on a name list nominated by SET's Nomination and Remuneration Committee, and not being managing director, staff or employee of a member company, namely Kitipong Urapeepatanapong.

- The SET president, namely Kesara Manchusree. As an ex-officio governor, the president has been appointed by the ten previously-appointed governors.
- The Board of Governors has elected one governor, excluding the SET president, as chairman, namely Chaiyawat Wibulswasdi. The chairman is independent from the management having clearly separated authorities and duties.

Currently, the SET BoG is comprised of 11 members with various experience, expertise and skills that are useful to SET.

The service term of every governor, other than the SET president, is two years. Each governor may be re-appointed for a maximum of two consecutive terms. The SET president's term is four years and he / she can be re-appointed.

In addition, the BoG has appointed Supakit Jirapraditkul as BoG Secretary. The Corporate Secretary Department supports the board by providing legal advice, keeping informed of key regulations, good corporate governance practices, as well as organizing meetings, taking care of board activities and monitoring matters in compliance with the resolutions.



## Roles and responsibilities of the Board of Governors

### Vision, mission, strategic plan

The BoG endorses the development of SET’s vision, mission, goals and business direction. The BoG approves the strategic plan, corporate key performance indicators (Corporate KPI) and monitors the supervision of operations to ensure effective implementation of its plans within budget. The BoG evaluates and adjusts business plans in response to market changes. The management reports progress on operations and business outcomes to the BoG every quarter.

In 2015, the BoG reviewed and provided inputs to the SET management in preparing the strategic plan, business goals, and short-term and long-term corporate KPIs, in line with SET’s vision and mission finalized in 2012.

## Assignments and separation of the Board and management

- Separation of the BoG and the president

SET has clearly separated the BoG’s role in monitoring policy, action and decision of corporate governance from those day-to-day operations of the management. The chairman is an independent non-executive director, not the same person as the president and has no relationship with management. The roles of chairman and the president are separate. As a leader, the chairman plays a key role in policy decision-making, with supports and suggestions to the management, not intervening in any routine activity under the president’s responsibilities.

Roles and responsibilities of the Board	Roles and responsibilities of the president
<ul style="list-style-type: none"> <li>• Set SET’s strategic policies and direction. Monitor the management’s operations to ensure effective implementation in compliance with rules and regulations</li> <li>• Approve the strategic plan, budget and manpower plan</li> <li>• Appoint the SET president and top executives</li> <li>• Ensure effective and reliable accounting, financial reporting, internal control, internal audit, CG and risk management systems</li> <li>• Assign and delegate authority to the management appropriately to efficient operation, with decent internal control</li> </ul>	<ul style="list-style-type: none"> <li>• The SET president holds the highest executive position responsible for managing SET’s business in compliance with the policies, strategic goals, rules and regulations, as well as the Board’s decisions.</li> <li>• Report the progress of SET operations according to SET’s strategic plan, as well as SET’s performance to the Board quarterly</li> <li>• For external affairs, the SET president, as SET’s representative, may delegate certain individual to act on his / her behalf, by following the rules and regulations set by the BoG.</li> </ul>

The SET BoG has approved the guidelines to facilitate flexible and effective operations, under effective internal control and reporting system. The BoG has approved the procedures for delegation of authority at various levels, with clear approval framework and process. Some key areas are:

- For fixed assets and operating expenditures within the budget approved by the Board. Expenditure over THB 2 million must be submitted to the BoG for approval.
- For purchase or procurements of products or services over THB 10 million must be submitted to the BoG for approval. The purchase or procurement over THB 5 million must be reported to the BoG quarterly.

- Authorities, duties and responsibilities of the BoG Chairman
  1. Convene the BoG meetings
  2. Chair the BoG meetings. In case of a tie, the chairman will have a casting vote
  3. Open up opportunities and encourage all governors to take part in the BoG work and activities
  4. Support the Board’s self-assessment and evaluation processes continuously
  5. Co-ordinate with and provide support to the SET president to enhance effectiveness and efficiency



- Committee assignments

In 2015, the BoG appointed members for a total of eight committees in various duties and responsibilities, examined issues that require specialization covering the Audit Committee, Nomination and Remuneration Committee, Corporate Governance and Social Responsibility Committee, and Risk Management Committee. All SET committees were independent in carrying out their duties as assigned by the BoG. The list of committees and their duties is shown on page 76

- Letter of Independence

To guarantee impartiality in the performance of their duties, the BoG requires all governors, committee members and advisors of the Exchange and its subsidiaries to execute a Letter of Independence each time they are appointed to a committee or given a special task, and at the end of every calendar year. Where they have any direct or indirect interest in the consideration of a matter, they are required to notify the parties concerned in advance of each potential conflict of interest, and to abstain from participating or voting in the particular matter under consideration.

### Succession planning

SET realizes the importance of succession planning to ensure the work progress and continuation of the SET president's position and other top executives. The process to select a successor is clear and transparent, considering the background, competency, ethics, leadership skills and vision of the candidates. Results of the succession planning process have been reported to the Board regularly. The Leadership Development Program has been set up, as part of the succession plan, to screen, select, develop and maintain executives with potential ready to manage the organization with competitive capabilities in the future.

### Corporate Governance

The SET Board of Governors continues to enhance SET's corporate governance development and maintain high standard of corporate governance, which will create confidence among stakeholders in the Thai capital market. The BoG has assigned the Corporate Governance and Social Responsibility Committee to consider and examine the CG and social responsibility of listed companies as well as SET, and report to the BoG regularly.

- SET CG policies and Code of Conduct were guidelines for business operations as well as for SET governors, committee members, consultants/experts, and employees. Everyone has received the Code of Conduct when taking up new position or working at SET for the first time and must sign the agreement to strictly follow the Code of Conduct.
- Trading of SET-listed securities by SET governors and employees: The practice guidelines for governors and employees of the SET group, including the governors or employee responsible for educating employees and their spouses and children under 18 to comply with these guidelines. The guidelines specified that the buying or selling of listed securities must be carried out as an honest investment, not using information or authority from the operation. The details are as follows :
  - Governors: To report on their securities holding confidentially.
  - All employees: To seek written approval from their superior before buying or selling securities. Employees are not allowed to sell securities before 30 days of holding.
  - Employees who are responsible for the work that can have access to internal information are not allowed to buy or sell listed securities directly.
- Review of CG policies and Code of Conduct The SET Board of Governors has established an annual review of SET CG policy and the SET group's Code of Conduct by the Corporate Governance and Social Responsibility Committee, before submitting to the board for approval. In 2015, the BoG approved that the amendment be carried out for the topic of receiving complaints or "whistleblowing policy", as specified in the CG policy and practice. The BoG also approved the use of current Code of Conduct amended in 2012.

In addition, the BoG approved the reviewing of the BoG announcement on the Trading of SET-listed securities by SET employees by revising the definition of “Restricted List”, to be in line with the improvement of securities trading surveillance measures in case of irregularities in the market.

More information on the SET policies and practices, including SET Anti-corruption policy, can be found on the SET website: [http://www.set.or.th/th/about/overview/setcg\\_p2.html](http://www.set.or.th/th/about/overview/setcg_p2.html).

- Monitoring compliance with CG policy and Code of Conduct  
In 2015, SET governors and employees have strictly complied with SET CG policies or Code of Conduct. There were no compliants involving wrongdoing or business malpractice by SET governors, management or staff that went against SET CG policies or Code of Conduct. In 2015, there was no case involving a Board member or SET employee for violation of SET rules and regulations or using insider information or misusing authority in securities trading.
- Activities to support employees’ knowledge and understanding of Corporate Governance
  - Regularly preparing articles with updated movements in “Sharing: CG& Compliance” column via SET’s intranet, totaling 6 issues in 2015
  - Organizing meetings for all new employees to increase their understanding of SET’s CG policy, Code of Conduct, the BoG’s announcement on Trading of SET-listed securities by SET employees, as well as the SET Anti-corruption measures.
  - In 2015, the CG Day event was held on October 12 under the theme “Towards Sustainable Growth”, to enhance the employees’ understanding of SET’s direction towards a sustainability stock exchange in which CG plays an important, contributing to environmental, social and governance (ESG) aspects. Various edutainment activities were organized such as exhibitions, games and activities on stage highlighting various aspects of corporate governance, social responsibility, and environmental management. The SET president presided over the opening ceremony and participated in various activities and answering questions, in a friendly atmosphere.

- Policies and guidelines for managing conflicts of interest issues  
To guide all SET staff to act in the interests of the Exchange, without favor or preference based on possible direct or indirect personal gain, the Exchange has provided examples of situations in which a conflict of interest may arise, as well as procedures to follow. These actions include

- Not allowing employees to serve on the boards of, or as consultants to, listed companies or member firms
- If serving on the board of other companies or organizations, employee must seek prior approval from the president. If the president is the person in question, employee must seek prior approval from the chairman.
- If involving in transactions with SET, employee must disclose in writing any relationship, both direct and indirect, with related person engaged in those transactions, and must abstain from participating in the procurement process.

Information on SET senior executives serving as director, committee member, or advisor of other companies: as of December 31, 2015 there was only one senior executive, Thirapun Suppakit, approved for serving as director in Mittraphap Memorial Saraburi Hospital Co., Ltd.

- Policies on confidentiality and data usage  
The BoG recognizes the confidentiality of SET information and protection against conflicts of interest by not using confidential information dishonestly, for example:
  - Not exploiting SET confidential information for personal or other persons’ benefit wrongly
  - Maintaining SET confidentiality so that documents or information will not leak, resulting in damage to SET
  - Not disclosing SET’s confidential information even after leaving SET

## Internal control system

Realizing the importance of efficient internal control at all levels, the BoG has strongly supported management in setting up transparent working processes, restructuring and segregating duties with checks and balances, clearly specifying authority and put things in writing. Monitoring system has also been set up. The BoG appoints an Audit Committee to supervise and review SET's internal control system to ensure conformity with international standards. The Internal Audit Department is an independent function that reports directly to the Audit Committee on audit matters. Administrative matters have to be reported directly to the SET president. Audit Committee members consider the appointment, transfer or removal, and evaluate the Head of the Internal Audit Department. Currently, Chanapai Supphasuk is Head of the Internal Audit Department.

The Internal Audit Department is independent in the access of necessary information for auditing. The Internal Audit Department audits and evaluates the adequacy, suitability and efficiency of the internal control system of various procedures and systems according to SET's annual audit plan, developed by using a risk-based approach, to be approved by the Audit Committee. The audit findings and follow-up results on the management's operation have been directly reported to the Audit Committee continuously.

SET operations are based on the internal control guidelines and framework of The Committee of Sponsoring Organization of TradeWay Commission (COSO) which contains five components and 17 principles.

In 2015, SET carried out important activities and projects that supported the enhancement of effective internal control system and internal audit, which can be summarized as follows:

- In 2015, SET gave priority to achieving international standards by reviewing the implementation and development of post-trade services to meet the standard of the Principles for Financial Market Infrastructure (PFMI), assigning the Internal Audit Department to review in compliance with PFMI standard.
- SET has continued to enhance its computer system so members can make transactions more conveniently and efficiently, having better control system, with continuous intensive testing. The Internal Audit Department was assigned to conduct a pre-implementation review of the new system before it was put into use. On August 24, 2015, SET successfully operated the new computerized trading and settlement system for equity. SET always recognizes the importance of security of Information Technology system. SET has been certified by ISO 27001 since 2013.
- The Internal Audit Department has continuously improved the quality of internal audit through training for general audit skills and specialized skills for computerized inspection system such as the Web Application Penetration Testing. The training took 84 man-days, including educational on-site visits and exchanging internal audit experiences with the Internal Audit Department of the Japan Exchange Group (JPX), Nomura Securities Co., Ltd. (NSC) and Bank of Thailand, for the total of eight man-days.
- SET is required to have a Quality Assessment Review (QAR) conducted by external independent appraisers every five years. The last assessment was done in 2011, with continuous improvement taken into consideration the suggestions from the assessment, as well as the self-evaluation implementation. The next Quality Assessment Review (QAR) conducted by external independent appraisers is scheduled in 2016. Based on internal audit activities and implementation of important projects, the Audit Committee viewed that SET's overall internal control system has functioned adequately and appropriately. (Details are shown in the Audit Committee Report section.)

## Risk management

The BoG emphasizes the importance of systematic risk management. The BoG is responsible for designating risk management policies and framework for the organization and appointing the Risk Management Committee (RMC). The RMC, consisting of experts in risk management, advises and makes recommendations to management to ensure that SET's risk management process is in line with specified policies and international standards. The RMC has to ensure complete coverage of all enterprise-wide significant risks, consisting of three levels: 1. Strategic risk 2. Business risk and 3. Process risk, via risk assessment and self-control.

Operationally, the management is responsible for the risk management and sets up the policy in identifying risks and assessing the level of risk according to the defined criteria. The Risk Management Department coordinates and supports management in the implementation of risk management processes according to the set policy. The risk management framework can be summarized as follows:

- Identify and assess the probability of the risk and the degree of its impact according to the established criteria, and set measures to manage the risk at an acceptable level. Follow up on the implementation of the risk management plan by the management, as project owner. Report the risk status which covers a continuous and comprehensive review of the adequacy and effectiveness of key risk management measures to ensure that in case the risk occurs, it will be managed in a timely manner. Consider suitable risk management measures required in preparation for the follow up of the securities depository system and system for clearing and settlement.

- Establish a Business Continuity Plan (BCP), which includes annually reviewing and practicing the implementation of the plan with other agencies in the capital market to cope with any crisis. SET recognizes the importance of the readiness of the staff and the system both in the main building and the backup centers. SET conducts functional tests on backup systems together with member companies to manage any disaster that may affect the main building. This is to ensure continuity in securities trading.

- Monitor and report the status of major risks to the SET Board of Governors, the Risk Management Committee, and the Audit Committee on a regular basis to keep them aware of the risks SET is facing

- Create the culture that encourages SET executives and staff to realize the importance of risk management continuously, such as a training course on integrated risk management and corporate strategy, including the Fraud Risk Management in 2015

Based on all of the above activities, the BoG concluded that SET has adequately conducted key corporate risk management activities. (For details on the SET group's risk management activities, please see the Risk Management Policy section.)

## Financial reports

The BoG is responsible for the financial reports of the SET group, including the information disclosed in the annual report. The preparation and disclosure process of financial report together with some information which may have conflict of interest were established to ensure that all information is accurately and adequately disclosed in a timely manner in accordance with the generally accepted accounting principles and standards, and truly reflects SET's financial status and operating results. The financial report was audited by an independent external auditor and reviewed by the Audit Committee prior to reporting to the BoG for approval. (The Audit Committee's opinion is stated in the Committee's report).

## Audit Fee for the year 2015

- Audit Fee : In 2015, The Stock Exchange of Thailand and its subsidiaries paid the audit fee of THB 2,337,000 to the audit firm relating to an audit work.
- Other Service Fee: The Stock Exchange of Thailand paid the other service fee of THB 941,682 to the audit firm and businesses related with the audit firm in other services, consisting of the accounting consultation related to cost allocation review and the cost for listed companies to improve the sustainability report in line with the Global Reporting Initiative (GRI) framework.

Management considered that using the audit firms' other services, not an audit work, is not regarded as conflict of interest and not self-examined. This did not result in the lack of independence nor impartial in auditing, and has been approved by the Audit Committee.

### **Board meetings**

1. Meetings are scheduled on a monthly and quarterly basis in advance for the whole year. The BoG is informed of the meeting schedule for the coming year at the Board meeting each December, so that governors and executives are given ample notice and can effectively attend as many meetings as possible. Special meetings are convened as necessary.
2. The chairman and the president review and approve the agenda for Board meetings.
3. The Corporate Secretary Department is responsible for preparing meeting notification letters, including the agenda, and distributing meeting documentation at least seven (7) days prior to each meeting to allow the governors sufficient time to study in advance. If a special meeting is convened in case of emergency, meeting documentation may be distributed less than seven days prior to or on the day of the meeting. The corporate secretary is responsible for preparing meeting minutes and submitting them to the BoG for approval at the next meeting.
4. All governors are provided with adequate information and have access to additional information for decision-making. SET's Corporate Strategy and Development Division submits monthly updates on market status to the Board covering overview of the Thai capital market compared with the global markets, fund-raising of listed companies and development of Thai and global capital markets.
5. The chairman presides over the meetings, ensuring enough time available for management to present issues and other matters to the BoG for their prudent consideration, including full and open discussion. In 2015, each meeting took about half a day.
6. The BoG encourages the president to invite senior management to join the meeting to provide information and discuss matters that they are directly responsible for and this will also enable the BoG to cascade policies or principles for implementation accordingly. These discussions will provide opportunities for the BoG to familiarize with them, as such getting more equipped for the succession plan.
7. Each director is responsible for attending board meetings, except for urgent reasons or having other serious matters.

In 2015, there were 18 board meetings, including two in which non-executive directors were able to meet among themselves, without the management team present, to consider management operations. The average attendance rate was 90.8%, as shown below. The president have also received the results of the board meetings.

BoG Attendance in 2015						
Governors (All board members, except the president, are non-executive directors.)		BoG (18 meetings)	Audit Committee (14 meetings)	Nomination and Remuneration Committee (10 meetings)	Corporate Governance and Social Responsibility Committee (7 meetings)	Risk Management Committee (5 meetings)*
1. Chaiyawat Wibulswasdi	Chairman <sup>(1)</sup>	4/4				
2. Suthep Peetakanont	Vice Chairman <sup>(2)</sup>	17/18		10/10		5/5
3. Charnchai Kongthongluck	Governor <sup>(3)</sup>	17/18	14/14		6/7	
4. Chaipatr Srivisarvacha	Governor <sup>(4)</sup>	11/11		5/6	4/4	
5. Jotika Savanananda	Governor	16/18	13/14	10/10		
6. Kittipong Urapeepatanapong	Governor	13/18				
7. Pichet Sithi-Amnuai	Governor	16/18			6/7	4/5
8. Somchai Thaisa-Nguanvorakul	Governor	18/18			7/7	
9. Subhak Siwaraksa	Governor	16/18	14/14		4/7	
10. Voravan Tarapoom	Governor <sup>(5)</sup>	4/4				
11. Kesara Manchusree	President	16/18 (2 NEDs' meetings)		9/10 (1 NEDs' meetings)	7/7	
<b>Governors whose terms ended during 2015</b>						
1. Sathit Limpongpun	Chairman <sup>(6)</sup>	14/14				
2. Pattera Dilokrunghirapop	Vice Chairman <sup>(7)</sup>	7/7		4/4	3/3	
3. Suthichai Chitvanich	Governor <sup>(8)</sup>	14/14		7/7		2/5
* Attendance of the other three members, which were not SET governors, were Ruchukorn Siriyodhin (4/5), Somkiat Siri-chatchai (4/5), and Anya Khanthavit (5/5)						
Remarks :						
(1) (5) Appointed October, 28 2015						
(2) Term ended May 27, 2014 and re-assigned for another term						
(3) Term ended May 27, 2015 and re-assigned for another term						
(4) Appointed May 28, 2015						
(6) (8) Term ended September 5, 2015						
(7) Term ended May 27, 2014						

## Board assessment

The BoG assesses its own performance at least once a year, to review the performance, including problems and difficulties to enhance working efficiency, supporting CG practices.

### 1. Process for Evaluating the Board of Governors

The SET's Board of Governors approved the performance evaluation to assess the Board of Governors by determining the scope of assigned duties and responsibilities of the governors in accordance with the principles of good corporate governance. This task was assigned to the Corporate Governance and Social Responsibility Committee to advise the SET Board of Governors on the performance evaluation process. This process includes presenting a summary of the assessment with recommendations to the Board of Governors. This is in line with the role of the

Corporate Governance and Social Responsibility Committee as defined in its charter. SET has also consulted with qualified external experts with expertise and experience on CG in order to get their opinions and suggestions on the BoG's performance evaluation process.

### 2. Models for the performance evaluation of the Board of Governors

In 2015, the SET Board of Governors considered five types of evaluation: (1) Performance evaluation of the board as a whole (2) Individual self-evaluation (3) Individual assessment by other board members (4) Evaluation of the Chairman's performance and (5) Assessment of the skills, knowledge and abilities of the board members. The details are as follows:

1) The criteria for assessment of the BoG as a whole were classified into eight sections:

<b>Section 1</b>	<b>Strategy and business planning</b>	<b>Section 5</b>	<b>Delegation of authority</b>
<b>Section 2</b>	<b>Risk management and internal control</b>	<b>Section 6</b>	<b>The BoG's readiness for meetings</b>
<b>Section 3</b>	<b>Conflicts of interest</b>	<b>Section 7</b>	<b>Meetings</b>
<b>Section 4</b>	<b>Corporate governance</b>	<b>Section 8</b>	<b>Assessment and succession planning for executives</b>

"In 2015, the BoG's average score on 8 sections was 4.55 / 5.00, or 91%". Most governors agreed that the BoG regularly monitored the risk management such as requiring that the management submit the risk status report to the BoG on a quarterly basis, etc. The BoG had mutual trust and could openly express their views and not being dominated by any governor. In addition, regularly provided educational enhancement courses for governors.

2) The criteria for self-assessment of individual directors were classified into four sections: 1. Duties and responsibilities of the Board 2. Meetings 3. Independence and 4. Self-development of governor.

In 2015, the overall assessment score for the four sections was 4.76 / 5.00, or 95%.

3) The criteria for assessment of individual directors by peers were classified into four sections as previously mentioned for direct comparison. In 2015, the overall assessment result for the four areas was 4.81 / 5.00, or 96%.

4) The criteria for assessment of the chairman included the aspects on encouraging all governors to actively air their views in BoG meetings, making prudent decisions, and encouraging each governor to review the BoG minutes carefully before endorsing them. The Chairman of the Corporate Governance and Social Responsibility Committee reported the result directly to the chairman.

5) Assessment of the skills, knowledge and abilities of the board members was to determine the diversity of the governors' skills, experiences and talents. The assessment of the skills, knowledge, and special abilities of the governors was separate from their self-assessment and the results were not included in the calculations of points in the board evaluations.

For the 2015 performance evaluation of the entire Board and the performance evaluation of the individual governors, including comments or suggestions obtained from the evaluation, the Corporate Governance and Social Responsibility Committee prepared a summary of the results of the evaluation and presented to the SET Board of Governors for further improvement and development.

### Performance evaluation of committees

Every committee involved in corporate governance has the duty to assess its own performance and report to the Board of Governors annually. In 2015, the Audit Committee, the Nomination and Remuneration Committee, the Corporate Governance and Social Responsibility Committee and the Risk Management

Committee each evaluated their performance and submitted the report to the SET Board of Governors.

### Board remuneration

Subject to the provisions of the Securities and Exchange Act, the BoG Chairman and other BoG members will receive remuneration as determined by a meeting of member companies. This ensures that all payments are decided transparently and without the BoG's involvement.

The Nomination and Remuneration Committee examined the compensation policy and criteria for the BoG prior to proposing to a member companies' meeting for approval, in accordance with the provisions of the Securities and Exchange Act, Section 177.

The BoG members received monthly remuneration as approved by the annual general meeting of member companies. Board members who were also on other committees received additional remuneration as approved by the BoG to reflect their duties and responsibilities.

Remuneration	BoG	Audit Committee	Nomination and Remuneration Committee	Corporate Governance and Social Responsibility Committee	Risk Management Committee	Other committees
<b>Monthly fees (THB)</b>						
- Chairman	117,000	75,000	52,500	52,500	52,500	-
- Members	78,000	50,000	35,000	35,000	35,000	-
<b>Meeting allowance (THB / meeting)</b>						
- Chairman	-	-	-	-	-	15,000
- Members	-	-	-	-	-	10,000



Current governors	Remuneration (THB)						
	BoG	Audit Committee	Nomination and Remuneration Committee	Corporate Governance and Social Responsibility Committee	Risk Management Committee**	Other committees and boards of subsidiaries	Total
1. Chaiyawat Wibulswasdi	1,010,451.62					85,500	1,095,951.62*
2. Suthep Peetakanont	936,000		533,166.67		630,000	390,000	2,489,166.67
3. Charnchai Kongthongluck	936,000	600,000		533,166.67		360,000	2,429,166.67
4. Chaipatr Srivisarvacha	556,064.52		226,333.33	226,333.33		20,000	1,028,731.18
5. Jotika Savanananda	936,000	900,000	420,000				2,256,000
6. Kittipong Urapeepatanapong	936,000					20,000	956,000
7. Pichet Sithi-Amnuai	936,000			420,000	420,000	14,000	1,790,000
8. Somchai Thaisa-Nguanvorakul	936,000			420,000		20,000	1,376,000
9. Subhak Siwaraksa	936,000	600,000		420,000			1,956,000
10. Voravan Tarapoom	166,064.52		18,064.52				184,129.04
11. Kesara Manchusree							
<b>Governors whose terms ended during 2015</b>							
1. Sathit Limpongpan	4,870,000					480,000	5,350,000
2. Pattera Dilokrunghthirapop	379,935.48		255,725.81	255,725.81		473,000	1,364,387.10
3. Suthichai Chitvanich	780,000		350,000		350,000	315,000	1,795,000

Note:

\* The chairman's remuneration included THB 370,000 per month, as approved by the annual general meeting of member companies in accordance with the additional roles and responsibilities designated by the BoG.

\*\* The Risk Management Committee's remuneration as shown above mentioned only governors serving on the committee. In 2015 the committee had seven members. The other three members were Ruchukorn Siriyodhin, Somkiat Sirichatchai and Dr.Anaya Khanthavit.

## Remuneration for top executives

The Nomination and Remuneration Committee also considered the compensation criteria for individual members of other committees, the president and top management, and seek approval from the BoG. The annual performance assessment criteria of the president and other members of top management is clearly defined, which is to benchmark individual actual performance against their respective KPIs, individual compliance with BoG policies, the overall economic and social situation, and historical records.

In 2015, SET's top executives consisted of the president, five executive vice presidents and 11 senior vice presidents, for a total of 17. The monthly salary, cost-of-living, special reward, bonus and provident fund from SET totaled THB 172,069,389.55.

## Enhancement plan for the Board of Governors

SET gives utmost importance to the continuous and consistent enhancement plan for the governors. The SET governors participate in educational courses and observe business activities of various stock exchanges both in Thailand and abroad in order to enhance their knowledge and broaden their perspectives. For a new governor, SET will provide an orientation of SET operations strategic plan, business plan and the overall operations of the subsidiaries. New governors will also receive a Board of Governors manual which contains key facts and figures, rules and regulations and other useful information as essential matters for conducting as a Board of Governors.

In 2015, members of the Board of Governors continued to attend training and seminars to enhance their understanding of the roles, duties and responsibilities to further benefit the organization, as follows:

- Courses organized by the Thai Institute of Directors (IOD) including Director Certification Program Update (DCPU) and Advance Audit Committee Program (AACP) (details in table below)

- Seminars on various topics, for example, seminars by the CG Forum covering the topics: "CG in substance", "Corporate Governance in SET culture" Thailand CG Forum: "Governance as a driving force for business sustainability" held by The Securities and Exchange Commission (SEC) and The Thai Institute of Directors Association (IOD), etc.
- Forum on "The 2015 Asian Roundtable on Corporate Governance" by Chaiyawat Wibulswasdi (Chairman) and Kesara Manchusree (President) having the chairman and president as guest speakers.
- SET President attended the course on "Enhancing the Competitiveness of Thai Companies" organized by Thai Listed Companies Association.

The governors took an educational trip abroad to France and Italy during September 4 - 12, 2015. During this "Financial Trip 2015", the governors visited Euronext, Eurex, Euroclear, LCH Clearnet, MTS, Milan Stock Exchange (Borsa Italiana), Cassa di Compensazione e Garanzia S.p.A. (CC&G) and Monte Titoli S.p.A. The purpose was to gain knowledge by attending briefings with discussions on topics of importance while networking with personnel in these foreign capital markets and related agencies. Governors participating in "Financial Trip 2015" were the BoG vice chairman, 7 governors, and the SET president namely Suthep Peetakanont, Charnchai Kongthongluck, Chaipatr Srivisarvacha, Jotika Savananada, Professor Kitipong Urapeepatanapong, Pichet Sithi-Amnuai, Dr.Subhak Siwaraksa, Voravan Tarapoom, and Kesara Manchusree.

Additionally, governors serving on the Audit Committee namely Jotika Savananada, Charnchai Kongthongluck and Subhak Siwaraksa, along with the Risk Management Committee members namely Suthep Peetakanont, Pichet Sithi-Amnuai, Voravan Tarapoom and one external expert, Anya Khathavit, visited the Japan Exchange Group (JPX) and Nomura Securities Co., Ltd. (NSC) in Japan during December 9 - 12, 2015. They have learned how JPX and NSC handle corporate governance, risk management, internal audit and regulatory compliance. This trip also enhanced their expertise and strengthened the networking with participants in other capital markets.

Training at the Thai Institute of Directors Association (IOD)										
Current governors	Director Certification Program (DCP)	Director Certification Program Update (DCPU)	Director Accreditation Program (DAP)	The Role of The Chairman Program (RCP)	Advance Audit Committee Program (AACP)	Audit Committee Program (ACP)	Risk Management Committee Program (RMP)	Financial Institutions Governance Program (FGP)	Role of the Compensation Committee (RCC)	Role of the Nomination and Governance Committee
1. Chaiyawat Wibulswasdi	✓		✓							
2. Suthep Peetakanont	✓			✓						✓2015
3. Charnchai Kongthongluck	✓									
4. Chaipatr Srivisarvacha	✓			✓						
5. Jotika Savanananda	✓				✓		✓2015			
6. Kittipong Urapeepatanapong	✓			✓						
7. Pichet Sithi-Amnuai	✓					✓			✓	
8. Somchai Thaisa-Nguanvorakul	✓	✓2015	✓							
9. Subhak Siwaraksa	✓		✓					✓		
10. Voravan Tarapoom	✓			✓		✓	✓		✓	
11. Kesara Manchusree	✓									

## Committees of The Stock Exchange of Thailand (SET) 2016

1. Appeals Committee
2. Audit Committee
3. Corporate Governance and Social Responsibilities Committee
4. Disciplinary Committee
5. Legal Affairs Committee
6. Nomination and Remuneration Committee
7. Risk Management Committee
8. Securities Investor Protection Fund Committee

### 1. Appeals Committee

**Support unit:** Enforcement Department

**Structure:** The committee consists of three to five members, appointed by the SET BoG with the approval of the SEC. Each member must be expert in at least one of the following fields: law, finance and accounting, or the brokerage business.

**Term:** July 1, 2015 to June 30, 2017

Name		Position
1. Pakhawat	Kovithvatanaphong	Chairman
2. Chao	Arunyawat	Member
3. Chokechai	Tanpoonsinthana	Member
4. Manop	Nagadatta	Member
5. Somjin	Sornpaisarn	Member

#### Responsibilities of the Appeals Committee are:

1. To review any appeal made against any punishment or orders laid down by the SET BoG, Disciplinary Committee or President, and to determine the innocence or guilt of appellants
2. To review any request for suspension of execution of punishment or orders in which any condition or collateral is stipulated or required
3. To advise the SET BoG regarding punishments, reductions in punishments, orders not to punish, confirming punishment orders being appealed, or any other matter raised by appellants
4. To order the termination of any appeal withdrawn prior to or during deliberation by the Appeals Committee

## 2. Audit Committee

**Support unit:** Internal Audit Department

**Structure:** Members consist of three SET governors. One member must be from among the governors appointed by the Securities and Exchange Commission, the second from among the governors who are executives of member companies and also elected by SET members, while the third may be any of the remaining governors who must be knowledgeable in accounting, finance or auditing.

**Term:** Until the end of each given person's tenure as governor

Name		Position
1. Jotika	Savanananda	Chairman
2. Charnchai	Kongthongluck	Member
3. Subhak	Siwaraksa	Member

### Responsibilities of the Audit Committee are stipulated in the Audit Committee charter:

1. To review SET's financial reports before forwarding them to the BoG
2. To advise management on the appointment of SET's auditor and determine the auditor's remuneration; coordinate with the auditor on auditing objectives, coverage, guidelines, planning and problems found during the audit, and any issue the auditors deem significant
3. To coordinate with SET's Internal Audit Department on audit objectives, planning, reports and evaluations of the efficiency of SET's internal control system and of the adequacy of resources used for internal control, including any problem found during an audit
4. To consult and review results and recommendations of the auditors and the Internal Audit and Risk Management Department, and follow up any operational management matters consequent to those recommendations
5. To monitor compliance with the laws, rules and regulations issued by SET's regulators
6. To monitor the management of SET's principal risks
7. To report all operations of the Audit Committee to the BoG at least four times a year
8. To be responsible for any duty related to the Audit Committee as assigned by the BoG

### 3. Corporate Governance and Social Responsibilities Committee

**Support unit:** Sustainable Development Department

**Structure:** Six members, consisting of the SET vice chairman, four members from any of the remaining governors and the SET president

**Term:** Until the end of each given person’s tenure as governor

Name	Position
1. Charnchai Kongthongluck	Chairman
2. Chaipatr Srivisarvacha	Member
3. Pichet Sithi-Amnuai	Member
4. Somchai Thaisa-Nguanvorakul	Member
5. Subhak Siwaraksa	Member
6. The SET President	Member

#### Responsibilities of the Corporate Governance and Social Responsibilities Committee are:

1. Corporate governance and social responsibility of the listed companies
  - (1) To review the Corporate Governance (CG) and Social Responsibility (SR) policies and framework to enhance listed companies, enterprises and related entities in the capital market, including developing guidelines to implement CG and SR in the companies and thus achieve the sustainable growth and create value in Thai capital market, society and nation
  - (2) To advise the SET BoG, and the SET management on CG and SR matters affecting the Thai capital market
2. SET’s corporate governance and social responsibility
  - 2.1 SET’s corporate governance (CG) review and advised the SET BOG, as follow:
    - (1) To review the SET’s CG framework, CG policy, and Code of Conduct suitable for the SET operational structure and comparable to international standard on CG practices or principles
    - (2) To examine the compliance with SET CG policy and publicly disclose in the annual report
    - (3) To review the procedure of SET BoG annual assessment, and report the assessment summary to the SET BoG
    - (4) To advise the SET BoG on the determination of the SET CG development plan in line with the SET CG principles
    - (5) To advise the SET BoG and management on the development of SET’s corporate governance
  - 2.2 SET’s Social Responsibility (SR)
    - (1) To review the SET SR framework and sustainable development guidelines in line with international standard on SR practices or principles
    - (2) To advise the SET BoG on SR development plan according to the SET SR framework
    - (3) To provide the SET BoG and the SET management with advice, opinion and recommendation regarding SET’s SR development

## 4. Disciplinary Committee

**Support unit :** Enforcement Department

**Structure:** Five members. At least one member must be a SET governor. One person must have expertise and experience in the businesses of SET, brokerage or financial firms. One person must be a legal expert. It has to include the SET president or an executive at senior vice president level or above as delegated by the SET president.

**Term:** January 1, 2015 to December 31, 2016

Name		Position
1. Suthep	Peetakanont	Chairman
2. Professor Kitipong	Urapeepatanapong	Member
3. Pattera	Dilokrunghirapop	Member
4. Sutthi	Sookying	Member
The SET executive at senior vice president level or above, as delegated by the SET president		Member

### Responsibilities of the Disciplinary Committee are:

1. To examine any alleged wrongdoing and punish any individual or juristic person who violates or associates with others in violating SET's rules and regulations, and report the punishment to the SET BoG, except in cases concerning:
  - (a) securities delisting
  - (b) temporary trading suspension of a member company
  - (c) membership revocation
  - (d) other cases as specified by the SET BoGIn the exceptions above, the Disciplinary Committee will examine facts and evidence, then report the findings with recommendations to the BoG for action.
2. To examine and give explicit instructions according to SET's rules and regulations, including taking any other action necessary for the disciplinary process

## 5. Legal Affairs Committee

**Support unit:** Legal Department

**Structure:** Five members, consisting of one SET governor and four other members who must be experts in law and/or capital market

**Term:** January 1, 2016 to December 31, 2016

Name		Position
1. Professor Kitipong	Urapeepatanapong	Chairman
2. Khemchai	Chutiwongse	Member
3. Surasak	Vajasit	Member
4. Tithiphan	Chuerboonchai	Member
5. Wichien	Harnpraween	Member

**The responsibility of the Legal Affairs Committee** is to provide the SET BoG, SET and SET subsidiaries with advice, opinions and recommendations regarding Securities and Exchange ACT, the Derivatives ACT, including the SET group's rules and regulations.

## 6. Nomination and Remuneration Committee

**Support unit:** Human Resources Department

**Structure:** Five members, consisting of the SET vice chairman, chairman of SET's Audit Committee and two members from the remaining governors, including the SET president

**Term:** Until the end of each given person's tenure as governor

Name		Position
1. Suthep	Peetakanont	Chairman
2. Jotika	Savanananda	Member
3. Chaipatr	Srivilasvacha	Member
4. Voravan	Tarapoom	Member
5. The SET President		Member

### Responsibilities of the Nomination and Remuneration Committee are:

To consider and provide the SET BoG with the following matters for approval:

1. Nomination
  - (1) To review the nomination of the SET senior executives who are qualified for positions at SET and its subsidiaries
  - (2) To review the annual Succession Plan for the SET president and SET senior executive positions
  - (3) To consider the process of orientation to the new governor and enhancement plan of continuing education to the SET BoG
  - (4) To undertake any other responsibilities assigned by the SET BoG



## 2. Remuneration

- (1) To review the policies and regulations regarding the remuneration of SET BoG, committees, advisors and SET subsidiaries' board of directors nominated by SET BoG, including the working groups
- (2) To review the SET's employment remuneration structure
- (3) To review the budgets for annual remuneration adjustment and other annual rewards for the SET employees
- (4) To propose criteria concerning remuneration, salary adjustments including remuneration for the SET president
- (5) To propose criteria concerning remuneration, salary adjustments including remuneration for SET top executives
- (6) To undertake any other responsibilities assigned by the SET BoG

## 7. Risk Management Committee

**Support unit:** Risk Management Department

**Structure:** Seven members, consisting of one or two from the SET governors, the SET president, including one or more experts in risk management

**Term:** January 1, 2016 to December 31, 2016

Name		Position
1. Suthep	Peetakanont	Chairman
2. Anya	Khanthavit, Ph.D.	Member
3. Pichet	Sithi-Amnuai	Member
4. Ruchukorn	Siriyodhin	Member
5. Somkiat	Sirichatchai	Member
6. Voravan	Tarapoom	Member
7. The SET President		Member

### Responsibilities of the Risk Management Committee are:

1. To advise the SET BoG and management on risk management policies and frameworks to ensure the efficient management of all business risks and performance of duty-of-care
2. To provide advice and recommendations to the Risk Management Department regarding management of all risks
3. To review the suitability of risk assessment methodology used, to ensure that all significant risks are being suitably monitored and managed

## 8. Securities Investor Protection Fund Committee

**Support unit:** Member Supervision Department

**Structure:** Six members, consisting of one governor appointed by the SEC, one governor elected by SET members, one person elected by Securities Investor Protection Fund members, the Thai Investor Association president, the SET president or an executive delegated by the SET president, and the executive vice president - Market Supervision Division, who also serves as secretary.

**Term:** January 1, 2016 to December 31, 2016

Name		Position
1. Somchai	Thaisa-Nguanvorakul, D.P.A.	Chairman
2. Chaipatr	Srivisarvacha	Member
3. Mongkon	Leelatum	Member
4. Pornpring	Suksantisuwan	Member
5.	The SET President or the executive delegated by the SET President	Member
6.	The Executive Vice President level responsible for Market Supervision Division	Member and Secretary

### Responsibilities of the Securities Investor Protection Funds Committee are:

1. To determine fund management policies in securities or other assets, with possibilities of alternative investments to make profits
2. To examine all relevant facts and evidence concerning investor protection and report its findings to the SET BoG
3. To boost investor confidence in buying or selling securities traded on SET
4. To undertake any other responsibilities and activities assigned by the SET BoG

# Audit Committee Report

The Stock Exchange of Thailand (SET)'s Audit Committee consists of three independent non-executive directors with expertise and experience in the capital market, accounting, finance and management. It is chaired by Jotika Savananda, with Dr. Subhak Siwaraksa and Charnchai Kongthongluck as members.

In 2015, the Committee held 14 meetings, including one with the executive management team and without the presence of the internal auditors. There were three meetings with SET's external auditors to review and discuss the auditing plan and results. One of these meetings with the external auditors was without the presence of management to ensure the auditor's independence. The attendance record of the Audit Committee's members is shown in the Corporate Governance Report on page 51

The Committee has performed its duties and exercised due authority under the scope of authority and responsibilities assigned by the Board of Governors (BoG), as shown on page 74. The Committee formally reported all matters within its duties and responsibilities to the BoG on a quarterly basis. A summary of key activities in 2015 is as follows:

## Financial statements

The Committee reviewed SET's quarterly financial statements by meeting with the management team and reviewed the 2015 annual financial statements by meeting privately with the external auditor to examine the accuracy and completeness of SET's financial statements and the disclosure of related transactions. This included internal control related to the preparation of the financial statements, in compliance with generally accepted accounting standards.

## Risk management

The Committee reviewed enterprise risk management (ERM) policies and processes. Quarterly meetings with SET's ERM team were held. The Committee also held two meetings in 2015 with the Risk Management Committee to ensure that

internal audit and risk management operations were moving in the same direction for utmost benefit to the organization. The Committee had emphasized SET's technology risk management by assigning the Internal Audit unit to review the pre-implementation process for the new clearing and depository systems for equity market. On August 24, 2015 SET successfully launched its new systems, operating smoothly and efficiently.

## Internal control

The Committee reviewed the assessment results of the adequacy and effectiveness of SET's internal control system. This was carried out by reviewing the internal audit report combined with the external auditors' views. The Committee also followed up on internal control enhancement by inviting the management team to explain the problem-solving process and solutions, as well as providing information and views on key issues.

## Internal audit

The Committee reviewed and approved the internal audit plan considering the adequacy and suitability of the resources, as well as the internal auditor's independence. The Committee reviewed and examined SET's internal audit operations and concluded that the operations met the set objectives.

The Committee has continuously encouraged the internal auditor's professional enhancement activities. In 2015, the Committee supported the business trips to other exchanges to share and gain experience in internal audit, risk management and corporate governance.

## Corporate governance (CG)

The Committee held quarterly meetings with the compliance unit's management team to review SET's CG process to make sure it complied with SET CG policy and Code of Ethics. The Committee also supported other good CG practices, such as by enabling employees and other stakeholders to direct their complaints to the Committee's Chairperson. SET has opened up a special channel via SET's website under "Whistleblowing

policy” topic. In 2015, the Committee also reviewed the SET’s Anti-corruption guideline to ensure that it was complied with best practice of the Private Sector Collective Action Coalition Against Corruption Council (CAC).

## Regulatory compliance

The Committee met with the management teams responsible for regulatory compliance and internal audit to review and exchange views to ensure that SET operations complied with laws and regulations.

## Performance self-assessment

The Committee assessed itself and reported the results to the BoG on an annual basis. The 2015 results indicated that the Committee’s performance completely fulfilled according to its Charter which was reviewed annually and approved by the BoG.

## Appointment of 2016 external auditor

The Committee has the responsibility to recommend to the BoG the appointment and removal of the external auditor. In 2015, the Committee reviewed the independence of the external auditor in providing audit and non-audit services. As a result of the performances, professionalism, experiences and independence, the Committee recommended to the BoG that PricewaterhouseCoopers ABAS Ltd. (PwC) be appointed as the SET group’s auditor for 2016, for approval by the meeting of member companies.

In summary, the Committee viewed that SET’s financial statements were prepared in accordance with generally accepted accounting principles and were accurate in essence, with sufficient and proper information disclosure. The Committee also viewed that the internal control system and risk management were appropriate and sufficient in compliance with related laws and regulations. Therefore, the Committee reasonably believed that SET’s operation could achieve its set objectives.



**(Jotika Savanananda)**  
Chairperson, Audit Committee

February 15, 2016

# Nomination and Remuneration Committee Report

The Stock Exchange of Thailand (SET)'s Board of Governors (BoG) appointed the Nomination and Remuneration Committee consisting of five committee members. More than half of the committee members, including the chairperson, were not in the SET management team. The committee was chaired by Suthep Peetakanont, and the four members were Jotika Savanananda, Chaipatr Srivisarvacha, Voravan Tarapoom and Kesara Manchusree.

Voravan Tarapoom was appointed as a committee member, effective December 16, 2015, to succeed Suthichai Chitvanich, whose term expired.

In 2015, the committee held 10 meetings. The committee has completely performed its duties under the scope of responsibilities specified in the Charter. The attendance record of the committee member is shown in the Corporate Governance Report.

## The summary of key activities in 2015 is as follows:

### Nomination

1. Recruited, screened and reviewed the nomination of the SET senior executives qualified for positions at SET and its subsidiaries. Screened and reviewed the specialist list, for the case not under any particular committee, and then sought appointment approval from the BoG. Expressed views concerning the appointment of permanent and temporary experts.
2. Reviewed the annual Succession Plan for top executive positions, in the Corporate Strategy & Finance Division and Issuer & Listing Division.
3. Ascertained that the orientation session for the new governors, and the knowledge enhancement for the current governors be arranged.
3. The budget for annual salary rate adjustments and annual rewards for SET employees.
4. The criteria concerning remuneration, salary adjustments, including annual remuneration for SET president and top executives.

### Performance self-assessment:

The committee conducted the annual self-assessment by using the Nomination and Remuneration Committee Self-Assessment form. The 2015 results indicated that the performance was "good".

The Nomination and Remuneration Committee viewed that the practice of the Committee was in line with the missions, duties, experiences and responsibilities assigned to each member, in accordance with the SET's corporate governance and best practice guidelines.

### Remuneration

Examined the remuneration before presenting the following matters to the BoG for approval:

1. The policy, criteria and the remuneration to be granted to the SET board of governors, committee members, and SET subsidiaries' board of directors appointed by SET BoG, including experts/specialists and the SET working groups.
2. The SET's employment remuneration structure.



**(Suthep Peetakanont)**

Chairperson

Nomination and Remuneration Committee

February 11, 2016

# Risk Management Committee Report

In 2015, The Stock Exchange of Thailand (SET)'s Board of Governors (BoG) appointed the Risk Management Committee consisting of seven committee members: four members were board members, and three members were non-executive experts in the fields of finance, accounting or risk management, as follows:

1. Suthep	Peetakanont (Chairperson)
2. Pichet	Sithi-Amnuai
3. Suthichai	Chitvanich
4. Kesara	Manchusree
5. Ruchukorn	Siriyodhin (expert)
6. Professor Dr. Anya	Khanthavit (expert)
7. Somkiat	Sirichatchai (expert)

The Board of Governors (BoG) appointed Voravan Tarapoom to the committee, effective December 16, 2015, to succeed Suthichai Chitvanich whose term expired.

During 2015, the committee has completely performed its duties under the scope of responsibilities specified in the Charter. The committee held 5 meetings. The attendance record of the committee member is shown in Corporate Governance Report. A summary of key activities in 2015 is as follows:

• **Risk Management at the corporate level and process level:**

The committee reviewed and provided recommendations on Corporate Risk Appetite/Risk Tolerance, corporate risk profile, risk appetite and key risk indicator (KRI) of key risks, report of risk and control self-assessment 2015, and risk management policy, as well as risk management framework to ensure that risk management operation was in line with its policy and international standard for utmost benefit to the organization.

• **Strategic risk management:** The committee reviewed and provided recommendations on SET's 3-year strategic direction (2016 – 2019), strategic plans 2015 and related key performance indicators (KPIs) to strengthen integrated risk management and strategic planning.

• **Risk management of new business and strategic projects:**

The committee placed emphasis on providing agricultural derivatives products by reviewing and advising on the risk management and membership qualifications. The committee also considered the risk management of new equity clearing and depository systems project launched in August 2015.

• **Risk management of SET's subsidiaries** The committee reviewed the revision of methodology to calculate the risk value in the clearing and settlement system to enhance risk management to be in line with international standards such as the Principles for Financial Market Infrastructures (PFMI) of the International Organization of Securities Commission (IOSCO), and European Markets Infrastructure Regulations (EMIR) of the European Securities and Markets Authority (ESMA). In this regard, the business circumstance and industry cost issues were taken into their consideration. The committee also recommended the appointment of risk management specialist for Thailand Clearing House Co., Ltd. (TCH) for the year 2016 so that TCH could obtain advices and recommendations on technical issues, rules and regulations, as well as exchanging experiences and views regarding risk management of other organizations.

- **Monitoring and overseeing risk:** The committee monitored the status of key risks to ensure continuous and efficient risk monitoring and overseeing. The committee also reported its activities to BoG quarterly.
- **Risk management and internal audit:** In 2015, the committee attended 2 meetings with the audit committee (AC) to ensure that the risk management and internal audit operations were moving forward in the same direction for best benefits to the organization. These included communications, sharing opinions and coordination between risk management and internal audit functions.
- **Personnel development:** The committee has continuously encouraged the risk management team to enhance knowledge and skills. In 2015, the committee supported the business trip to other exchanges to share and gain insights into risk management, internal audit and good corporate governance practices.

- **Performance self-assessment:** The committee assessed itself and reported the results to the BoG on an annual basis. The 2015 results indicated that the committee's performance completely fulfilled according to its charter which was approved by the BoG and reviewed annually.

In summary, the committee viewed that SET has developed and enhanced enterprise risk management covering all key aspects, in line with changing circumstances. All Risk Management Committee (RMC) meetings and meetings between RMC and AC have strengthened risk management operations to be efficient, appropriate and at acceptable level.



**(Suthep Peetakanont)**

Chairperson

Risk Management Committee

February 9, 2016

# Corporate Governance and Social Responsibility Committee Report

The Stock Exchange of Thailand (SET)'s Corporate Governance and Social Responsibility Committee consists of five independent directors and SET president, appointed by SET Board of Governors (BoG). In 2015, the BoG appointed Charnchai Kongthongluck as chairman of the Corporate Governance and Social Responsibility Committee to replace Patteera Dilokrunghirapop whose term terminated as of June 17, 2015, while the five members were Subhak Siwaraksa, Chaipatr Srivisarvacha, Pichet Sithi-Amnuai, Somchai Thaisa-Nguanvorakul and Kesara Manchusree.

In 2015, the Committee held a total of seven meetings and another special meeting to give approvals, recommendations and opinions on the operations on corporate governance (CG) and social responsibility (SR) carried out by Corporate Governance Development Department, Sustainable Development Department and Compliance Unit. The information of meeting attendance is shown in the Corporate Governance Report section.

The Committee has succeeded in performing its duties and responsibilities as stated in the Corporate Governance and Social Responsibilities Committee Charter. The Committee formally reported its performance to the BoG on a quarterly basis. The essence of the matters considered is as follows:

## **CG and SR development for listed companies, enterprises and other organizations in the capital market**

The Committee provided opinions and suggestions for formulating strategies, policies and action plans to develop listed companies, sustainability, while encouraging institutional investors to take environmental, social and corporate governance (ESG) performance into consideration when making investment decisions. The Committee also promoted a better understanding of social investment.

## **CG and SR development for SET**

The Committee provided recommendations on the directions and strategies to achieve SET's "Towards Sustainable Growth 2020" long-term goals and become a sustainable stock exchange. Also, the Committee provided suggestions on the SET group's CG policy and relevant issues, including anti-corruption measures.

In summary, in 2015, the Committee viewed that SET performed well on CG and SR development for listed companies, enterprises, and relevant organizations in the capital market. SET also continued to promote its CG policy and best practice guidelines among governors, executives and staff. In addition, SET's information disclosure via its Corporate Governance Report was in accordance with international standards.



**(Charnchai Kongthongluck)**  
Chairman, Corporate Governance  
and Social Responsibility Committee



# Enterprise risk management

The Stock Exchange of Thailand (SET) uses an enterprise-wide risk management framework to ensure it can manage risks it faces effectively, in line with the corporate policy and international standards. SET's risk management covers three levels of key risks: strategic risk, business risk and process risk, as follows:

## Strategic risk

SET focuses on strategic risk in its strategic direction towards 2020 as well as annual strategic planning and budgeting. SET adapts its risk management to meet the objectives of strategic themes and plans, including its new equity clearing and depository systems launched in August 2015.

## Business risk

SET oversees and manages business risk, which covers key risks for operating business, in line with those of leading stock exchanges. SET monitors and manages high level risks by identifying key risk indicators to monitor and adjust risk mitigation plans accordingly. Key business risks to be managed are:

### **Credit risk (Counterparty or clearing and settlement-related risk)**

Thailand Clearing House Co., Ltd. (TCH), as central counterparty for SET and Thailand Futures Exchange PCL, strictly imposes risk management measures and has reviewed them continuously. In 2015, TCH reviewed minimum clearing fund contribution to cover risk incurred from increasing transactions by members. TCH has also adopted international standards, such as the Principles for Financial Market Infrastructures (PFMI) of the International Organization of Securities Commissions (IOSCO), and European Markets Infrastructure Regulations (EMIR) of the European Securities and Markets Authority (ESMA). To stay in compliance with amended international standards and maintain domestic and foreign investors' confidence in our market, highlights of 2015 include restructuring TCH's capital

by increasing registered capital from THB 100 million to THB 600 million and reviewing rules and regulations, as well as using risk management measures related to clearing and settlement of agricultural derivatives products in order to support these new products.

### **Critical system disruption and business interruption risks**

SET constantly assesses, monitors and manages risks that may seriously affect its computer systems. These include standard incident management, escalation procedures, incident reports, root cause analysis and solution-finding in order to provide continuous service.

SET has a highly efficient business continuity plan (BCP) to ensure that its missions and critical business activities can be carried out without interruption in the event of unexpected crises. In addition, BCP-related documentation is regularly reviewed and updated. SET continues to conduct annual BCP exercise for related stakeholders in the Thai capital market to validate SET's adequacy and readiness of business continuity management program.

### **Investment risk**

SET's investment portfolio, managed by the Investment Committee (IC), operates under investment and strategic asset allocation policies as approved by the SET Board of Governors (BoG). These policies are reviewed quarterly.

SET monitors the investment risk status and reports to the BoG, Risk Management Committee and IC to ensure that risks are within acceptable levels.

## Compliance risk

SET assesses, oversees, monitors and manages compliance risk, which covers the risk of violating rules or regulations of internal and external parties, such as approval and/or signing authority of various management levels. It is of utmost importance that SET strictly complies with all laws and regulations.

## Process risk

SET process risk management covers risks at the process level, covering those cases resulting from insufficient internal controls and all types of errors in using people, internal processes or technology. All units assess their risks and adequacy of internal controls using the Risk and Control Self-Assessment (RCSA). Each unit then formulates their action plan and monitors implementation on a regular basis.



# Management discussion and analysis

## Overview

The operating results of the SET group for the years ended December 31, 2015 were:

(Unit: THB million)	For the year ended December 31			
	2015	2014	Increase / (Decrease)	
			Amount	%
Operating revenue	4,518	4,201	317	7.55
Other income	205	165	40	24.24
Investment income	492	871	(379)	(43.51)
Operating expenses	(3,335)	(3,082)	253	8.21
Contributions to The Stock Exchange of Thailand Foundation (Foundation)	(401)	(547)	(146)	(26.69)
Income tax expense	(140)	(113)	27	23.89
Revenues over expenses	1,382	1,535	(153)	(9.97)

Revenues over expenses for the year ended December 31, 2015 of THB 1,382 million decreased by THB 153 million, or 9.97%, in comparison with 2014. Investment income decreased by THB 379 million, or 43.51%, due to the low return from investment in debt and equity fund. However, the operating revenue rose by THB 317 million, or 7.55%, mainly from daily average trading volume of derivatives increase as well as higher listing fee and registrar fee from the rise in number of listed securities and corporate action services. Operating expenses rose by THB 253 million, or 8.21%, mainly due to the higher depreciation from SET's new systems and new office building, including the increase in marketing expenses for promoting sustainable development of listed companies, the cost of hosting of International Capital Markets Conference (ICMC) 2015 and

the dissemination of information via various media channels. Contributions to the Foundation decreased by THB 146 million, or 26.69%, as revenues over expenses decreased, resulting in the decrease of one-third of that amount to be appropriated to the Foundation.

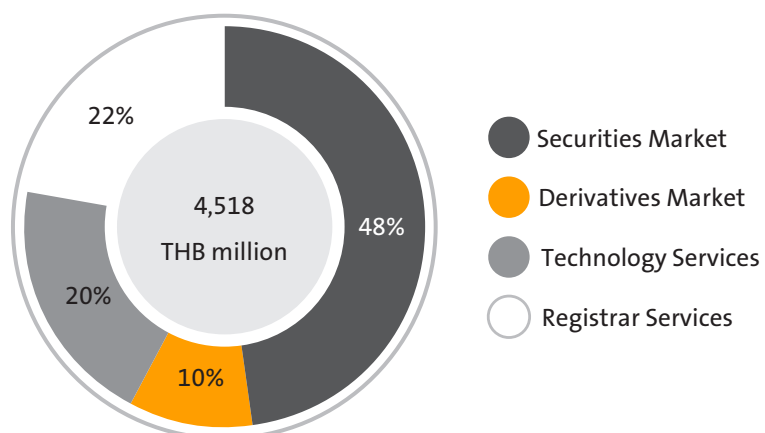
## 1. Analysis of operating results

### 1.1 Operating revenue

#### Operating revenue by segment

Operating revenue is classified by segment as follows: Securities market, Derivatives market, Technology services and Registrar services.

## Operating revenue by segment



For the year ended December 31, 2015		(Unit: THB million)
<b>Securities Market</b>		
- Trading		1,077
- Clearing and settlement		293
- Listing		494
- Depository		283
- Membership		37
<b>Total</b>		<b>2,184</b>
<b>Derivatives Market</b>		
- Trading		295
- Clearing		127
- Membership		50
<b>Total</b>		<b>472</b>
<b>Technology Services</b>		
- Member services		466
- Information services		307
- IT support		106
<b>Total</b>		<b>879</b>
<b>Registrar Services</b>		
- Securities registrar		982
- Fund registrar		1
<b>Total</b>		<b>983</b>
<b>Total operating revenue</b>		<b>4,518</b>

### 1.1.1 Securities Market

(Unit: THB million)	2015	2014	Increase /(Decrease)	
			Amount	%
<b>Revenue - Securities Market</b>	<b>2,184</b>	<b>2,140</b>	<b>44</b>	<b>2.06</b>
Trading fees	1,077	1,114	(37)	(3.32)
Clearing and settlement fees	293	300	(7)	(2.33)
Listing fees	494	435	59	13.56
Depository fees	283	260	23	14.38
Membership fees	37	31	6	19.35
<b>Key market indicators</b>				
SET Index (point)	1,288	1,498	(210)	(14.02)
Daily average trading value – Equity (THB million)	44,302	45,466	(1,164)	(2.56)
Average market capitalization (THB trillion)	14.04	13.50	0.54	4.00
No. of listed securities (securities)	1,812	1,742	70	4.02

Operating revenue from securities market rose by THB 44 million, or 2.06%, compared to 2014. This resulted from the rise in listing fees as the number of listed securities rose. In addition, depository fees increased according to the increased in average market capitalization. On the other hand, trading as well as clearing and settlement fees decreased because daily average trading value decreased.

### 1.1.2 Derivatives Market

(Unit: THB million)	2015	2014	Increase /(Decrease)	
			Amount	%
<b>Revenue - Derivatives Market</b>	<b>472</b>	<b>380</b>	<b>92</b>	<b>24.21</b>
Trading fees	295	230	65	28.26
Clearing fees	127	99	28	28.28
Membership fees	50	51	(1)	(1.96)
<b>Key market indicators</b>				
Daily average trading volume – Derivatives (contracts)*	199,749	169,363	30,386	19.74

\* For comparison purpose, rebased of SET50 Index Futures to mini SET50 Index Futures (a multiplier was reduced from THB 1,000 to THB 200 Baht since May 6, 2014)

Operating revenue from derivatives market rose by THB 92 million, or 24.21%, compared to 2014, resulting from the rise in daily average trading volume of derivatives, especially from SET50 Index Futures, which increased to an average of 110,842 contracts per day in 2015 (from 81,129\* contracts per day in 2014).

### 1.1.3 Technology Services

(Unit: THB million)	2015	2014	Increase /(Decrease)	
			Amount	%
<b>Revenue - Technology Services</b>	<b>879</b>	<b>749</b>	<b>130</b>	<b>17.36</b>
Member services fees	466	420	46	14.38
Information service fees	307	238	69	28.99
Customization and IT support fees	106	91	15	16.48

Operating revenue from technology services rose by THB 130 million, or 17.36%, compared to 2014. This was mainly because of the increase in information service fees and market access fee resulted from the increasing number of users.

### 1.1.4 Registrar Services

(Unit: THB million)	2015	2014	Increase /(Decrease)	
			Amount	%
<b>Revenue - Registrar Services</b>	<b>983</b>	<b>932</b>	<b>51</b>	<b>5.47%</b>
Securities registrar fees	982	868	114	13.13%
Fund registrar fees	1	64	(63)	(98.44%)

Operating revenue from registrar services rose by THB 51 million, or 5.47%, compared to 2014. This was contributed by the rise in number of corporate action services and listed securities. However, the fund registrar service was terminated during 2015.

## 1.2 Other income

(Unit: THB million)	2015	2014	Increase /(Decrease)	
			Amount	%
<b>Other income</b>	<b>205</b>	<b>165</b>	<b>40</b>	<b>24.24</b>
Educational activities income	54	44	10	22.73
Revenue from marketing events	34	35	(1)	(2.86)
Revenue from fund management	22	25	(3)	(12.00)
Revenue from membership rights transfer	19	-	19	100.00
Revenue from fines	11	15	(4)	(26.67)
Revenue from rental and utilities	11	11	-	-
Revenue from securities borrowing & lending	5	7	(2)	(28.57)
Others	49	28	21	75.00

Other income increased by THB 40 million, or 24.24%, compared to 2014. This resulted from the increase of revenue from examination and training courses for professionals in the capital market. In addition, in 2015 there was also the fee from membership rights transfer.

### 1.3 Investment income

(Unit: THB million)	2015	2014	Increase / (Decrease)	
			Amount	%
<b>Investment income</b>	<b>492</b>	<b>871</b>	<b>(379)</b>	<b>(43.51)</b>
Interest income	300	423	(123)	(29.08)
Dividend income	114	442	(328)	(74.21)
Realized gain (loss) from investments	67	(18)	85	472.22
Others	11	24	(13)	(54.17)

Investment income dropped by THB 379 million, or 43.51%, in comparison with 2014. This was mainly from the low return on investment, both in debt and equity funds.

### 1.4 Operating expenses

(Unit: THB million)	2015	2014	Increase / (Decrease)	
			Amount	%
<b>Operating expenses</b>	<b>3,335</b>	<b>3,082</b>	<b>253</b>	<b>8.21</b>
Employee benefit expenses	1,372	1,260	112	8.89
The SEC fees	456	470	(14)	(2.98)
Depreciation and amortization	295	208	87	41.83
Direct service expenses	281	271	10	3.69
Educational activities expenses	196	192	4	2.08
Marketing expenses	195	143	52	36.36
Technology expenses	184	186	(2)	(1.08)
Fees and compensation expenses	59	63	(4)	(6.35)
Others	297	289	8	2.77

In 2015, the SET group had operating expenses of THB 3,335 million, an 8.21% increase from 2014. This was mainly from the increase in employee benefit expenses, higher depreciation expenses from SET's new systems and new office building, including the increase in marketing expenses for promoting sustainable development of listed companies, the cost of hosting International Capital Markets Conference (ICMC) 2015 and the dissemination of information via various media channels.

## 2. Analysis of financial position

(Unit: THB million)	DEC 31, 2015	DEC 31, 2014	Increase / (Decrease)	
			Amount	%
Total assets	36,136	34,452	1,684	4.89
Total liabilities	12,747	12,213	534	4.37
Fund balances	23,389	22,239	1,150	5.17

Significant movements in assets, liabilities and funds of the SET group as at December 31, 2015 when compared with the balance as at December 31, 2014, were as follows:

### 2.1 Analysis of assets

As at December 31, 2015, total assets of the SET group amounted to THB 36,136 million, an increase of THB 1,684 million, or 4.89%, in comparison with the balance as at December 31, 2014. Details are as follows:

**2.1.1 Cash and cash equivalents, cash at banks for financial benefits payable and investments** were THB 17,073 million or 47.24% of total assets, dropped by THB 874 million, or 4.87% as follows:

(Unit: THB million)	DEC 31, 2015	DEC 31, 2014	Increase / (Decrease)	
			Amount	%
<b>Cash and cash equivalents</b>	<b>1,661</b>	<b>1,361</b>	<b>300</b>	<b>22.04</b>
<b>Cash at banks for financial benefits payable</b>	<b>62</b>	<b>58</b>	<b>4</b>	<b>6.90</b>
<b>Investment portfolio</b>	<b>15,349</b>	<b>16,528</b>	<b>(1,179)</b>	<b>(7.13)</b>
Trading	2,798	3,265	(467)	(14.30)
Available-for-sale	7,903	5,183	2,720	52.48
Held-to-maturity	4,611	8,020	(3,409)	(42.51)
General investments	37	60	(23)	(38.33)
<b>Total</b>	<b>17,073</b>	<b>17,947</b>	<b>(874)</b>	<b>(4.87)</b>

The SET group maintains a policy to invest in several types of investments such as debt (fixed deposits, government bonds, corporate debentures) and other instruments through mutual funds. In 2015, the SET group reduced the investment proportion of held-to-maturity and increased that of available-for-sale securities by investing in global equity funds in order to enhance returns in the long run.



**2.1.2 Assets for margin deposits and benefits, and assets for clearing system protection and benefits** were THB 10,429 million or 28.86% of total assets, up by THB 857 million or 8.21%. This margin deposits and benefits of Thailand Clearing House increased in accordance with the increase in trading volume of derivatives.

**2.1.3 Property and equipment and intangible assets** were THB 6,186 million, or 17.12% of total assets, up by THB 1,667 million or 36.89%. This was mainly from SET's new office building and new systems development.

## 2.2 Analysis of liabilities

As at December 31, 2015, total liabilities of the SET group amounted to THB 12,747 million, up by THB 534 million, or 4.37%, in comparison with the balance as at December 31, 2014. Significant details are:

**2.2.1 Margin deposits and assets for clearing system protection and benefits payable** were THB 10,291 million, or 80.74% of total liabilities, increased by THB 853 million,

or 9.04%, in accordance with the increase in trading volume of derivatives.

**2.2.2 Accounts payable and accrued expenses** were THB 1,226 million, or 9.62% of total liabilities, dropped by THB 374 million or 23.39%. The drop was mainly from the payment of construction costs of SET's new office building in 2015.

## 2.3 Analysis of funds

As at December 31, 2015, total funds of the SET group amounted to THB 23,369 million, up by THB 1,150 million, or 5.17%, in comparison with the balance as at December 31, 2014. This resulted from revenues over expenses for 2015 reaching THB 1,382 million. However, there was a decrease in the market price of available-for-sale securities of THB 218 million, and the loss from remeasurement of post-employment benefits obligations of THB 14 million.

## 3. Analysis of liquidity

Cash flows of the SET group for the year ended December 31, 2015 and 2014 can be summarized as follows:

(Unit: THB million)	2015	2014	Increase / (Decrease)	
			Amount	%
Cash flows from operating activities	636	1,051	(415)	(43.64)
Cash flows from investing activities	(332)	(1,503)	(1,171)	(77.91)
Cash and cash equivalents at the end of year	1,723	1,419	304	21.42

Cash and cash equivalents as at December 31, 2015 amounted to THB 1,723 million, decreased by THB 304 million, or 21.42%, in comparison with 2014. The details of the sources and uses of funds are as follows:

- Net cash receipts from operating activities were THB 636 million.
- Net cash used in investing activities were THB 332 million. This was mainly from the construction of SET's new office building of THB 1,715 million, new operating systems development of THB 97 million. However, there were receipts from the sale of investment of THB 963 million, interest income and proceeds from sales of investment units totaled THB 382 million, and dividends of THB 110 million.

# Report of the Board of Governors Relating to Responsibility for Financial Statements

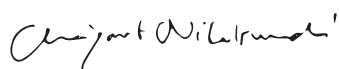
The Board of Governors is responsible for the consolidated financial statements of the Stock Exchange of Thailand (SET) and its subsidiaries including the financial information presented in this annual report. The financial statements for the year ended December 31, 2015 have been prepared in accordance with Thai Generally Accepted Accounting Principles. In preparing the financial statements, appropriate accounting policies have been adopted and regularly adhered to, using careful discretion and reasonable estimates. Important information has been adequately disclosed in the notes to financial statements, so as to be able to reflect the financial status, performance and cash flows in transparent manner, providing benefits to public.

The Board of Governors has provided and maintained the risk management systems, internal control system, internal audit systems as well as effective corporate governance to ensure that accounting records are accurate, complete and adequate to maintain its assets and prevent risks. It can also essentially prevent fraud or irregular operations.

To accomplish this task, the Board of Governors has appointed an Audit Committee, consisting of independent non-executive directors, to be responsible for the quality of financial reports, reviewing internal control systems, internal audit systems and risk management systems. The opinions of the Audit Committee are stated in the Audit Committee Report section of this annual Report.

The financial statements of the Stock Exchange of Thailand (SET) and its subsidiaries have been examined by an external auditor, PricewaterhouseCoopers ABAS Ltd. To conduct the audits and express and opinion in accordance with generally accepted auditing standards, SET provides the auditor with all of the records and related data as requested. The auditor's opinion is presented in the auditor's report as part of this annual report.

The Board of Governors is of the opinion that the SET's overall internal control system is in the satisfactory level to the reasonably build the confidence that the consolidated financial statements of the Stock Exchange of Thailand (SET) and its subsidiaries for the year ended December 31, 2015 are reliable and being in compliance with the Generally Accepted Accounting Principles and related regulations.



**(Chaoyawat Wibulswadi)**  
Chairman



**(Kesara Manchusree)**  
President

# Auditor's Report

## To the Members of The Stock Exchange of Thailand

I have audited the accompanying consolidated and entity financial statements of The Stock Exchange of Thailand and its subsidiaries and of The Stock Exchange of Thailand which comprise the consolidated and entity statements of financial position as at 31 December 2015, and the related consolidated and entity statements of comprehensive revenues and expenses, changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other notes.

## Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material

misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## Opinion

In my opinion, the consolidated and entity financial statements referred to above present fairly, in all material respects, the consolidated and entity financial position of The Stock Exchange of Thailand and its subsidiaries and of The Stock Exchange of Thailand as at 31 December 2015, and its consolidated and entity results of operations and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.



**(Unakorn Phruithithada)**  
Certified Public Accountant (Thailand) No. 3257  
PricewaterhouseCoopers ABAS Ltd.

Bangkok

17 February 2016

# Statements of Financial Position

The Stock Exchange of Thailand and its Subsidiaries  
As at 31 December 2015

(Unit : Baht'000)

	Notes	Consolidated		SET	
		2015	2014	2015	2014
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	9	1,661,333	1,360,901	1,513,084	1,220,729
Cash at banks for financial benefits payable		62,112	57,814	-	-
Assets for margin deposits and benefits	18	8,829,615	8,053,630	-	-
Short-term investments, net	10	6,086,024	7,837,836	6,086,024	7,837,836
Accounts receivable and accrued income, net	8, 11	349,032	365,520	312,504	305,950
Accrued interest receivable		87,600	103,555	85,423	98,753
Other current assets	8, 12	250,524	232,930	159,732	140,728
<b>Total current assets</b>		<b>17,326,240</b>	<b>18,012,186</b>	<b>8,156,767</b>	<b>9,603,996</b>
<b>Non-current assets</b>					
Investments in subsidiaries	13	-	-	1,097,291	597,291
Investments in associates and joint venture entity, net	14	967,734	945,069	800,620	800,620
Long-term investments, net	15	9,263,105	8,690,342	9,263,105	8,690,342
Assets for clearing system protection and benefits	19	1,599,603	1,518,935	138,242	134,843
Securities Investor Protection Fund	24	717,021	698,332	717,021	698,332
Derivatives Investor Protection Fund	24	73,256	65,273	-	-
Property, plant and equipment, net	16	5,680,104	4,026,039	5,678,315	4,025,414
Intangible assets, net	17	506,021	493,254	504,446	491,309
Refundable deposits		3,035	3,015	3,025	3,005
<b>Total non-current assets</b>		<b>18,809,879</b>	<b>16,440,259</b>	<b>18,202,065</b>	<b>15,441,156</b>
<b>Total assets</b>		<b>36,136,119</b>	<b>34,452,445</b>	<b>26,358,832</b>	<b>25,045,152</b>

The accompanying notes are an integral part of these consolidated and entity financial statements.

# Statements of Financial Position (Cont'd)

## The Stock Exchange of Thailand and its Subsidiaries

As at 31 December 2015

(Unit : Baht'000)

	Notes	Consolidated		SET	
		2015	2014	2015	2014
<b>Liabilities and fund balances</b>					
<b>Current liabilities</b>					
Margin deposits and benefits payable	18	8,829,615	8,053,630	-	-
Accounts payable and accrued expenses	8, 21	1,226,232	1,600,634	1,209,922	1,580,637
Fees received in advance		317,375	249,727	266,379	196,299
Short-term borrowings from subsidiaries	8	-	-	1,896,500	1,271,314
Current portion of provision for employee benefits	23	4,785	5,561	4,785	5,561
Other current liabilities	8, 22	382,051	436,310	175,962	230,174
<b>Total current liabilities</b>		<b>10,760,058</b>	<b>10,345,862</b>	<b>3,553,548</b>	<b>3,283,985</b>
<b>Non-current liabilities</b>					
Assets for clearing system protection and benefits payable	19	1,461,361	1,384,092	-	-
Contributions and benefits to Securities Investor Protection Fund	24	275,086	264,895	275,086	264,895
Contributions and benefits to Derivatives Investor Protection Fund	24	19,980	13,083	-	-
Provision for employee benefits	23	222,459	197,479	222,459	197,479
Other non-current liabilities		7,619	8,357	7,619	8,357
<b>Total non-current liabilities</b>		<b>1,986,505</b>	<b>1,867,906</b>	<b>505,164</b>	<b>470,731</b>
<b>Total liabilities</b>		<b>12,746,563</b>	<b>12,213,768</b>	<b>4,058,712</b>	<b>3,754,716</b>
<b>Fund balances</b>					
Funds	24	23,250,689	21,882,035	22,153,272	20,925,816
Other components of fund balances		138,865	356,640	146,848	364,620
Non-controlling interests		2	2	-	-
<b>Total fund balances</b>		<b>23,389,556</b>	<b>22,238,677</b>	<b>22,300,120</b>	<b>21,290,436</b>
<b>Total liabilities and fund balances</b>		<b>36,136,119</b>	<b>34,452,445</b>	<b>26,358,832</b>	<b>25,045,152</b>

The accompanying notes are an integral part of these consolidated and entity financial statements.

# Statements of Comprehensive Revenues and Expenses

The Stock Exchange of Thailand and its Subsidiaries  
For the year ended 31 December 2015

(Unit: Baht'000)

	Notes	Consolidated		SET	
		2015	2014	2015	2014
<b>Revenues</b>					
Operating revenues	26	4,518,405	4,200,820	1,955,884	1,861,296
Investment income, net	27	492,014	871,129	905,411	1,247,033
Other income	28	204,665	165,174	1,798,252	1,699,123
<b>total revenues</b>		<b>5,215,084</b>	<b>5,237,123</b>	<b>4,659,547</b>	<b>4,807,452</b>
<b>Expenses</b>					
Employee benefit expenses	29	1,371,923	1,259,918	1,372,023	1,260,017
Directors' remuneration	8	24,431	24,582	22,395	22,899
Marketing expenses		194,672	143,326	180,161	143,158
Educational activity expenses		196,130	191,929	196,138	191,931
Direct service expenses		281,160	271,012	-	-
Building and office expenses		189,043	164,164	188,526	163,601
Technology expenses		183,698	185,942	183,634	185,920
SEC fees	30	455,700	470,483	453,700	468,483
Depreciation and amortisation	16, 17	294,768	208,240	294,195	205,890
Other expenses	31	143,362	162,131	136,542	149,712
<b>Total expenses</b>		<b>3,334,887</b>	<b>3,081,727</b>	<b>3,027,314</b>	<b>2,791,611</b>
Share of profit of investments in associates and joint venture entity (net of tax)	14	32,114	24,179	-	-
<b>Revenues over expenses</b>		<b>1,912,311</b>	<b>2,179,575</b>	<b>1,632,233</b>	<b>2,015,841</b>
<b>Non-operating items</b>					
Income derived from Securities Investor Protection Fund, net	25	10,304	14,601	10,304	14,601
Income derived from Derivatives Investor Protection Fund, net	25	1,086	1,197	-	-
Contributions to the Stock Exchange of Thailand Foundation	8	(401,379)	(547,222)	(401,379)	(547,222)
<b>Revenues over expenses before income tax expense</b>		<b>1,522,322</b>	<b>1,648,151</b>	<b>1,241,158</b>	<b>1,483,220</b>
Income tax expense	32	(139,966)	(112,674)	-	-
<b>Revenues over expenses</b>		<b>1,382,356</b>	<b>1,535,477</b>	<b>1,241,158</b>	<b>1,483,220</b>
<b>Revenues over expenses for the year attributable to:</b>					
Owners of the parent		1,382,356	1,535,477	1,241,158	1,483,220
Non-controlling interests		-	-	-	-
		<b>1,382,356</b>	<b>1,535,477</b>	<b>1,241,158</b>	<b>1,483,220</b>

The accompanying notes are an integral part of these consolidated and entity financial statements.

# Statements of Comprehensive Revenues and Expenses (Cont'd)

The Stock Exchange of Thailand and its Subsidiaries  
For the year ended 31 December 2015

(Unit : Baht'000)

	Note	Consolidated		SET	
		2015	2014	2015	2014
Revenues over expenses		1,382,356	1,535,477	1,241,158	1,483,220
<b>Other comprehensive revenues and expenses:</b>					
<b>Items that will be reclassified subsequently to revenues and expenses</b>					
Share of profit in investments in associates	14	(4)	(86)	-	-
Change in value of available-for-sale investments managed by SET		(215,966)	46,299	(215,966)	46,063
Change in value of available-for-sale investments from Securities Investor Protection Fund		(1,806)	4,102	(1,806)	4,102
Income tax relating to items that will be reclassified subsequently to revenues and expenses		1	(30)	-	-
<b>Total items that will be reclassified subsequently to revenues and expenses</b>		<b>(217,775)</b>	<b>50,285</b>	<b>(217,772)</b>	<b>50,165</b>
<b>Items that will not be reclassified subsequently to revenues and expenses</b>					
Remeasurements of post-employment benefits obligations		(13,702)	-	(13,702)	-
<b>Total items that will not be reclassified subsequently to revenues and expenses</b>		<b>(13,702)</b>	<b>-</b>	<b>(13,702)</b>	<b>-</b>
Other comprehensive revenues and expenses for the year, net of tax		(231,477)	50,285	(231,474)	50,165
<b>Total comprehensive revenues and expenses for the year</b>		<b>1,150,879</b>	<b>1,585,762</b>	<b>1,009,684</b>	<b>1,533,385</b>
<b>Total comprehensive revenues and expenses for the year attributable to:</b>					
Owners of the parent		1,150,879	1,585,762	1,009,684	1,533,385
Non-controlling interests		-	-	-	-
		<b>1,150,879</b>	<b>1,585,762</b>	<b>1,009,684</b>	<b>1,533,385</b>

The accompanying notes are an integral part of these consolidated and entity financial statements.

# Statements of Change in Fund Balances

The Stock Exchange of Thailand and its Subsidiaries  
For the year ended 31 December 2015

(Unit : Baht'000)

	Notes	Consolidated							
		Fund balances	Other components of fund balances			Total other components of fund balances	Total fund balances	Non-controlling interests	Total fund balances
			Change in value of available-for-sale investments managed by SET (net of tax)	Change in value of available-for-sale investments from Securities Investor Protection Fund (net of tax)	Share of other comprehensive income of associates (net of tax)				
<b>Opening balance at 1 January 2014</b>		20,346,558	305,985	370	-	306,355	20,652,913	2	20,652,915
Other comprehensive revenues and expenses (net of tax)	25	-	46,252	4,102	(69)	50,285	50,285	-	50,285
Revenues over expenses	24	1,535,477	-	-	-	-	1,535,477	-	1,535,477
<b>Closing balance at 31 December 2014</b>		<b>21,882,035</b>	<b>352,237</b>	<b>4,472</b>	<b>(69)</b>	<b>356,640</b>	<b>22,238,675</b>	<b>2</b>	<b>22,238,677</b>
<b>Opening balance at 1 January 2015</b>		21,882,035	352,237	4,472	(69)	356,640	22,238,675	2	22,238,677
Other comprehensive revenues and expenses (net of tax)	25	(13,702)	(215,966)	(1,806)	(3)	(217,775)	(231,477)	-	(231,477)
Revenues over expenses	24	1,382,356	-	-	-	-	1,382,356	-	1,382,356
<b>Closing balance at 31 December 2015</b>		<b>23,250,689</b>	<b>136,271</b>	<b>2,666</b>	<b>(72)</b>	<b>138,865</b>	<b>23,389,554</b>	<b>2</b>	<b>23,389,556</b>

(Unit : Baht'000)

	Notes	SET				
		Fund balances	Other components of fund balances			Total fund balances
			Change in value of available-for-sale investments managed by SET (net of tax)	Change in value of available-for-sale investments from Securities Investor Protection Fund (net of tax)	Total other components of fund balances	
<b>Opening balance at 1 January 2014</b>		19,442,596	314,085	370	314,455	19,757,051
Other comprehensive revenues and expenses (net of tax)	25	-	46,063	4,102	50,165	50,165
Revenues over expenses	24	1,483,220	-	-	-	1,483,220
<b>Closing balance at 31 December 2014</b>		<b>20,925,816</b>	<b>360,148</b>	<b>4,472</b>	<b>364,620</b>	<b>21,290,436</b>
<b>Opening balance at 1 January 2015</b>		20,925,816	360,148	4,472	364,620	21,290,436
Other comprehensive revenues and expenses (net of tax)	25	(13,702)	(215,966)	(1,806)	(217,772)	(231,474)
Revenues over expenses	24	1,241,158	-	-	-	1,241,158
<b>Closing balance at 31 December 2015</b>		<b>22,153,272</b>	<b>144,182</b>	<b>2,666</b>	<b>146,848</b>	<b>22,300,120</b>

The accompanying notes are an integral part of these consolidated and entity financial statements.



# Statements of Cash Flows

## The Stock Exchange of Thailand and its Subsidiaries For the year ended 31 December 2015

(Unit : Baht'000)

	Notes	Consolidated		SET	
		2015	2014	2015	2014
<b>Cash flows from operating activities</b>					
Revenues over expenses before income tax expense		1,522,322	1,648,151	1,241,158	1,483,220
Adjustments for					
Depreciation and amortisation	16, 17	294,768	208,240	294,195	205,890
Investment income, net	27	(481,338)	(847,832)	(896,088)	(1,226,965)
Income derived from Securities Investor Protection Fund, net	25	(10,304)	(14,601)	(10,304)	(14,601)
Income derived from Derivatives Investor Protection Fund, net	25	(1,086)	(1,197)	-	-
Reversal allowance for impairment of investments		(250)	(2,530)	(250)	(2,530)
Doubtful debts expenses (reversal)		27	332	27	(35)
Provision for employee benefits		23,097	32,757	23,097	32,757
Adjust work in process to expenses (revenues)		2,985	(83)	2,985	(83)
(Gain) loss on disposals of assets		95	(129)	95	(129)
Share of profit of investments in associates and joint venture entity (net of tax)		(32,114)	(24,179)	-	-
		1,318,202	998,929	654,915	477,524
Changes in operating assets and liabilities					
(Increase) decrease in operating assets					
Assets for margin deposits and benefits		(775,985)	1,308,203	-	-
Accounts receivable and accrued income		16,461	(78,300)	(6,581)	(86,666)
Other current assets		(13,957)	364,894	(15,372)	103,768
Assets for clearing system protection and benefits		(80,668)	24,511	(3,399)	(4,008)
Securities Investor Protection Fund		(19,623)	(33,677)	(19,623)	(33,677)
Derivatives Investor Protection Fund		(8,343)	(6,965)	-	-
Refundable deposits		(20)	-	(20)	-
Increase (decrease) in operating liabilities					
Margin deposits and benefits payables		775,985	(1,308,203)	-	-
Accounts payable and accrued expenses		(531,490)	256,252	(527,119)	252,437
Fees received in advance		67,648	9,478	70,080	26,797
Other current liabilities		(67,067)	(310,608)	(54,212)	(13,422)
Assets for clearing system protection and benefits payable		77,269	(28,518)	-	-
Contributions and benefits to Securities Investor Protection Fund		10,191	14,196	10,191	14,196
Contributions and benefits to Derivative Investor Protection Fund		6,897	5,122	-	-
Employee benefits paid	23	(11,386)	(10,589)	(11,386)	(10,589)
Other non-current liabilities		(738)	(16,698)	(738)	(16,698)
Cash flows generated from operations		763,376	1,188,027	96,736	709,662
Less: Income tax paid		(127,162)	(136,787)	-	-
<b>Net cash generated from operating activities</b>		<b>636,214</b>	<b>1,051,240</b>	<b>96,736</b>	<b>709,662</b>

The accompanying notes are an integral part of these consolidated and entity financial statements.

# Statements of Cash Flows (Cont'd)

The Stock Exchange of Thailand and its Subsidiaries  
For the year ended 31 December 2015

(Unit : Baht'000)

	Notes	Consolidated		SET	
		2015	2014	2015	2014
<b>Cash flows from investing activities</b>					
Investment income received		381,599	533,483	372,432	527,503
Dividend received		110,256	443,914	558,094	858,753
Purchase of short-term investments	10	(1,051,902)	(5,058,083)	(1,051,902)	(5,058,083)
Proceeds from disposals of short-term investments	10	4,638,501	6,111,593	4,638,501	6,065,393
Purchase of investment in subsidiaries	13	-	-	(500,000)	-
Purchase of investment in associates	14	-	(379,015)	-	(379,015)
Purchase of long-term investments	15	(4,806,774)	(3,251,558)	(4,806,774)	(3,251,558)
Proceeds from disposals of long-term investments	15	2,183,508	1,477,578	2,183,508	1,474,578
Purchase of property, plant and equipment	16	(1,715,482)	(1,292,089)	(1,714,799)	(1,292,089)
Proceeds from disposals of property, plant and equipment		3,839	1,764	3,839	1,764
Purchase of intangible assets	17	(97,158)	(134,845)	(97,158)	(134,286)
Proceeds from share of profit of investments in joint venture entity		-	849	-	-
Proceeds from share of profit of investments in associates		9,445	26,326	-	-
Benefits received from Securities Investor Protection Fund		11,238	15,379	11,238	15,379
Benefits received from Derivatives Investor Protection Fund		1,446	1,843	-	-
<b>Net cash used in investing activities</b>		<b>(331,484)</b>	<b>(1,502,861)</b>	<b>(403,021)</b>	<b>(1,171,661)</b>
<b>Cash flows from financing activities</b>					
Cash inflow on short-term borrowings from subsidiaries	8	-	-	875,000	395,314
Repayment of short-term borrowings from subsidiaries	8	-	-	(249,814)	(370,000)
Interest paid		-	-	(26,546)	(28,949)
<b>Net cash generated from (used in) financing activities</b>		<b>-</b>	<b>-</b>	<b>598,640</b>	<b>(3,635)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>304,730</b>	<b>(451,621)</b>	<b>292,355</b>	<b>(465,634)</b>
Opening balance		1,418,715	1,870,336	1,220,729	1,686,363
<b>Closing balance</b>		<b>1,723,445</b>	<b>1,418,715</b>	<b>1,513,084</b>	<b>1,220,729</b>
<b>Supplemental disclosures of cash flows information</b>					
Cash and cash equivalents are as follows:					
Cash and cash equivalents	9	1,661,333	1,360,901	1,513,084	1,220,729
Cash at a banks for financial benefits payable		62,112	57,814	-	-
		1,723,445	1,418,715	1,513,084	1,220,729
<b>Significant non-cash transactions</b>					
Unrealised gain (loss) on available-for-sale securities		(215,969)	46,183	(215,966)	46,063
Unrealised gain (loss) on available-for-sale securities from Securities Investor Protection Fund		(1,806)	4,102	(1,806)	4,102
Other payables from purchase of assets		155,879	193,540	155,195	193,540
Classification of investments		1,825,657	(1,748,011)	1,825,657	(1,748,011)

The accompanying notes are an integral part of these consolidated and entity financial statements.

# Notes to the Consolidated and Entity Financial Statements

## The Stock Exchange of Thailand and its Subsidiaries For the year ended 31 December 2015

### 1. General information

The Stock Exchange of Thailand (SET) is a juristic entity incorporated in Thailand under the Securities Exchange of Thailand Act B.E. 2517. The principal business activities of the SET are serving as the market or the centre for trading of securities and providing related services without the objective of distribution of profit to members. The SET commenced its trading of securities on 30 April 1975 and operates under the framework of the Securities Exchange of Thailand Act B.E. 2535. Its registered office is located at 93 Floor 17 Ratchadapisek Road, Kwaeng Din Daeng, Khet Din Daeng, Bangkok 10400, Thailand.

For reporting purposes, the SET and its subsidiaries are referred to as the Group.

The principal activities of SET and its subsidiaries are summarised as follows:

1. Securities markets comprise the operation of securities listing, trading system, clearing and settlement, depository, including market surveillance and supervision of listed companies and member companies.

2. Derivatives markets comprise the operation of trading and clearing of futures contracts and financial securities, providing other services related to futures trading transactions.

3. Technology services comprise the operation of internet trading platform for securities and derivatives, information services and other member services.

4. Registrar services comprise the operation of securities registrar.

The consolidated and entity financial statements were authorised for issue by the Board of Governors of the Stock Exchange of Thailand on 17 February 2016.

Details of the SET's subsidiaries, associates and joint venture entity as at 31 December 2015 and 2014 are as follows:

Name of entity	Type of business	Country of incorporation	Ownership interest %	
			2015	2014
<b>Direct subsidiaries</b>				
Thailand Securities Depository Co., Ltd.	Securities depository and registrar services	Thailand	100.00	100.00
Thai Trust Fund Management Co., Ltd.	Mutual fund management	Thailand	100.00	100.00
Thai NVDR Co., Ltd.	Investment management in Non-Voting Depository Receipts	Thailand	100.00	100.00
SETTRADE.COM Co., Ltd.	Computer system services	Thailand	100.00	100.00
Siam DR Co., Ltd.	Investment management in Depository Receipts	Thailand	100.00	100.00
Thailand Futures Exchange Public Company Limited	Derivatives exchange	Thailand	100.00	100.00

Name of entity	Type of business	Country of incorporation	Ownership interest %	
			2015	2014
Thailand Clearing House Co., Ltd.	Clearing house and related back-office services for securities and derivatives contracts	Thailand	100.00	100.00
<b>Joint venture entity</b>				
Family Know-how Co., Ltd. (1)	Media business specialising in financial and investment information	Thailand	50.00	50.00
<b>Associates</b>				
Clearing Fund (2)	Fund	Thailand	12.80	14.03
TSFC Securities Public Company Limited (3)	Securities financing services and securities borrowing and lending	Thailand	40.65	40.65

### (1) Family Know-how Co., Ltd.

Family Know-how Co., Ltd. is a media company that broadcasts information about economics and investment for the benefits of investor. The business of Family Know-how is support to the objectives of the SET group in promoting an investment culture. The SET has performed joint arrangement with a company which have rights to the net assets of the arrangement. Therefore the investment in Family Know-how is classified as investment in joint venture entity.

Family Know-how Co., Ltd. is a private limited company and its stock is not traded in the market price.

### (2) Clearing Fund

The Clearing Fund operates under the Regulations of the Clearing Fund (No. 1) B.E. 2541, which require that a one-time payment of Baht 100 million be made as an initial contribution by the SET. The ownership interest percentage will be reduced based on further contributions made by other members of the Clearing Fund in the future. The SET has no control over the Clearing Fund's operations, but has influences in policy and operation. Therefore, the investment in the Clearing Fund is classified as investment in an associates.

### (3) TSFC Securities Public Company Limited (TSFC)

TSFC Securities Public Company Limited has been established to provide liquidity for securities companies and to support to the further development of securities market. The SET has appointed 4 representatives to be member of the 12-member Board of Directors of TSFC. The Board of Directors will participate in the decision-making on monetary policies and operations of the company. Therefore, the investment in TSFC is classified as investment in an associates.

TSFC Securities Public Company Limited is a public company and its stock is not traded in the market price.

## 2. Accounting policies

### 2.1 Basis of preparation

The consolidated and entity financial statements have been prepared in accordance with Thai Financial Reporting Standards under the Accounting Act B.E. 2543, being those Thai Financial Reporting Standards issued under the Accounting Profession Act B.E. 2547.

The consolidated and entity financial statements have been prepared under the historical cost convention except as disclosed in the accounting policy for investments below.

The preparation of financial statements in conformity with Thai Financial Reporting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of

judgement or complexity, or areas where assumptions and estimates are significant to the consolidated and entity financial statements are disclosed in Note 5.

An English version of the consolidated and entity financial statements has been prepared from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

## 2.2 New financial reporting standards and revised financial reporting standards

1) New financial reporting standards and revised accounting standards, revised financial reporting standards are effective on 1 January 2015. These standards are relevant to the Group:

a) Financial reporting standards, which have a significant impact to the Group:

TAS 1 (revised 2014)	Presentation of financial statements
TAS 19 (revised 2014)	Employee benefits
TAS 27 (revised 2014)	Separate financial statements
TAS 28 (revised 2014)	Investments in associates and joint ventures
TFRS 10	Consolidated financial statements
TFRS 11	Joint arrangements
TFRS 12	Disclosure of interests in other entities
TFRS 13	Fair value measurement
TFRIC 14 (revised 2014)	TAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction

TAS 1 (revised 2014), the main change is that a requirement for entities to Group items presented in 'other comprehensive revenues and expenses' (OCI) on the basis of whether they are potentially reclassifiable to revenues and expenses subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI. The group has already grouped and presented items in statement of comprehensive revenues and expenses following the changes in this standard.

TAS 19 (revised 2014), the key changes are (a) actuarial gains and losses are renamed 'remeasurements' and will be recognised immediately in 'other comprehensive revenues and expenses' (OCI). Actuarial gains and losses will no longer be deferred using the corridor approach or recognised in revenues and expenses; and (b) past-service costs will be recognised in the period of a plan amendment; unvested benefits will no longer be spread over a future-service period. This standard has no significant impact to the Group.

TAS 27 (revised 2014) provide the requirements relating to separate financial statements.

TAS 28 (revised 2014) provide the requirements for investment in associates and joint ventures accounted by equity method.

TFRS 10 has a single definition of control and supersedes the principles of control and consolidation included within the original TAS 27, 'Consolidated and separate financial statements'. The standard sets out the requirements for when an entity should prepare consolidated financial statements, defines the principles of control, explains how to apply the principles of control and explains the accounting requirements for preparing consolidated financial statements. The key principle in the new standard is that control exists, and consolidation is required, only if the investor possesses power over the investee, has exposure to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect its returns. This standard has no impact to the Group, except for disclosures.

TFRS 11 defined that a joint arrangement is a contractual arrangement where at least two parties agree to share control over the activities of the arrangement. Unanimous consent toward decisions about relevant activities between the parties sharing control is a requirement in order to meet the definition of joint control. Joint arrangements can be joint operations or joint ventures. The classification is principle based and depends on the parties' exposure in relation to the arrangement. When the parties' exposure to the arrangement only extends to the net assets of the arrangement, the arrangement is a joint venture. Joint operations have rights to assets and obligations for liabilities. Joint operations account for their rights to assets and obligations for liabilities. Joint ventures account for their interest by using the equity method of accounting. This standard has no impact to the Group, except for disclosures.

TFRS 12 require entities to disclose information that helps readers of financial statements to evaluate the nature of risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities. This standard has no impact to the Group, except for disclosures.

TFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across TFRSs. This standard has no impact to the Group, except for disclosures.

TFRIC 14 (revised 2014), this interpretation applies to all post-employment defined benefits and other long-term employee benefits. For the purpose of this interpretation, minimum funding requirements are any requirements to fund a post-employment or other long-term benefit plan. This interpretation explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. This standard has no impact to the Group.

b) Financial reporting standards with minor changes and do not have impact to the Group are as follows:

There are 41 financial reporting standards with minor changes. The management assesses that they do not have an impact to the Group's financial statements.

2) New financial reporting standards, revised accounting standards and revised financial reporting standards are effective on 1 January 2016. These standards are relevant to the Group and are not early adopted:

a) Financial reporting standards, which have a significant impact to the Group:

TAS 16 (revised 2015)	Property, plant and equipment
TAS 19 (revised 2015)	Employee benefits
TAS 24 (revised 2015)	Related party disclosures
TAS 36 (revised 2015)	Impairment of assets
TAS 38 (revised 2015)	Intangible assets
TAS 40 (revised 2015)	Investment property
TFRS 8 (revised 2015)	Operating segments
TFRS 10 (revised 2015)	Consolidated financial statements
TFRS 13 (revised 2015)	Fair value measurement

TAS 16 (revised 2015), 'Property, plant and equipment' clarifies how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model.

TAS 19 (revised 2015), 'Employee benefits' is amended to apply to contributions from employees or third parties to defined benefit plans and to clarify the accounting treatment of such contributions. The amendment distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period.

TAS 24 (revised 2015), 'Related party disclosures' includes as a related party an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity (the 'management entity'). Disclosure of the amounts charged to the reporting entity is required.

TAS 36 (revised 2015), 'Impairment of assets' is amended to provide additional disclosure requirement when the recoverable amount of the assets is measured at fair value less costs of disposal. The disclosures include 1) the level of fair value hierarchy, 2) when fair value measurement categorised within level 2 and level 3, disclosure is required for valuation technique and key assumption.

TAS 38 (revised 2015), 'Intangible assets' is amended to clarify how the gross carrying amount and the accumulated amortisation are treated where an entity uses the revaluation model.

TAS 40 (revised 2015), 'Investment property' clarifies that TFRS 3 should be applied when determining whether an acquisition of an investment property is a business combination.

TFRS 8 (revised 2015), 'Operating segments' requires disclosure of the judgements made by management in aggregating operating segments. It is also amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported to chief operating decision maker.

TFRS 10 (revised 2015) 'Consolidated financial statements' is amended to define an investment entity and introduce an exception from consolidation. These amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead, they will measure them at fair value through profit or loss.

TFRS 13 (revised 2015), 'Fair value measurement' is amended to clarify that the portfolio exception in TFRS 13 applies to all contracts (including non-financial contracts) within the scope of TAS 39 (when announced) or IFRS 9 (when announced).

The management is currently assessing the impact of these financial reporting standards.

b) Financial reporting standards with minor changes and do not have impact to the Group are as follows:

There are 40 financial reporting standards with minor changes. The management is currently assessing the impact of these financial reporting standards.

## **2.3 Group Accounting - Investments in subsidiaries and associates and interests in joint ventures**

### **(1) Subsidiaries**

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains or loss on transactions between the Group are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the SET's separated financial statements, investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

### **(2) Transactions and non-controlling interests**

The Group treats transactions with non-controlling interests as transactions with the Fund. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in the Fund. Gains or losses on disposals to non-controlling interests are also recorded in the Fund.

### **(3) Disposal of subsidiaries**

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognised in revenues and expenses. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive revenues and expenses in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

### **(4) Associates**

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive revenues and expenses is reclassified to revenues and expenses where appropriate.



The Group's share of its associates' post-acquisition profits or losses is recognised in the revenues and expenses, and its share of post-acquisition movements in other comprehensive revenues and expenses is recognised in other comprehensive revenues and expenses. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to share of profit/(loss) of associates in the statement of comprehensive revenues and expenses.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group. Dilution gains and losses arising in investments in associates are recognised in the revenues and expenses.

In the SET's separated financial statements, investments in associates are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

#### **(5) Joint arrangements**

The Group has applied TFRS11 to all joint arrangements as of 1 January 2015. Under TFRS11 investments in joint arrangements are classified as either joint operations or

joint ventures depending on the contractual rights and obligations each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive revenues and expenses. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group. The change in accounting policy has been applied as from 1 January 2015.

## **2.4 Foreign currencies**

### **a) Functional and presentation currency**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Thai Baht, which is the Group's functional and the Group's presentation currency.

### **b) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items

are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the revenues or expenses.

When a gain or loss on a non-monetary item is recognised in other comprehensive revenues and expenses, any exchange component of that gain or loss is recognised in other comprehensive revenues and expenses. Conversely, when a gain or loss on a non-monetary item is recognised in revenues or expenses, any exchange component of that gain or loss is recognised in revenues or expenses.

## 2.5 Underlying assets

Underlying assets are the financial assets carried by Thai NVDR Co., Ltd. (the subsidiary). The financial liabilities are the Non-Voting Depository Receipts (NVDRs). The subsidiary will offset the financial assets and financial liabilities, and show the net amount in the financial statements. According to the regulations and conditions in the prospectus, the subsidiary are responsible for issuing and selling NVDRs and making investments in listed companies in the Stock Exchange of Thailand at the same amount and in the same period (back to back). In addition to the entitlement of financial benefits of those underlying securities as the registered holder, the subsidiaries have an obligation to repay those financial benefits to the investors in the NVDRs as mentioned in the prospectus. Those benefits are not recognised as revenues or expenses of the subsidiary.

## 2.6 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, call deposits (excluding deposits held to maturities), other short-term highly liquid investments held for working capital and short-term commitment payment purposes with maturities from acquisition date of three months or less.

## 2.7 Investments

Investments other than investments in subsidiaries, associates and joint ventures are classified into the following four categories: (1) trading investments; (2) held-to-maturity investments; (3) available-for-sale investments; and (4) general investments. The classification is dependent on the purpose for which the investments were acquired. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

(1) Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price are classified as trading investments and included in current assets.

(2) Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held-to-maturity and are included in non-current assets, except for maturities within 12 months from the statement of financial position date which are classified as current assets.

(3) Investments intended to be held for an indefinite period of time, which may be sold in response to liquidity needs or changes in interest rates, are classified as available-for-sale; and are included in non-current assets unless management has expressed the intention of holding the investment for less than 12 months from the statement of financial position date or unless they will need to be sold to raise operating capital, in which case they are included in current assets.

(4) Investments in non-marketable equity securities are classified as general investments.

All categories of investments are initially recognised at cost, which is equal to the fair value of consideration paid plus transaction cost.

Trading investments and available-for-sale investments are subsequently measured at fair value. The fair value of investments is based on quoted bid price at the close of business on the statement of financial position date by reference to the Stock Exchange of Thailand and the Thai Bond Dealing Centre. The unrealised gains and losses of trading investments are recognised in statement of comprehensive revenues and expenses. The unrealised gains and losses of available-for-sale in investments are recognised in other comprehensive revenues and expenses.

Held-to-maturity investments are carried at amortised cost using the effective yield method less impairment loss.

General investments are carried at cost less impairment loss.

A test for impairment is carried out when there is a factor indicating that an investment might be impaired. If the carrying value of the investment is higher than its recoverable amount, impairment loss is charged to the statement of comprehensive revenues and expenses.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the revenues and expenses. When disposing of part of the Company's holding of a particular investment in debt or equity securities, the carrying amount of the disposed part is determined by the weighted average carrying amount of the total holding of the investment.

## 2.8 Accounts receivable and accrued income

Accounts receivable and accrued income are carried at original invoice amount less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments, assessment of the future cash flows, known and identified instances of default and consideration of market trends. Bad debts are written off when incurred and recognised as part of other expenses in the statement of comprehensive revenues and expenses.

## 2.9 Property, plant and equipment

Land is stated at cost less impairment losses. Property and equipment are stated at cost less accumulated depreciation and impairment losses.

Depreciation is charged to the statement of comprehensive revenues and expenses on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, except for land which is considered to have an unlimited useful life. The estimated useful lives are as follows:

Land improvements	5 years
Buildings	10 – 50 years
Building improvements	3 – 30 years
Furniture and fixtures	5 – 20 years
Office equipment	5 – 10 years
Vehicles	5 – 7 years

Management determines the estimated useful lives and residual values for the Group's property and equipment. Management will appropriately revise the residual values and useful lives of assets when the residual values and useful lives differ from previous estimations, or it will write-off technically obsolete assets or assets which have been sold or abandoned.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Repair and maintenance expenses are charged to the statement of comprehensive revenues and expenses during the financial period in which they are incurred. The cost of major renovation is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful lives of the related assets.

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are included in the statement of comprehensive revenues and expenses.

## 2.10 Intangible assets

Intangible assets, computer software, patent and right in operation, that are acquired by the Group, which have finite useful lives, are recognised at cost less accumulated amortisation and impairment losses. Intangible assets are amortised in the statement of comprehensive revenues and expenses on a straight-line basis over their estimated useful lives from the date that they are available for use. The estimated useful lives are 5 – 10 years.

Costs associated with developing or maintaining computer software are recognised as expenses as incurred in the statement of comprehensive revenues and expenses. Costs that are directly associated with identifiable and unique software products controlled by the Group and have probable economic benefits exceeding the cost beyond one year are recognised as intangible assets. Direct costs include the purchase price and an appropriate portion of relevant overheads to allow such asset to be ready for its intended use. Expenditure which is incurred to enhance or extend the performance of computer software beyond its original specifications is recognised as an intangible asset.

Management determines the estimated useful lives of intangible assets. Management will revise the amortisation charge where useful lives differ from the previous estimations or it will write-off technically obsolete assets or assets which have been sold or abandoned.

## 2.11 Impairment

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows. Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

## 2.12 Interest-bearing liabilities

Interest-bearing liabilities are recognised initially at fair value less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the statement of comprehensive revenues and expenses over the period of the borrowings on an effective interest basis.

## 2.13 Trade and other accounts payable

Trade and other accounts payable are stated at cost.

## 2.14 Employee benefits

### 2.14.1 Retirement benefits

The Group operates various retirement benefits schemes. The Group has both defined benefit and defined contribution plans.

A defined contribution plan is a retirement plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The Group pays contributions to a separate fund which is managed by an external fund manager in accordance with the provident fund Act. B.E. 2530. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

A defined benefit plan is a retirement plan that is not a defined contribution plan. Typically defined benefit plans define an amount of retirement benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit retirement plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related retirement liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to the Fund in other comprehensive revenues and expenses in the period in which they arise.

Past-service costs are recognised immediately in revenues and expenses.

#### **2.14.2 Termination benefits**

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

### **2.15 Provisions**

Provisions for environmental restoration, restructuring costs and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

### **2.16 Lease-where a Group is the lessee**

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases.

Payments made under operating leases are recognised in the statement of comprehensive revenues and expenses on a straight-line basis over the term of the lease. Lease incentives granted are recognised in the statement of comprehensive revenues and expenses as an integral part of the total rental income. Contingent rentals are charged to the statement of comprehensive revenues and expenses for the accounting period in which they are incurred.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

## 2.17 Revenue

Revenue excludes value added taxes.

Service income is recognised upon performance of services.

Where there are long-outstanding receivables from listing fee and registrar fee collection over three months, the Group considers the collectability of the receivables as doubtful and ceases revenue recognition on fees of related companies immediately.

Membership fees comprise initial and annual fees. The initial fees are recognised as revenue on a straight-line basis over a period of five years starting from the first day on which the service is rendered for security companies who provided initial support and for security companies subscribed from 2015 onward, the initial fee are recognised as revenue in the commencing. Annual fees are recognised upon performance of services.

Interest income is recognised on a time proportion basis, taking into account the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Group.

Dividend income is recognised in the statement of comprehensive revenues and expenses when the Group's right to receive payment is established.

Other income is recognised when the right to receive cash is established.

## 2.18 Directors' remuneration

Directors' remuneration comprises the benefits paid to the Board of Governors of the SET and the Board of Directors of subsidiaries including benefits received by the members of sub-committees (excluding salaries, bonus and related benefits payable to management).

## 2.19 Current and deferred income taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in revenue or expense, except to the extent that it relates to items recognised in other comprehensive revenues and expenses or directly in fund balance. In this case the tax is also recognised in other comprehensive revenues and expenses or directly in fund balance, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

## 2.20 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's senior management.

## 3. New accounting policy

### 3.1 Employee benefits

The accounting policies for employee benefits used in the preparation of the group's financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2014, except for the recognition of actuarial gains and losses in other comprehensive revenues and expenses in the period in which they arise.

However, the total amount of remeasurements of post-employment benefit obligations which was not recognised since 2008, the first year of this accounting standard adoption, until 2014 was Baht 12.49 Million. The management assessed this impact was not material and did not restate the prior year financial statements.

## 4. Financial risk management

### Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk, liquidity risk and risk from investments and deposits. The Group's financial risk management programme focuses on investment management under investment policies and strategic asset allocation which is approved by the SET's Board of Governors and subsidiaries' Board of Director. The investment committees is strictly established to oversee the investment in compliance with the policies and strategic asset allocation defined. The investment policy aims on maintaining stability of the principal, while receiving the appropriate level of return.

### 4.1 Foreign exchange risk

The Group has no significant exposure to foreign currency risk relates due to its accounts receivable and accounts payable are mainly made in Thai Baht. The Group does not use any derivative financial instruments to hedge foreign currency exposure.

### 4.2 Interest rate risk

Interest rate risk arises from fluctuations in market interest rates which may affect the Group's operating results and cash flow. The Group does not have interest rate derivative in order to manage fluctuation of the interest rate.

### 4.3 Credit risk

The Group has no significant concentrations of credit risk. The Group has appropriate policies in place to ensure that the Group sell products and provide services to customers who have appropriate credit history.

### 4.4 Liquidity risk

The Group has no significant exposure to liquidity risk as the Group has sufficient cash to support its operations. The Group aims on maintaining flexibility of funding by using internal capital of the Group.

### 4.5 Risk from investments and deposits

The Group is exposed to market risks as the investor of financial instruments, and credit risk from the issuer of financial instruments. The Group, therefore, has a policy of diversifying its investments and deposits to high credit financial institutions according to the investment policy prescribed by the resolution of the investment committee.

The investment policies framework regarding types and proportion of investments are as follows:

Type of investment	Proportion of total investment
<b>1. Investments in debt securities</b>	
Government securities, debentures or bonds of state enterprises or entities incorporated by specific laws and guaranteed by the Ministry of Finance	Unlimited (2014: Unlimited)
Fixed deposits or NCDs at commercial banks and promissory notes of finance companies or financial institutions incorporated by specific laws	Not to exceed 15% per institution (2014: Not to exceed 15% per institution)
Debentures or warrants of debentures and bills of exchange	Not to exceed 5% per issuer (2014: Not to exceed 5% per issuer)
Investment units or warrants of investment units in mutual funds invested in debt securities	Not to exceed 10% per mutual fund (2014: Not to exceed 10% per mutual fund)
<b>2. Investments in equity securities</b>	
Investment units or warrants of investment units in mutual funds invested in equity securities	Not to exceed 25% per mutual fund (2014: Not to exceed 15% per mutual fund)
<b>3. Investments in property funds</b>	
Property funds	Not to exceed 10% of total investment (2014: Not to exceed 10% of total investments)
<b>4. Investments in foreign investment funds</b>	
Foreign investment funds	Not to exceed 20% of total investments (2014: Not to exceed 7.5% of total investments)
<b>5. Investments in gold funds</b>	
Gold funds	Not to exceed 3% of total investments (2014: Not to exceed 3% of total investments)

Investments in each asset management company should not to exceed 40% of total investments (2014: Not to exceed 40% of total investments).



## 5. Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

## 6. Capital risk management

The Group's objectives when managing capital are to safeguard the Subsidiaries in the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to increase investor and stakeholder confidence.

In order to maintain or adjust the capital structure, the Subsidiaries in the Group may adjust the amount of dividends paid to shareholders depending on their operating performance.

## 7. Segment information

Segment information is presented in respect of the Group's business segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

The Group comprises the following 5 main business segments:

- 1) Securities Markets (including securities trading, clearing and settlement, listing, depository and membership fees)
- 2) Derivatives Markets (including trading and clearing of future contracts and membership fees)
- 3) Technology Services (including member services, information services and technology support)
- 4) Registrar Services (including securities registrar)
- 5) Capital market development and others, i.e., expenses for Capital Market Development Fund (CMDf), rental income and other miscellaneous income. CMDf focuses on long-term development of capital market including improving financial and investment capabilities of Thai people and executives, promoting sustainable development of capital market industry, and conducting of capital market research.

Financial information presented in the consolidated financial statements as at 31 December 2015 and 2014 and for the years ended 31 December 2015 and 2014 are as follows:

(Unit : Baht'000)

	Consolidated						
	Securities Markets	Derivatives Markets	Technology Services	Registrar Services	Capital Market Development and others	Elimination	Total
<b>For the year ended 31 December 2015</b>							
Revenues from operation	2,440,632	661,735	461,242	983,509	175,955	-	4,723,073
Revenue from inter-segment	678,917	484,329	97,512	471,967	6,124	(1,738,849)	-
Total revenue	3,119,549	1,146,064	558,754	1,455,476	182,079	(1,738,849)	4,723,073
<b>Segment revenues over expenses</b>	<b>1,023,937</b>	<b>245,822</b>	<b>121,038</b>	<b>354,485</b>	<b>(357,099)</b>	<b>-</b>	<b>1,388,183</b>
Investment income, net							492,014
Share of profit of investments in joint venture entity, net of tax							3,249
Share of profit of investments in associates, net of tax							28,865
<b>Revenues over expenses in operations</b>							<b>1,912,311</b>
<b>Non-operating items:</b>							
Income derived from Securities Investor Protection Fund, net							10,304
Income derived from Derivatives Investor Protection Fund, net							1,086
Contributions to the Stock Exchange of Thailand Foundation							(401,379)
<b>Revenues over expenses before income tax expenses</b>							<b>1,522,322</b>
Income tax expense							(139,966)
<b>Revenues over expenses</b>							<b>1,382,356</b>
<b>As at 31 December 2015</b>							
Segment assets	3,986,745	11,732,069	961,260	911,389	188,248	(296,958)	17,482,753
Other assets	-	-	-	-	21,480,043	(2,826,677)	18,653,366
<b>Total assets</b>	<b>3,986,745</b>	<b>11,732,069</b>	<b>961,260</b>	<b>911,389</b>	<b>21,668,291</b>	<b>(3,123,635)</b>	<b>36,136,119</b>
Segment liabilities	1,142,747	10,665,609	148,728	315,241	771,196	(296,958)	12,746,563
Other liabilities	-	-	-	-	1,896,500	(1,896,500)	-
<b>Total liabilities</b>	<b>1,142,747</b>	<b>10,665,609</b>	<b>148,728</b>	<b>315,241</b>	<b>2,667,696</b>	<b>(2,193,458)</b>	<b>12,746,563</b>

(Unit : Baht'000)

	Consolidated						
	Securities Markets	Derivatives Markets	Technology Services	Registrar Services	Capital Market Development and others	Elimination	Total
<b>For the year ended 31 December 2014</b>							
Revenues from operation	2,396,069	578,910	237,703	931,862	221,449	-	4,365,993
Revenue from inter-segment	667,042	470,583	42,136	461,762	32,718	(1,674,241)	-
<b>Total revenue</b>	<b>3,063,111</b>	<b>1,049,493</b>	<b>279,839</b>	<b>1,393,624</b>	<b>254,167</b>	<b>(1,674,241)</b>	<b>4,365,993</b>
<b>Segment revenues over expenses</b>	<b>1,177,490</b>	<b>338,284</b>	<b>5,465</b>	<b>298,960</b>	<b>(535,932)</b>	<b>-</b>	<b>1,284,267</b>
Investment income, net							871,129
Share of profit of investments in joint venture entity, net of tax							3,692
Share of profit of investments in associates, net of tax							20,487
<b>Revenues over expenses in operations</b>							<b>2,179,575</b>
<b>Non-operating items:</b>							
Income derived from Securities Investor Protection Fund, net							14,601
Income derived from Derivatives Investor Protection Fund, net							1,197
Contributions to the Stock Exchange of Thailand Foundation							(547,222)
<b>Revenues over expenses before income tax expenses</b>							<b>1,648,151</b>
Income tax expense							(112,674)
<b>Revenues over expenses</b>							<b>1,535,477</b>
<b>As at 31 December 2014</b>							
Segment assets	2,514,576	10,213,353	382,104	337,337	239,014	(298,785)	13,387,599
Other assets	-	-	-	-	22,789,002	(1,724,156)	21,064,846
<b>Total assets</b>	<b>2,514,576</b>	<b>10,213,353</b>	<b>382,104</b>	<b>337,337</b>	<b>23,028,016</b>	<b>(2,022,941)</b>	<b>34,452,445</b>
Segment liabilities	1,200,541	9,798,609	87,971	342,703	1,082,729	(298,785)	12,213,768
Other liabilities	-	-	-	-	1,271,314	(1,271,314)	-
<b>Total liabilities</b>	<b>1,200,541</b>	<b>9,798,609</b>	<b>87,971</b>	<b>342,703</b>	<b>2,354,043</b>	<b>(1,570,099)</b>	<b>12,213,768</b>

Reconciliation of reportable segment assets/liabilities were as follow:

(Unit : Baht'000)

	Consolidated	
	2015	2014
<b>Assets</b>	<b>17,482,753</b>	<b>13,387,599</b>
<b>Assets for reportable segments</b>		
Unallocated amounts:		
- Cash and investments	16,555,357	17,248,977
- Investments in related parties	87,600	945,069
- Accrued interest receivables	967,734	103,555
- Land and building under construction	1,042,675	2,767,245
<b>Total assets</b>	<b>36,136,119</b>	<b>34,452,445</b>
<b>Liabilities</b>		
<b>Liabilities for reportable segments</b>	12,746,563	12,213,768
<b>Total liabilities</b>	<b>12,746,563</b>	<b>12,213,768</b>

## 8. Related party transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the entity, including holding companies, subsidiaries and fellow subsidiaries are related parties of the entity. Associates and individuals owning, directly or indirectly, an interest in the voting power of the entity that gives them significant influence over the enterprise, key management personnel, including directors and officers of the company and close members of the family of these

individuals and companies associated with these individuals also constitute related parties.

In considering each possible related-party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Transactions with related parties are conducted at prices based on market prices or at contractually agreed prices where no market price exists.

The pricing policies for particular types of transactions are explained below:

Transaction	Pricing policy
Service income	Contractually agreed price
Purchase of services	Cost plus margin
Interest income	With reference to the return of bank deposit and debt securities
Interest expense	The interest rate on the loan is based on the floating market interest rate which is referred to the higher interest rate for one-year government bond or one-year fixed deposit on average of 4 banks for corporate credit line of Baht 10 million

Related party transactions for the years ended 31 December 2015 and 2014 were as follows:

(Unit : Baht'000)

	Consolidated		SET	
	2015	2014	2015	2014
<b>Service income</b>				
Subsidiaries	-	-	1,631,723	1,574,175
Joint venture entity	11,728	13,432	11,698	13,432
Associates	1,838	1,577	-	-
	13,566	15,009	1,643,421	1,587,607
<b>Purchase of services</b>				
Subsidiaries	-	-	3,058	2,124
Joint venture entity	93,043	97,642	93,043	97,642
	93,043	97,642	96,101	99,766
<b>Interest income</b>				
Subsidiaries	-	-	3,750	4,348
<b>Interest expense</b>				
Subsidiaries	-	-	26,546	28,949

Related party balances as at 31 December 2015 and 2014 were as follows:

(Unit : Baht'000)

	Consolidated		SET	
	2015	2014	2015	2014
<b>Accounts receivable</b>				
Joint venture entity	191	-	137	-
	191	-	137	-
<b>Accrued income</b>				
Subsidiaries	-	-	144,837	150,979
Joint venture entity	401	438	401	438
Associates	170	139	-	-
	571	577	145,238	151,417
<b>Other current assets</b>				
Subsidiaries	-	-	39	4
Joint venture entity	85	626	85	626
	85	626	124	630
<b>Payables</b>				
Joint venture entity	1,300	9,567	1,300	9,567
	1,300	9,567	1,300	9,567
<b>Accrued expenses</b>				
Subsidiaries	-	-	1,331	172
Joint venture entity	45,285	887	45,285	887
	45,285	887	46,616	1,059
<b>Other current liabilities</b>				
Joint venture entity	14	-	10	-
	14	-	10	-

### Short-term borrowings from subsidiaries

(Unit : Baht'000)

	Interest rate (% per annum)		SET	
	2015	2014	2015	2014
Short-term borrowings from subsidiaries	0.90 - 2.26	1.99 - 2.77	1,896,500	1,271,314

The Group has a policy of centralising the investments and managed by the SET in order to maximize its efficiency and overall returns. The parent will borrow from its subsidiaries in the form of one-year promissory notes. The interest rate on the loan

is based on the floating market interest rate which is referred to the higher interest rate for one-year government bond or one-year fixed deposit on average of 4 banks for corporate credit line of up to Baht 10 million (interest rate may be revised as appropriate).

Movements of short-term borrowings from subsidiaries for the years ended 31 December 2015 and 2014 were as follows:

(Unit : Baht'000)

	SET	
	2015	2014
<b>Subsidiaries</b>		
Opening balance	1,271,314	1,246,000
Additions	875,000	395,314
Repayments	(249,814)	(370,000)
<b>Closing balance</b>	<b>1,896,500</b>	<b>1,271,314</b>

### Sponsorship for joint venture entity

Under the shareholder agreement between the SET and a company, the SET will be a principal sponsor of a joint venture's program in 2015 of Baht 90 million (2014: Baht 90 million).

### Contributions to the Stock Exchange of Thailand Foundation

In 2006, the Board of Governors of the SET approved the establishment of the Stock Exchange of Thailand Foundation (Foundation) and appointed the members of the Board of Governors as directors of the Board of the Foundation. In addition, the Board of Governors of the SET approved the appropriation of one-third of annual revenues over expenses of the SET to the Foundation for its social activities.

The Foundation was registered and incorporated on 9 August 2006 with the objective of conducting activities for the development of society, communities and the environment. The Foundation's activities focus on developing a vigorous Thai society and communities in order to prevent and resolve problems relating to addictive drugs and other problems affecting Thai youth and Thai society. In addition, the activities support projects and programmes relating to education.

For the year ended 31 December 2015, the SET appropriated its annual revenues over expenses of Baht 401.38 million (2014: Baht 547.22 million) to the Foundation.

### Directors' remuneration

The directors' remuneration represents director fees and compensation fees for the Group's board of directors and other sub-committees.

(Unit : Baht'000)

	Consolidated		SET	
	2015	2014	2015	2014
Director's remuneration	24,431	24,582	22,395	22,899
	<b>24,431</b>	<b>24,582</b>	<b>22,395</b>	<b>22,899</b>

## 9. Cash and cash equivalents

(Unit : Baht'000)

	Consolidated		SET	
	2015	2014	2015	2014
Cash on hand	319	349	308	338
Saving and current accounts	1,561,014	1,360,552	1,412,776	1,220,391
Fixed deposit with maturities less than 3 month from acquisition date	100,000	-	100,000	-
	<b>1,661,333</b>	<b>1,360,901</b>	<b>1,513,084</b>	<b>1,220,729</b>

For the year ended 31 December 2015, saving accounts carried the interest at rates ranging from 0.10% - 2.07% per annum (2014: from 0.30% - 2.30% per annum).

As at 31 December 2015, fixed deposit accounts at banks represented fixed deposit accounts at call that carried the interest at the rate of 1.50% per annum.

## 10. Short-term investments, net

(Unit : Baht'000)

	Note	Consolidated		SET	
		2015	2014	2015	2014
<b>Investments managed by SET</b>					
General investments		35,507	58,704	35,507	58,704
<u>Less</u> Allowance for impairment losses		(10,918)	(11,168)	(10,918)	(11,168)
		24,589	47,536	24,589	47,536
Available-for-sales		1,387,778	404,866	1,387,778	404,866
Held-to-maturity debt securities	15	1,174,079	2,970,513	1,174,079	2,970,513
		2,586,446	3,422,915	2,586,446	3,422,915
<b>Investments managed by private funds</b>					
Held-to-maturity debt securities		701,841	1,150,403	701,841	1,150,403
Trading securities		2,797,737	3,264,518	2,797,737	3,264,518
		3,499,578	4,414,921	3,499,578	4,414,921
		<b>6,086,024</b>	<b>7,837,836</b>	<b>6,086,024</b>	<b>7,837,836</b>



Movements of short-term investments for the years ended 31 December 2015 and 2014 were as follows:

(Unit : Baht'000)

	Consolidated		SET	
	2015	2014	2015	2014
Opening balance	7,837,836	10,632,814	7,837,836	10,586,614
Purchases	1,051,902	5,058,083	1,051,902	5,058,083
Disposals	(4,638,501)	(6,111,593)	(4,638,501)	(6,065,393)
Classification of investments (Note15)	1,825,657	(1,748,011)	1,825,657	(1,748,011)
Unrealised gain on available-for-sale securities	8,880	4,013	8,880	4,013
Reversal allowance for impairment	250	2,530	250	2,530
<b>Closing balance</b>	<b>6,086,024</b>	<b>7,837,836</b>	<b>6,086,024</b>	<b>7,837,836</b>

As at 31 December 2015 and 2014, fair value of investment in specific-purpose funds were as follows:

(Unit : Baht'000)

	Consolidated and SET					
	Cost		Fair Value		Impairments	
	2015	2014	2015	2014	2015	2014
Investment in specific-purpose funds	35,507	58,704	26,522	54,422	(10,918)	(11,168)

### Investments managed by the SET

As at 31 December 2015, fixed deposit accounts represented fixed deposit accounts at banks which had maturities not over 12 months and carried interest at rates ranging from 3.28% - 3.30% per annum (2014: from 2.10% - 3.30% per annum).

As at 31 December 2015, investments in money market funds represent investments in seven open-ended funds (2014: three open-ended fund). The investment policy emphasises investments in short-term debt securities.

As at 31 December 2015, investments in specific-purpose funds represented investments in two open-ended venture capital funds (2014: three open-ended venture capital funds). The details are as follows:

1. In 2005, invested in an investment fund established by the government to strengthen and facilitate the recovery of businesses which suffered from the tsunami. The specific-purpose fund has a policy of investing in securities of businesses involved in the tourism industry that had been affected by the tsunami in the six southern provinces. On 27 February 2015, the fund is at maturity date. The fund made a repayment for the remaining unit of 1,542,863.7414, at the cost of Baht 15.45 Million plus a return to SET on 9 March 2015.

2. In 2007, invested in a non-retail fund, which primarily invests directly in energy, alternative and renewable energy firms and businesses that support the government's energy policies. The fund is an open-ended fund and has an automatic redemption from the sixth year (2013) when the fund disposes of its assets, and then no further re-investment.

3. In 2008, invested in a non-retail fund which primarily invests directly in businesses and industries which have potential growth the majority of which was long-term investment. The fund has an automatic redemption from the fourth year (2012).

The specific-purpose investments in 2. have a commitment subscription for additional investment until the end of the contract (Note 33).

As at 31 December 2015, Bank of Thailand bonds, foreign bonds and debentures, which had coupon rates ranging from 4.17% - 6.00% per annum (2014: from 3.95% - 5.19% per annum) and market yields ranging from 1.50% - 2.60% per annum (2014: from 2.59% - 2.98% per annum).

### Investments managed by private funds

As at 31 December 2015 investments in private funds are managed by two asset management companies (2014: three asset management companies). The investment policy for private funds is subject to the SET's regulations on deposits at financial institutions and investment policies as disclosed in Note 4 - Financial risk management. The Group presented investments managed by private funds as short-term investments.

For the year ended 31 December 2015, the return rates for investments managed by private funds ranged from 3.34% - 3.77% per annum (2014: from 3.82% - 5.13% per annum).

## 11. Accounts receivable and accrued income, net

(Unit : Baht'000)

	Note	Consolidated		SET	
		2015	2014	2015	2014
<b>Accounts receivable</b>					
Related parties	8	191	-	137	-
Other parties		83,228	93,337	44,141	47,346
		83,419	93,337	44,278	47,346
<u>Less</u> Allowance for doubtful accounts		(19,041)	(19,014)	(8,910)	(8,883)
		64,378	74,323	35,368	38,463
<b>Accrued income</b>					
Related parties	8	571	577	145,238	151,417
Other parties		284,083	290,620	131,898	116,070
		284,654	291,197	277,136	267,487
		<b>349,032</b>	<b>365,520</b>	<b>312,504</b>	<b>305,950</b>

Aging analysis for accounts receivable is as follows:

(Unit : Baht'000)

	Note	Consolidated		SET	
		2015	2014	2015	2014
<b>Related parties</b>					
Within credit terms	8	191	-	137	-
		191	-	137	-
<b>Other parties</b>					
Within credit terms		49,787	66,521	25,980	33,246
Overdue:					
Less than 3 months		12,254	7,200	7,393	4,635
3 - 6 months		1,221	495	1,077	475
6 - 12 months		925	474	781	107
Over 12 months		19,041	18,647	8,910	8,883
		83,228	93,337	44,141	47,346
<u>Less</u> Allowance for doubtful accounts		(19,041)	(19,014)	(8,910)	(8,883)
		64,187	74,323	35,231	38,463
		<b>64,378</b>	<b>74,323</b>	<b>35,368</b>	<b>38,463</b>

The normal credit terms granted by the Group range from 15 days to 30 days.

## 12. Other current assets

(Unit : Baht'000)

	Consolidated		SET	
	2015	2014	2015	2014
Financial benefits to unitholders	67,150	66,621	-	-
Other receivables from sale of investments	45,033	21,400	45,033	21,400
Thai Stock Market Flood Relief Fund	36,606	36,459	36,606	36,459
Loans to employees	26,382	28,660	26,382	28,660
Prepaid expenses	21,599	16,612	21,599	16,607
Value added tax receivable	16,267	4,490	10,042	-
Withholding tax receivable	15,148	11,728	-	-
Inventory – publication	7,132	3,667	7,132	3,667
Pending Input tax	4,951	32,902	4,951	32,817
Dividend receivable	3,632	-	3,632	-
Deferred tax assets (Note 20)	2,026	2,021	-	-
Cash at bank for clearing collateral	30	6,331	-	-
Others	4,568	2,039	4,355	1,118
	<b>250,524</b>	<b>232,930</b>	<b>159,732</b>	<b>140,728</b>

## 13. Investments in subsidiaries

Investments in subsidiaries as at 31 December 2015 and 2014, and dividend income for the years then ended were as follows:  
(Unit : Baht'000)

	Ownership interest %		SET					
			Paid-up capital		Cost method		Dividend income	
	2015	2014	2015	2014	2015	2014	2015	2014
<b>Subsidiaries</b>								
Thailand Securities Depository Co., Ltd.	100.00	100.00	200,000	200,000	200,000	200,000	320,832	284,200
Thai Trust Fund Management Co., Ltd.	100.00	100.00	100,000	100,000	100,000	100,000	414	680
Thai NVDR Co., Ltd.	100.00	100.00	10,000	10,000	10,000	10,000	2,240	1,960
SETTRADE.COM Co., Ltd.	100.00	100.00	80,000	80,000	74,591	74,591	48,926	66,072
Siam DR Co., Ltd.	100.00	100.00	10,000	10,000	10,000	10,000	218	280
Thailand Futures Exchange Public Company Limited	100.00	100.00	100,000	100,000	100,000	100,000	1,875	34,736
Thailand Clearing House Co., Ltd. <sup>(1)</sup>	100.00	100.00	600,000	100,000	602,700	102,700	63,894	-
			1,100,000	600,000	1,097,291	597,291	438,399	387,928

The business place of all subsidiaries is in Thailand and the nature of business of each subsidiaries has already disclosed in Note 1.

<sup>(1)</sup> The total number of authorized ordinary shares is 60,000,000 shares (2014: 10,000,000 shares) with a par value of Baht 10 per share (2014: Baht 10 per share). All issued shares are fully paid.

On 16 December 2015, the shareholders at the Extraordinary Meeting no. 01/2015 passed a resolution to approve increase the authorized share capital from 10,000,000 ordinary shares with a par value of Baht 10 per share to 60,000,000 ordinary shares with a par value of Baht 10 per share. On 22 December 2015, Subsidiary received subscription of 50,000,000 additional shares at Baht 10 par value which were priced at Baht 10 per share. The paid-up share capital totaling Baht 500,000,000. Subsidiary registered the increased share capital with the Ministry of Commerce on 23 December 2015.

## 14. Investments in associates and joint venture entity, net

### Investments accounted for using equity method

The amounts recognised in the statement of financial position are as follows:

	Consolidated		SET	
	2015	2014	2015	2014
	Associates	901,458	882,042	775,620
Joint venture entity	66,276	63,027	25,000	25,000
<b>At 31 December</b>	<b>967,734</b>	<b>945,069</b>	<b>800,620</b>	<b>800,620</b>

The amounts recognised in the statement of comprehensive revenues and expenses are as follows:

(Unit : Baht'000)

	Consolidated		SET	
	2015	2014	2015	2014
Associates	28,865	20,487	-	-
Joint venture entity	3,249	3,692	-	-
<b>At 31 December</b>	<b>32,114</b>	<b>24,179</b>	-	-

#### 14 (a) Investment in associates

Set out below are the associates of the group as at 31 December 2015 and 2014, which, in the opinion of the directors, are not material to the group. The associates as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group.

(Unit : Baht'000)

	Ownership interest %		Consolidated								
			Paid-up capital		Cost method, net		Equity method		Dividend income		
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	
<b>Associates</b>											
Clearing Fund ("CLF")	12.80	14.03	1,475,965	1,307,134	100,000	100,000	193,265	188,975	-	-	
TSFC Securities Public Company Limited ("TSFC")	40.65	40.65	1,549,126	1,549,126	675,620	675,620	708,193	693,067	-	-	
					775,620	775,620	901,458	882,042	-	-	

(Unit : Baht'000)

	Ownership interest %		SET									
			Paid-up capital		Cost method		Impairment		At cost, net		Dividend income	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
<b>Associates</b>												
Clearing Fund	12.80	14.03	1,475,965	1,307,134	100,000	100,000	-	-	100,000	100,000	-	-
TSFC Securities Public Company Limited	40.65	40.65	1,549,126	1,549,126	679,015	679,015	(3,395)	(3,395)	675,620	675,620	9,446	26,325
					779,015	779,015	(3,395)	(3,395)	775,620	775,620	9,446	26,325

The business place of all associates is in Thailand and the nature of business of each associates has already disclosed in Note 1.

The Group also has interests in a number of individually immaterial associates that are accounted for using the equity method.

(Unit : Baht'000)

	2015			2014		
	CLF	TSFC	Total	CLF	TSFC	Total
Aggregate carrying amount of individually immaterial associates	193,265	708,193	901,458	188,975	693,067	882,042
Aggregate amounts of the reporting entity's share of;						
Revenues over expenses from continuing activities, net of tax	4,290	24,575	28,865	5,480	15,007	20,487
Other comprehensive revenues and expenses, net of tax	-	(3)	(3)	-	(69)	(69)
<b>Total comprehensive revenues and expenses, net of tax</b>	<b>4,290</b>	<b>24,572</b>	<b>28,862</b>	<b>5,480</b>	<b>14,938</b>	<b>20,418</b>

The Group has no contingent liabilities relating to associates.

#### 14 (b) Investment in joint venture entity

The joint venture listed below has share capital consisting solely of preferred shares, which is held directly by the group.

(Unit : Baht'000)

	Ownership interest %		Consolidated					
			Paid-up capital		Equity method		Dividend income	
	2015	2014	2015	2014	2015	2014	2015	2014
<b>Joint venture entity</b>								
Family Know-how Co., Ltd.	50.00	50.00	50,000	50,000	66,276	63,027	-	-

(Unit : Baht'000)

	Ownership interest %		SET					
			Paid-up capital		Cost method		Dividend income	
	2015	2014	2015	2014	2015	2014	2015	2014
<b>Joint venture entity</b>								
Family Know-how Co., Ltd.	50.00	50.00	50,000	50,000	25,000	25,000	-	849

The business place of all joint venture entity is in Thailand and the nature of business of each joint venture entity has already disclosed in note 1.

The Group also has interests in a immaterial joint venture entity that is accounted for using the equity method.

(Unit : Baht'000)

	2015	2014
Aggregate carrying amount of individually immaterial joint venture entity	66,276	63,027
Aggregate amounts of the reporting entity's share of:		
Revenues over expenses from continuing activities, net of tax	3,249	3,692
Other comprehensive revenues and expenses, net of tax	-	-
<b>Total comprehensive revenue and expenses, net of tax</b>	<b>3,249</b>	<b>3,692</b>

The Group has no contingent liabilities related to joint venture entity.

## 15. Long-term investments, net

(Unit : Baht'000)

	Consolidated		SET	
	2015	2014	2015	2014
Available-for-sale investments	6,515,242	4,778,889	6,515,242	4,778,889
Held-to-maturity debt securities	2,735,527	3,899,117	2,735,527	3,899,117
General investments	12,336	12,336	12,336	12,336
	<b>9,263,105</b>	<b>8,690,342</b>	<b>9,263,105</b>	<b>8,690,342</b>

As at 31 December 2015, fixed deposit accounts represented fixed deposits at banks which had maturities over one year and carried interest at rates 4.00% per annum. (2014: from 3.28% - 4.00% per annum).

As at 31 December 2015, cash at banks by M.O.U. used as security for housing loans provided to employees of the Group by a bank under a Memorandum of Understanding is Baht 540.59 million (2014: Baht 527.98 million).

As at 31 December 2015, investments in general mutual funds represented investments in twenty open-ended funds, which have a policy of emphasising investment in equity securities of listed companies (2014: 15 funds) and no gold fund (2014: 7 funds).

As at 31 December 2015, investments in property funds represented twelve closed-end non-redeemable mutual funds (2014: 10 funds). These funds were established for acquiring, leasing and transferring properties and/or their leasehold rights and providing for income-generating properties. All these property funds are listed and traded on the Stock Exchange of Thailand.

As at 31 December 2015, investments in foreign investment funds represented investments in twenty open-ended funds (2014: 17 funds). The Feeder Fund policy is to emphasise investment in foreign fund securities.



As at 31 December 2015, government bonds, Bank of Thailand bonds, Foreign bond and debentures which had maturities over one year to six years, coupon rates ranging from 3.80% - 6.34% per annum (2014: from 3.00% - 6.34% per annum) and market yields ranging from 1.47% - 4.22% per annum (2014: from 2.09% - 5.01% per annum).

Movements of long-term investments for the years ended 31 December 2015 and 2014 were as follows:

(Unit : Baht'000)

	Consolidated		SET	
	2015	2014	2015	2014
Opening balance	8,690,342	5,126,076	8,690,342	5,123,301
Purchases	4,806,774	3,251,558	4,806,774	3,251,558
Disposals	(2,183,508)	(1,477,578)	(2,183,508)	(1,474,578)
Classification of investments (Note 10)	(1,825,657)	1,748,011	(1,825,657)	1,748,011
Adjustment	3	105	3	-
Unrealised gain (loss) on available-for-sale securities	(224,849)	42,170	(224,849)	42,050
<b>Closing balance</b>	<b>9,263,105</b>	<b>8,690,342</b>	<b>9,263,105</b>	<b>8,690,342</b>

As at 31 December 2015 and 2014, held-to-maturity debt securities which were classified by maturity were as follows:

(Unit : Baht'000)

	Consolidated			
	Due			
	Within 1 year	1 to 5 years	Over 5 years	Total
<b>31 December 2015</b>				
Held-to-maturity debt securities				
Government bonds	-	1,019	-	1,019
Bank of Thailand bonds	100,000	-	-	100,000
Foreign bond	20,000	-	-	20,000
Debentures	145,227	1,043,002	263,379	1,451,608
Deposits at banks	908,852	887,540	540,587	2,336,979
	<b>1,174,079</b>	<b>1,931,561</b>	<b>803,966</b>	<b>3,909,606</b>
<b>31 December 2014</b>				
Held-to-maturity debt securities				
Government bonds	-	1,032	-	1,032
Bank of Thailand bonds	-	100,000	-	100,000
Foreign bond	-	20,000	-	20,000
Debentures	155,380	1,000,271	453,438	1,609,089
Deposits at banks	2,815,133	2,324,376	-	5,139,509
	<b>2,970,513</b>	<b>3,445,679</b>	<b>453,438</b>	<b>6,869,630</b>

(Unit : Baht'000)

	SET			
	Due			
	Within 1 year	1 to 5 years	Over 5 years	Total
<b>31 December 2015</b>				
Held-to-maturity debt securities				
Government bonds	-	1,019	-	1,019
Bank of Thailand bonds	100,000	-	-	100,000
Foreign bonds	20,000	-	-	20,000
Debentures	145,227	1,043,002	263,379	1,451,608
Deposits at banks	908,852	887,540	540,587	2,336,979
	<b>1,174,079</b>	<b>1,931,561</b>	<b>803,966</b>	<b>3,909,606</b>
<b>31 December 2014</b>				
Held-to-maturity debt securities				
Government bonds	-	1,032	-	1,032
Bank of Thailand bonds	-	100,000	-	100,000
Foreign bonds	-	20,000	-	20,000
Debentures	155,380	1,000,271	453,438	1,609,089
Deposits at banks	2,815,133	2,324,376	-	5,139,509
	<b>2,970,513</b>	<b>3,445,679</b>	<b>453,438</b>	<b>6,869,630</b>

As at 31 December 2015 and 2014, the fair value of held-to-maturity debt securities were as follows:

(Unit : Baht'000)

	Consolidated			
	Amortised cost, net		Fair value	
	2015	2014	2015	2014
Government bonds	1,019	1,032	1,048	1,067
Bank of Thailand bonds	100,000	100,000	102,995	105,743
Foreign bonds	20,000	20,000	20,155	20,302
Debentures	1,451,608	1,609,089	1,530,463	1,669,884
Deposits at banks	2,336,979	5,139,509	2,282,936	5,139,509
	3,909,606	6,869,630	3,937,597	6,936,505
<u>Less</u> Classification of investments to short-term investment (Note 10)	(1,174,079)	(2,970,513)	(1,178,672)	(2,971,483)
	<b>2,735,527</b>	<b>3,899,117</b>	<b>2,758,925</b>	<b>3,965,022</b>

(Unit : Baht'000)

	SET			
	Amortised cost, net		Fair value	
	2015	2014	2015	2014
Government bonds	1,019	1,032	1,048	1,067
Bank of Thailand bonds	100,000	100,000	102,995	105,743
Foreign bonds	20,000	20,000	20,155	20,302
Debentures	1,451,608	1,609,089	1,530,463	1,669,884
Deposits at banks	2,336,979	5,139,509	2,282,936	5,139,509
	3,909,606	6,869,630	3,937,597	6,936,505
<u>Less</u> Classification of investments to short-term investment (Note 10)	(1,174,079)	(2,970,513)	(1,178,672)	(2,971,483)
	<b>2,735,527</b>	<b>3,899,117</b>	<b>2,758,925</b>	<b>3,965,022</b>

## 16. Property, plant and equipment, net

(Unit : Baht'000)

	Consolidated					Total
	Land and land improvements	Buildings and building improvements	Furniture, fixtures and office equipment	Motor vehicles	Work in process/building under construction	
<b>As at 1 January 2014</b>						
Cost	1,014,022	1,749,281	929,398	3,238	371,045	4,066,984
Less Accumulated depreciation	-	(645,841)	(746,058)	(1,305)	-	(1,393,204)
Net book amount	1,014,022	1,103,440	183,340	1,933	371,045	2,673,780
<b>For the year ended 31 December 2014</b>						
Opening net book amount	1,014,022	1,103,440	183,340	1,933	371,045	2,673,780
Additions	-	1,543	93,864	1,367	1,384,194	1,480,968
Disposals/write-off	-	(19)	(249)	(1,367)	-	(1,635)
Depreciation charge	-	(69,246)	(57,758)	(153)	-	(127,157)
Adjustments	75	13	21	-	(26)	83
Transfer	-	2,054	11	-	(2,065)	-
Closing net book amount	1,014,097	1,037,785	219,229	1,780	1,753,148	4,026,039
<b>As at 31 December 2014</b>						
Cost	1,014,097	1,752,819	1,016,176	3,238	1,753,148	5,539,478
Less Accumulated depreciation	-	(715,034)	(796,947)	(1,458)	-	(1,513,439)
Net book amount	1,014,097	1,037,785	219,229	1,780	1,753,148	4,026,039
<b>For the year ended 31 December 2015</b>						
Opening net book amount	1,014,097	1,037,785	219,229	1,780	1,753,148	4,026,039
Additions	-	4,062	225,103	-	1,619,175	1,848,340
Disposals/write-off	-	-	(3,933)	-	-	(3,933)
Depreciation charge	-	(109,162)	(81,025)	(155)	-	(190,342)
Transfer	-	3,110,578	233,167	-	(3,343,745)	-
Closing net book amount	1,014,097	4,043,263	592,541	1,625	28,578	5,680,104
<b>As at 31 December 2015</b>						
Cost	1,014,097	4,865,513	1,453,206	3,238	28,578	7,364,632
Less Accumulated depreciation	-	(822,250)	(860,665)	(1,613)	-	(1,684,528)
Net book amount	<b>1,014,097</b>	<b>4,043,263</b>	<b>592,541</b>	<b>1,625</b>	<b>28,578</b>	<b>5,680,104</b>

(Unit : Baht'000)

	SET					Total
	Land and land improvements	Buildings and building improvements	Furniture, fixtures and office equipment	Motor vehicles	Work in process/ building under construction	
<b>As at 1 January 2014</b>						
Cost	1,014,022	1,747,564	848,632	3,238	371,045	3,984,501
<u>Less</u> Accumulated depreciation	-	(644,564)	(666,297)	(1,305)	-	(1,312,166)
Net book amount	1,014,022	1,103,000	182,335	1,933	371,045	2,672,335
<b>For the year ended 31 December 2014</b>						
Opening net book amount	1,014,022	1,103,000	182,335	1,933	371,045	2,672,335
Additions	-	1,543	93,864	1,367	1,384,194	1,480,968
Disposals/write-off	-	(19)	(249)	(1,367)	-	(1,635)
Depreciation charge	-	(69,204)	(56,980)	(153)	-	(126,337)
Adjustments	75	13	21	-	(26)	83
Transfer	-	2,054	11	-	(2,065)	-
Closing net book amount	1,014,097	1,037,387	219,002	1,780	1,753,148	4,025,414
<b>As at 31 December 2014</b>						
Cost	1,014,097	1,751,102	935,438	3,238	1,753,148	5,457,023
<u>Less</u> Accumulated depreciation	-	(713,715)	(716,436)	(1,458)	-	(1,431,609)
Net book amount	1,014,097	1,037,387	219,002	1,780	1,753,148	4,025,414
<b>For the year ended 31 December 2015</b>						
Opening net book amount	1,014,097	1,037,387	219,002	1,780	1,753,148	4,025,414
Additions	-	4,062	223,736	-	1,619,175	1,846,973
Disposals/write-off	-	-	(3,933)	-	-	(3,933)
Depreciation charge	-	(109,121)	(80,863)	(155)	-	(190,139)
Transfer	-	3,110,578	233,167	-	(3,343,745)	-
Closing net book amount	1,014,097	4,042,906	591,109	1,625	28,578	5,678,315
<b>As at 31 December 2015</b>						
Cost	1,014,097	4,863,796	1,373,707	3,238	28,578	7,283,416
<u>Less</u> Accumulated depreciation	-	(820,890)	(782,598)	(1,613)	-	(1,605,101)
Net book amount	<b>1,014,097</b>	<b>4,042,906</b>	<b>591,109</b>	<b>1,625</b>	<b>28,578</b>	<b>5,678,315</b>

## 17. Intangible assets, net

(Unit : Baht'000)

	Consolidated			
	Computer software	Patent	Work in process	Total
<b>As at 1 January 2014</b>				
Cost	1,000,634	861	156,691	1,158,186
<u>Less</u> Accumulated amortisation	(723,349)	(6)	-	(723,355)
Net book amount	277,285	855	156,691	434,831
<b>For the year ended 31 December 2014</b>				
Opening net book amount	277,285	855	156,691	434,831
Additions	56,800	1,923	80,783	139,506
Amortisation charge	(80,958)	(125)	-	(81,083)
Transfer	197,810	-	(197,810)	-
Closing net book amount	450,937	2,653	39,664	493,254
<b>As at 31 December 2014</b>				
Cost	1,255,244	2,784	39,664	1,297,692
<u>Less</u> Accumulated amortisation	(804,307)	(131)	-	(804,438)
Net book amount	450,937	2,653	39,664	493,254
<b>For the year ended 31 December 2015</b>				
Opening net book amount	450,937	2,653	39,664	493,254
Additions	54,201	35	62,957	117,193
Amortisation charge	(104,042)	(384)	-	(104,426)
Transfer	100,206	-	(100,206)	-
Closing net book amount	501,302	2,304	2,415	506,021
<b>As at 31 December 2015</b>				
Cost	1,409,652	2,819	2,415	1,414,886
<u>Less</u> Accumulated amortisation	(908,350)	(515)	-	(908,865)
Net book amount	<b>501,302</b>	<b>2,304</b>	<b>2,415</b>	<b>506,021</b>

(Unit : Baht'000)

	SET			
	Computer software	Patent	Work in process	Total
<b>As at 1 January 2014</b>				
Cost	919,686	-	156,691	1,076,377
<u>Less</u> Accumulated amortisation	(644,462)	-	-	(644,462)
Net book amount	275,224	-	156,691	431,915
<b>For the year ended 31 December 2014</b>				
Opening net book amount	275,224	-	156,691	431,915
Additions	56,241	1,923	80,783	138,947
Amortisation charge	(79,551)	(2)	-	(79,553)
Transfer	197,810	-	(197,810)	-
Closing net book amount	449,724	1,921	39,664	491,309
<b>As at 31 December 2014</b>				
Cost	1,173,737	1,923	39,664	1,215,324
<u>Less</u> Accumulated amortisation	(724,013)	(2)	-	(724,015)
Net book amount	449,724	1,921	39,664	491,309
<b>For the year ended 31 December 2015</b>				
Opening net book amount	449,724	1,921	39,664	491,309
Additions	54,201	35	62,957	117,193
Amortisation charge	(103,795)	(261)	-	(104,056)
Transfer	100,206	-	(100,206)	-
Closing net book amount	500,336	1,695	2,415	504,446
<b>As at 31 December 2015</b>				
Cost	1,328,144	1,958	2,415	1,332,517
<u>Less</u> Accumulated amortisation	(827,808)	(263)	-	(828,071)
Net book amount	<b>500,336</b>	<b>1,695</b>	<b>2,415</b>	<b>504,446</b>

## 18. Assets for margin deposits and benefits

Thailand Clearing House Co., Ltd. (TCH) is the clearing house for derivatives market. Members of TCH who have outstanding positions are obliged to place the required margin deposits as a guarantee according to the rate or amount called by TCH. TCH may invest the margin proceeds according to specified terms and conditions. The benefits, after deducting management fees, shall be distributed to members at the announced rates and procedures.

As at 31 December 2015 and 2014, the details of investments for which margin deposits were placed by members amounting to Baht 8,829.62 million and Baht 8,053.63 million, respectively are as follows:

(Unit : Baht'000)

	Consolidated	
	2015	2014
Savings and fixed deposit accounts	8,291,930	7,565,619
Savings account in foreign currency	492,008	429,951
Accrued benefits	45,677	58,060
	<b>8,829,615</b>	<b>8,053,630</b>

As at 31 December 2015, savings account in foreign currency of USD 13.70 million was translated into Thai Baht using the average transfer buying rate announced by the Bank of Thailand at the end of the accounting period (2014: USD 13.10 million).

The Group presented margin deposits placed by members separately in the account "Assets for margin deposits and benefits" in current assets in the statement of financial position and presented liabilities in the same amount in the account "Margin deposits and benefits payable" in current liabilities in the statement of financial position.

## 19. Assets for clearing system protection and benefits

The assets for clearing system protection are established to secure the clearing system of Thailand Clearing House Co., Ltd. (TCH) against any damage caused by defaults by members or other incidents.

Assets for clearing system protection comprise the following:

### 19.1 Securities Deposit

Members of TCH are required to place a Securities Deposit according to the announcement made by TCH (the current Securities Deposit for members, who are allowed to clear all types of derivatives, is not less than Baht 5 million and for only one type of derivatives is not less than Baht 4 million). TCH will invest the proceeds from the Securities Deposit and return any benefits derived from the Securities Deposit, after deducting management fees, to members in accordance with the announced rates and procedures. Assets held as Securities Deposit will be returned to members after their membership is terminated.

### 19.2 Clearing fund contributions comprising contributions from:

- (1) The SET amounting to Baht 100 million



(2) Members of TCH:

- Initial contributions according to the announced rates (currently the initial contribution members, who are allowed to clear all types of derivatives, is not less than Baht 5 million and for only one type of derivatives is not less than Baht 1 million).

- Monthly contributions at a value of not less than Baht 1,000.

Securities Deposit and benefits are the right of the payers according to the proportion of their contributions. When the membership is terminated, the member's Securities Deposit and benefits on contributions will be returned.

As at 31 December 2015 and 2014, assets for clearing system protection and benefits consist of:

(Unit : Baht'000)

	Consolidated					
	Securities Deposit and benefits		Clearing fund and benefits		Total	
	2015	2014	2015	2014	2015	2014
Investments managed by TCH	625,551	629,138	-	-	625,551	629,138
Investments managed by private fund						
Savings accounts	872	1,600	925	2,604	1,797	4,204
Fixed deposit accounts	71,002	82,002	238,036	250,028	309,038	332,030
Trading Securities	138,917	127,756	508,184	410,267	647,101	538,023
	836,342	840,496	747,145	662,899	1,583,487	1,503,395
Accrued interest receivable	4,211	3,295	6,125	6,965	10,336	10,260
Other assets	86	94	5,694	5,186	5,780	5,280
	<b>840,639</b>	<b>843,885</b>	<b>758,964</b>	<b>675,050</b>	<b>1,599,603</b>	<b>1,518,935</b>

(Unit : Baht'000)

	SET	
	2015	2014
Clearing fund and benefits		
Contributions	100,000	100,000
Benefits	38,242	34,843
	<b>138,242</b>	<b>134,843</b>

### Investment managed by TCH

For the year ended 31 December 2015, savings accounts carried interest at rates ranging from 1.00% – 2.07% per annum (2014: at 2.07% per annum).

For the year ended 31 December 2015, fixed deposit accounts carried interest at the rates ranging from 1.00% – 1.25% per annum (2014: from 1.50% – 1.60% per annum).

### Investments managed by private fund

Investments in private fund are managed by 1 asset management company (2014: 1 company).

The investments policy of private fund is reference to the TCH's regulations in relation to deposits with financial institution and company's investment policies. For the year ended 31 December 2015, the investment in private fund have return rates ranging from 2.82% – 3.95% per annum (2014: from 3.17% – 4.95% per annum).

As at 31 December 2015 and 2014, assets for clearing system protection and benefits payable consist of:

(Unit : Baht'000)

	Consolidated	
	2015	2014
<b>Securities Deposit and benefits</b>		
Contributions	835,000	835,000
Benefits (semi-annually distribute to members)	5,688	8,934
	840,688	843,934
<b>Clearing fund and benefits</b>		
Contributions	536,907	470,712
Benefits	83,766	69,446
	620,673	540,158
	<b>1,461,361</b>	<b>1,384,092</b>

## 20. Deferred income taxes

(Unit : Baht'000)

	Consolidated	
	2015	2014
Deferred tax assets	2,026	2,021
Deferred tax liabilities	(1,191)	(920)
<b>Deferred income taxes, net</b>	<b>835</b>	<b>1,101</b>

The gross movement of the deferred income tax account is as follows:

### Deferred tax asset

(Unit : Baht'000)

	Consolidated	
	2015	2014
Opening balance	2,021	1,953
Charged/(credited) to revenues over expenses	5	68
Tax charged/(credited) directly to fund balance	-	-
<b>Closing balance</b>	<b>2,026</b>	<b>2,021</b>

### Deferred tax liabilities

(Unit : Baht'000)

	Consolidated	
	2015	2014
Opening balance	920	237
Charged/(credited) to revenues over expenses	271	647
Tax charged/(credited) directly to fund balance	-	36
<b>Closing balance</b>	<b>1,191</b>	<b>920</b>

## 21. Accounts payable and accrued expenses

(Unit : Baht'000)

	Note	Consolidated		SET	
		2015	2014	2015	2014
<b>Accounts payable</b>					
Joint venture entity	8	1,300	9,567	1,300	9,567
Other parties		103,002	402,594	102,547	400,514
		104,302	412,161	103,847	410,081
<b>Accrued expenses</b>					
Subsidiaries	8	-	-	1,331	172
Joint venture entity	8	45,285	887	45,285	887
		45,285	887	46,616	1,059
Other parties		1,076,645	1,187,586	1,059,459	1,169,497
		1,121,930	1,188,473	1,106,075	1,170,556
		<b>1,226,232</b>	<b>1,600,634</b>	<b>1,209,922</b>	<b>1,580,637</b>

## 22. Other current liabilities

(Unit : Baht'000)

	Consolidated		SET	
	2015	2014	2015	2014
Other retention payables	70,959	95,237	70,955	95,234
Dividend payable from registrar services to shareholders	67,150	66,621	-	-
Financial benefits payable	62,112	57,814	-	-
Income tax payable	46,063	33,525	-	-
Withholding tax payable	44,363	25,193	20,299	11,436
Thai Stock Market Flood Relief Fund	36,606	36,459	36,606	36,459
Provision for employee benefits from accumulated annual leave	21,878	24,051	21,878	24,051
Ngoen-Thong-khong-Mee-Kha Fund	11,568	11,552	11,568	11,552
Refund for unalotted TNVDR	1,239	23,215	-	-
Deferred tax liabilities (Note 20)	1,191	920	-	-
Clearing collateral payable	30	6,331	-	-
Other payable from purchase of investment	-	21,307	-	21,307
Others	18,892	34,085	14,656	30,135
	<b>382,051</b>	<b>436,310</b>	<b>175,962</b>	<b>230,174</b>

## 23. Provision for employee benefits

(Unit : Baht'000)

	Consolidated		SET	
	2015	2014	2015	2014
<b>Statement of financial position</b>				
Retirement benefits	195,392	170,879	195,392	170,879
Other benefits	31,852	32,161	31,852	32,161
	227,244	203,040	227,244	203,040
<b>Expenses charge included in the statement of revenues and expenses</b>				
Retirement benefits	19,820	21,935	19,820	21,935
Other benefits	3,276	6,449	3,276	6,449
	<b>23,096</b>	<b>28,384</b>	<b>23,096</b>	<b>28,384</b>

The amounts recognised in the statement of financial position are determined as follows:

(Unit : Baht'000)

	Consolidated		SET	
	2015	2014	2015	2014
Present value of obligations				
Retirement benefits	195,392	179,130	195,392	179,130
Other benefits	31,852	32,161	31,852	32,161
	227,244	211,291	227,244	211,291
Unrecognised actuarial loss				
Retirement benefits	-	(8,251)	-	(8,251)
<b>Liabilities in the statement of financial position</b>	<b>227,244</b>	<b>203,040</b>	<b>227,244</b>	<b>203,040</b>

The movement in the defined benefit obligation over the year is as follows:

(Unit : Baht'000)

	Consolidated		SET	
	2015	2014	2015	2014
At 1 January	203,040	180,872	203,040	180,872
Current service costs	15,945	20,176	15,945	20,176
Interest costs	7,151	7,641	7,151	7,641
Remeasurements:				
Return on plan assets, excluding amounts included in interest expense/(income)	-	-	-	-
(Gain)/loss from change in demographic assumptions	(31,004)	(819)	(31,004)	(819)
(Gain)/loss from change in financial assumptions	15,810	342	15,810	342
Experience (gain)/loss	27,688	1,044	27,688	1,044
Change in asset ceiling, excluding amounts included in interest expense	-	-	-	-
Adjustment	-	4,373	-	4,373
	238,630	213,629	238,630	213,629
<u>Less</u> Benefits paid	(11,386)	(10,589)	(11,386)	(10,589)
At 31 December	227,244	203,040	227,244	203,040
<u>Less</u> Current portion	(4,785)	(5,561)	(4,785)	(5,561)
<b>Total non-current portion</b>	<b>222,459</b>	<b>197,479</b>	<b>222,459</b>	<b>197,479</b>

For the years ended 31 December 2015 and 2014, the amounts recognised in the statement of comprehensive revenues and expense are as follows:

(Unit : Baht'000)

	Consolidated		SET	
	2015	2014	2015	2014
Current service costs	15,945	20,176	15,945	20,176
Interest costs	7,151	7,641	7,151	7,641
Actuarial gain	-	567	-	567
	<b>23,096</b>	<b>28,384</b>	<b>23,096</b>	<b>28,384</b>

For the year ended 31 December 2014, the Group recognised actuarial gain amounted for Baht 0.57 million in the statement of comprehensive revenue and expense. The Group did not retrospective adjust the prior year financial statements since the amount was not material to the financial statement. The change in the accounting policy has disclosed in Note 3.

For the years ended 31 December 2015 and 2014, the principal actuarial assumptions used were as follows:

	2015	2014
Discount rate as of 31 December	3.60%	3.60%
Salary increase rate - permanent employees	5.00% - 10.00%	5.00% - 10.00%
Salary increase rate - contract employees	4.50%	4.50%
Average turnover rate	0.00% - 13.00%	0.00% - 13.00%
Pre-retirement mortality rate	3.00%	3.00%
Retirement age	60 years old	60 years old

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	1%	Decrease by 11%	Increase by 13%
Salary growth rate	1%	Increase by 15%	Decrease by 13%
Turnover growth rate	20%	Decrease by 8%	Increase by 9%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial

assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

The weighted average duration of the defined benefit obligation is 22 years (2014: 22 years).

Expected maturity analysis of undiscounted retirement and other benefits:

(Unit : Baht'000)

	Consolidated and SET			
	Within a year	1-5 years	Over 5 years	Total
<b>At 31 December 2015</b>				
Retirement benefits	4,490	20,708	689,028	714,226
Other benefits	3,651	12,673	54,245	70,569
<b>Total</b>	<b>8,141</b>	<b>33,381</b>	<b>743,273</b>	<b>784,795</b>
<b>At 31 December 2014</b>				
Retirement benefits	12,870	10,848	703,378	727,096
Other benefits	4,058	11,837	58,731	74,626
<b>Total</b>	<b>16,928</b>	<b>22,685</b>	<b>762,109</b>	<b>801,722</b>

## 24. Fund balances

The statement of change in the fund for the years ended 31 December 2015 and 2014 presented as part of the consolidated and entity's financial statements as follows;

(Unit : Baht'000)

	Consolidated								
	Fund balances								
	Securities Clearing Reserve Fund	Derivatives Clearing Reserve Fund	Indemnity Fund	SET Building Construction Fund	Staff Welfare Fund	Securities Investor Protection Fund	Derivatives Investor Protection Fund	General Fund	Total
<b>Opening balance at 1 January 2014</b>	2,500,000	300,000	100,000	7,769	102,511	414,364	50,993	16,870,921	20,346,558
Appropriation of general fund	-	-	-	(7,769)	-	-	-	7,769	-
Revenues over expenses	-	-	-	-	2,325	14,601	1,197	1,517,354	1,535,477
<b>Closing balance at 31 December 2014</b>	<b>2,500,000</b>	<b>300,000</b>	<b>100,000</b>	<b>-</b>	<b>104,836</b>	<b>428,965</b>	<b>52,190</b>	<b>18,396,044</b>	<b>21,882,035</b>
<b>Opening balance at 1 January 2015</b>	2,500,000	300,000	100,000	-	104,836	428,965	52,190	18,396,044	21,882,035
Other comprehensive revenues and expenses, net of tax	-	-	-	-	-	-	-	(13,702)	(13,702)
Revenues over expenses	-	-	-	-	2,956	10,304	1,086	1,368,010	1,382,356
<b>Closing balance at 31 December 2015</b>	<b>2,500,000</b>	<b>300,000</b>	<b>100,000</b>	<b>-</b>	<b>107,792</b>	<b>439,269</b>	<b>53,276</b>	<b>19,750,352</b>	<b>23,250,689</b>

(Unit : Baht'000)

	SET							
	Fund balances							
	Securities Clearing Reserve Fund	Derivatives Clearing Reserve Fund	Indemnity Fund	SET Building Construction Fund	Staff Welfare Fund	Securities Investor Protection Fund	General Fund	Total
<b>Opening balance at 1 January 2014</b>	2,500,000	300,000	100,000	7,769	102,511	414,364	16,017,952	19,442,596
Appropriation of general fund	-	-	-	(7,769)	-	-	7,769	-
Revenues over expenses	-	-	-	-	2,325	14,601	1,466,294	1,483,220
<b>Closing balance at 31 December 2014</b>	<b>2,500,000</b>	<b>300,000</b>	<b>100,000</b>	<b>-</b>	<b>104,836</b>	<b>428,965</b>	<b>17,492,015</b>	<b>20,925,816</b>
<b>Opening balance at 1 January 2015</b>	2,500,000	300,000	100,000	-	104,836	428,965	17,492,015	20,925,816
Other comprehensive revenues and expenses, net of tax	-	-	-	-	-	-	(13,702)	(13,702)
Revenues over expenses	-	-	-	-	2,956	10,304	1,227,898	1,241,158
<b>Closing balance at 31 December 2015</b>	<b>2,500,000</b>	<b>300,000</b>	<b>100,000</b>	<b>-</b>	<b>107,792</b>	<b>439,269</b>	<b>18,706,211</b>	<b>22,153,272</b>

Details of fund balances are as follows:

### Securities Clearing Reserve Fund

In 1997 and 2013, the Board of Governors of the SET approved an appropriation of general funds of Baht 2,000 million and Baht 500 million, respectively, totalling Baht 2,500 million to the Securities Clearing Reserve Fund, which is operated by a subsidiary of the SET, in order to resolve liquidity risk in the event of default on clearing and settlement from securities trading on SET.

### Derivatives Clearing Reserve Fund

In 2004, the Board of Governors of the SET approved an appropriation of general funds of Baht 300 million to the Derivatives Clearing Reserve Fund in order to assure contingent losses from the clearing system of futures contracts at Thailand Clearing House Co., Ltd.

### Indemnity Fund

In 1993 and 2002, the Board of Governors of the SET approved appropriations of general funds totalling Baht 100 million to the Indemnity Fund in order to assist and assure the Board of Governors of the SET and those appointed assignees on matters requiring consideration and decisions which may affect or cause damages to other parties.

### SET Building Construction Fund

In 1992, the Board of Governors of the SET approved an appropriation of general funds totalling Baht 580 million for the construction of SET buildings. Construction of the office buildings was completed in 1998. The remaining fund balance of Baht 246.30 million is reserved for further construction of a parking building.

In 2008, the Board of Governors of the SET approved the construction of the car park building from the above mentioned remaining fund balance. In 2014, the Board Governors of the SET approved the transfer of the remaining fund balance to general fund.

### Staff Welfare Fund

In 1997 and 2004, the Board of Governors of the SET approved appropriations of general funds was Baht 75 million to the Staff Welfare Fund. All benefits earned from this fund are retained in the fund.



## Securities Investor Protection Fund

In 2004, the Board of Governors of the SET approved an appropriation of Baht 300 million from broker seat admission fees as an initial fund for the establishment of the Securities Investor Protection Fund (SIPF).

The SIPF was formally established under SIPF regulations on 1 October 2004. The objective of the fund is to protect and build investor confidence in trading listed securities on the SET through the members of the SIPF. As at 31 December 2015, 35 SIPF members from securities companies (2014: 33 SIPF members).

The assets of SIPF consist of:

- 1) the initial fund from the SET of Baht 300 million;
- 2) the cumulative membership entrance fees and monthly fees collected from the members; and
- 3) the future benefits generated from investments in the SIPF.

SIPF will protect the investors' assets which are in the custody of the securities brokers who are members of the SIPF. In the event that the members of the SIPF fail to return the assets to investors, each investor shall be compensated by the SIPF for the related damages at the actual cost, but not exceeding Baht 1 million per SIPF member, in the following cases:

- 1) if any SIPF member is in receivership under the Bankruptcy Act or
- 2) if there are disputes concerning the purchase or sale of securities listed on the SET between investors and any SIPF member, and the arbitrator's award is that the SIPF member shall return the assets to investors, but the SIPF member violates the award.

The protection will not include any losses from securities trading regardless of who makes the investment decision.

The SIPF's financial statements included as part of the consolidated and entity's financial statements are as follows:

(Unit : Baht'000)

	Consolidated and SET	
	2015	2014
<b>Assets</b>		
<b>Current assets</b>		
Cash deposits and short-term investments	414,267	415,169
Accrued interest receivable	5,838	7,290
Other current asset	341	291
<b>Total current assets</b>	<b>420,446</b>	<b>422,750</b>
<b>Non-current assets</b>		
Long-term investments	296,575	275,582
<b>Total non-current assets</b>	<b>296,575</b>	<b>275,582</b>
<b>Total assets</b>	<b>717,021</b>	<b>698,332</b>
<b>Liabilities and fund balances</b>		
<b>Current liabilities</b>		
Other current liabilities	10	5
<b>Total current liabilities</b>	<b>10</b>	<b>5</b>
<b>Non-current liabilities</b>		
Contributions from members	209,627	205,132
Benefits on contributions from members	65,449	59,758
<b>Total non-current liabilities</b>	<b>275,076</b>	<b>264,890</b>
<b>Total liabilities</b>	<b>275,086</b>	<b>264,895</b>
<b>Fund balances</b>		
Initial fund	300,000	300,000
Benefits on contributions from SET	141,935	133,437
<b>Total fund balances</b>	<b>441,935</b>	<b>433,437</b>
<b>Total liabilities and fund balances</b>	<b>717,021</b>	<b>698,332</b>

The SIPF's statement of comprehensive revenues and expenses for the years ended 31 December 2015 and 2014 are presented in Note 25 to the financial statements "Results of fund operations".

## Derivatives Investor Protection Fund

In 2012 the board of directors of Thailand Futures Exchange Public Company Limited (TFEX), a subsidiary, has a resolution to establish the Derivatives Investor Protection Fund (DIPF) and approved an appropriation of Baht 50 million as an initial fund.

The DIPF was established on 15 November 2012. The objective of the DIPF is to provide protection for derivatives contracts investors in accordance with the rules prescribed by TFEX. Investors need to be protected must become customers of DIPF members and is a Thai natural person, a juristic person incorporated in Thailand who is not an institutional investor under the Derivatives Act B.E. 2546 (2003). As at 31 December 2015, there were 42 DIPF members from security companies (2014: 42 DIPF members).

Assets of the DIPF consist of the Company's initial capital, admission fees and contributions collected from members of the DIPF, and yields or benefits obtained from the proceeds and assets of the DIPF after the deduction of expenses for the operation of the DIPF. At the time of its establishment, the DIPF will have assets worth no less than Baht 100 million, which consists of initial capital of Baht 50 million from the Company and admission fees and contributions from DIPF members in the rest to make the total of Baht 100 million. The Company may collect additional sums of money as it deems necessary and appropriate.

DIPF will protect the investors' assets which are in the custody of the securities brokers who are members of the DIPF. In the event that the members of the DIPF fail to return the assets to investors, each investor shall be compensated by the DIPF for the related damages at the actual cost, but not exceeding Baht 1 million per DIPF member, in the following cases:

- 1) if any DIPF member is in receivership under the Bankruptcy Act or
- 2) if there are disputes concerning the purchase or sale of securities listed on the SET between investors and any DIPF member, and the arbitrator's award is that the DIPF member shall return the assets to investors, but the DIPF member violates the award.

The protection will not include any losses from derivatives trading regardless of who makes the investment decision.

The DIPF's financial statement included as part of the consolidated and entity's financial statements are as follows:

(Unit : Baht'000)

	Consolidated	
	2015	2014
<b>Assets</b>		
<b>Current assets</b>		
Cash deposits and short-term investments	71,947	64,008
Contributions from members	562	545
Accrued interest receivable	747	720
<b>Total current assets</b>	<b>73,256</b>	<b>65,273</b>
<b>Liabilities and fund balances</b>		
<b>Current liabilities</b>		
Income tax payable	333	-
Other current liabilities	-	336
<b>Total current liabilities</b>	<b>333</b>	<b>336</b>
<b>Non-current liabilities</b>		
Contributions from members	19,000	12,421
Benefits on contributions from members	647	326
<b>Total non-current liabilities</b>	<b>19,647</b>	<b>12,747</b>
<b>Total liabilities</b>	<b>19,980</b>	<b>13,083</b>
<b>Fund balances</b>		
Initial fund	50,000	50,000
Benefits on contributions from TFEX	3,276	2,190
<b>Total fund balances</b>	<b>53,276</b>	<b>52,190</b>
<b>Total liabilities and fund balances</b>	<b>73,256</b>	<b>65,273</b>

The DIPF's statement of comprehensive revenues and expenses for the years ended 31 December 2015 and 2014 are presented in Note 25 to the financial statements "Results of fund operations".

## 25. Results of fund operations

Details of the results of fund operations which are included as part of the consolidated and the entity's statement of comprehensive revenues and expenses are as follows:

(Unit : Baht'000)

	Consolidated				Total
	Staff Welfare Fund	Securities Investor Protection Fund (SET's portion)	Derivatives Investor Protection Fund (TFEX's portion)	General Fund	
<b>For the year ended 31 December 2015</b>					
<b>Revenues</b>					
Operating revenues	-	-	-	4,518,405	4,518,405
Investment income, net	2,956	10,409	1,466	489,058	503,889
Other income	-	-	-	236,779	236,779
<b>Total revenues</b>	<b>2,956</b>	<b>10,409</b>	<b>1,466</b>	<b>5,244,242</b>	<b>5,259,073</b>
<b>Expenses</b>					
Operating expenses	-	105	108	3,334,887	3,335,100
Contributions to the Stock Exchange of Thailand Foundation	-	-	-	401,379	401,379
Income tax expense	-	-	272	139,966	140,238
<b>Total expenses</b>	<b>-</b>	<b>105</b>	<b>380</b>	<b>3,876,232</b>	<b>3,876,717</b>
<b>Revenues over expenses</b>	<b>2,956</b>	<b>10,304</b>	<b>1,086</b>	<b>1,368,010</b>	<b>1,382,356</b>
<b>Other comprehensive revenues and expenses</b>					
Items that will be reclassified subsequently to revenues and expenses					
Share of profit in investments in associates	-	-	-	(4)	(4)
Change in value of available-for-sale Investments managed by SET	-	-	-	(215,966)	(215,966)
Change in value of available-for-sale investments from Securities Investor Protection Fund	-	(1,806)	-	-	(1,806)
Income tax relating to items that will be reclassified subsequently to revenues and expenses	-	-	-	1	1
Total items that will be reclassified subsequently to revenues and expenses	-	(1,806)	-	(215,969)	(217,775)
Items that will not be reclassified subsequently to revenues and expenses					
Remeasurements of post-employment benefits obligations	-	-	-	(13,702)	(13,702)
Total items that will not be reclassified to revenues and expenses	-	-	-	(13,702)	(13,702)
<b>Total comprehensive revenues and expenses</b>	<b>2,956</b>	<b>8,498</b>	<b>1,086</b>	<b>1,138,339</b>	<b>1,150,879</b>

(Unit : Baht'000)

	Consolidated				
	Staff Welfare Fund	Securities Investor Protection Fund (SET's portion)	Derivatives Investor Protection Fund (TFEX's portion)	General Fund	Total
<b>For the year ended 31 December 2014</b>					
<b>Revenues</b>					
Operating revenues	-	-	-	4,200,820	4,200,820
Investment income, net	2,325	14,739	1,633	868,804	887,501
Other income	-	-	-	189,353	189,353
<b>Total revenues</b>	<b>2,325</b>	<b>14,739</b>	<b>1,633</b>	<b>5,258,977</b>	<b>5,277,674</b>
<b>Expenses</b>					
Operating expenses	-	138	137	3,081,727	3,082,002
Contributions to the Stock Exchange of Thailand Foundation	-	-	-	547,222	547,222
Income tax expense	-	-	299	112,674	112,973
<b>Total expenses</b>	<b>-</b>	<b>138</b>	<b>436</b>	<b>3,741,623</b>	<b>3,742,197</b>
<b>Revenues over expenses</b>	<b>2,325</b>	<b>14,601</b>	<b>1,197</b>	<b>1,517,354</b>	<b>1,535,477</b>
<b>Other comprehensive revenues and expenses</b>					
Items that will be reclassified subsequently to revenues and expenses					
Share of profit in investments in associates	-	-	-	(86)	(86)
Change in value of available-for-sale investments managed by SET	-	-	-	46,299	46,299
Change in value of available-for-sale investments from Securities Investor Protection Fund	-	4,102	-	-	4,102
Income tax relating to items that will be reclassified subsequently to revenues and expenses	-	-	-	(30)	(30)
<b>Total items that will be reclassified subsequently to revenues and expenses</b>	<b>-</b>	<b>4,102</b>	<b>-</b>	<b>46,183</b>	<b>50,285</b>
<b>Total comprehensive revenues and expenses</b>	<b>2,325</b>	<b>18,703</b>	<b>1,197</b>	<b>1,563,537</b>	<b>1,585,762</b>

(Unit : Baht'000)

	SET				
	Staff Welfare Fund	Securities Investor Protection Fund (SET's portion)	Derivatives Investor Protection Fund (TFEX's portion)	General Fund	Total
<b>For the year ended 31 December 2015</b>					
<b>Revenues</b>					
Operating revenues	-	-	-	1,955,884	1,955,884
Investment income, net	2,956	10,409	-	902,455	915,820
Other income	-	-	-	1,798,252	1,798,252
<b>Total revenues</b>	<b>2,956</b>	<b>10,409</b>	<b>-</b>	<b>4,656,591</b>	<b>4,669,956</b>
<b>Expenses</b>					
Operating expenses	-	105	-	3,027,314	3,027,419
Contributions to the Stock Exchange of Thailand Foundation	-	-	-	401,379	401,379
<b>Total expenses</b>	<b>-</b>	<b>105</b>	<b>-</b>	<b>3,428,693</b>	<b>3,428,798</b>
<b>Revenues over expenses</b>	<b>2,956</b>	<b>10,304</b>	<b>-</b>	<b>1,227,898</b>	<b>1,241,158</b>
<b>Other comprehensive revenues and expenses</b>					
Items that will be reclassified subsequently to revenues and expenses					
Change in value of available-for-sale investments managed by SET	-	-	-	(215,966)	(215,966)
Change in value of available-for-sale investments from Securities Investor Protection Fund	-	(1,806)	-	-	(1,806)
<b>Total items that will be reclassified subsequently to revenues and expenses</b>	<b>-</b>	<b>(1,806)</b>	<b>-</b>	<b>(215,966)</b>	<b>(217,772)</b>
Items that will not be reclassified subsequently to revenues and expenses					
Remeasurements of post-employment benefits obligations	-	-	-	(13,702)	(13,702)
<b>Total items that will not be reclassified subsequently to revenues and expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(13,702)</b>	<b>(13,702)</b>
<b>Total comprehensive revenues and expenses</b>	<b>2,956</b>	<b>8,498</b>	<b>-</b>	<b>998,230</b>	<b>1,009,684</b>

(Unit : Baht'000)

	SET				Total
	Staff Welfare Fund	Securities Investor Protection Fund (SET's portion)	Derivatives Investor Protection Fund (TFEX's portion)	General Fund	
<b>For the year ended 31 December 2014</b>					
<b>Revenues</b>					
Operating revenues	-	-	-	1,861,296	1,861,296
Investment income, net	2,325	14,739	-	1,244,708	1,261,772
Other income	-	-	-	1,699,123	1,699,123
<b>Total revenues</b>	<b>2,325</b>	<b>14,739</b>	<b>-</b>	<b>4,805,127</b>	<b>4,822,191</b>
<b>Expenses</b>					
Operating expenses	-	138	-	2,791,611	2,791,749
Contributions to the Stock Exchange of Thailand Foundation	-	-	-	547,222	547,222
<b>Total expenses</b>	<b>-</b>	<b>138</b>	<b>-</b>	<b>3,338,833</b>	<b>3,338,971</b>
<b>Revenues over expenses</b>	<b>2,325</b>	<b>14,601</b>	<b>-</b>	<b>1,466,294</b>	<b>1,483,220</b>
<b>Other comprehensive revenues and expenses</b>					
Items that will be reclassified subsequently to revenues and expenses					
Change in value of available-for-sale investments managed by SET	-	-	-	46,063	46,063
Change in value of available-for-sale investments from Securities Investor Protection Fund	-	4,102	-	-	4,102
<b>Total items that will be reclassified subsequently to revenues and expenses</b>	<b>-</b>	<b>4,102</b>	<b>-</b>	<b>46,063</b>	<b>50,165</b>
<b>Total comprehensive revenues and expenses</b>	<b>2,325</b>	<b>18,703</b>	<b>-</b>	<b>1,512,357</b>	<b>1,533,385</b>



## 26. Operating revenues

(Unit : Baht'000)

	Consolidated		SET	
	2015	2014	2015	2014
Trading fees	1,371,622	1,344,659	1,076,551	1,113,957
Stock registrar fees	982,425	867,879	-	-
Listing fees	494,133	434,838	494,133	434,838
Member services fees	466,375	420,246	-	-
Clearing fees	419,887	398,697	-	-
Information service fees	306,962	237,703	250,130	199,026
Depository fees	282,827	260,277	-	-
Customisation and IT support fees	105,709	90,675	105,709	90,675
Membership fees	87,381	81,863	29,361	22,800
Fund registrar fees	1,084	63,983	-	-
	<b>4,518,405</b>	<b>4,200,820</b>	<b>1,955,884</b>	<b>1,861,296</b>

## 27. Investment income, net

(Unit : Baht'000)

	Notes	Consolidated		SET	
		2015	2014	2015	2014
Interest income		503,598	696,656	294,966	416,705
Less Interest expense					
Short-term borrowings from subsidiaries	8	-	-	(26,546)	(28,949)
Assets for clearing system protection - members' portion		(203,413)	(273,212)	-	-
Interest income, net		300,185	423,444	268,420	387,756
Dividend income from					
Mutual funds		111,335	439,119	111,335	438,910
Subsidiaries	13	-	-	438,399	387,928
Jointly venture entity	14	-	-	-	849
Associates	14	-	-	9,446	26,325
Private fund		18	129	10	74
Other entities		2,535	2,701	2,535	2,702
Realised gain (loss) from investments		67,265	(17,561)	65,943	(17,579)
Unrealised gain from investments		10,426	20,767	9,073	17,538
Reversals of impairment loss		250	2,530	250	2,530
		<b>492,014</b>	<b>871,129</b>	<b>905,411</b>	<b>1,247,033</b>

## 28. Other income

(Unit : Baht'000)

	Consolidated		SET	
	2015	2014	2015	2014
Educational activities income	53,757	44,370	53,757	44,370
Revenues from marketing event	34,214	34,728	34,214	34,728
Revenues from fees and management funds	22,099	25,355	-	-
Transfer rights of membership	18,500	-	18,000	-
Service income	13,566	15,009	1,643,421	1,587,607
Rental & utilities revenue	11,471	11,189	11,471	11,189
Fines	11,139	14,546	7,859	10,291
Other income	39,919	19,977	29,530	10,938
	<b>204,665</b>	<b>165,174</b>	<b>1,798,252</b>	<b>1,699,123</b>

## 29. Employee benefit expenses

(Unit : Baht'000)

	Consolidated		SET	
	2015	2014	2015	2014
<b>Management</b>				
Salaries and other benefits	162,066	157,390	162,066	157,390
Contributions to provident fund	10,003	10,745	10,003	10,745
	172,069	168,135	172,069	168,135
<b>Other employees</b>				
Salaries and other benefits	1,138,378	1,031,423	1,138,478	1,031,522
Contributions to provident fund	61,476	60,360	61,476	60,360
	1,199,854	1,091,783	1,199,954	1,091,882
	<b>1,371,923</b>	<b>1,259,918</b>	<b>1,372,023</b>	<b>1,260,017</b>

The defined contribution plans comprise provident funds established by the Group for its employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 3.00% to 10.00% of their basic salaries and by the Group at the rate of 10.00% of the employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by a licensed Fund Manager.

## 30. SEC fees

The Securities and Exchange Act B.E. 2535 requires the SET to pay to the SEC at a rate as determined by the Board of the SEC.

In 2013, the Board of the SEC has approved to charge SET for the year 2014 – 2016 (for the period of 3 years) as follows:

- 1) Charge at the rate of 0.002% of trading value of the year, and
- 2) Charge on total equity of listing companies who have never issued securities for sale under the approval of

the SEC, at the same rate that the SEC charge from listed companies who issued securities and submit report to the SEC according to clause 56 of the SEC Act.

However, if there is an event changes or problems of implementation during the period, terms and conditions may be revised.

The Board of the SEC also required Thailand Future Exchange Public Company Limited (subsidiary) to pay the fee of derivatives trading exchange. The rate for year 2014 – 2016 is Baht 2 million per annum.

## 31. Other expenses

(Unit : Baht'000)

	Consolidated		SET	
	2015	2014	2015	2014
Fees and compensation expenses	58,752	62,628	55,231	55,158
Travelling and vehicle expenses	34,532	40,095	34,531	40,095
Contributions to capital market institutions	28,120	34,557	28,120	34,557
Institution membership fees	4,228	4,780	3,483	3,936
Meeting expenses	3,721	4,415	3,704	4,410
Entertainment expenses	2,491	1,854	2,491	1,854
Other expenses	11,518	13,802	8,982	9,702
	<b>143,362</b>	<b>162,131</b>	<b>136,542</b>	<b>149,712</b>

## 32. Income tax expense

(Unit : Baht'000)

	Consolidated	
	2015	2014
<b>Current income tax</b>		
Current income tax	139,700	112,095
Total current income tax	139,700	112,095
<b>Deferred income tax</b>		
Origination and reversal of temporary differences	266	579
Total deferred income tax	266	579
<b>Total income tax expense</b>	<b>139,966</b>	<b>112,674</b>

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the Thailand basic tax rate as follows:

(Unit : Baht'000)

	Consolidated	
	2015	2014
Revenues over expenses before income tax expense	1,522,322	1,648,151
Tax calculated at a tax rate of 20% (2014: 20%)	304,464	329,630
Income not subject to tax	(439)	(70)
Expenses not deductible for tax purposes	1,242	1,812
Eliminated transaction between related party, net of income tax	83,148	78,185
Revenues over expenses - The Stock Exchange of Thailand, net of income tax	(248,232)	(296,644)
Revenues over expenses - Derivatives Investor Protection Fund (TFEX's portion), net of income tax	(217)	(239)
<b>Current income tax</b>	<b>139,966</b>	<b>112,674</b>

The weight average applicable tax rate was 9.19% (2014: 6.84%).

### 33. Commitments with non-related parties

(Unit : Baht'000)

	Consolidated		SET	
	2015	2014	2015	2014
<b>Capital commitments</b>				
Buildings and other constructions	-	1,623,083	-	1,623,083
Computer and software	20,680	75,384	20,680	75,384
	20,680	1,698,467	20,680	1,698,467
<b>Non-cancellable operating lease commitments</b>				
Within one year	11,207	13,289	11,207	13,289
After one year but within five years	19,516	27,801	19,516	27,801
	30,723	41,090	30,723	41,090
<b>Land lease commitments</b>				
Within one year	13,525	13,525	13,525	13,525
After one year but within five years	47,037	44,883	47,037	44,883
Over 5 years	143,315	158,994	143,315	158,994
	203,877	217,402	203,877	217,402
<b>Derivative trading and clearing system maintenance commitments</b>				
Within one year	55,106	59,111	55,106	59,111
After one year but within five years	133,172	171,968	133,172	171,968
	188,278	231,079	188,278	231,079

Moreover, the SET has an obligation to capital commitment subscription in specific-purpose funds (Note 10). Fund invested directly in energy, alternative a renewable energy firms and businesses that support the government's energy policies. The Asset Management Company will make additional investments from the SET amounting to Baht 18.4 million unless the payment was made in the full amount of capital commitment subscription of due in terms of the 10 years (3 August 2017).

## 34. Fair value

### 34.1 Fair value estimation

The fair value of the financial instruments are defined into the following three different levels by valuation method as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 December 2015.  
(Unit : Baht'000)

	Consolidated			
	2015			
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
<b>Current assets</b>				
Short-term investments				
- Trading securities	-	2,797,737	-	2,797,737
- Available-for-sales	-	1,387,778	-	1,387,778
- Held-to-maturity debt securities	-	701,841	-	701,841
<b>Total current assets</b>	-	<b>4,887,356</b>	-	<b>4,887,356</b>
<b>Non-current assets</b>				
Long-term investments				
- Available-for-sales	1,005,978	5,509,264	-	6,515,242
Assets for clearing system protection and benefits				
- Trading securities	-	647,101	-	647,101
Securities Investor Protection Fund				
- Available-for-sales	36,057	77,439	-	113,496
<b>Total non-current assets</b>	<b>1,042,035</b>	<b>6,233,804</b>	-	<b>7,275,839</b>
<b>Total assets</b>	<b>1,042,035</b>	<b>11,121,160</b>	-	<b>12,163,195</b>

The following table presents SET's financial assets and liabilities that are measured at fair value at 31 December 2015.

(Unit : Baht'000)

	SET			
	2015			
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
<b>Current assets</b>				
Short-term investments				
- Trading securities	-	2,797,737	-	2,797,737
- Available-for-sales	-	1,387,778	-	1,387,778
- Held-to-maturity debt securities	-	701,841	-	701,841
<b>Total current assets</b>	-	<b>4,887,356</b>	-	<b>4,887,356</b>
<b>Non-current assets</b>				
Long-term investments				
- Available-for-sales	1,005,978	5,509,264	-	6,515,242
Securities Investor Protection Fund				
- Available-for-sales	36,057	77,439	-	113,496
<b>Total non-current assets</b>	<b>1,042,035</b>	<b>5,586,703</b>	-	<b>6,628,738</b>
<b>Total assets</b>	<b>1,042,035</b>	<b>10,474,059</b>	-	<b>11,516,094</b>

The following table presents the Group's financial assets and liabilities that are not measured at fair value at 31 December 2015.

(Unit : Baht'000)

	Consolidated			
	2015			
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
<b>Current assets</b>				
Short-term investments				
- Held-to-maturity debt securities		1,178,672	-	1,178,672
- General investments	-	26,522	-	26,522
<b>Total current assets</b>	-	<b>1,205,194</b>	-	<b>1,205,194</b>
<b>Non-current assets</b>				
Long-term investments				
- Held-to-maturity debt securities		2,758,925	-	2,758,925
- General investments	-	-	12,336	12,336
Securities Investor Protection Fund				
- Held-to-maturity debt securities	-	196,621	-	196,621
Derivatives Investor Protection Fund				
- Held-to-maturity debt securities	-	5,732	-	5,732
<b>Total non-current assets</b>	-	<b>2,961,278</b>	<b>12,336</b>	<b>2,973,614</b>
<b>Total assets</b>	-	<b>4,166,472</b>	<b>12,336</b>	<b>4,178,808</b>



The following table presents SET's financial assets and liabilities that are not measured at fair value at 31 December 2015.

(Unit : Baht'000)

	SET			
	2015			
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
<b>Current assets</b>				
Short-term investments				
- Held-to-maturity debt securities	-	1,178,672	-	1,178,672
- General investments	-	26,522	-	26,522
<b>Total current assets</b>	-	<b>1,205,194</b>	-	<b>1,205,194</b>
<b>Non-current assets</b>				
Long-term investments				
- Held-to-maturity debt securities	-	2,758,925	-	2,758,925
- General investments	-	-	12,336	12,336
Securities Investor Protection Fund				
- Held-to-maturity debt securities	-	196,621	-	196,621
<b>Total non-current assets</b>	-	<b>2,955,546</b>	<b>12,336</b>	<b>2,967,882</b>
<b>Total assets</b>	-	<b>4,160,740</b>	<b>12,336</b>	<b>4,173,076</b>

There was no transfers between Levels 1 and 2 during the year.

Other financial instruments not carried at fair value are typically short-term in nature and reprice to current market rate frequently. Accordingly, their carrying amount is a reasonable approximation of fair value. This includes cash and cash equivalents, cash at banks for financial benefits payable, assets for margin deposits and benefits, accounts receivable, accrued interest receivable, deposits and other benefits in assets for clearing system protection, deposits and other benefits in Securities Investor Protection Fund, deposits and other benefits in Derivatives Investor Protection Fund, accounts payable and short-term borrowings from subsidiaries.

The management believes that the fair value of the Group's financial assets and liabilities does not materially differ from their carrying value.

### Valuation techniques used to derive Level 1 fair values

Available-for-sale securities presented as long-term investments and Securities Investor Protection Fund. The fair value of investments is measured by using last bid price at the close of business on the statement of financial position date by reference to the Stock Exchange of Thailand.

### Valuation techniques used to derive Level 2 fair values

Available-for-sale securities presented as short-term investments, long-term investments, Securities Investor Protection Fund and general investments, which are short-term. General investments comprise of investments

in specific-purpose funds in two open-ended venture capital funds. The fair value of investments is measured by using last bid price at the close of business on the statement of financial position date by reference to the Association of Investment Management Companies.

Held-to-maturity debt securities and trading securities include fixed deposit accounts, bonds and debentures. The fair value of fixed deposit accounts, which is in Level 2, is measured by using discounted cash flows based on each contract with an average yield of 4 commercial banks. The fair value of bonds and debentures are measured by using the bid yield of debt securities published in the Thai Bond Market Association at the end of the date in the statement of financial position.

### **Valuation techniques used to derive Level 3 fair values**

As the Group has a general investment in limited companies which the Group's shareholding was insignificant, the Group has no controlling and decision making power in the invested companies resulting in difficulty in obtaining the information to support the fair value valuation in practice. These investments are not in the stock exchange and do not have any market prices which can be used as fair value. The Group also do not have any plan for selling these investments, so the Group did not assess the fair value for the general investment. Therefore, the Group cannot disclose the fair value of the general investment in the notes to the financial statements and have stated these investments at cost net allowance for impairment (if any).

## **35. Litigation, contingent assets and contingent liabilities**

### **35.1 Litigation**

#### **35.1.1 SET**

In 2012, the Group sued the insurance group for the fire damages of the Stock Exchange of Thailand building in 2010. The Group is seeking compensation for alleged damages relating to dismiss an insurance contract amounting to Baht 123 million combined with interest rate at 7.50% per annum. The case was dismissed by civil court and appeal court on 30 September 2013 and 14 November 2014, respectively. The Group filed petitions to the supreme court. As at 31 December 2015, the case was under the consideration of the supreme court. The outcome of the case has not presently been finalised. Therefore, the Group has not recorded any potential income in the financial statements for the years ended 31 December 2015 and 2014.

### **35.2 Contingent liabilities**

#### **35.2.1 SET**

As at 31 December 2015, the SET has letters of guarantee issued by banks totalling Baht 6.99 million (2014: Baht 4.61 million) in respect of electricity usage in the ordinary course of business from which management anticipates that no material liabilities will arise.

The SET has issued a letter of comfort to a bank in respect of an overdraft credit line of Baht 2,400 million (2014: Baht 2,400 million) granted to Thailand Clearing House Co., Ltd. (TCH), a subsidiary, for clearing and settlement of equity instruments and derivatives. Under the terms of the letter of comfort, the SET is required to maintain its shareholding at 99.99% of the registered share capital in TCH to the end of the credit period. In addition, the SET is required to support TCH's operations to ensure its ability to repay the debt to the bank. As at 31 December 2015, TCH had not drawn down the overdraft credit line.

### 35.2.2 Subsidiaries

35.2.2.1 During 2009, the subsidiary was claimed in a civil lawsuit, as joint defendant together with other individuals and juristic persons/entities, for alleged wrongful acts.

On 22 December 2015 the supreme court ordered the subsidiary and related parties to jointly return shares to the plaintiff; or if such return is not possible, to pay to the plaintiff the share price at the amount equal to the trading price of such shares on the date of payment, plus dividend which the plaintiff should have received, totaling Baht 318.68 million. As at 31 December 2015, the subsidiary and related parties were processing according to the judgment of the supreme court.

The Group has insurance coverage for professional liability (Financial Institutional Professional Indemnity Insurance), which covers liability for this case. The insurance company has confirmed responsibility for the restitution amount of Baht 106.23 million. The subsidiary did not record any potential loss in the financial statement for the year ended 31 December 2015 and 2014.

35.2.2.2 On 6 January 2014, the subsidiary was claimed in a civil lawsuit as joint defendant, together with other individuals and juristic persons/entities, related to the performance of certain investment consultants from member which caused damage to the plaintiff. The plaintiff was seeking that alleged damages be jointly responsible for compensation totalling Baht 0.96 million.

As at 31 December 2015, the case was under the consideration of the supreme court. The outcome of the case had not been finalised. Therefore, the subsidiary did not record any potential loss in the financial statements for the year ended 31 December 2015 and 2014.

35.2.2.3 On 30 April 2015, the subsidiary and its employee were claimed in a civil lawsuit as joint defendants, together with juristic entities, related to performance of duties of the subsidiary's employee which caused damage to the plaintiff. The plaintiff was seeking that alleged damages be jointly responsible for compensation totalling Baht 1.48 million.

As at 31 December 2015, the case was under the consideration of the civil court. The outcome of the case had not been finalised. Therefore, the subsidiary did not record any potential loss in the financial statements for the year ended 31 December 2015.

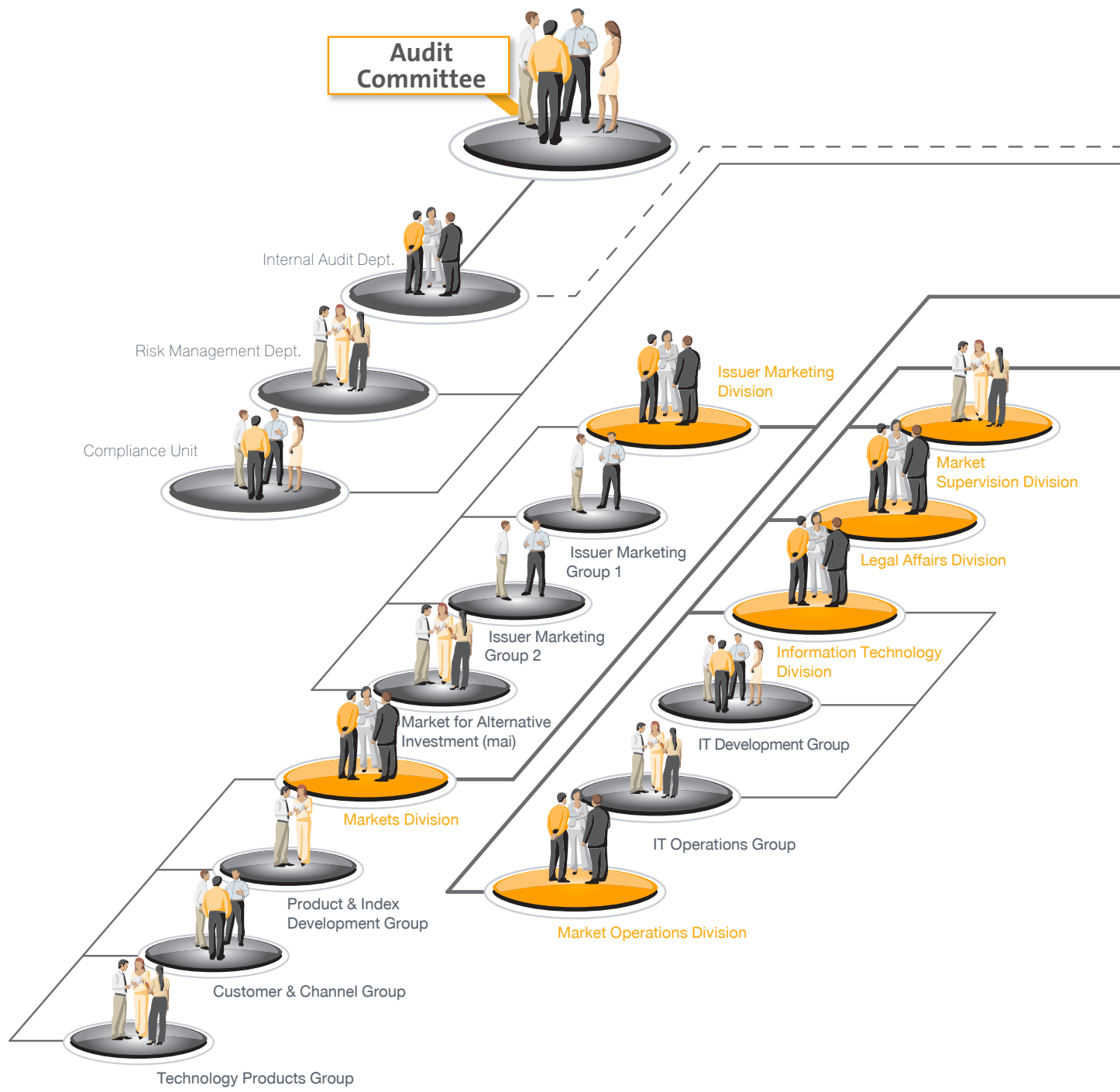
# Towards Further Stability

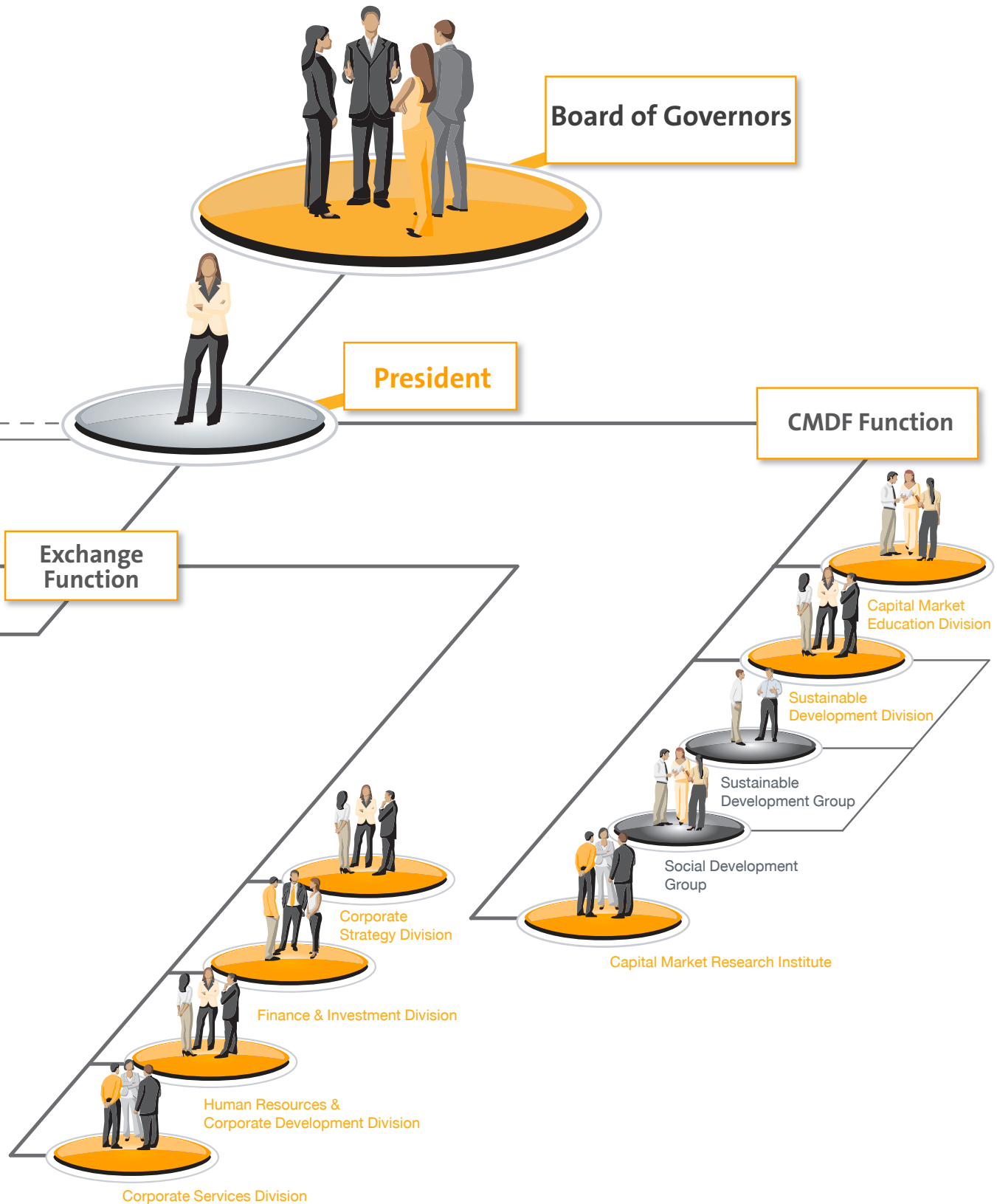
Strengthening leadership and management skills of professional executives and staff of full growth potential





# Organization Chart





As of March 1, 2016

# Board of Governors



**01** | **Dr. Chaiyawat Wibulswasdi**  
Chairman

**02** | **Suthep Peetakanont**  
Governor

**03** | **Professor Kitipong Urapeepatanapong**  
Governor

**04** | **Charnchai Kongthongluck**  
Governor

**05** | **Chaipatr Srivisarvacha**  
Governor

**06** | **Jotika Savanananda**  
Governor





**07** | Pichet Sithi-Amnuai  
Governor

**08** | Voravan Tarapoom  
Governor

**09** | Dr. Somchai Thaisa-nguanvorakul  
Governor

**10** | Dr. Subhak Siwaraksa  
Governor

**11** | Kesara Manchusree  
President



As of March 1, 2016

# Board of Governors

## Dr. Chaiyawat Wibulswasdi Chairman

### Education

- Ph.D., Massachusetts Institute of Technology, USA
- B.A., Williams College, USA

### Executive Education

- National Defence Course for the Joint State Private Sector, The National Defence College of Thailand
- Certificate, Director Certification Program, Thai Institute of Directors Association
- Certificate, Capital Market Academy Leadership Program, The Stock Exchange of Thailand

### Other current positions

- |            |  |
|------------|--|
| Since 2015 | Chairman, Thailand Futures Exchange PCL  |
| Since 2015 | Advisor to Deputy Prime Minister on Economy  |
| Since 2015 | Member, Puey Ungphakorn Institute for Economic Research                            |
| Since 2013 | Independent Director and Member of the Audit Committee, Siam Makro PCL             |
| Since 2012 | Board of Director, College of Management Mahidol University                        |
| Since 2010 | Independent Director and Member of the Audit Committee, Charoen Pokphand Foods PCL |
| Since 2005 | Honorary Advisor, Fiscal Policy Research Institute                                 |

### Past experience

- |             |   |
|-------------|---|
| 2013 - 2015 | Chairman, Executive Board, Corporate Social Responsibility Institute (CSRI) |
| 2007 - 2008 | Vice Chairman, The Securities and Exchange Commission, Thailand             |
| 2004 - 2010 | Chairman of the Board of Executive Directors, KrungThai Bank                |
| 2001 - 2006 | Advisor to Deputy Prime Minister and Minister of Finance                    |
| 1997 - 1998 | Governor, Bank of Thailand  |
| 1996        | Deputy Finance Minister and Acting Finance Minister                         |

## Suthep Peetakanont Vice Chairman

### Education

- MBA, University of Missouri, Kansas City, USA
- BA, Chulalongkorn University, Thailand

### Executive Education

- Certificate, Chairman 2000, Thai Institute of Directors Association
- Certificate, Director Certification Program, Thai Institute of Directors Association
- Certificate, Capital Market Academy Leadership Program, The Stock Exchange of Thailand

### Other current positions

- |            |  |
|------------|--|
| Since 2015 | Chairman, Disciplinary Committee, The Stock Exchange of Thailand   |
| Since 2014 | Chairman, Risk Management Committee, The Stock Exchange of Thailand  |
| Since 2014 | Chairman, Nomination and Remuneration Committee, The Stock Exchange of Thailand                                    |
| Since 2012 | Director, Thailand Futures Exchange PCL  |
| Since 2011 | Chairman of the Board of Directors and Chairman of the Board of Executive Directors, Capital Nomura Securities PCL |

### Past experience

- |             |   |
|-------------|---|
| 2013 - 2015 | Member, SET Head Office Construction Committee, The Stock Exchange of Thailand  |
| 2012 - 2014 | Member, Disciplinary Committee, The Stock Exchange of Thailand  |
| 2010 - 2011 | Chairman of the Board of Directors, Acting Chairman of the Board of Executive Directors and Executive Director, Capital Nomura Securities PCL |
| 2009        | Honorary Chairman, Capital Nomura Securities PCL  |
| 2004 - 2005 | Chairman, Federation of Thai Capital Market Organizations   |
| 2003 - 2005 | Vice Chairman, The Stock Exchange of Thailand   |
| 2002 - 2005 | Chairman, Association of Securities Companies   |

## Charnchai Kongthongluck Governor

### Education

- BBA (Accounting), Thammasat University
- MS (Accounting), Thammasat University

### Executive Education

- Certificate, Directors Certification Program, Thai Institute of Directors Association
- Certificate, Capital Market Academy Leadership Program, The Stock Exchange of Thailand

### Other current positions

- |            |  |
|------------|--|
| Since 2015 | Chairman, Corporate Governance and Social Responsibility Committee, The Stock Exchange of Thailand               |
| Since 2014 | Member, Audit Committee, The Stock Exchange of Thailand  |
| Since 2013 | Director, Thailand Futures Exchange PCL  |
| Since 2012 | Disciplinary of Personnel in Capital Market Industry Committee, The Securities and Exchange Commission, Thailand |
| Since 2010 | Vice Chairman, Association of Thai Securities Companies  |
| Since 2009 | Director, Trinity Watthana PCL   |
| Since 2006 | Chairperson, Futures Industry Club   |
| Since 2001 | Director/President, Trinity Securities Co., Ltd.   |

### Past experience

- |                 |  |
|-----------------|--|
| 2013 - Jun 2014 | Member, Disciplinary Subcommittee, Thailand Futures Exchange PCL |
| 2005 - 2009     | Director, Trinity Polaris Futures Co., Ltd.                      |

## Chaipatr Srivisarvacha Governor

### Education

- MBA (Finance), Illinois Benedictine College, USA
- Bachelor of Science (Metallurgy), Lehigh University, USA
- Geelong Grammar School, Australia

### Executive Education

- Certificate, Directors Certification Program, Thai Institute of Directors Association
- Certificate, Chairman 2000, Thai Institute of Directors Association
- Certificate, Corporate Governance for Capital Market Intermediaries 3/2015, Thai Institute of Directors Association
- Certificate, CMA-GMS 1, Capital Market Academy Executive Education, The Stock Exchange of Thailand
- Certificate, Capital Market Academy Leadership Program, The Stock Exchange of Thailand

### Other current positions

Since	Chairman of the Board of
28 Dec 2015	Directors, Thai Foods Group PCL
Since 2011	Director (Independent), Precious Shipping PCL
Since 2011	Director, Solaris Asset Management Co., Ltd.
Since 2009	Chief Executive Officer, KT ZMICO Securities Co., Ltd.
Since 2009	Chairman of the Board and Executive Chairman, Thanh Cong Securities Company J.S.C.
Since 2007	Chief Executive Officer, Seamico Securities PCL
Since 1999	Director, Population & Community Development Association (PDA)

### Past experience

2012 - 2014	Governor, The Stock Exchange of Thailand
2013 - 2014	Member, Audit Committee, The Stock Exchange of Thailand
2012 - 2013	Director, Thailand Futures Exchange PCL
2010 - 2011	Board of Director and Chairman of the Audit Committee, Dhanarak Asset Development Co., Ltd.
2003 - 2008	President of the Board, New International School of Thailand (affiliated with the United Nations)
2001 - 2007	Independent Director, Audit Committee, Thanachart Bank PCL
1999 - 2000	Advisor to the Chairman of the Board of Directors, The Telephone Organization of Thailand

## Jotika Savanananda Governor

### Education

- MBA, (Finance and International Business), Sasin Graduate Institute of Business Administration, Chulalongkorn University
- MS (Psychology), University of San Francisco, California, USA
- BA (Psychology), University of Minnesota, Minnesota, USA

### Executive Education

- National Defence College (NDC50), The National Defence College of Thailand
- Certificate, Director Certification Program, Thai Institute of Directors Association
- Certificate, Capital Market Academy Leadership Program, The Stock Exchange of Thailand
- Certificate, Thailand Insurance Leadership Program, Office of Insurance Commission

### Other current positions

Since 2015	Director, CPN PCL
Since 2015	Chairman of the Board, Talis Asset Management Co., Ltd.
Since 2014	Chairman, Audit Committee, The Stock Exchange of Thailand
Since 2014	Commission Member, Office of Insurance Commission

### Past experience

2014 - 2015	Director, Government Housing Bank
2009 - April 2014	President, SCB Asset Management Co., Ltd.
1996 - 2009	CEO, TMB Asset Management Co., Ltd
1993 - 1995	Executive Vice President, Asset Plus Securities
1990 - 1992	Research Director, Baring Research (Thailand)

## Professor Kitipong Urapeepatanapong Governor

### Education

- LLM, University of British Columbia, Canada
- LLM, Chulalongkorn University
- Admitted as Thai Barrister-at-law, Chulalongkorn University
- LLB, Chulalongkorn University

### Executive Education

- Certificate, Company Directors Course, Australian Institute of Directors
- Diploma for Executives Program, The King Prajadhipok's Institute
- Certificate, Corporate Governance, Director Education Program, Yale School of Management
- Certificate for Senior Executives, The Judicial Training Institute (Class 9)
- Diploma for Joint State-Private Sectors, National Defence College (Class 18)
- Certificate, Top Executive Program in Commerce and Trade (TEPCoT)
- Certificate, The Role of The Chairman Program, Thai Institute of Directors Association
- Certificate, Capital Market Academy Leadership Program, The Stock Exchange of Thailand

### Other current positions

2016	Chairman, Legal Affairs Committee, The Stock Exchange of Thailand
Since 2014	Member, Disciplinary Committee, The Stock Exchange of Thailand
Since 2011	Chairman of Tax and Regulation Committee and Director, The Thai Chamber Of Commerce
Since 2011	Professor, The Faculty of Law, Chulalongkorn University
Since 1999	Executive Director, Siam Piwat Co., Ltd.
Since 1990	Chairman, Baker & McKenzie

### Past experience

2014 - 2015	Member, SET Head Office Construction Committee, The Stock Exchange of Thailand
2014 - 2015	Member, Listing Expansion Committee, The Stock Exchange of Thailand
2014 - 2015	Executive Member, The National Reform Council

## Pichet Sithi-Amnuai Governor

### Education

- Master of Education (Early Childhood Education), Chulalongkorn University
- Master of Business Administration, University of Texas at Austin, USA
- Bachelor of Engineering (Industrial Engineering), Chulalongkorn University

### Executive Education

- Certificate, Leadership Development Program, Thai Listed Companies Association
- Certificate, Monitoring Fraud Risk Management, Thai Institute of Directors Association
- Certificate, Successful Formulation & Execution the Strategy, Thai Institute of Directors Association
- Certificate, Audit Committee Program, Thai Institute of Directors Association
- Certificate, Director Certification Program, Thai Institute of Directors Association
- Certificate, Capital Market Academy Leadership Program, The Stock Exchange of Thailand

### Other current positions

- Since 2015 Director, SS Family Holding Co., Ltd.
- Since 2015 Member, Disciplinary Sub-committee, Thailand Futures Exchange PCL
- Since 2015 Member, Business Conduct Sub-committee, Thailand Clearing House Co., Ltd.
- Since 2014 Member, Risk Management Committee, The Stock Exchange of Thailand
- Since 2014 Member, Corporate Governance and Social Responsibilities Committee, The Stock Exchange of Thailand

### Past experience

- 2013 – 2014 Specialist, Thai Listed Companies Association's representative; Appeals Committee, The Stock Exchange of Thailand
- 2007 – 2012 Chairman of the Audit Committee, Independent Director, Mermaid Maritime PCL
- 2000 – 2008 President, Master Franchise, Gymboree Play & Music, Play & Music Co., Ltd.
- 1994 – 2000 First Vice President of Corporate Finance Department, Jardine Fleming Thanakom Securities Co., Ltd.
- 1991 – 1994 Assistant General Manager, International Business Division, MMC Sittipol Co., Ltd.

## Somchai Thaisa-nguanvorakul, D.P.A

### Governor

### Education

- Doctor of Public Administration (Public Administration), Ubon Ratchathani University
- Master of Public and Private Management, National Institute of Development Administration
- Bachelor of Political Science, Ramkhamhaeng University

### Executive Education

- Certificate in Management, University of California, Berkeley, California, USA
- Certificate, The Senior Executive Program, Sasin Graduate Institute of Business Administration of Chulalongkorn University
- Certificate, Director Accreditation Program (Class 31), Thai Institute of Directors Association
- Certificate, Director Certification Program (Class 55), Thai Institute of Directors Association
- Certificate, Advanced Security Management Program (Class 5), The Association National Defence College of Thailand under the Royal Patronage of His Majesty the King
- Certificate, Capital Market Academy Leadership Program, The Stock Exchange of Thailand

### Other current positions

- 2016 Chairman, Securities Investor Protection Fund Committee, The Stock Exchange of Thailand
- 2016 Member, Derivatives Investor Protection Fund Committee, Thailand Futures Exchange PCL
- Since 2014 Member, Corporate Governance and Social Responsibility Committee, The Stock Exchange of Thailand
- Since 2014 Expert of the panel of experts to develop the Market for Alternative Investment
- Since 2004 Chairman of the Executive Committee, SNC Former PCL

### Past experience

- 2014 – 2015 Member, Listing Expansion Committee, The Stock Exchange of Thailand
- 2000 – 2002 Advisor to the Second Vice-President of the Senate

## Dr. Subhak Siwaraksa Governor

### Education

- Ph.D. (Economics), University of Pennsylvania, USA
- M.A. (Law and Diplomacy), Fletcher School of Law and Diplomacy, Tufts University, Massachusetts, USA
- B.A. [English Literature (Honors program) and Economics], Georgetown University, Washington D.C., USA

### Executive Education

- Certificate, Financial Institutions Governance Program (FGP), Thai Institute of Directors Association
- The National Defence College (Class 2007)
- Certificate, Directors Certification Program, Thai Institute of Directors Association
- Certificate, Directors Accreditation Program, Thai Institute of Directors Association
- Certificate, Financial Executive Seminar, Bangkok (FINEX IV)
- Certificate, Capital Market Academy Leadership Program, The Stock Exchange of Thailand

### Other current positions

- Since 2014 Member of the Audit Committee and Member of the Corporate Governance and Social Responsibility Committee, The Stock Exchange of Thailand
- Since 2013 Chairman, Sathorn Asset Management Co., Ltd.
- Since 2009 President and Chief Executive Officer, CIMB Thai Bank PCL

### Past experience

- 2011 – 2013 Governor, Member of the Audit Committee and Member of the Listing Expansion and Development Committee, The Stock Exchange of Thailand
- 2008 – 2009 Director, Export-Import Bank of Thailand
- 2008 – 2009 Chairman, TMB Asset Management Co., Ltd.
- 2003 – 2008 Chief Executive Officer and President, TMB Bank PCL

## Voravan Tarapoom Governor

### Education

- MBA, University of North Texas, Denton, Texas, USA
- Bachelor of Architecture, Silpakorn University

### Executive Education

- Certificate, Role of the Compensation Committee, Thai Institute of Directors Association
- Certificate, Director Certification Program, Thai Institute of Directors Association
- Certificate, Audit Committee Program, Thai Institute of Directors Association
- Certificate, Role of the Chairman Program, Thai Institute of Directors Association
- Certificate, Risk Management Committee Program, Thai Institute of Directors Association
- Certificate, Capital Market Academy Leadership Program, The Stock Exchange of Thailand

### Other current positions

- |            |   |
|------------|---|
| Since 2015 | Member, The Capital Market Development Committee, Ministry of Finance |
| Since 2015 | Director, TRIS Corporation Limited                                    |
| Since 2015 | Director, TRIS Rating Co., Ltd.                                       |
| Since 2014 | Chairperson, Association of Investment Management Companies           |
| Since 2014 | Chairman, Federation of Thai Capital Market Organizations             |
| Since 2013 | Chief Executive Officer, BBL Asset Management Co., Ltd.               |

### Past experience

- |             |  |
|-------------|--|
| 2000 - 2002 | Deputy Managing Director, MFC Asset Management PCL   |
| 1995 - 1999 | Managing Director, Thai Asia Asset Management Co., Ltd. (currently UOB Asset Management Co., Ltd.) |
| 1992 - 1994 | Senior Vice President, Thana One Finance & Securities Co., Ltd.                                    |
| 1985 - 1992 | Vice President, Bank of Asia PCL   |
| 1982 - 1985 | Accounts Executive, Datamat Co., Ltd.  |

## Kesara Manchusree President

### Education

- Master of Science in Finance, Golden Gate University, San Francisco, USA
- Bachelor of Arts in Economics, Thammasart University

### Executive Education

- Certificate, Thailand Energy Academy Leadership Program
- TLCS Leadership Development Program (LDP)
- Certificate, Top Executive Program in Commerce and Trade, Commerce Academy, University of the Thai Chamber of Commerce
- Certificate, Advanced Senior Executive Program (ASEP), Evanston, Chicago, USA, a joint program of Sasin (Chulalongkorn University) and Kellogg School of Management (Northwestern University)
- Certification, Director Certification Program, Thai Institute of Directors Association
- Certificate, Capital Market Academy Leadership Program, The Stock Exchange of Thailand

### Other current positions

- |            |  |
|------------|--|
| Since 2015 | Director, The Thammasat Economics Association  |
| Since 2015 | Advisor, Center for Building Competitive Enterprises   |
| Since 2014 | Vice Chairman, Thailand Futures Exchange PCL   |
| Since 2014 | Chairman of SET subsidiaries: <ul style="list-style-type: none"><li>- Thailand Securities Depository Co., Ltd.</li><li>- Settrade.com Co., Ltd.</li><li>- Thailand Clearing House Co., Ltd.</li><li>- Thai NVDR Co., Ltd.</li><li>- Siam DR Co., Ltd.</li><li>- Thai Trust Fund Management Co., Ltd.</li></ul> |
| Since 2014 | Director, The Thai Institute of Directors Association  |
| Since 2014 | Director, Faculty of Arts, Rajamangala University of Technology Rattanakosin   |
| Since 2014 | Member, Advisory Board of Sasin Graduate Institute of Business Administration, Chulalongkorn University  |

### Past experience

- |             |  |
|-------------|--|
| 2014 - 2015 | Executive Vice President, The Stock Exchange of Thailand     |
| 2004 - 2015 | Managing Director, Thailand Futures Exchange PCL             |
| 2010 - 2011 | Director - Investment Analysts Association                   |
| 2009 - 2011 | Director, The Faculty of Economics, Chulalongkorn University |
| 1999 - 2003 | Executive Vice President, Thai Bond Dealing Center           |

# SET Executive



**01** | **Kesara Manchusree**  
President

**02** | **Bordin Unakul**  
Senior Executive Vice President  
Head of Sustainable Development Division

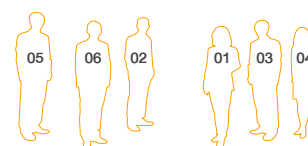
**03** | **Dr. Pakorn Peetathawatchai**  
Senior Executive Vice President  
Head of Corporate Strategy Division  
and Head of Finance & Investment Division

**04** | **Dr. Rinjai Chakornpipat**  
Senior Executive Vice President  
Head of Markets Division  
and Managing Director - Thailand Future  
Exchange Public Company Limited



**05** | **Supakit Jirapraditkul**  
 Senior Executive Vice President  
 Head of Market Supervision Division  
 and Head of Legal Affairs Division

**06** | **Dr. Santi Kiranand**  
 Senior Executive Vice President  
 Head of Issuer Marketing Division



As of March 1, 2016



**01** | **Dr. Krisada Sektrakul**  
Executive Vice President  
Head of Capital Market Education  
Division

**02** | **Kirati Kosicharoen**  
Executive Vice President  
Head of Customer & Channel Group  
and Head of Technology  
Products Group

**03** | **Thirapun Sanpakit**  
Executive Vice President  
Head of Information  
Technology Division

**04** | **Noppakao Sucharitakul**  
Executive Vice President  
Head of Social Development Group

**05** | **Prapan Charoenprawatt**  
Executive Vice President  
and President - Market for  
Alternative Investment (mai)

**06** | **Paveena Sriphothong**  
Executive Vice President  
Market Supervision Division

**07** | **Pannaporn Sapsomboon**  
Executive Vice President  
Head of IT Development Group





**08** | **Pannavadee Ladavalaya Na Ayudhya**  
Executive Vice President  
Head of Corporate Services Division

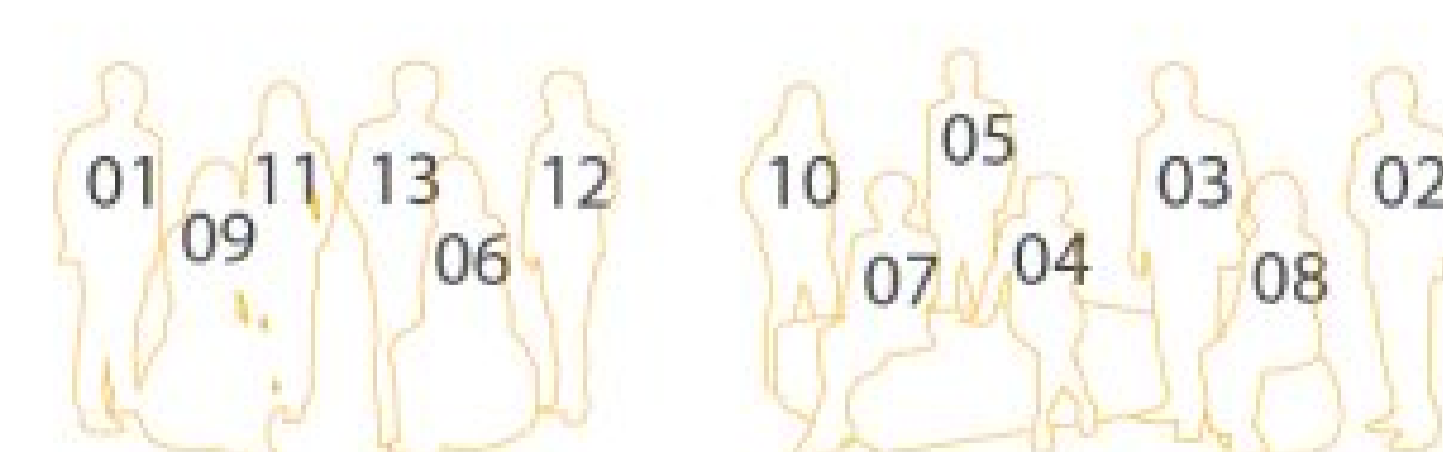
**09** | **Paythai Petcharat**  
Executive Vice President  
Head of IT Operations Group

**10** | **Pataravasee Suvarnsorn**  
Executive Vice President  
Head of Market Operations Division  
and Managing Director -  
Thailand Clearing House Co., Ltd.

**11** | **Yupawan Sirichainarumitr**  
Executive Vice President  
Market Operations Division  
and Managing Director - Thailand  
Securities Depository Co., Ltd.

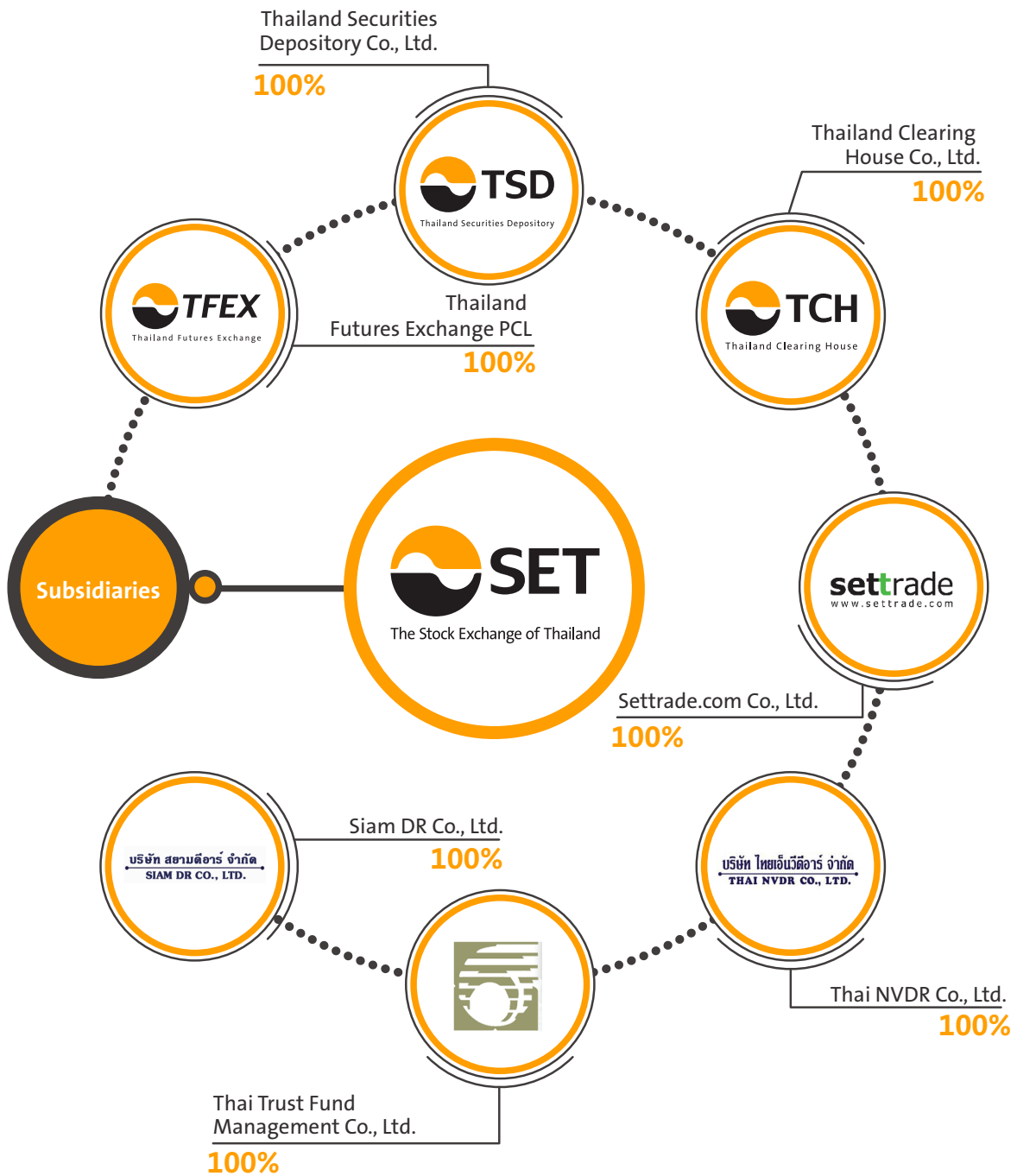
**12** | **Rungtip Charoervisuthiwong**  
Executive Vice President  
Head of Issuer Marketing Group 2

**13** | **Amnouv Jiramahapoka**  
Executive Vice President  
Head of Issuer Marketing Group 1



As of March 1, 2016

# Shareholding Structure



# Subsidiaries

## Thailand Futures Exchange PCL

The Thailand Futures Exchange PCL (TFEX), a subsidiary of The Stock Exchange of Thailand (SET), was established on May 17, 2004, as a derivatives exchange under the Derivatives Act B.E. 2546 (2003). TFEX received a license to be a center of derivatives trading under the supervision of the Securities and Exchange Commission (SEC) on February 11, 2005.

### Operations

TFEX trades derivatives based on equities, bonds and other consumer products. By law, TFEX is allowed to trade futures, options and options on futures, including those with the following securities as underlying products:

- Indices of securities, including equities
- Debt instruments and interest rates
- Non-agricultural commodities and other financial indices (e.g. gold, crude oil or foreign currencies, etc.)

TFEX's objective is to benefit investors and related parties by:

Being a center of derivatives trading, meeting international standards, especially efficiency, and helping individual and juristic investors to effectively use the products as hedging instruments.

- Offering alternative investments in a trading system that is fair, transparent and liquid according to international standards, including building confidence in the clearing and settling of every transaction made on TFEX, as TFEX has the Thailand Clearing House Co., Ltd., which is very stable, as its counterparty.
- Providing investors with information that reflects the expectations of market participants as to future prices of securities. Investors and enterprises will thus be able to plan their operations more effectively.

### Registered capital and organizational management

TFEX has a total registered capital of THB 100 million (USD 2.91 million), 100% wholly owned by SET.

### Board of Directors

Dr. Chaiyawat	Wibulswasdi	Chairman
Kesara	Manchusree	Vice Chairman
Charnchai	Kongthongluck	Member
Dr. Pakorn	Peetathawatchai	Member
Pattera	Dilokrunghthirapop	Member
Dr. Santi	Kiranand	Member
Dr. Somjin	Sornpaisarn	Member
Suthep	Peetakanont	Member
Dr. Rinjai	Chakornpipat	Managing Director

# Thailand Securities Depository Co., Ltd.

Thailand Securities Depository Co., Ltd. (TSD) is a subsidiary of The Stock Exchange of Thailand. TSD was established on November 16, 1994 and commenced operations on January 1, 1995, to develop and support post-trade services with maximum efficiency, in line with international standards.

## Operations

TSD provides two types of securities post-trade services:

- **Securities depository services:** acts as a central securities depository for stocks and bonds, using a secure and efficient scripless system, providing services for securities deposit, withdrawal, transfer, pledge and revocation. Investors can conduct the transactions through depository participants
- **Securities registration services:** acts as a registrar for common and preferred stocks, offers service which mainly covers the functions of preparing and maintaining the Register Book that contains correct and complete information, and also responsible for managing the foreign holding proportion of the securities traded on the main board and foreign board of The Stock Exchange of Thailand to comply with related rules and regulations. TSD service is carried out through the cutting edge and efficient computer system that has been developed to have a direct linkage to that of the Securities Depository Center. TSD has secured data storage and processing system with the corresponding back-ups ready for securing the continuity of the service. The vault and data management systems have been in place to secure the rights of the securities holders and for verification and risk minimizing purposes.

## Registered capital and organizational management

TSD has a total registered capital of THB 200 million, with SET holding 100% of the total registered capital

## Board of Directors

Kesara	Manchusree	Chairman
Dr. Pakorn	Peetathawatchai	Member
Pataravasee	Suvarnsorn	Member
Supakit	Jirapraditkul	Member
Yupawan	Sirichainarumitr	Managing Director

## Thailand Clearing House Co., Ltd.

Thailand Clearing House Co., Ltd. (TCH), a subsidiary of The Stock Exchange of Thailand (SET), was established on August 9, 2004 to clear and settle derivatives trading. On February 15, 2010, SET transferred the Securities Clearing and Settlement Unit from Thailand Securities Depository Co., Ltd. (TSD) to TCH. At present, TCH's service is being the center for clearing and settling of securities traded on SET, mai, BEX and TFEX. As such, there is a clear separation of operations and management between TCH and TSD, reducing the cost of managing risk and placing collateral, thus bringing the Thai capital market's post-trade services to be more in line with international standards.

### Operations

TCH's most important role is to be the center of clearing and settling financial products in the Thai capital market by being the central counterparty and guaranteeing the clearing and settlement of every transaction made on SET, mai, BEX and TFEX. As such, it will reduce overall risks, strengthen confidence among all market participants and promote the Thai capital market development in the long run.

### Registered capital and organizational management

TCH has a total registered capital of THB 600 million, with the SET holding 100% of the total registered capital.

### Board of Directors

Kesara	Manchusree	Chairman
Dr. Pakorn	Peetathawatchai	Member
Supakit	Jirapraditkul	Member
Pataravasee	Suvarnsorn	Managing Director

## Settrade.com Co., Ltd.

Settrade.com Co., Ltd. (Settrade) was established by The Stock Exchange of Thailand (SET) on October 13, 2000 and commenced operations on November 3, 2000, to provide internet trading platforms and investment technology for securities companies, aiming to offer more channels for securities trading and to make it convenient for investors.

### Operations

Settrade provides Internet trading systems for equities and derivatives, as well as investment technology for SET members and TFEX members. Settrade aims to offer a broader range of trading channels to investors, while developing computer system for securities and derivatives business.

### Registered capital and organizational management

Settrade has a total registered capital of THB 80 million (USD 2.33 million), with SET holding 100% of the total registered capital

### Board of Directors

Kesara	Manchusree	Chairman
Kirati	Kosicharoen	Member
Dr. Pakorn	Peetathawatchai	Member
Supakit	Jirapraditkul	Member

## Thai NVDR Co., Ltd.

Thai NVDR Co., Ltd. (Thai NVDR) was established on October 4, 2000, with a registered capital of THB 10 million. The Stock Exchange of Thailand (SET) is the major shareholder, holding 99.99% of the total shares. Thai NVDR is responsible for issuing and selling Non-Voting Depository Receipts (NVDRs) to investors.

### Operation

Thai NVDR is responsible for executing the purchase or sale of those listed company shares whose investors wish to trade through NVDRs. This service is offered to all, irrespective of the number of securities held or the holder's nationality. NVDR holders receive the same full financial benefits as they would receive if they had invested directly in shares (dividends, rights issue and warrants) but NVDR holders have no voting rights at the shareholders' meeting.

### Registered capital and organizational management

Thai NVDR has a total registered capital of THB 10 million, with 100% wholly owned by SET.

### Board of Directors

Kesara	Manchusree	Chairman
Dr. Pakorn	Peetathawatchai	Member
Pataravasee	Suvarnsorn	Member
Supakit	Jirapraditkul	Member

## Thai Trust Fund Management Co., Ltd.

The Thai Trust Fund Management Co., Ltd. (TTF) was established on December 17, 1996 by The Stock Exchange of Thailand (SET) to promote foreign investment in the Thai capital market by providing foreigners with another channel for investing in Thai listed shares through mutual funds.

### Operations

TTF was licensed by the Securities and Exchange Commission (SEC) and is managed by SET and Thailand Securities Depository Co., Ltd. (TSD). TTF is a passive management arrangement. When an investor places a bid through a broker, TTF will place a corresponding order to buy the underlying shares and then will issue units to the investor. TTF will not exercise its voting rights except on motions to delist the underlying shares from SET. The main function of TTF is to look after the financial benefits of unit holders on dividends and right issues. TTF functions as an open-ended fund, and invests in shares of any listed company. The mutual funds are considered to be Thai juristic entities even though foreigners own all of the fund's units.

### Registered capital and organizational management

TTF has a total registered capital of THB 100 Million, 100% wholly owned by SET.

### Supervisor of the Mutual Fund

Thai Military Bank pcl.

### Board of Directors

Kesara	Manchusree	Chairman
Supakit	Jirapraditkul	Member
Yupawan	Sirichainarumitr	Member



## Siam DR Co., Ltd.

Siam DR co., Ltd. was established by The Stock Exchange of Thailand (SET), with the objective of issuing and selling depository receipts (DR) to investors.

### Operations

Siam DR Co., Ltd. is responsible for issuing and selling depository receipts (DR) to investors under the Securities and Exchange Commission (SEC) regulations and then buy underlying securities of a listed company or other securities approved by the SEC. DR holders will receive financial benefits the same way as the holders of those underlying securities such as financial rights or voting rights. However only DR holders who have Thai nationality will have the rights to vote, and will be via Siam DR Co., Ltd. only.

### Registered Capital

Siam DR Co., Ltd. has registered capital of THB 10 million, with the SET's holding 100% of all registered capital.

### Board of Directors


Kesara	Manchusree	Chairman
Dr. Pakorn	Peetathawatchai	Member
Supakit	Jirapraditkul	Member
Pataravasee	Suvarnsorn	Member






**The Stock Exchange of Thailand cares about the environment,**  
by using eco-friendly paper and soy inks to reduce carbon dioxide emissions.

 Reduce using  
7 Woods

 Carbon Dioxide  
uptake 1 Tons

 Water saving  
1,554 Liters

 Steam saving  
0 Tons

 Power saving  
36 Units

