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**ThaiBMA**

สมาคมตลาดตราสารหนี้ไทย  
The Thai Bond Market Association

*Years*



**30 Years** of the ThaiBMA

Towards a Fair and Efficient Bond Market



# ThaiBMA

สมาคมตลาดตราสารหนี้ไทย

The Thai Bond Market Association





The Thai Bond Market Association



## Preface

“**30 Years of the ThaiBMA**” is a commemorative book published to mark the 30th anniversary of the Thai Bond Market Association. It aims to document the history, operation, and evolution of the Thai BMA in making pivotal contributions to the growth of the country’s bond market over the past 30 years from its first step of establishment in November 1994.

By the time of being the Thai Bond Market Association as it is today, the organization has undergone three major structural transformations. From the **Bond Dealers Club (BDC)**, which was a gathering of financial institutions to pioneer debt securities trading through a computerized trading system in Thailand in 1994, the organization changed its legal status to **Thai Bond Dealing Centre (ThaiBDC)** in 1998, soon after the eruption of the “TomYam Kung Crisis” in the Thai financial sector. However, this crisis has led to leapfrogging expansion of the domestic bond market, resulting in the upgrading of ThaiBDC to a Self-Regulatory Organization (SRO) and a Bond Information Center under the name of Thai Bond Market Association (ThaiBMA) in 2005. The content of this book is divided into three chapters. The first chapter provides an overall picture of the development of government bonds, which is considered the initial basic leading to bond market development. The second chapter showcases the development and achievements of the organization, which is composed of three phases: **The Beginning of the Legend; Turning Crisis into Opportunity; and Expansion into the Role of SRO & Information Center.** And, finally, **Chapter 3 tells the stories and experiences in driving the development of the bond market through interviews with a number of bond market veterans.** The publishing team sincerely hopes that this book will be a collection of knowledge about the history of bond market development in various aspects, which is a useful source of reference for interested persons and personnel in the capital market. Should there be any missing or incomplete information in this book, we take full responsibility for the mistake.

**The Editorial Team**

**September 2024**

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# Messages from Executives









## Message from the Chairman of the Board of Directors, ThaiBMA

*Sommai Sr.*

**(Mr. Sommai Phasee)**

Chairman of the Board of Directors  
The Thai Bond Market Association

The Thai Bond Market Association was established in November 1994 through the collaboration of various agencies that realized the need for a bond market as another channel of fundraising in addition to bank borrowing and mobilizing funds through the stock market with the aim of fostering a balanced financial system in Thailand. For 30 years already, the ThaiBMA has experienced several lessons, adaptations, transformations, and developments in all aspects with determination and perseverance. Starting from being the “Bond Dealers’ Club” to the “Thai Bond Dealing Centre” and the “Thai Bond Market Association” today, if it is a person, it has gone through the journey from childhood to adolescence and is about to grow into a full adult.

The Thai bond market has grown continuously from a market value of only THB 339,000 million, or 9.3% of GDP, at the end of 1994 to THB 17 trillion, or 95% of GDP, at the end of June 2024, almost the same size as the stock market and the bank loan market, which currently account for 102% and 90%, respectively, of GDP. This is considered an achievement of the initial purpose of the establishment of the organization, which is to serve as a source of funding for the government and private sectors. So far, over 653 government and private entities have been able to issue bonds and debentures in various forms with different maturity ranging from 7 days to 50 years, contributing to the relatively high level of breadth and depth of the Thai bond market.

The 30<sup>th</sup> anniversary of the ThaiBMA this year provides a good opportunity to reflect on the evolution of the organization in each era over the past 30 years, which witnessed improvement of ways of working in line with changing market environments as well as commitment of the association’s personnel to dedicatedly applying knowledge and abilities at work to attain success. At the same time, we determine to learn from our past experiences to make preparedness to embrace change so as to develop the Thai bond market to meet regional standards in tandem with the concept of sustainable finance, where issuers and investors grow together.

On this noteworthy occasion, I would like to express my sincere appreciation for the continued cooperation from the government and private sector entities and look forward to our good cooperation in the future. Furthermore, I am grateful for the valuable contributions of all the former and current management and staff of the ThaiBMA, which have made a significant impact on our organization. I am soliciting your encouragement for the management and all staff who have unwavering dedication and commitment to the pursuit of greater efficiency and sustainable development for the Thai bond market.



**Message from the Director  
General of the Public Debt  
Management Office,  
Ministry of Finance**

A handwritten signature in black ink, appearing to read 'Patchara Anuntasilpa', written over a light blue rectangular background.

**Mr. Patchara Anuntasilpa**

Director General,  
Public Debt Management Office,  
Ministry of Finance

Throughout the past 30 years, the Thai Bond Market Association (ThaiBMA) has been a pivotal driver and mechanism for developing the Thai bond market to be a sustainable source of financing with great potential to accommodate fundraising in both the government and private sectors. It has also made significant contributions in supporting and linking market participants, including a comprehensive scale of bond issuers and investors, through the formulation of regulations and standards of practice that are fair and in line with international standards. In addition, it is active in acting as a center for dissemination of bond market information by verifying, compiling, disclosing, and publicizing the information of all kinds of domestic bonds and debt securities, which leads to the creation and publication of systematic reference bond prices that efficiently reflect the financial market mechanism. This has helped create transparency and the ability to access information for market participants on an equitable basis, as well as building confidence among domestic and foreign investors in participating in the Thai financial market.

On the occasion of its 30<sup>th</sup> anniversary, I would like to congratulate the ThaiBMA and wish its continued success to be an excellent self-regulatory organization with strong commitment to the development of guidelines for setting regulations and standards, as well as financial innovations and an information system for monitoring and reporting the movement of the Thai bond market in consistency with the changing dynamics, in order to jointly push forward and drive the support mechanism for market players as well as the development of infrastructure that is conducive to the creation and development of the Thai bond market to grow sustainably and become one of the regional bond market hubs in the future.



## Message from the Secretary General of the Office of the Securities and Exchange Commission

A handwritten signature in Thai script, reading "พรานอง บุดสารตราگون" (Pornanong Budsaratragoon).

(Dr. Pornanong Budsaratragoon)

Secretary-General  
Office of the Securities and  
Exchange Commission

I am deeply honored to be part of the 30<sup>th</sup> anniversary celebration of the Thai Bond Market Association, which marks the success, growth, and long-standing cooperation with the Securities and Exchange Commission (SEC) in jointly developing the country's bond market.

Since the ThaiBMA was granted a license to be a securities business-related association under the Securities and Exchange Act B.E. 2535 (1992), it has actively performed the functions of self-regulatory organization (SRO), market monitoring and surveillance, stipulation of standards of practice, as well as acting as an information center and bond pricing agency. Throughout its three decades of operation, the association has played a vital role in supporting the development of bond market infrastructure, providing both the public and private sectors with a key source of fundraising. These achievements include the

development of a government bond yield curve as a benchmark for pricing corporate bonds, the offering of a bond registration service to provide reliable information for investors, the disclosure of trading information to create transparency, being an information center and a knowledge hub for both practitioners and investors. As we move forward, the Association remains a key partner of the SEC in developing and being an important mechanism to drive the bond market towards sustainability, with the aim to help Thailand achieve its goal of carbon neutrality by 2050 and net zero greenhouse gas emissions by 2065.

Congratulations to the Thai Bond Market Association on this 30-year milestone. The SEC hopes that the association will continue to grow steadily and collaborate closely with us to foster the ongoing development of Thailand's bond market.



## Message from the Governor of the Bank of Thailand

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**Dr. Sethaput Suthiwartnarueput**  
Governor of the Bank of Thailand

Over its 30 years of operation, the Thai Bond Market Association has played a crucial role in developing of Thailand's bond market into a major source of fundraising for both the public and private sectors. This is clearly evidenced by the size of the Thai bond market that has grown to be at the forefront of the region, with an increasing diversity of market players and products. These impressive achievements are the results of the planning and consistent efforts of the ThaiBMA, which are evident to the public.

Moreover, the operation of the ThaiBMA is in alignment with the strategic directions of the financial market development policies implemented by the Bank of Thailand (BOT) that aim to boost necessary and sufficient financial infrastructure to cater for the needs of the public and market participants and to set up standards and enhance transaction transparency. Examples include collecting prices and trading data from financial institutions for dissemination and development of government bond yield curves, the development and dissemination of the Thai Overnight Repurchase Rate (THOR) as a reference rate for financial transactions of the business

sector, as well as promoting bond literacy among investors and the general public.

Looking ahead, the Thai financial sector will continue to encounter challenges from the trends of sustainable finance and digital finance that are becoming increasingly sophisticated. Accordingly, preparing bond market infrastructures, including standardized information systems that can connect with international financial systems, as well as ensuring the readiness of personnel, is essential. I strongly believe that the Association will be a driving force in accelerating the development of the bond market to meet the challenges and help businesses adapt sustainably amidst the waves of changes.

On this special occasion, I would like to express my congratulations to the Thai Bond Market Association and feel honored to be part of the celebration of its 30<sup>th</sup> anniversary. I wish the directors and staff of the ThaiBMA the best mental and physical health so as to drive the growth of the association in tandem with the development of the Thai financial market and continue to foster economic growth of Thailand.





## Message from the President of the ThaiBMA

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A handwritten signature in black ink, appearing to read 'Somjin Sornpaisarn'.

**(Dr. Somjin Sornpaisarn)**

President  
The Thai Bond Market  
Association

One of the proudest achievements of the Thai Bond Market Association over the past 30 years is its significant role in driving the development of Thailand's bond market to where it stands today, thanks to the strong cooperation from both public and private sectors.

On behalf of the ThaiBMA's staff, I am honored and always mindful of the important roles entrusted to us by the Securities and Exchange Commission (SEC) and the trust we have received from market stakeholders. Accordingly, we are determined to always develop and learn to fulfill the needs of market participants and improve our work in responses to emerging issues, which vary across different times. Our unwavering determination to adapt and improve has enabled us to facilitate and support the ongoing growth of the Thai bond market.

To achieve our mission, Towards a fair and efficient bond market, where fundraisers can raise funds at reasonable costs and investors have investment choices that offer returns commensurate with the risks taken, ThaiBMA will continue to commit to professionally performing our duties as a Bond Information Center and Bond Pricing Agency. Additionally, in our role as a Self-Regulatory

Organization (SRO), we will supervise and establish guidelines to support our members in serving their clients—both fundraising organizations and investors—fairly and efficiently. We will also promote the concept of sustainable finance to bond issuers and investors alike, fostering sustainable growth together.

In this memorable moment, this book has been proudly presented to capture the journey of the past three decades. It documents the events, stories, and developments of the Thai Bond Market Association through records of key milestones and narratives from various individuals who have been instrumental in the growth and evolution of the bond market and the association over the years.

We hope that this 30<sup>th</sup>-anniversary commemorative book of the Thai Bond Market Association will serve to honor the individuals and organizations who have contributed to the development of the Thai bond market, leading to the growth we see today. Additionally, it will remind all of us at ThaiBMA to continue working with dedication for the further development of Thailand's bond market.

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**A journey  
of thousand miles  
begins with  
a single step**

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- Lao Tzu -  
Ancient Chinese philosopher



Thailand's first bond was issued on March 15, 1905, in the reign of King Chulalongkorn (King Rama V) for sale in London and Paris. The bond proceeds were used to finance the construction of the Lopburi-Uttaradit railway which was the first railway line connecting the central and the northern regions of the country.



**01**

# Evolution of the Thai Bond Market



# 01

## Evolution of the Thai Bond Market

Thailand's first bond issuance

took place **119 years**

ago

A bond or debenture is a type of borrowing instrument with a legally binding contract between the issuer, which may be the government, government agency or private company, who is a borrower or debtor and the investor who is the lender or creditor. Issuers are obliged to pay coupons and the principal to the investor according to the specified amounts and time periods while the investor will receive a fixed amount of interests at regular intervals, providing a consistent revenue stream. Accordingly, bonds are also known as fixed-income securities.

### The Early Days of Thai Bonds

Thailand's first bond issuance took place 119 years ago on March 15, 1905 in the reign of King Chulalongkorn (King Rama V) when the then government issued bond denominated in pounds sterling, valued at GBP 1 million, with 40-year maturity and coupon rate of 4.5 % per annum for sale in London and Paris. This marked the first time in Thai history that the government issued bonds for sale in international markets. The bond proceeds were used to finance the construction of the 325-kilometer Lopburi-Uttaradit railway which was the first railway line connecting the central and the northern regions of the country.

“



The first bond was issued on March 15, 1905,  
valued at GBP 1 million,  
with **40-year maturity** and  
coupon rate of

**4.5 % per annum.** ”



The first bond of Thailand was issued on March 15, 1905.

After the 1997 Asian Financial Crisis, known as the “Tom Yum Kung Crisis,” the Thai government needed to raise substantial funds to address problems in the financial sector and stimulate economic recovery. The Ministry of Finance resumed issuing government bonds, marking a turning point that led to rapid development in Thailand’s bond market.

Following this, the Thai government issued several more bonds in Europe to raise funds from international investors. The second bond was issued on March 15, 1924, valued at £3 million, with a 40-year maturity and an annual interest rate of 6%. These bonds were offered in London.

Thailand’s first state enterprise to issue bonds was the Department of Railways (as it was known at the time), which issued bonds worth £4.6 million in 1909 to borrow funds from the Federated Malay States. The funds were used to construct the southern railway line, marking the first issuance of state enterprise bonds in Thailand.





The second bond of Thailand was issued on March 15, 1924.

As for domestic bonds, it was not until 1924 that the Ministry of Finance began to issue government bonds denominated in Thai baht to mobilize funds from the general public. The purpose was to raise funds for investment in various infrastructure projects to support the country’s economic growth. The first series of THB-denominated government bond had a total value of THB 10 million with a 10-year maturity and a coupon rate of 4.5% per annum.

Following this, the government, through the Ministry of Finance, continued to issue domestic bonds, which included loan bonds, investment bonds, savings bonds and general loan bonds with the primary objective to finance budget deficit and to raise the capital needed for the country’s infrastructure development.

However, between 1990 and 1997, the development of Thailand’s bond market stalled for a period. During this time, the government had a budget surplus, which led to no new bond issuances. As a result, the bond market lacked a benchmark interest rate, which affected the pricing of other debt instruments.

## Issuance of Government Bonds in the Aftermath of the 1997 Financial Crisis

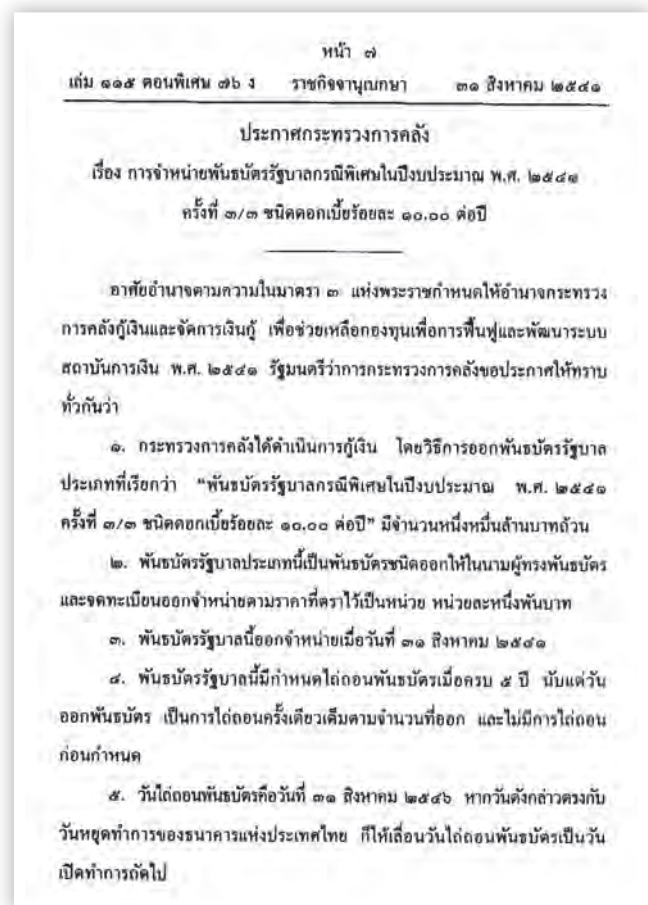
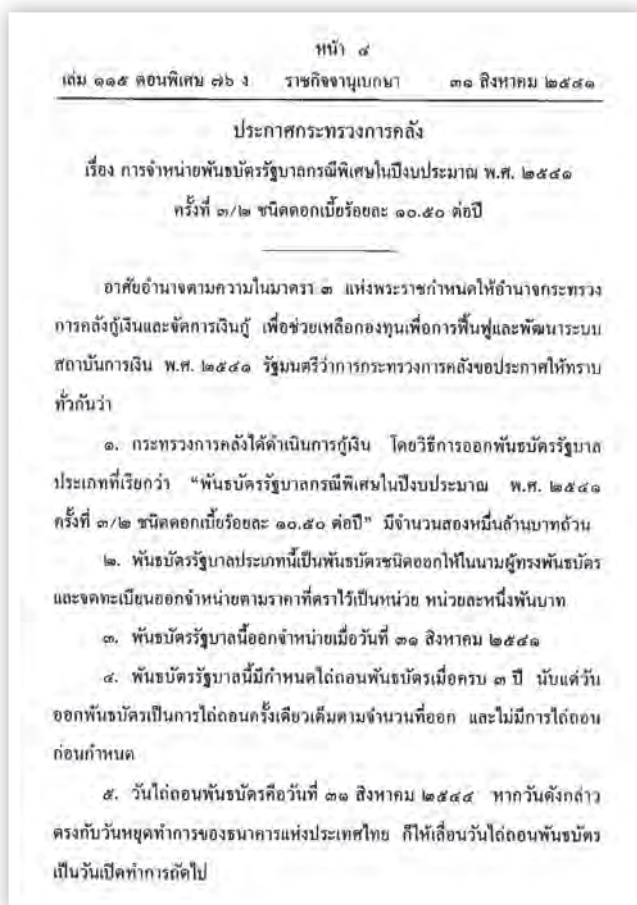
After the 1997 Asian Financial Crisis, known as the “Tom Yum Kung Crisis,” the Thai government needed to raise substantial funds to address problems in the financial sector and stimulate economic recovery. The Ministry of Finance resumed issuing government bonds, marking a turning point that led to rapid development in Thailand’s bond market. The consistent and increased volume of new government bonds provided a reliable benchmark interest rate for private sector debt issuances. Additionally, the growing base of institutional investors drove up demand for these investment opportunities.

The government bonds issued during this period were categorized in accordance with their funding purposes. For example, the government bonds issued to compensate for the losses of the

Financial Institutions Development Fund consist of special government bonds, debt restructuring bonds, “Savings Bonds for the Nation”, and savings bonds for the public.

The government bonds issued to reinforce the stability of the financial institution system under the Financial Institutions Restoration Plan of August 14, 1998 consist of special government bonds under the Capital Support Scheme to Increase Tier-1 Capital and special government bonds under the Capital Support Scheme to Increase Tier-2 Capital.

The government bonds issued to finance fiscal deficits consist of Investment Bond and Savings Bond.



Notification of the Ministry of Finance Re: Offering of Special Government Bonds in Fiscal Year 1998

TBDC Registered Bonds

as of December 30, 1999  
Government Debt Securities

A-1. Government Bonds (Ranking By Maturity)

1.1 Investment Bonds (IB)

No.	Issue name	Symbol	Issue Size (Bt.mln)	Outstanding Value (Bt.mln)	Par (Bt.)	Term (Yrs)	Coupon Rate (%)	Issue Date	First Coup. Payment Date	Maturity Date	Payment Date	Registrar	BDC/Thai BDC Registered Date
1	IB33/02/10Y	IB002A	3,000.000	1,739.727	1,000	10	10.000	6/2/90	20/6/90	6/2/00	20/6,20/12	BoT	22/4/98
2	IB33/03/10Y	IB005A	1,000.000	681.308	1,000	10	10.750	31/5/90	20/6/90	31/5/00	20/6,20/12	BoT	22/4/98
3	IB32/01/15Y	IB030A (FC)	1,000.000	711.865	1,000	15	8.750	26/10/88	20/2/89	26/10/03	20/2,20/8	BoT	4/3/99
4	IB32/02/15Y	IB042A (FC)	2,000.000	1,671.907	1,000	15	6.500	7/2/89	20/8/89	7/2/04	20/8,20/2	BoT	4/3/99
<b>Total Amount</b>			<b>4,804.807</b>										

1.2 Loan Bonds (LB)

No.	Issue name	Symbol	Issue Size (Bt.mln)	Outstanding Value (Bt.mln)	Par (Bt.)	Term (Yrs)	Coupon Rate (%)	Issue Date	First Coup. Payment Date	Maturity Date	Payment Date	Registrar	BDC/Thai BDC Registered Date
1	TLOAN41/03/2Y	LB008A	20,000	20,000.000	1,000	2	10.75	31/8/98	28/2/99	31/8/00	28/2,31/8	BoT	14/9/98
2	TLOAN42/01/2Y	LB014A	50,000	33,460.480	1,000	2	5.875	12/4/99	12/10/99	12/4/01	12/4,12/10	BoT	12/4/99
3	TLOAN42/03/2Y	LB016A	15,581	15,581.000	1,000	2	4.375	10/6/99	10/12/99	10/6/01	10/6,10/12	BoT	14/6/99
4	TLOAN41/03/3Y	LB018A	20,000	20,000.000	1,000	3	10.50	31/8/98	28/2/99	31/8/01	28/2,31/8	BoT	14/9/98
5	TLOAN42/05/3Y	LB01DA	30,000	30,000.000	1,000	3	6.250	8/12/98	8/6/99	8/12/01	8/6,8/12	BoT	12/2/99
6	TLOAN42/02/3Y	LB024A	50,000	50,000.000	1,000	3	6.125	12/4/99	12/10/99	12/4/02	12/4,12/10	BoT	12/4/99
7	TLOAN42/04/3Y	LB026A	10,000	10,000.000	1,000	3	4.75	15/6/99	15/12/99	15/6/02	15/6,15/12	BoT	16/6/99
8	TLOAN42/06/4Y	LB033A	30,000	30,000.000	1,000	4	5.250	5/3/99	5/9/99	5/3/03	5/3,5/9	BoT	14/5/99
9	TLOAN41/03/5Y	LB038A	10,000	10,000.000	1,000	5	10.00	31/8/98	28/2/99	31/8/03	28/2,31/8	BoT	14/9/98
10	TLOAN42/04/5Y	LB030A	50,000	50,000.000	1,000	5	8.25	14/10/98	14/4/99	14/10/03	14/4,14/10	BoT	27/10/98
11	TLOAN42/05/5Y	LB046A	40,000	40,000.000	1,000	5	6.25	15/6/99	15/12/99	15/6/04	15/6,15/12	BoT	16/6/99
12	TLOAN42/06/6Y	LB053A	30,000	30,000.000	1,000	6	6.00	5/3/99	5/9/99	5/3/05	5/3,5/9	BoT	10/9/99
13	TLOAN42/04/7Y	LB050A	50,000	50,000.000	1,000	7	8.50	14/10/98	14/4/99	14/10/05	14/4,14/10	BoT	27/10/98
14	TLOAN42/05/8Y	LB06DA	20,000	20,000.000	1,000	8	8.00	8/12/98	8/6/99	8/12/06	8/6,8/12	BoT	29/1/99
15	TLOAN42/05/10Y	LB08DA	50,000	50,000.000	1,000	10	8.50	8/12/98	8/6/99	8/12/08	8/6,8/12	BoT	18/12/98
16	TLOAN42/06/12Y	LB113A	20,000	20,000.000	1,000	12	7.50	5/3/99	5/9/99	5/3/11	5/3,5/9	BoT	10/5/99
17	TLOAN42/06/15Y	LB143A	20,000	20,000.000	1,000	15	8.25	5/3/99	5/9/99	5/3/14	5/3,5/9	BoT	12/3/99
<b>Total Amount</b>			<b>499,041.480</b>										

1.3 Saving Bonds (SB)

No.	Issue name	Symbol	Issue Size (Bt.mln)	Outstanding Value (Bt.mln)	Par (Bt.)	Term (Yrs)	Coupon Rate (%)	Issue Date	First Coup. Payment Date	Maturity Date	Payment Date	Registrar	BDC/Thai BDC Registered Date
1	SLOAN42/01/5Y	SB046A	25,000	25,000.000	1,000	5	6.75	1/6/99	1/12/99	1/6/04	1/6,1/12	BoT	21/6/99
2	SLOAN43/01/5Y	SB04NA	5,000	5,000.000	1,000	5	6.45	17/12/99	17/11/99	17/11/04	17/5,17/11	BoT	29/12/99

List of Bonds Registered with the Thai Bond Dealing Centre as of December 30, 1999

Consisting of investment bonds (IB), loan bonds (LB) and savings bonds (SB)

## Driving Bond Market Development through the Domestic Bond Development Committee

To drive concrete development of the Thai bond market, the Ministry of Finance on September 10, 1998 established the “Domestic Bond Market Development Committee” chaired by the Finance Minister and comprising representatives from the Fiscal Policy Office, the Revenue Department, the Bank of Thailand (BOT), the SEC, the Thai Bond Dealing Centre (the name at that time) and the Thai Bankers Association, among others. Following the establishment of the Public Debt Management Office (PDMO) in 1999, the functions and personnel from the Loan Policy Division of the Fiscal Policy Office and the Public Debt and Treasury Cash Analysis Group including the functions relating to government

loan repayment of the Comptroller General’s Department were transferred to the PDMO in order that the newly established body would have direct responsibility in completely managing the country’s public debts. The structure of the Committee was accordingly revised and the Deputy Permanent Secretary of the Ministry of Finance overseeing the Public Debt Management Office became the chairman of the Committee. This Committee was entrusted with the authority to devise strategies for developing the domestic bond market into a robust source of economic growth for the long term. It also focused on enhancing the efficiency of domestic bond issuance processes.



**The Thai Bond Development Plan, therefore set out the goal to develop the Thai bond market into one of the three main pillars of the country's financial market in addition to financial institutions and the equity market as well as to promote the Thai bond market as a source of funding and investment in the region. The plan aimed to achieve the targets of promoting the bond market to gain a market capitalization close to the country's GDP.**



The First Domestic Bond Market Development Plan, 2000-2004 was subsequently developed to provide operational guidelines which resulted in notable changes as follows:

- ◆ Issuance of government bonds in appropriate volume and on a regular basis which has led to the creation of reference interest rate in the secondary market for maturities of up to 20 years. In addition, public-sector bond issuance system was formalized in order to avoid concentration through the publication of predefined issuance calendars for government bonds, Bank of Thailand bonds and state-owned enterprise bonds which are announced to investors in advance.
- ◆ Development of government bond auction system in the primary market by introducing competitive bidding and non-competitive bidding via the e-bidding system.
- ◆ Adoption of the Primary Dealers system to facilitate government bond transactions in the primary market and act as market makers in the secondary market.
- ◆ Launch of scripless bond dealing system and real time gross settlement delivery versus payment (RTGS-DVP) system to ensure real-time clearing and settlement for debt securities.
- ◆ Development of the private repo market to provide bond dealers, especially non-financial institutions, with a financing source to undertake bond dealing transactions.

The implementation of various measures under the first development plan had resulted in remarkable increase in outstanding value of the Thai bond market. Total government bond outstanding surged almost 5 times from THB 546,800 million in 1997 to THB 2.4 trillion in 2004 while daily turnover leapfrogged by 27 times from an average of THB 430 million per day in 1997 to an average of THB 11,499 million per day in 2005. Nevertheless, the outstanding value of the Thai bond market remained small compared to that of the equity market and the bank loans market. As of 2004, the Thai bond market accounted for only 42% of the country’s GDP whereas the equity market and the bank loans market accounted for 70% and 78%, respectively, of GDP.

**The Second Thai Bond Development Plan. 2005-2014** therefore set out the goal to develop the Thai bond market into one of the three main pillars of the country’s financial market in addition to financial institutions and the equity market as well as to promote the Thai bond market as a source of funding and investment in the region. The plan aimed to achieve the targets of promoting the bond market to gain a market

capitalization close to the country’s GDP by raising the share of foreign issuers and investors in the Thai bond market to be 2% and 5%, respectively, of the bond market capitalization within the next 10 years.

At the same time, **the Domestic Bond Market Development Steering Committee** chaired by the Minister of Finance was established along with 5 sub-committees, namely, Primary Market Development Sub-committee, Secondary Market Development Sub-committee, Infrastructure Sub-committee, Taxation Sub-committee, and IT and HR Development Sub-committee. The main organization responsible for each sub-committee are the Public Debt Management Office (PDMO), the Bank of Thailand (BOT), the Securities and Exchange Commission (SEC), the Revenue Department and the Thai Bond Market Association, respectively.

The plan to promote the bond market as one of the three main pillars of the Thai financial market consisted of the following three major aspects:

- ◆ **First Aspect - Primary Market Development :**  
In the past, the Thai government was allowed

to issue bonds only to finance the budget deficits, resulting in irregular government bond issuance in the market. This made it difficult to establish a government yield curve that could serve as a reference rate for pricing other debt instruments. In order to address this shortcoming, an amendment of law was proposed. This was followed by the promulgation of the Public Debt Management Act, B.E. 2548 (2005), which empowered the Ministry of Finance to raise funds through the issuance of bonds for the purposes of debt restructuring and economic and social development in addition to the original purpose of budget deficit financing. Simultaneously, related regulatory reforms were also undertaken to facilitate the issuance of various types of debt securities so as to better connect public savings with fundraising by both the public and private sectors. Key initiatives include:

- Adjusting the method of issuing government bonds to ensure regular issuance every month, starting from August 2005, allowing investors to plan their investment in advance.
- Establishing regulations in April 2004 that permitted the government, organizations, or foreign financial institutions to issue bonds denominated in Thai baht. The Asian Development Bank (ADB) became the first international financial institution to issue Thai baht-denominated bonds on May 24, 2005, with a value of 4 billion baht. This marked the beginning of efforts to internationalize Thailand’s bond market.

◆ **Second Aspect - Secondary Market**

**Development :** Strategies were established to enhance liquidity in the secondary market. This included the development of the private repo market, improvement of the role and efficiency of primary dealers (PDs) in market making, as well as revising related rules and regulations to develop the interest rate swap market, providing greater flexibility for investors in risk hedging.

◆ **Third Aspect - Infrastructure Development :**

One of the essential infrastructures of the bond market is the clearing and settlement system. Initially, the Bank of Thailand (BOT) was responsible for the delivery and settlement of government bonds whereas the corporate bonds are cleared and settled at the Thailand and Securities Depository Co., Ltd (TSD). In order to accommodate large volume of bond trading envisaged for the future, it was proposed that the clearing and settlement of bonds should be centralized at the TSD so as to facilitate investors through the scripless system and enabling funds transfers through the BOT's Bahtnet system.

Regarding taxation, the Revenue Department worked with related agencies to revise tax regulations to support the development of the bond market. Measures included reducing the specific business tax on financial transactions from

3.3% to 0.01% and introducing new tax laws to accommodate transactions like securitization and private repos. Additionally, discussions were held to eliminate redundant tax collections on bond transactions.

In 2005, the Domestic Bond Market Development Steering Committee resolved to transform the role and status of Thai Bond Dealing Centre (ThaiBDC) to the “**Thai Bond Market Association (ThaiBMA)**”. This change aimed to emphasize its role as the country's bond market information center and to oversee secondary bond trading, which had shifted to an over-the-counter (OTC) format following the 1997 economic crisis. Simultaneously, the Electronic Trading Platform (ETP) was transferred from ThaiBMA to the Stock Exchange of Thailand (SET) to provide investors with more trading options, allowing them to trade either directly over-the-counter (OTC) or through the SET's automated order matching (AOM) facility or the ETP system.

Subsequently, policies and strategic directions for the development of Thailand's bond market were integrated into the “Thai Capital Market Development Plan.” This comprehensive plan was vital for guiding the activities of related entities in the capital market sector, including the equity market, bond market, and derivatives market, to promote and support the integrated development of the capital market.



02

80  
60  
40

# Along the Journey of the Thai Bond Market Association



1998

2013

2021

2022



# 02

## Along the Journey of the Thai Bond Market Association

“ In January 1995, the BDC had 87 members. ”



The Thai Bond Market Association (ThaiBMA) was granted a license of securities business-related association under Section 230 of the Securities and Exchange Act B.E. 2535 (1992). Its primary roles are to function as a Self-Regulatory Organization (SRO) overseeing its members and to serve as an information center for the bond market.

ThaiBMA has been operating for 30 years since its inception. Over this period, the organization has undergone two major structural changes before becoming the association it is today. Initially established as the “Bond Dealers Club” in 1994, it was restructured into the “Thai Bond Dealing Centre” in 1998. Later, in 2005, it transitioned to its current status as the “Thai Bond Market Association”. With strong support from relevant authorities, the ThaiBMA has consistently played a key role in driving and promoting the development of Thailand’s bond market throughout the period.



“ Bond trading increased by a factor of **16** in the first **two** years after the **BDC** was established. ”



Since April 3, 2000, the SEC has required dealers to record all debt instrument trading transactions to ThaiBDC in order to provide the market with comprehensive trading information.



## The development of Thailand's bond market throughout the period

1994

The first stage of its operation was in November 1994, when it was set up as

**The Bond Dealers Club**

**BDC**



1998

It was restructured as the Bond Exchange under the SEC Act and renamed as **The Thai Bond Dealing Centre** in April 1998

**ThaiBDC**



2005

ThaiBDC has changed its status and was granted the license of a securities related association under the SEC Act named as **The Thai Bond Market Association** on September 8, 2005

**ThaiBMA**



## The Beginning of the Legend: “The Bond Dealers Club”

Although debt securities have been launched in Thailand for several decades since 1933 when the first government bond was issued for sale domestically, the issuance of government bond was intermittent. No new government bonds had been offered in the market since 1990 as the then government registered a budget surplus. Despite that some state-owned enterprises had gradually issued bonds to tap funds for financing public utility projects, there was a lack of trading liquidity in the secondary market for such state-owned enterprise bonds due to unfavourable format of issuance, for example, they were issued in many series and the size of each series was small. Furthermore, they were mostly held by financial institutions as legal reserves.

In the corporate sector, issuance of debentures showed a rising trend after the promulgation of the Securities and Exchange Act, B.E. 2535 (1992) which provides flexibility for the issuance process of corporate debt securities. Under the said Act, issuance of corporate debentures is permissible for private limited companies subject to approval of the Office of the SEC instead of being confined only to public companies. Also, the provisions of the Civil and Commercial Code on the prohibition of setting interest rates exceeding 15% are waived for the issuance of debentures. However, trading of corporate debentures in the secondary market was still limited due to the lack of an information center and the absence of a system that facilitates the trading process, which were considered as the major obstacles to bond market development.

Realizing such limitations, the Office of the SEC assigned the Association of Securities Companies (ASCO) to take the lead in gathering representatives of the financial institutions undertaking the business of debt instrument dealing to study on the appropriate pattern of secondary bond market development. ASCO formed a taskforce to study about the development of the secondary bond market and came up with a policy paper entitled

“The Preliminary Proposals on the Establishment of a Bond Dealers Club and the Development of the Bond Secondary Market” which was presented to the SEC on October 14, 1994. The policy paper encompassed the structure of the new organization to be set up, the proposed bond trading system, the method of calculation and advertisement of bond prices, the settlement and delivery system, including the code of conduct and standards of practice of bond dealers.

The proposals led to the establishment of the “Bond Dealers Club (BDC)” under the organizational structure of ASCO. The BDC commenced operations on November 1, 1994, which is considered as a significant start milestone of the Thai bond market development as it was the first time in the history that bonds were traded through an electronic trading platform.



The office inauguration ceremony of the Bond Dealers Club on November 1, 1994

### The BONDNET System

The electronic bond trading system introduced by the BDC was called ‘Bondnet’, which was jointly developed by a taskforce appointed by the BDC, with the Stock Exchange of Thailand (SET) being the provider of technological service, in order to facilitate real-time bond trading in the form of blind dealing. The bond trading process encompassed advertisement of bond prices or yields, negotiation, put through and confirmation. The system also offered the services of bond information and price calculation as well as linking the trading transactions with the settlement and delivery system of Thailand Securities Depository Co., Ltd (TSD).

Member of the BDC must be a financial institution granted a license to undertake securities business in the category of securities dealing or a license of debt securities dealing by the Office of the SEC. In January 1995, the BDC had 87 members, consisting of 59 finance and securities companies, 10 securities companies, 1 finance company, 10 commercial banks and 7 foreign commercial banks.

## Significant Increase in Secondary Market Liquidity in the Wake of the Establishment of BDC

Following the establishment of the Bond Dealers Club, bond trading value in the secondary market surged significantly from a monthly average of THB 929 million in November and December 1994 when the BDC started operations to a monthly average of THB 4,294 million in 1995 and THB 16,717 million in 1996 while outstanding value of bonds registered with the BDC rose from THB 45,380 million totaling 33 series as at the end of 1994 to THB 169,100 million totaling 131 series as at the end of 1997, representing more than 3 times of expansion.

### Trading and Outstanding Value of Registered Bonds in the System of the Bond Dealers Club in 1994-1997

		Annual Trading Value (THB million)			Average Daily Trading Value
		Government Sector	Corporate Sector	Total	
<b>1994 (Nov-Dec)</b>	Trading value	-	1,857.84	1,857.84	44.23
	Outstanding value	-	45,380.00	45,380.00 (33 series)	
<b>1995</b>	Trading value	931.24	50,597.14	51,528.39	209.47
	Outstanding value	8,500.00	89,227.50	97,727.50 (87 series)	
<b>1996</b>	Trading value	4,832.73	195,774.90	200,607.90	822.16
	Outstanding value	18,500.00	130,188.92	148,688.92 (122 series)	
<b>1997</b>	Trading value	15,235.30	90,954.76	106,190.06	429.92
	Outstanding value	36,500.00	132,591.34	169,091.34 (131 series)	429.92



**The Bond Dealers Club also helped encourage all stakeholders to take a more serious interest in developing the bond market. The mission of the BDC extended beyond the development of the secondary bond trading market. It also encompassed other aspects crucial to bond market growth.**



The establishment of the Bond Dealers Club marked a crucial first step in the development of Thailand's bond market. It facilitated bond trading by enabling dealers to track market movements quickly and access comprehensive, essential information for making informed trading decisions. Additionally, it streamlined the connection to settlement and delivery processes. Importantly, the role of the Bond Dealers Club also helped encourage all stakeholders to take a more serious interest in developing the bond market. The mission of the BDC extended beyond the development of the secondary bond trading market. It also encompassed other aspects crucial to bond market growth, such as creating standard formula for bond price calculation, standards of bond registration, development of bond indices, undertaking studies on repo transactions as well as promoting bond market knowledge among market stakeholders and investors.



## Turning Crisis into Opportunity: “The Thai Bond Dealing Centre”

The BDC as a unit under ASCO had been successful in enhancing liquidity in the bond market. After 3 years of its operations, the authorities pushed for a restructuring of the BDC into a bond exchange under the Securities and Exchange Act (the SEC Act) to ensure that its role in providing the service of bond trading system was in conformity with the provisions of the law as well as to accommodate the diversity of membership which include securities companies, finance companies and commercial banks. Besides, the change of legal status was also aimed at enabling the organization to be well-prepared for its expansive roles and responsibilities in supporting the development of the bond market more effectively.

**The “Thai Bond Dealing Center” (ThaiBDC)** was thus established and licensed as a bond trading center under the Securities and Exchange Act by the SEC on December 9, 1997. It officially began operations on April 22, 1998



The Founding Board of Directors of the Thai Bond Dealing Centre handed in the draft articles of association of the ThaiBDC to the Secretary-General of the SEC.



The inauguration ceremony of the Thai Bond Dealing Centre on 21 April, 1998



The executives of the SEC and the Board of Directors of the Thai Bond Dealing Centre participated in the inauguration ceremony of the ThaiBDC on April 21, 1998.

However, the economic crisis that erupted in July 1999 had a severe impact on the business sector, including dozens of financial institutions that had to close their operations. Many debt securities were in default and the trading of bonds through the BONDNET system, which was a blind dealing system was no longer attractive for investors since both buyers and sellers were becoming more cautious of their counterparty risk. During this period, the liquidity of bond trading via BONDNET declined continuously and the system eventually ceased operations in early 1999.

### **Shifting the Role to Become an Information Center in the Bond Market**

As a result, the ThaiBDC transitioned its role from a trading service provider to a bond information service center. It began developing an online reporting system to facilitate the reporting of bond trading data by bond dealers and created the Bond Information Service (BIS) to disseminate bond information to the market. This new information system replaced the previous electronic trading system.

The BIS provided bond information comprising trading data, bond features, price calculation and related news and information. It enabled users, including both dealers and general investors, to access the information equally and promptly, equipping them with sufficient data to make informed investment decisions.

As for trading data in the secondary market, although reporting of trading transactions was initially made by dealers on a voluntary basis, the SEC stepped in to require all financial institutions with a debt instrument dealing license to report all bond trading transactions to ThaiBDC starting April 3, 2000. This change significantly enhanced the completeness of the published trading data. From November 2002, ThaiBDC has expanded its services to include the publication of intraday trading data through the Market Watch screen, providing real-time bid/offer quotations and reported trading transactions from bond dealers, enabling investors to monitor market movements throughout the trading session on a single day.



**ThaiBDC has played a significant role  
in developing bond market standards and guidelines.**

**ThaiBDC has launched the standardization  
of bond symbols for government and  
corporate bonds that convey  
useful meanings to investors.**



For primary market bond information, ThaiBDC has established a registration system for all types of bonds that comply with the Securities and Exchange Act B.E. 2535 (1992). All government-issued bonds, including government bonds, state enterprise bonds, and treasury bills, are automatically registered with ThaiBDC. For corporate bonds, registration is voluntary for issuers, who are responsible for notifying ThaiBDC of any changes to the information related to their bonds throughout the bond's duration to ensure transparency for investors.



Screen displaying basic information of registered bonds

## Performing Function of Self-Regulatory Organization (SRO)

Aiming to evolve into a full-fledged self-regulatory organization (SRO) in the future, ThaiBDC took an active role in overseeing the operations of its members comprising commercial banks and securities companies holding debt securities dealing licenses. It established principles of ethics and code of conduct for the secondary market as well as procedures for determination misconduct and penalties for violations by members. Additionally, ThaiBDC implemented

a bond trader registration process, ensuring that eligible candidates pass examinations and training to demonstrate their knowledge, competence, and ethical standards in performing their duties as bond traders. This initiative complies with the SEC regulations requiring personnel responsible for bond trading in all dealer organizations to register with ThaiBDC starting August 18, 2000.



As the SEC mandated that all bond dealer organizations report their trading transactions to ThaiBDC starting in 2000 to enhance data validity and transparency in the bond market, ThaiBDC became responsible for verifying the submitted data. This included checking the accuracy of trading prices and ensuring compliance with reporting conditions before publishing the data at the end of each trading day. This information served as a reference for investors and funds to use in marking to market. Additionally, ThaiBDC expanded its role to become a bond pricing agency, producing and publishing mark-to-market prices for all registered debt securities. This provided institutional investors with a reference price for recording the mark-to-market value of debt securities, even when actual trading prices were unavailable.

### Setting of Market Convention/ Standards

The ThaiBDC has played an important role in establishing standards and practice guidelines for the bond market. It initiated the setting of bond symbols for government bonds and corporate bonds that convey the characteristics of these securities which are beneficial to investors and have been widely recognized and commonly used to this day. Additionally, the ThaiBDC created standard formulas for calculating the price and yield of various debt securities, as well as standards for bond registration processes.

Moreover, the ThaiBDC was instrumental in studying and advancing the development of the repo market, resulting in the establishment of a standard repo agreement for Thailand. In accordance with ThaiBDC stipulations, parties engaged in repo transactions are required to use the Global Master Repurchase Agreement (GMRA) in conjunction with the Thailand Annex as the standard agreement. The ThaiBDC also issued practice guidelines for private repo transactions, including summary guidelines for accounting for these transactions, which have been approved by the Federation of Accounting Professions.

## Market Development

In terms of bond market development, the ThaiBDC spearheaded the construction of the government bond yield curve, which serves as a reference interest rate in the bond market and is published daily at the end of each trading day. Initially, the yield curve was calculated based on the weighted average executed yield; however, in 1999, this method was changed to the average bidding yield when the Ministry of Finance and the Bank of Thailand mandated that all primary dealers report this information to the ThaiBDC. Consequently, the yield curve now released to the public encompasses all maturities of bonds available in the market. Additionally, the ThaiBDC developed and published several bond indices, including total return, gross price, and clean price indices. These indices serve as valuable tools for tracking market movements, with the base value of each index dating back to 1998.

In early 2004, ThaiBDC revisited the development of a fixed-income electronic trading platform after discontinuing the service of BONDNET in 1999 as

it envisaged that the new platform would be able to enhance efficiency and facilitate bond trading among financial institutions.

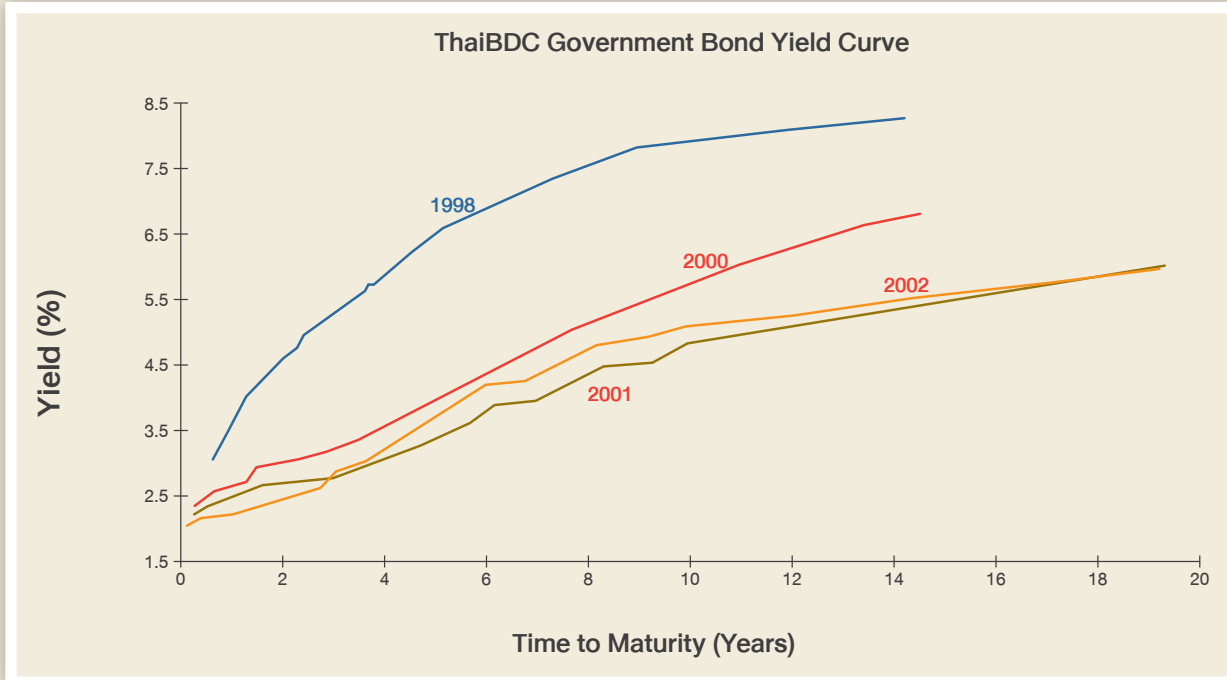
The various roles and functions of the ThaiBDC, as previously outlined, significantly contributed to the ongoing development of the bond market. Moreover, the ThaiBDC served as the collective voice of its members, coordinating with authorities on various issues in collaboration with market stakeholders.

However, authorities recognized that the organization's status as a bond exchange might not suffice to support its expanding roles, especially in light of the evolving market landscape. Most bond trading transactions were conducted directly between counterparties over the phone, operating in an over-the-counter (OTC) manner rather than through a centralized exchange. This realization prompted another change in the organization's status in the subsequent period.

### Government Bond Yield Curve

#### What is a yield curve?

A yield curve is a line that represents the relationship between yield and time to maturity of debt securities. Each plot on the yield curve reflects the yield on debt securities across different maturities. The government bond yield curve is considered as a risk-free yield curve, so it is used as a reference rate of return for investments at each maturity length and is typically an important basic information for investing in the financial market.



### Development of yield curve over time

**Phase 1 (1998-1999):** During the first phase of development (from September 1998 to September 15, 1999), the yield curve was calculated from the weighted average executed yield of government bonds traded in the market, most of which had a maturity of not exceeding 3 years.

**Phase 2 (1999-2013):** Due to relatively low trading liquidity, from September 15, 1999 onwards, the data used for calculating yield curve was changed from trading data to the average bid yield obtained from the primary dealers (PD) of the Bank of Thailand (subsequently changed to the PD appointed by the Ministry of Finance) subject to the conditions which were concluded from the discussions of the “Sub-Task Force on Secondary Bond Market Development” under the Domestic Bond Market Development Committee of the Ministry of Finance, for example, using the bid yields of all series of loan loans (LBs) for calculation (after 15% data cut-off from top and bottom when ranked by value).

**Phase 3 (2014-present):** The expanding government bond market has resulted in a significant increase in the series of LBs and brought operational burdens to the PDs. Therefore, the ThaiBMA revised the calculation method from using the bidding yields of all LBs to a list of selective LBs. Only the LBs that meet the criteria shall be submitted by the PDs for yield curve calculation, e.g., on-the-run benchmark bond, bond with shortest and longest time to maturity, bond with a minimum outstanding value of THB 60,000 million, etc. The ThaiBMA will adjust such list every 6 months.

Significant liquidity and growth in the government bond market have been seen over the recent years. As a result, the ThaiBMA developed the trade-based government bond yield curve in 2020 by using transaction-based information and pre-traded information involving “Firm Price” offers so as to better reflect actual trading activities.

## Bond Symbol

Due to the large number of series of debt securities both in the government and corporate sectors offered for sale in the market, it is necessary to assign a standardized symbol for all debt securities in order to convey the same meaning and create mutual understanding among all parties concerned. The bond symbol will tell about the maturity date of each series of debt securities as the term of such securities is an important factor for the determination of yield of the debt securities issued by the same issuer.

The symbol of a long-term debt securities shall not exceed 12 positions. For example, LB356A refers to the government bond which is a loan bond (LB) that will reach maturity in June 2035 which is the first series of debt securities to mature in the said month and year (A).

**ThaiBMA**  
สมาคมตราสารหนี้ไทย

### สัญลักษณ์ตราสารหนี้

**อ่านอย่างไรและบอกอะไรบ้าง**

เนื่องจากผู้ออกสามารถเสนอขายตราสารหนี้หรือหุ้นกู้ได้หลายรุ่น ทำให้วันครบกำหนดไถ่ถอนและเงื่อนไขต่างๆ ของตราสารหนี้แต่ละรุ่นแตกต่างกันได้ สัญลักษณ์ตราสารหนี้จะช่วยให้ผู้ลงทุนสามารถสื่อสารกันได้อย่างชัดเจนไม่สับสน

**ส่วนประกอบของสัญลักษณ์**

**XXXXXX XX X XX X**

1-6 ตำแหน่งแรก  
ชื่อย่อของประเภทพันธบัตร หรือชื่อย่อขององค์กร/บริษัทผู้ออกตราสารหนี้ เป็นตัวอักษรภาษาอังกฤษ

2 ตำแหน่งถัดไป  
ปีที่ครบกำหนดไถ่ถอน เป็นเลขสองหลักสุดท้ายของปีคริสต์ศักราช (ค.ศ.)

1 ตำแหน่งถัดไป  
เดือนที่ครบกำหนดไถ่ถอน  
• มกราคม ถึง กันยายน ใช้ตัวเลข 1-9  
• ตุลาคม ถึง ธันวาคม ใช้ตัวอักษร Q, N และ D แทน October, November และ December

2 ตำแหน่งถัดไป  
วันที่ครบกำหนดไถ่ถอน (มีเฉพาะตราสารหนี้ระยะสั้น)

1 ตำแหน่งสุดท้าย  
แสดงความแตกต่างระหว่างตราสารที่มีวันครบกำหนดเป็นวันเดียวกัน โดยจะเรียงตามลำดับก่อนหลังของวันที่ออกตราสารจาก A-Z

**ตัวอย่าง**

**CB23119A**

CB	พันธบัตร สปก. ระยะสั้น (Central Bank Bill)
23	ครบกำหนดปี ค.ศ.2023
1	เดือนมกราคม
19	วันที่ 19
A	รุ่น A

**LB356A**

LB	พันธบัตรรัฐบาล (Loan bond)
35	ครบกำหนดปี ค.ศ.2035
6	เดือนมิถุนายน
-	เฉพาะตราสารหนี้ระยะสั้นที่จะระบุวันที่ที่ครบกำหนด
A	รุ่น A

**SCC260A**

SCC	หุ้นกู้ บ.ป.ช.เอนดีไทย
26	ครบกำหนดปี ค.ศ.2026
0	เดือนตุลาคม (October)
-	เฉพาะตราสารหนี้ระยะสั้นที่จะระบุวันที่ที่ครบกำหนด
A	รุ่น A

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The symbol of a short-term debt securities shall add the maturity date before the last position. For example, TB24412A refers to a treasury bill (TB) that will mature on April 12, 2024 which is the first series of treasury bills that will mature on the said date (A).

The symbol of a perpetual bond that does not have a maturity date shall use the “Issuing Year” instead of the “Maturity Year” and the letter “P” (Perpetual) shall be placed on the position of the maturity month. For example, CPALL24PA refers to the subordinated perpetual debenture issued by CP All Public Company Limited issued in 2024 which is the first series of debentures issued on the said date (A).



## Expansion into the Role of SRO & Information Center: “The Thai Bond Market Association”

### Support from the Ministry of Finance and Related Regulators

After the ThaiBDC had continuously performed essential functions in developing the Thai bond market on various aspects, and was assigned to perform part of the functions of a self-regulatory organization (SRO), the public sector organizations relating to bond market development including the Ministry of Finance, the Bank of Thailand, and the SEC had a common view that Thailand needs to have a full-fledged SRO in order to act as a frontline for the public sector organizations in supervising the operations of bond dealers more effectively and to help ease the burden on public sector regulators. Such a development was expected to enhance investor confidence in the increasingly sophisticated bond market. Additionally, the establishment of a complete bond information system was deemed crucial for enabling both government and private sector stakeholders to analyze information effectively and make informed decisions in fund mobilization in the primary market and trading in the secondary market.

In response, the Domestic Bond Market Development Steering Committee, chaired by the Minister of Finance, resolved to restructure the bond market. This involved transferring the ThaiBDC’s electronic trading platform to the Stock Exchange of Thailand, while allowing the ThaiBDC to retain its roles as an SRO and Bond Information Center, thus changing its status to a securities-related association.

However, since the functions of an SRO are non-revenue generating activities while incurring high operational costs, the authorities recognized the need to provide financial support during the initial stages of SRO operations. On October 12, 2014, the Cabinet approved financial assistance of THB 170 million for the SRO & Information Center Development Project, covering a three-year period from October 12, 2014, to October 11, 2017.

### The SRO & Information Center Development Project Leading to the Establishment of ThaiBMA

On August 3, 2005, the Public Debt Management Office (PDMO), the SEC and the ThaiBDC entered into a Memorandum of Agreement (MOA) to collaboratively implement the project aimed at establishing an SRO and an information center in the bond market, as outlined in the Cabinet’s resolution. The SEC subsequently granted an approval for the ThaiBDC to establish a securities business-related association under the name of “The Thai Bond Market Association (ThaiBMA)” on September 8, 2005 with an objective to focus on and expand the role of an SRO and a Bond Information Center as well as expanding into the function of publicizing reference prices in the bond market at a later stage.

This Project was composed of 6 master plans, namely, **improvement of the core functions of a full-fledged SRO**, such as setting up of a market surveillance and legal unit within the organization, increase in the number of personnel to perform inspection of member's operations and conduct member supervision to ensure compliance with related laws and regulations, enhancing the

efficiency of market monitoring and surveillance through the procurement and development of high efficiency surveillance software and upgrading of the computer systems used for operations and the data reporting software, sending staff and personnel to attend training programs domestically and abroad.



A delegation from the Public Debt Management Office, the Ministry of Finance, the Office of the SEC and the ThaiBMA took a field trip to gain insights into bond market operations in the US during March 31–April 10, 2006, and paid courtesy visits to several major organizations such as the National Association of Securities Dealers (NASD), the Federal Reserve Bank, U.S Department of the Treasury, U.S. Securities Exchange Commission, the Securities Industry and Financial Markets Association (SIFMA), the International Finance Corporation (IFC), the World Bank as well as broker-dealer companies, etc.

**Development and upgrading of the bond information system** consisting of procurement of hardware and development of software for real-time data transmission, arrangement for a high speed transmission media network system, improvement of research and development, trainings and knowledge dissemination; **improvement of the bond information system**, such as having in place a data backup system in case of emergency, procurement of a Disaster Recovery Center site; **development of analytical and investment management tools for fixed income instruments; and improvement of the Bond Library.**

As of the completion date of project implementation (September 30, 2006), the ThaiBMA successfully attained the objectives set forth for the projects and was ready to assume greater responsibilities of bond market development at the next stage.

### Support from the SEC

Since January 1, 2006, the SEC has mandated that all financial institutions holding a debt securities dealing license report their trading transactions to ThaiBMA within 30 minutes of execution. This change improved upon previous reporting rules, which allowed for three reporting rounds per day. By publicizing this information, ThaiBMA enhances transparency for market participants. Furthermore, the SEC requires that debt securities issued and offered on a public offering (PO) basis must register with the ThaiBMA. This ensures comprehensive information is available for member inspections and data dissemination in both the primary and secondary markets, thereby promoting the efficiency of the ThaiBMA's functional roles as an SRO and Bond Information Center.

- 1) Authorization of functional roles for ThaiBMA in its capacity as an SRO under the supervision of the SEC;
- 2) Supervision of organizations holding a Debt Securities Dealer license and an Inter-Dealer Broker (IDB) license;
- 3) Oversight of bond trading activities;
- 4) Functioning as a Pricing Agency in the bond market;
- 5) Enforcement of law and related rules and regulations.

To further clarify the role of the ThaiBMA as an SRO in the bond market, the SEC and the ThaiBMA signed a Memorandum of Agreement (MOA) on May 28, 2017, outlining the scope of duties of the ThaiBMA as follows:

## Roles and Functions of the ThaiBMA in the Bond Market

### 1. Acting as a Self-Regulatory Organization (SRO)

The ThaiBMA oversees and monitors the conduct of its members to ensure standardization and fairness in bond trading, thereby fostering investor confidence. Key functions include:

- **Ethics and Code of Conduct:** The ThaiBMA stipulates a code of conduct and ethical guidelines for bond market transactions, serving as standards for fair operations.
- **Market Monitoring and Surveillance:** The ThaiBMA conducts market monitoring and post-trade surveillance to prevent non-compliance and unethical trading practices, employing both onsite and offsite methods. The SEC mandates that all financial institutions with a debt securities dealing license report trading information to the ThaiBMA within 30 minutes
- **Onsite Inspections:** Since 2008, the ThaiBMA has conducted onsite inspections of its members' operations, moving beyond the previous practice of inspecting only reported transactions.
- **Bond Trader Registration:** The ThaiBMA establishes qualifications for registered bond traders and arranges examinations and refresher courses to ensure traders are knowledgeable, competent, and ethical in their duties.
- **Misconduct Procedures:** The ThaiBMA has established procedures for determining misconduct and penalties for members who violate regulations

### 2. Acting as a Bond Information Center

The ThaiBMA collects and disseminates vital information in the primary and secondary bond markets through its website ([www.thaibma.or.th](http://www.thaibma.or.th)) and the exclusive *iBond* platform. This includes bond features, secondary trading information, government and corporate bond yield curves, bond indices, and news related to bond market investments.

### 3. Functions of an Association

The ThaiBMA prioritizes the business development of its members and market stakeholders by representing their views on issues impacting bond trading. The association facilitates discussions on market development, translating ideas into actions and presenting policy recommendations to relevant authorities. It also establishes practice guidelines to ensure transactions adhere to high standards, including:

- Standard formulas for calculating prices and yields of various debt securities.
- Standard symbols for government and corporate sector debt securities.
- Guidelines for bond registration processes, including book-closing periods and standard repo agreements.

### 4. Bond Market Development

The ThaiBMA actively pursues the development of the bond market in various aspects including

- Innovation in Financial Technology: Participation in the Registrar Service Phase 1 (RSP1) project to test blockchain technology for bond issuance for the first time in Thailand.
- Development of the **MeBond** Mobile Application: This application helps individual investors monitor information about the bonds in their portfolios.
- Conducting Research and Studies: The ThaiBMA undertakes various research projects to enhance market knowledge.
- Promotion of Financial Literacy: Efforts to improve understanding of bond market investments among a diverse audience, including general investors, institutional

investors, educational institutions, and market professionals. This includes programs like the Bond Academy and professional training courses.

- Investor Seminars: Organizing seminars for bond issuers and investor seminars in both Bangkok and other provinces to enhance knowledge and understanding of the bond market.

### 5. The Role of a Bond Pricing Agency

The ThaiBMA serves as a Bond Pricing Agency, creating and publishing mark-to-market prices for all registered debt securities on a daily basis. This role is essential due to the inactive trading of many debt securities, particularly corporate bonds. A centralized entity to evaluate and calculate these prices ensures consistency and reliability for investors.

### ThaiBMA Best Bond Awards

The ThaiBMA Best Bond Awards is an annual event aimed at promoting excellence in various dimensions of the bond market. This awards ceremony honors outstanding organizations and individuals involved in bond transactions, including issuers, underwriters, bond dealers and investors. The selection process for the

awards is based on votes from a panel of judges, market participants, and transaction statistics. This event serves as a significant gathering for bond market professionals to network, celebrate, and congratulate the award recipients.



## Fostering Collaboration with Domestic and Foreign Organizations

The ThaiBMA’s functions as a Self-Regulatory Organization (SRO) and a bond information center led to its commissioning by the **International Finance Corporation (IFC)** in 2009 as an adviser to the bond market in Vietnam. This advisory role focused on developing market conventions and operational systems for the Vietnamese bond market.

Additionally, the ThaiBMA has actively participated in the **ASEAN+3 Bond Market Forum (ABMF)**. This regional forum, established under the **Asian Bond Market Initiative (ABMI)**, serves as a platform for discussions aimed at developing guidelines and promoting fundraising and investment in the bond markets of ASEAN+3 countries. The forum emphasizes the standardization of regulations and market practices accepted by regional bond market stakeholders.



To efficiently fulfill its role as a bond pricing agency, Thai BMA has been collaborating closely with foreign bond pricing agencies such as KIS Pricing (KIS) of Korea, Bond Pricing Agency Malaysia (BPAM), and Indonesia Bond Pricing Agency (IBPA). This collaboration facilitates the exchange of knowledge on mark to market valuation of new types of debt securities.



On the domestic front, the ThaiBMA entered into a Memorandum of Understanding (MOU) with 4 major organizations in the public sector, namely, the Public Debt Management Office (PDMO), the Bank of Thailand, the SEC and the Stock Exchange of Thailand. This collaboration led to the establishment of the **Thailand Financial Instrument Information Center (TFIIC)** in 2010 to serve as a comprehensive data center for the financial market encompassing the money market, stock market and bond market. Currently TFIIC is the key information source of financial instruments in Thailand which supports market analysis and policy making of the public sector by providing valuable useful data to market participants through its website: [www.tfiic.org](http://www.tfiic.org)

## Ongoing Development of Innovations in the Bond Market

At the core of ThaiBMA's operations is the continual development of innovations in the bond market to achieve the aspiration of levelling up the quality of information services and infrastructure that are beneficial to all market stakeholders.

**iBond and iRisk:** The ThaiBMA developed and improved its bond information system under the name of **"iBond"** in October 2006 to provide in-depth information pertaining to the debt securities both in the primary and secondary markets. In the same year, a financial risk management application was launched to provide institutional investors with integrated solutions for risk management of their investment portfolio

**Market Watch and Dashboard:** The ThaiBMA developed the screen of **"Market Watch"** on its website in 2002 to facilitate convenient monitoring of intraday bond trading movements for market participants. This was particularly important given that most bond trading in the secondary market occurs over-the-counter (OTC), unlike stocks which are traded on exchanges. In 2017, **ThaiBMA Dashboard** was introduced to enhance transparency by publicizing a variety of real-time intraday trading data, which is readily accessible on the website. This data includes yield movements, trading values categorized by investor types, and fund flows from foreign investors, among others. It is noteworthy that Thailand's bond market is among a select few globally that provides real-time trading data for foreign investors.



The Dashboard Displaying Real-Time Intraday Trading Data



**DLT Registrar Service Platform (RSP):** The ThaiBMA applied the distributed ledger technology (DLT) or the blockchain technology to develop the RSP project in 2019 aiming at providing a digital infrastructure for the corporate bond market. The first phase of the RSP project involved creating a decentralized bondholder' information collection system in order to reduce redundancy and shorten the verification process of subscription, leading to the first issuance of corporate bond using blockchain technology or DLT in the Thai bond market which was approved under the Regulatory Sandbox of the SEC. It is considered as a pilot project of the application of DLT to support the Thai Capital Market Digital Infrastructure Initiative. Toyota Leasing (Thailand) Company Limited was the first private company that issued bonds under this platform, followed by Kasikorn Bank Public Company Limited.

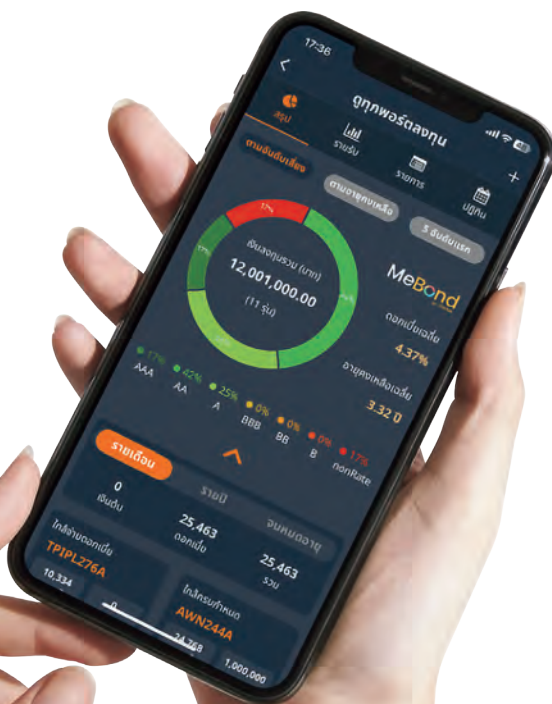


**MeBond:** Launched in 2020, **MeBond** is a crucial tool developed by the ThaiBMA to address the needs of individual investors, both high net worth and retail, whose aggregate holdings account for nearly 40% of the total value of bonds outstanding. This mobile application enhances convenience for investors by allowing them to keep records and consolidate their bond portfolios in one place and monitor their investments, as well as access other relevant information about the bond market quickly and easily.



The application features a comprehensive range of information, organized into the following main menus:

- ◆ **Portfolio:** Investors can monitor the value of their investment portfolio, average duration and coupon rate, inflows of interest income, and principal amounts, all presented in easy-to-read graphs and tables for effective investment planning.
- ◆ **New bond issuance:** Timely displays information of bonds currently offered to investors in the primary market to ensure that interested investors do not miss subscription opportunities.
- ◆ **Search:** Users can instantly search for bond issues using various filters to find what they need quickly.
- ◆ **Dashboard:** Displays an intraday trading snapshot, including bond yield movement, trading value by type of investors, fund flows of foreign investors, and more.
- ◆ **Yield curve:** Shows current and historical data of government bond yield curve and bond risk premium, etc.
- ◆ **News:** Provides updates on bond market news and relevant news relating to bonds recorded in the portfolio



Currently the MeBond application is widely used with over 50,000 downloads.

**E-Book Building:** An electronic book building system developed by the ThaiBMA to enhance operational efficiency for both issuers and underwriters. This system facilitates the determination of coupon rates through demand surveys conducted with institutional investors, leading to more accurate conclusions and accelerated reporting processes.

**Smart Funding Solution:** A web-based application designed to assist corporate bond issuers in effectively monitoring and managing their cash flows associated with ongoing obligations. This includes features for analysing interest costs and offers simulation capabilities for new bond issuances, allowing issuers to assess various scenarios for new bond issuance.

### **Promoting Business Development of Market Stakeholders through Formulation of Standards and Practice Guidelines in the Bond Market**

A key function of the ThaiBMA as an association is to promote the business interests of market stakeholders. This is achieved by providing discussion forums for participants, including issuers, underwriters, dealers, bondholders’ representatives, and registrars. These forums serve as platforms for exchanging opinions and proposing recommendations on various issues related to bond market development.

The forums are organized as market dialogues and focus groups, where discussions aim to explore ideas further, translate those ideas into actionable recommendations, and present findings to authorities and related agencies for policy considerations. Significant outcomes regarding standards and practice guidelines in the bond market that have emerged from these discussions include:

- ◆ Guidelines for Standardized Terms and Conditions: Improvement of the draft standardized terms and conditions in bond issuance.
- ◆ Compliance with International Financial Reporting Standard 9 (IFRS 9): Addressing requirements related to debt securities transactions.
- ◆ Development of a Trade-Based Yield Curve: Establishing guidelines for constructing a yield curve based on actual trading data.
- ◆ Post-Default Operations: Guidelines and standards of practice for managing operations following a bond default event.





### HEARING AND SURVEY

**การรับฟังความคิดเห็น (Hearing)**

ปัจจุบัน ThaiBMA เปิดโอกาสให้กับผู้มีส่วนเกี่ยวข้องในอุตสาหกรรมนี้ทุกประเภททุกท่านได้มีส่วนร่วม ในการแสดงความคิดเห็นต่างๆ เพื่อนำความคิดเห็นมาใช้ในการพัฒนาคواعد มาตรฐานใหม่ นี้อย่างเหมาะสมที่สอดคล้องกับโอกาสให้กับกลุ่มสมาชิกท่านนั้น

ดังนั้น หากท่านมีความเห็นตามหัวข้อต่างๆที่ ThaiBMA นำเสนอแนบมาโปรด ส่งความคิดเห็นมาได้ที่ Fax No. 02-257-0355 หรือ e-mail address ตามที่ระบุไว้ในแต่ละเรื่อง ThaiBMA ขอขอบคุณล่วงหน้า ณ โอกาสนี้

ลำดับ	เรื่อง/หัวข้อ	วันที่เปิดรับฟังความคิดเห็น	วันที่ปิดรับฟังความคิดเห็น	เอกสารแนบ	สรุปผลการรับฟังความคิดเห็น
1.	ร่างข้อกำหนดว่าด้วยสิทธิและหน้าที่ของผู้ถือหุ้นกู้และผู้ถือหุ้นกู้ (ปรับปรุงร่างข้อกำหนดว่าด้วยสิทธิและหน้าที่ของผู้ถือหุ้นกู้และผู้ถือหุ้นกู้ สำหรับการออกและเสนอขายตราสารหนี้ที่จำหน่าย (public offering : PO) หรือ กำหนดสิทธิและหน้าที่อื่นของผู้ถือหุ้นกู้และผู้ถือหุ้นกู้ และเพิ่มความเชื่อมั่นและคุ้มครองผู้ลงทุนในตราสารหนี้)	27/10/2560	27/11/2560	1. ร่างข้อกำหนดสิทธิ พ.ศ.2560 2. เอกสารประกอบกรรับฟังความคิดเห็น	
2.	การปฏิวัติหน้าที่ของผู้ถือหุ้นกู้ (รวบรวมปฏิญญาและอุปสรรคที่เกี่ยวกับการปฏิวัติหน้าที่ของผู้ถือหุ้นกู้ในปัจจุบัน เพื่อพิจารณาแนวทางที่เหมาะสมที่จะนำไปสู่การปรับโครงสร้างปฏิวัติหน้าที่ผู้ถือหุ้นกู้ได้อย่างมีประสิทธิภาพ)	23/11/2560	22/12/2560	1. แบบรับฟังความคิดเห็นการปฏิวัติหน้าที่ผู้ถือหุ้นกู้ 2. เอกสารรับฟังความคิดเห็นแนวปฏิวัติผู้ถือหุ้นกู้	
3.	ร่างข้อกำหนดว่าด้วยสิทธิและหน้าที่ของผู้ถือหุ้นกู้และผู้ถือหุ้นกู้ (สำหรับสถานะเฉพาะกลุ่มในวงจำกัดคือกลุ่มทุนรายใหญ่ (high net worth : HNWI))	20/03/2561	20/04/2561	1. ร่างข้อกำหนดสิทธิ พ.ศ.2560 2. เอกสารประกอบกรรับฟังความคิดเห็น	
4.	ร่างข้อกำหนดว่าด้วยสิทธิ และหน้าที่ของผู้ถือหุ้นกู้และผู้ถือหุ้นกู้ (สำหรับการออกและเสนอขายต่อประชาชนเป็นการทั่วไป (PO) และต่อผู้ลงทุนรายใหญ่ (HNWI) ร่างข้อ 7.2 หน้า 10 การทำการ (8) ผู้ถือหุ้นกู้จะไม่นำเงินไปใช้ในการไถ่คืนแต่ส่งขายหลักทรัพย์รองการใช้เงินที่ระบุไว้ในหนังสือ	18/02/2562	15/03/2562	1. เอกสารประกอบกรรับฟังความคิดเห็น 2. แบบรับฟังความคิดเห็น	



## Dissemination of Knowledge among Market Stakeholders and Broad Range of Investors

The ThaiBMA is the key organization in disseminating knowledge relating to bond market and investment among market stakeholders and a wide range of investors as well as students and the new generation who will be a driving force in the future development of the Thai bond market. Major activities include:

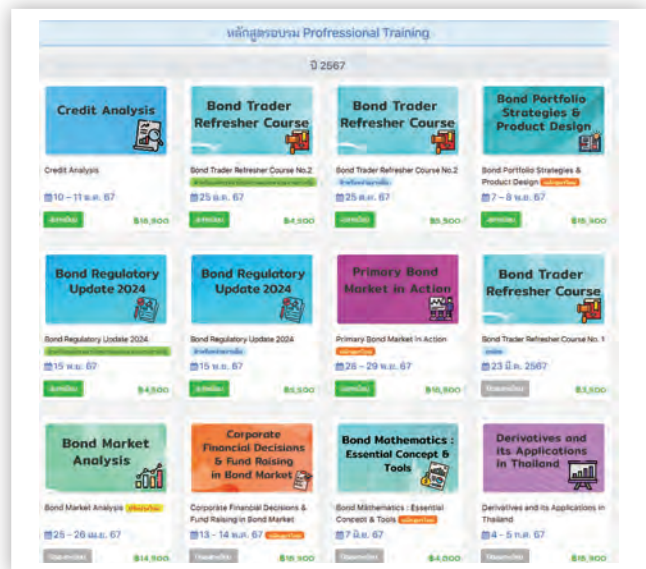
- ◆ Organizing ongoing training courses and seminars, both classroom-based and online through various social media channels.



- ◆ Providing professional training courses for professionals in the financial and bond markets covering in-depth contents in related areas.



**Developing new-generation personnel in the bond market through signing of MOUs for academic collaboration with universities to offer need-based scholarships, provide academic resources, and support internship training, among other initiatives.**



- ◆ Creating an Investor E-learning Platform and publishing bond-related articles to disseminate knowledge and enhance understanding of bond investments among the interested public, free of charge.



**หลักสูตร Investor Training : แบ่งเป็น 4 Module**

**1. Introduction**

ตราสารหนี้เบื้องต้น

**2. Fundamental**

หลักการลงทุนตราสารหนี้

**3. Comprehensive**

การลงทุนตราสารหนี้เชิงลึก

**4. Bond investment tools**

ข้อมูลประกอบการลงทุนหุ้นกู้

- ◆ Developing new-generation personnel in the bond market through signing of MOUs for academic collaboration with universities to offer need-based scholarships, provide academic resources, and support internship training, among other initiatives.



- ◆ Organizing the Bond Academy program to promote practical knowledge and real-world understanding of the bond market among university students. This includes a bond trading and auction competition, as well as providing advice on careers in the bond market, to inspire and help interested students prepare for pursuing a career in the bond market.

## Bond academy

Bond Academy is a training program aimed at promoting practical knowledge and understanding of the bond market among university students. It has been held annually since its debut in 2013. Over the years, students from more than 30 universities across the country have participated in this program.



The training combines both theoretical and practical elements. The practical component allows students to learn how bonds are traded and auctioned in real-world scenarios by participating in a bond market investment game. This game, the first of its kind in Thailand, uses virtual simulations of bond auctions and trading to provide hands-on experience.

## The Role in Mitigating the Impacts of COVID-19 Pandemic on the Bond Market

The outbreak COVID-19 in early 2020 caused extreme volatility in global stock markets as investors sold off their assets, both stocks and bonds, leading to a sharp decline of the net asset value (NAV) of fixed income funds that invested in foreign fixed income instruments. Thai investors, unfamiliar with declines in NAV of fixed income funds, engaged in panic selling of investment units, resulting in mutual fund runs. In order to meet the panic redemptions, funds were forced to sell the debt securities in their portfolio at any price, causing turmoil in the bond market, despite there being no defaults on any bond at that time.

In response to the volatile situation in the bond market, ThaiBMA actively fulfilled its role by closely monitoring market movements and providing timely market information to ensure that regulators had complete and immediate data for policy decision-making. The organization worked closely with market participants, including financial institutions, bond underwriters, and representatives of bondholders, to assess the situation during this chaotic period and engage with authorities on relevant issues.

In March 2023, the Bank of Thailand established the liquidity backstop facility to support mutual funds facing liquidity constraint in the financial markets (**Mutual Fund Liquidity Facility: MFLF**) as a special mechanism to provide liquidity to fixed income funds in order that financial institutions can lend support to these funds by purchasing investment units or debt securities of the funds or extending loans via repurchase transactions. Meanwhile, such financial institutions can seek liquidity from the Bank of Thailand via repurchase transactions. The measure has effectively helped

stabilize volatility in the fixed income fund market, gradually restoring its resilience.

On April 19, 2020, the Emergency Decree on the Maintenance of Stability of the Financial System and Economic Security of the Country, B.E. 2563 (2020) was issued, ordering the establishment of the **Corporate Bond Stabilization Fund (BSF)** to serve as a liquidity backstop for corporate bond issuing companies which have solid fundamentals and high growth potential but are temporarily liquidity constrained due to impact of the COVID-19 pandemic during the maturity period of the corporate bonds in 2020-2022.

The aforementioned measure was successful in restoring investor confidence in the corporate bond market and sustaining the continuation of corporate bond market's functioning. The BSF announced termination of operations on October 31, 2022.

Furthermore, the COVID-19 pandemic that severely impacted the business sector had forced some bond issuers to urgently hold a bondholders' meeting to negotiate for a moratorium on debt repayment. However, as the government had strictly prohibited public gatherings during the pandemic and no policy guidelines had been issued for electronic bondholders' meeting, the ThaiBMA stepped in to act as representative of market participants to coordinate with the authorities on related issues. As a result, the affected issuers were able to hold the meetings successfully and the definite guidelines on bondholders' meeting through electronic system were issued by the Office of the SEC subsequently.

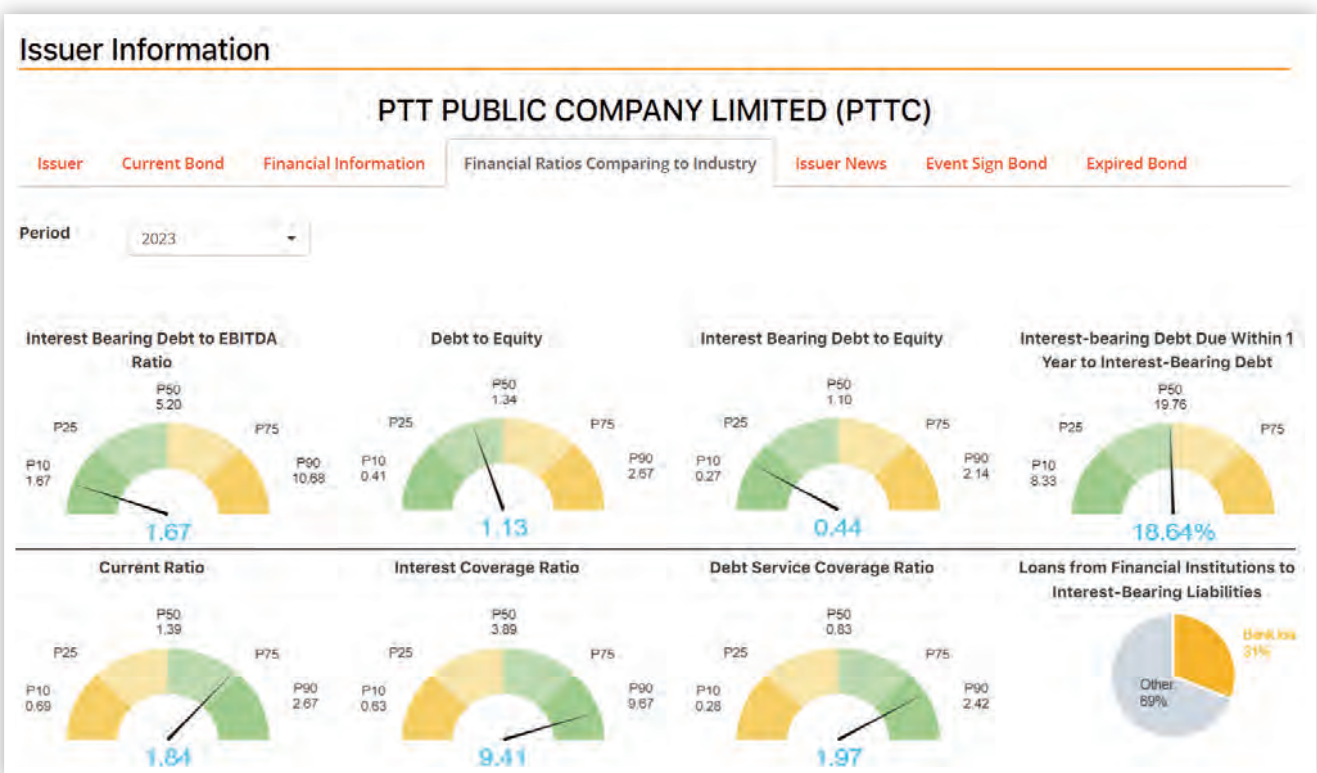


## Pushing Forward Investor Protection Mechanisms through Standards of Practice and Information for Making Investment Decision

As certain economic and business sectors have still not fully recovered from the COVID-19 impacts emerging in 2020, some issuers, especially those issuing high yield bonds, have been unable to meet their debt obligations. This has led to requests for debt restructuring or deferment, and in some cases, defaults, which adversely affect investors at large. Many of these investors are individual investors who face significant challenges in debt collection, making it difficult for them to demand payment and understand the litigation process.

In response, ThaiBMA initiated several actions to ensure the availability of adequate information for making informed investment decisions and to create more effective investor protection mechanisms. These actions include:

- ◆ **Creating an Industry Average Financial Ratio:** This involves proposing increased disclosure of financial information from issuers, allowing investors to compare the financial status of each issuer with the industry average.



- ◆ **Developing a High-Yield Bond Covenant:** This initiative aims to establish important financial conditions that more effectively protect investors’ interests. The high-yield bond covenant will be based on standards used in foreign countries, where the issuance of high-yield bonds is governed by clear and comprehensive covenants. These covenants are designed to prevent issuers from taking actions that could adversely impact their ability to repay debt. Examples of these restrictions include limiting the creation of additional debt beyond the issuer’s repayment capacity, restricting the sale, disposal, or transfer of assets, and placing limits on certain payments before fulfilling debt repayment obligations.



## HIGH YIELD BOND

## HIGH RISK HIGH RETURN

High Yield Bond จะหมายถึงตราสารหนี้ในกลุ่ม **Speculative Grade** คือ ตราสารหนี้กลุ่มที่มีอันดับเครดิตไม่สูง หรือ มีความเสี่ยงในการผิดนัดชำระค่อนข้างสูง ตราสารหนี้กลุ่มนี้จึงให้ผลตอบแทนสูง เพื่อเป็นการชดเชยความเสี่ยงแก่นักลงทุน

อันดับเครดิตจะถูกแบ่งเป็น 2 กลุ่ม คือ		
ระดับเครดิต	Tris & Fitch	
สูงสุด	AAA	<b>Investment Grade</b> (AAA ถึง BBB- )
สูง	AA+, AA, AA-	
ปานกลาง - สูง	A+, A, A-	
ต่ำ - ปานกลาง	BBB+, BBB, BBB-	<b>Speculative Grade</b> (BB+ ลงไปจนถึง D)
เก็งกำไร	BB+, BB, BB-	
เก็งกำไรอย่างสูง	B+, B, B-	
เสี่ยงสูงมาก	CCC+, CCC, CC	
เก็งกำไรชัดเจน	C	
ไม่สามารถชำระหนี้ได้	D	

- ◆ **Creating a standardized sample agreement for Bondholders’ representative Appointment:** In collaboration with the SEC, this initiative aims to establish a standardized sample agreement that outlines the responsibilities of the issuer and registrar in relation to the bondholders’ representative. This effort seeks to enhance the efficiency of protecting investors’ interests by clearly defining the roles and obligations of all parties involved.



สำนักงาน ก.ล.ต. และสมาคมตลาดตราสารหนี้ไทย ร่วมกันจัดทำ

ตัวอย่างสัญญาแต่งตั้งผู้แทนผู้ถือหุ้นกู้

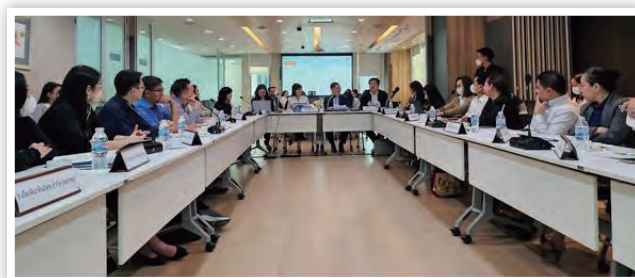
สำหรับให้ผู้ออกหุ้นกู้และผู้แทนผู้ถือหุ้นกู้ใช้เป็นแนวทางในการจัดทำสัญญาแต่งตั้งผู้แทนผู้ถือหุ้นกู้ โดยสามารถนำตัวอย่างสัญญาไปปรับปรุงให้สอดคล้องกับการออกหุ้นกู้ในแต่ละครั้งได้ตามความเหมาะสมภายใต้กฎหมายที่เกี่ยวข้อง



- ◆ **Creating a Proposal to Enhance Management Mechanisms in the Event of Default:** This initiative focuses on improving the management mechanisms for defaults to ensure that relevant parties receive information quickly and promptly. For instance, it proposes that the issuer and the registrar are responsible for notifying the bondholders’ representative and the ThaiBMA of any default on the date it occurs. The SEC has since implemented rules requiring issuers and registrars to report any event of default to the bondholders’ representative and the SEC within one business day of its occurrence. Additionally, the registrar is mandated to send a list of bondholders to the bondholders’ representative within one business day of the request. These rules came into effect on August 1, 2020.
- ◆ **Studying Investment Mechanisms in High-Yield Bonds:** This study aims to explore investment mechanisms through funds or collective investment vehicles to enable investors to diversify risks appropriately. It seeks to provide individual investors with alternatives for investing in high-yield bonds (bonds with low credit ratings or no ratings).
- ◆ **Conducting a Study on Management Mechanisms for Distressed Bonds:** This research is focused on increasing the management mechanisms for distressed bonds to provide effective solutions for investors and to enhance the overall robustness of the corporate bond market.

### Driving the Development of Regulatory Framework in the Bond Market

- ◆ **Create a standardized sample of new terms and conditions:** This initiative involves developing a standardized sample of terms and conditions that govern the rights and duties of bond issuers and bondholders. Feedback from market participants will be compiled and submitted to the SEC. In this regard, the SEC has publicized the sample of the amended terms and conditions contributed by ThaiBMA, which issuers can use as guidelines for drafting their own terms and conditions, effective from October 1, 2019.



- ◆ **Create a proposal for practice guidelines on performing the duties of the bondholders’ representative:** This initiative aims to proposed to the SEC the issuance of practice guidelines for the duties of bondholders’ representatives. In response, the SEC issued a letter outlining expectations for the performance of bondholders’ representatives on April 17, 2020 and announced the practice guidelines for performing the duties of bondholders’ representatives on May 17, 2023.

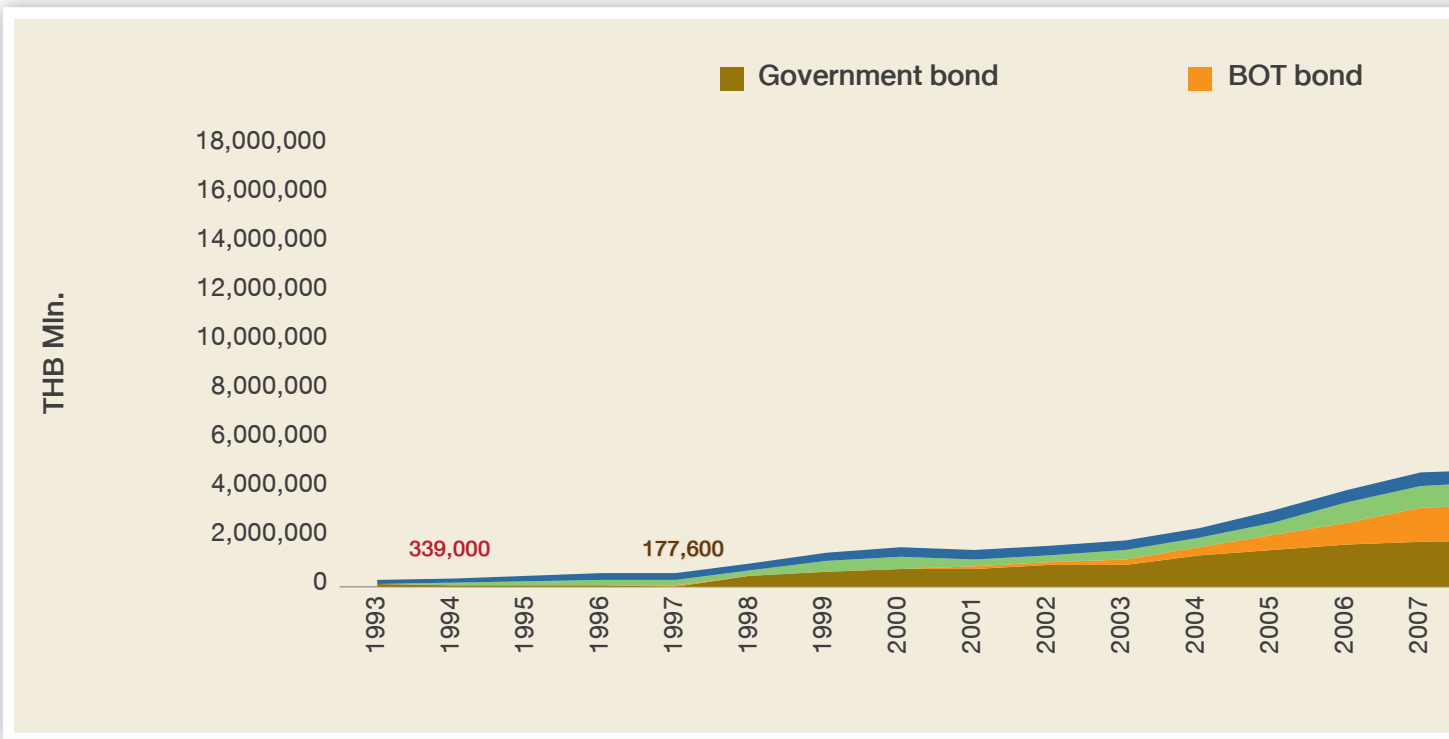
## Supporting the Growth of Corporate bonds

Although ThaiBMA has been assigned a key role in supervising the bond secondary market, it has also maintained strong focus on promoting the supply side of bonds in the primary market. In the early days, bond issuance was primarily limited to a small number of large companies. Therefore, ThaiBMA has coordinated with various agencies to promote knowledge and understanding of bond issuance. This has been achieved through a series of seminars held in Bangkok and other provinces, as well as workshops and company visits. Additionally, ThaiBMA has developed various media resources, including a bond issuance manual, to support these efforts.

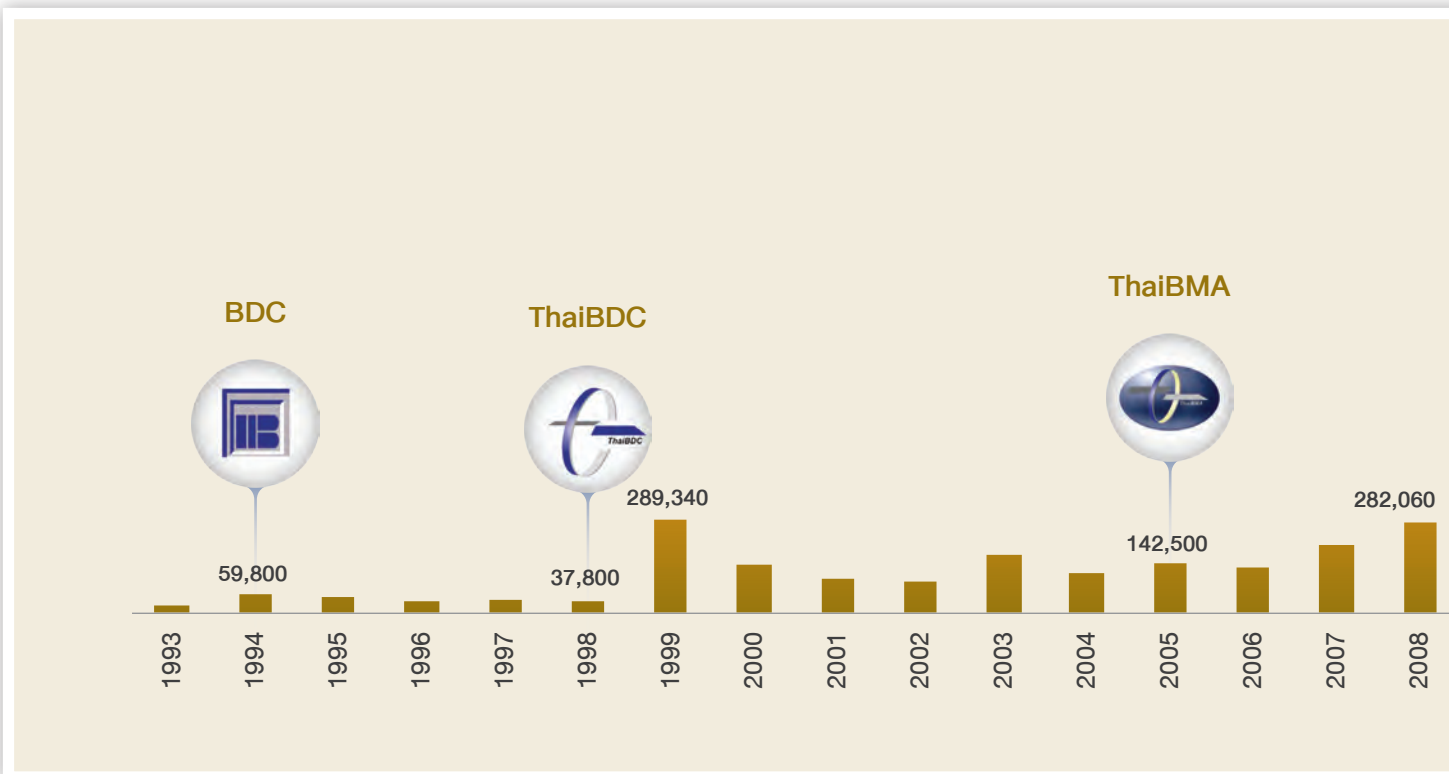


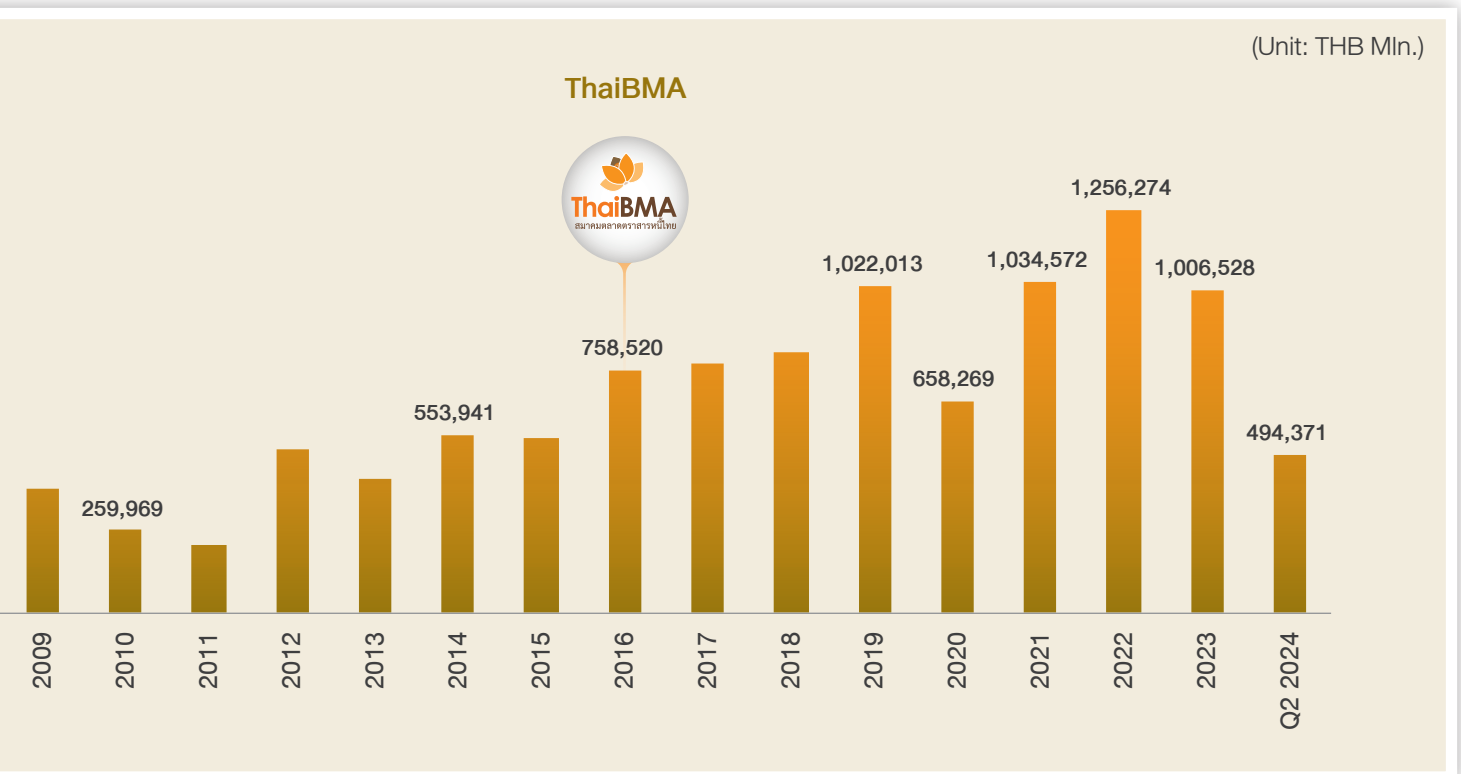
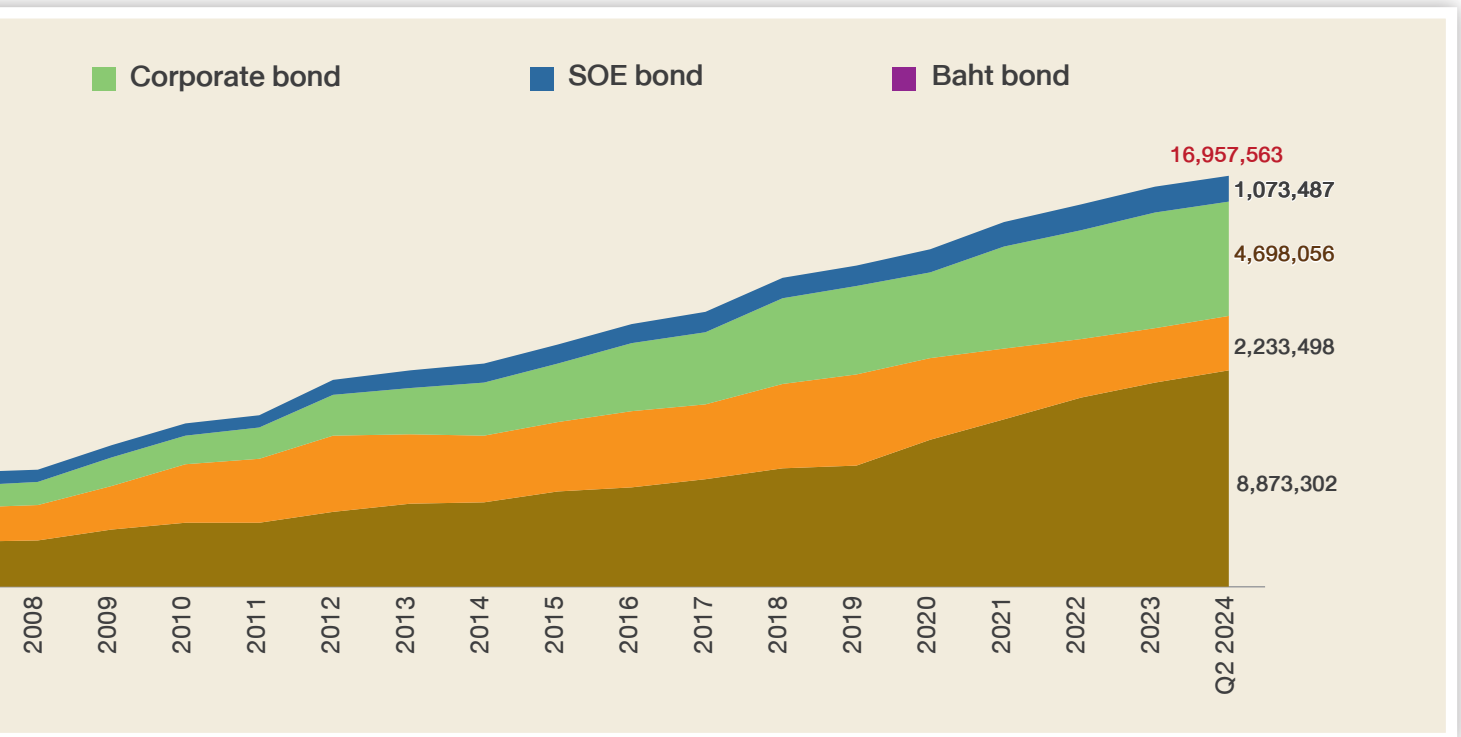
In the past 3 decades, the outstanding value of the corporate bond market has expanded significantly, rising from only 4% of GDP in 1997 to 26% of GDP at the end of the second quarter of 2024. The issuance value of corporate bonds also seen remarkable growth, starting with approximately THB 140 billion in long-term corporate bonds issued by 176 companies in 2006, the first year of operation under the Thai Bond Market Association. By the end of the second quarter of 2024, the number of companies issuing bonds had increased to 653, encompassing nearly 30 industry groups. This expansion has led to a substantial increase in the average daily turnover of corporate bonds, which rose from THB 381 million in 2006 to THB 6,268 million currently.

### Outstanding Value of The Thai Bond Market

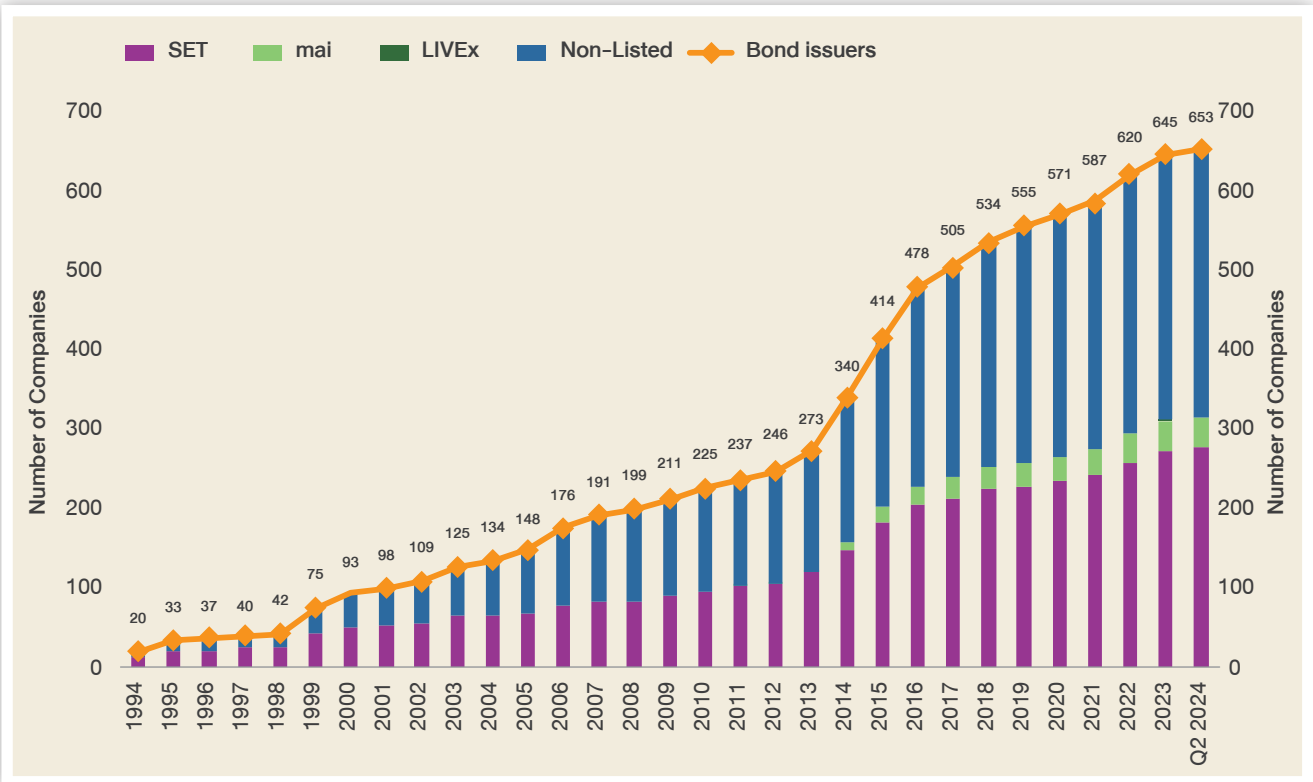


### Issuance Value of Long-term Corporate Debentures

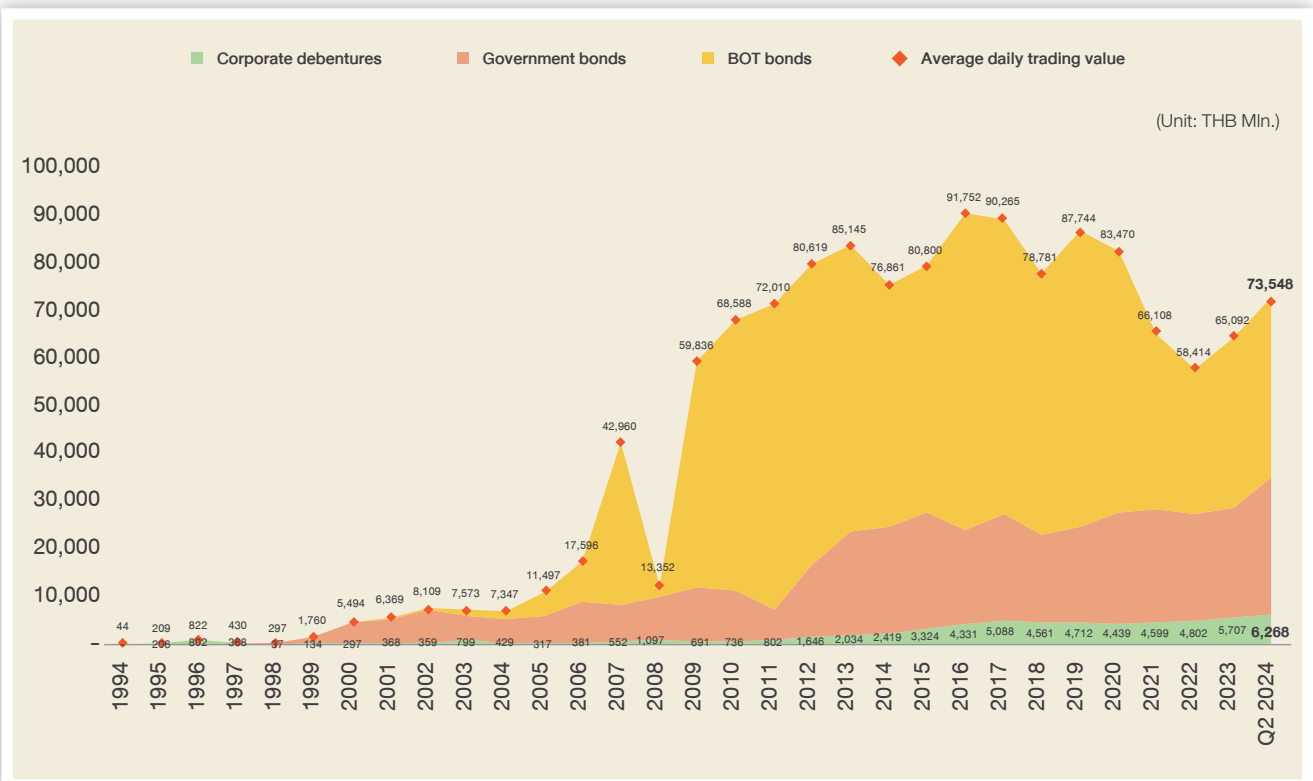




### Total Number of the Private Companies that have Issued Debenture



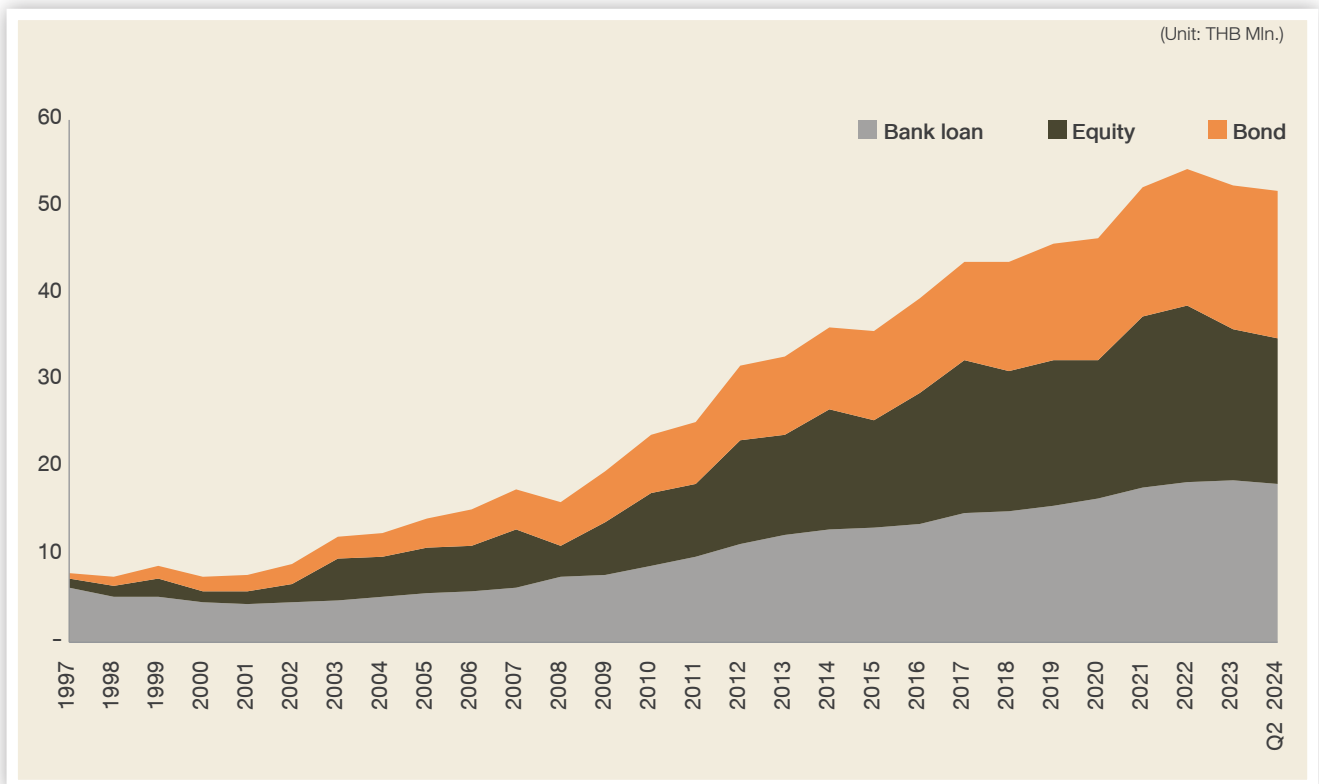
### Trading Value of Thai Debt Securities



## The Bond Market and its Vital Role as a Fundraising Channel of the Government Sector

The past three decades have witnessed remarkable growth and increasing significance of the bond market in Thailand's economic system, establishing it as a major alternative channel for funding and investment. The market value, which accounted for only 9% of GDP in 1994, has expanded exponentially to 95% of GDP by the end of the second quarter of 2024. This growth has positioned the bond market as one of the three main pillars of the financial market, contributing to a balanced and robust financial ecosystem.

### Outstanding of Thai Financial Market



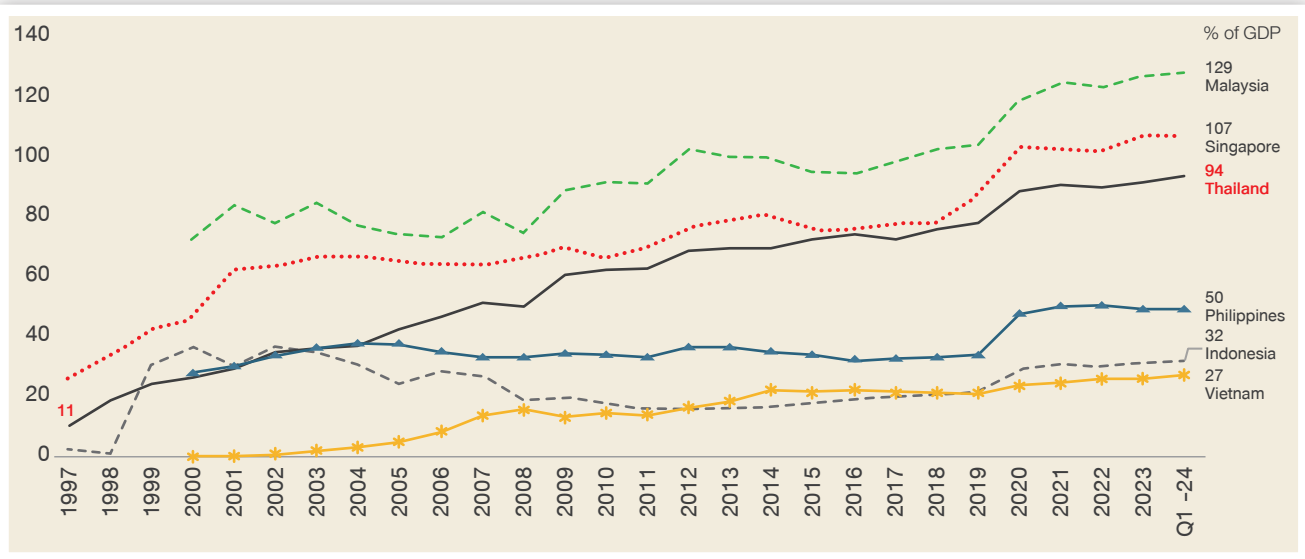
Funding Sources	Outstanding (THB Trillion)	% of financial market	% of GDP*
Bond	17.0	33.0	95
Equity	16.1	31.4	90
Bank Loan	18.2	35.6	102

Comparing with other ASEAN countries, from the year 1994 when the Thai bond market accounted for less than 10% of GDP, much smaller than those in Singapore and Malaysia which accounted for

more than 30% of GDP, it has grown remarkably to be the third largest bond market in the region today, next only to Malaysia (129%) and Singapore (107%).

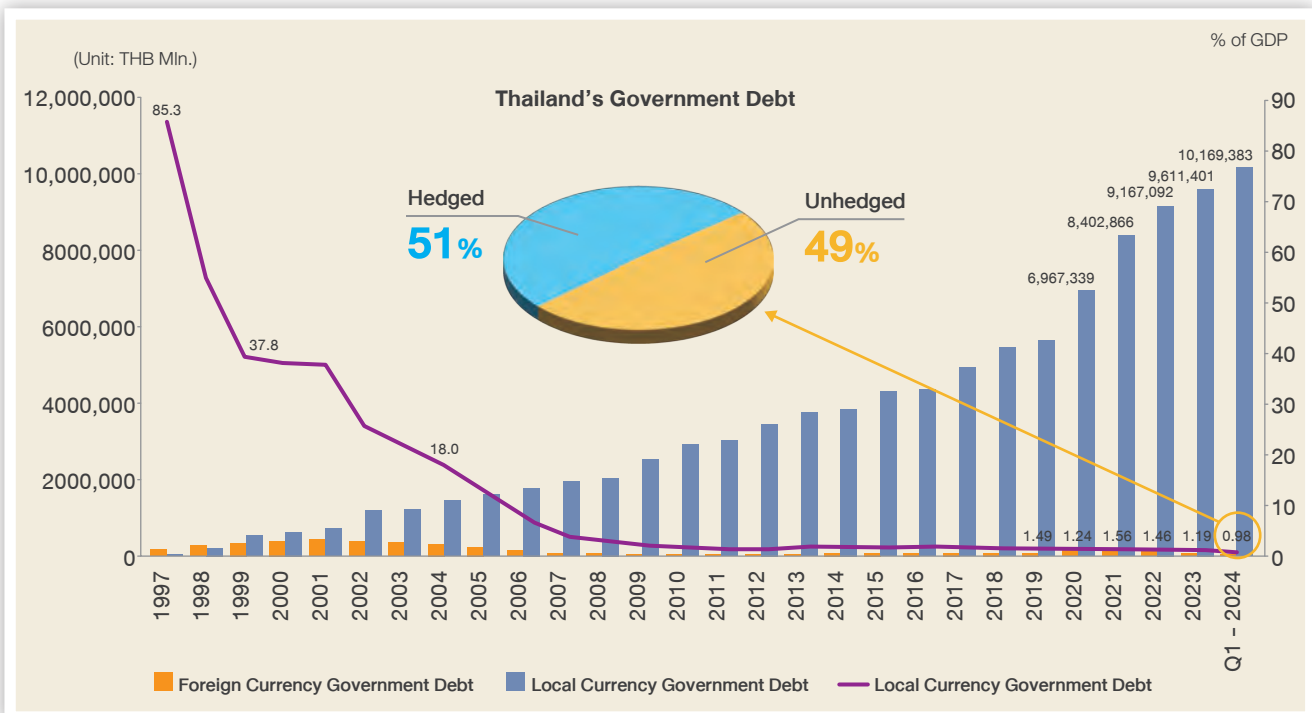


### Size of Bond Markets in ASEAN (percentage of GDP)



Currently, fundraising through the issuance and offering of bonds to investors domestically has become a significant source of funding for the government. This has led to a sharp decline in the government’s foreign currency-denominated debts from as high as 85.3% in 1997 to only 0.98% of the country’s total external debts, totalling THB 10.2 trillion as of the end of May 2024. Notably, over 51% of the total foreign currency debts are hedged against foreign exchange risks. This clearly demonstrates how the growth of domestic bond market has strengthened the stability of funding in the government sector, reduced dependency on foreign capital and mitigated risks associated with foreign exchange fluctuations.

### Outstanding Debts and Percentage of Foreign Debts of the Thai Government

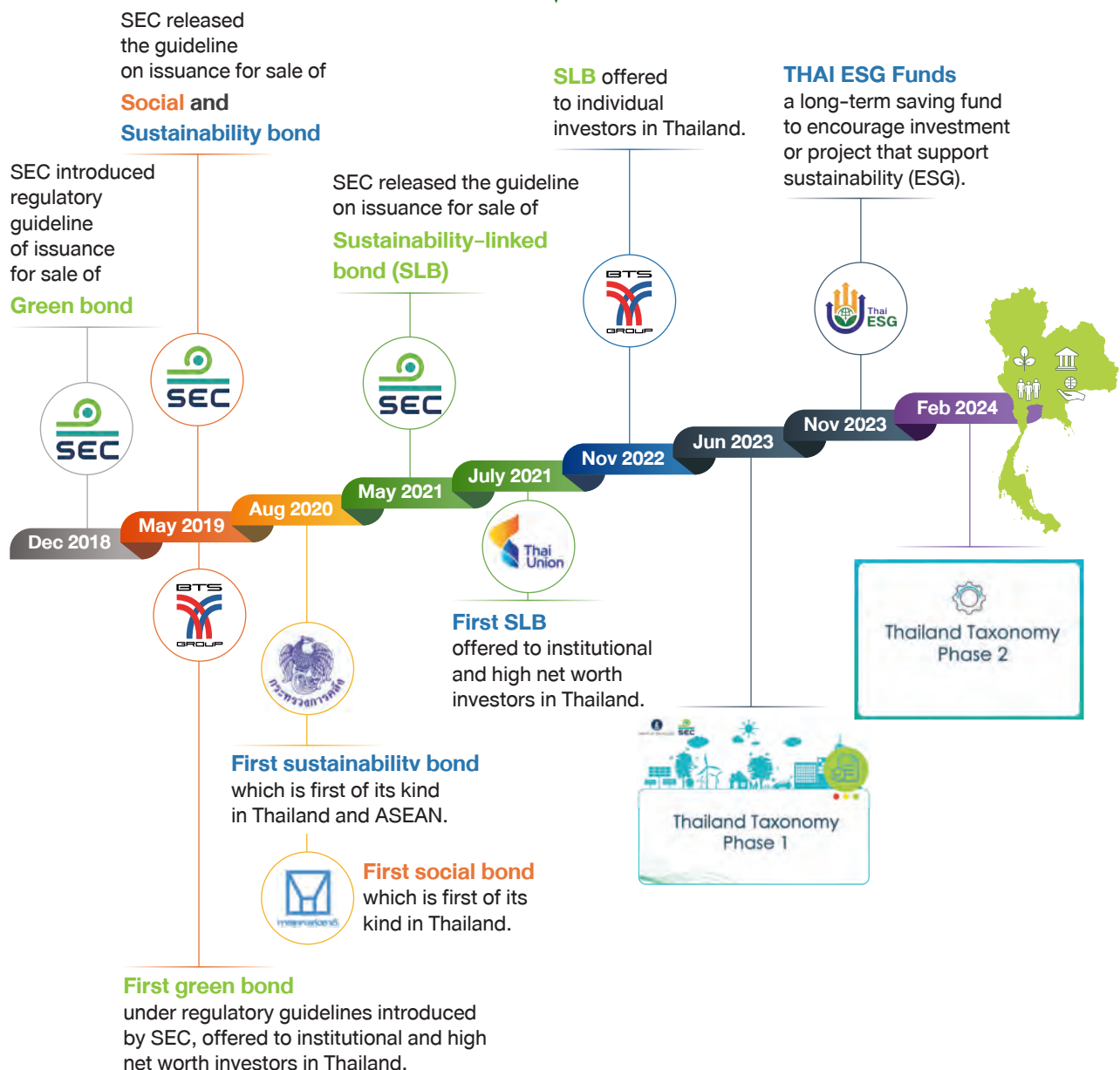


## Taking Steps towards Sustainability

The increasing severity of environmental and climate change has led to the Paris Agreement, which aims to significantly reduce greenhouse gas (GHG) emissions. As a party to the Paris Agreement, Thailand has declared its commitment to achieving carbon neutrality by 2050 and

net-zero GHG emissions by 2065. One of the financing sources to support the improvement of production processes and operations to meet these ambitious goals is the issuance of ESG (Environmental, Social and Governance) bonds.

## Salient Developments of ESG Bond Issuance in Thailand





### **Green bond**

The bonds where the proceeds are used to finance green projects.



### **Social bond**

The bonds where the proceeds are used to finance social projects.



### **Sustainability bond**

The bonds where the proceeds are used to finance a combination of green and social projects.



### **Sustainability-linked bond**

The bond is linked to overall corporate sustainability performance, rather than to specific sustainable projects.

### ESG bonds include the following:

1. **Green bonds** – Debt securities where the proceeds are used for environmentally friendly or environmental conservation projects such as projects relating to alternative energy, GHG reduction, wastewater treatment, clean transportation, etc.
2. **Social bonds** – Debt securities where the proceeds are used for social development or the improvement of quality of life in a community such as public health services, education promotion, employment arrangement, and housing development projects for low-income people, etc.
3. **Sustainability bonds** – Debt securities where the proceeds are used for projects with sustainable environmental and social benefits in accordance with the rules and regulations specified for issuance of green bonds and social bonds.
4. **Sustainability-Linked Bonds (SLB)** – Debt securities with an agreement or covenant relating to adjustment of coupon rate or obligation depending on the attainment of benchmark or overall goal of the issuing company which will result in environmental and social sustainability.

The ThaiBMA places great importance on promoting the growth of ESG bonds. It has collaborated with related agencies including the SEC and the Asian Development Bank (ADB) to promote literacy and understanding in this area among issuing companies and stakeholders. ThaiBMA has also prepared essential data and information to support and facilitate fund mobilizers and investors. From 2020 to 2024, major activities undertaken by the ThaiBMA were as follows:

#### 1. **Financial support for ESG bond issuers**

In collaboration with the Capital Market Development Fund (CMDf), the ThaiBMA launched the “ESG Bond Issuance Grant Scheme” to promote the issuance of ESG bonds by facilitating CMDf grants for ESG bond issuers. The grant will support expenses

incurred from hiring external reviewer and/or credit rating fee up to THB 2 million for each eligible bond. The total limit for the scheme is set at THB 100 million and will be available for bonds issued between July 1, 2023, and June 30, 2027.

## 2. Capacity building

The ThaiBMA has been actively organizing ongoing public training sessions and seminars for bond issuers and market stakeholders to enhance literacy, understanding and inspiration in raising funds through issuance of ESG bonds among public and private sector entities. Topics covered in these trainings and seminars include:

- Sustainability bond forum (2019-2020) and Blue bond (2021): These events focused on the understanding and benefits of sustainability and blue bonds.
- Green finance seminar: Held in collaboration with the Committee on Finance, Fiscal,

Financial Institutions and Financial Markets of the House of Representatives in 2022, this seminar addressed various aspects of green finance.

- Enable ESG Bond Issuance Series:
  - #1: Focused on investor demand, corporate experiences, and new funding support.
  - #2: Discussed global dynamic & Thailand framework development, both in 2023.
  - #3: Workshop on sustainable bond issuance in practice in 2024 to provide practical knowledge related to ESG bond issuance for bond issuers.



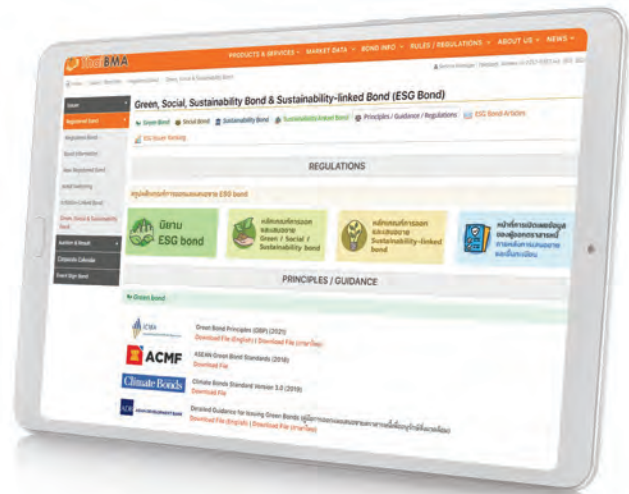
### 3. ESG tools and information creation

- ThaiBMA has published translated version of guidance handbooks and principles for various types of ESG bonds produced by the International Capital Market Association (ICMA). These publications adhere to internationally accepted standards and aim to promote understanding among issuers, underwriters and investors. These publications include:
  - ICMA’s Green bond principle and Detailed guidance for issuing green bonds;
  - ICMA’s Social bond principle;
  - ICMA’s Sustainability bond guidelines; and
  - ICMA’s Sustainability-linked bond principle.



- Design and launch a “One-stop ESG information platform” to serve as an information center for ESG bonds by publishing information of each ESG bond including related regulations such as ICMA principles/ASEAN standard rules pertaining to issuance and offering of bonds, etc.

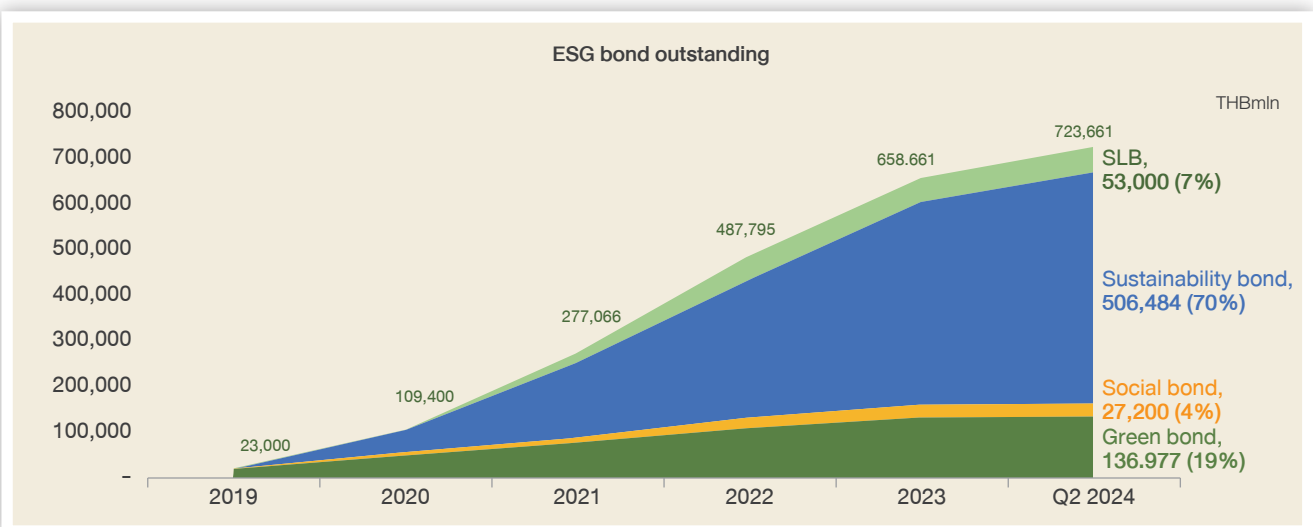
- Create and publicize the ESG bond index as a benchmark for investors to monitor and make performance comparison with other asset classes by publishing on the website from January 5, 2021 onwards.
- Prepare a summary of rules and regulations on ESG bond issuance and offering in the form of infographic and publish on the website.
- Perform and publicize the information of ESG underwriter ranking and ESG issuer ranking to stimulate the interest and encourage participation of issuers and underwriters by publishing on the website from January 1, 2023 onwards.



In 2023, the ThaiBMA applied for membership of the Thailand Carbon Neutral Network (TCNN) and became one of the 117 Climate Action Leading Organizations (CALOs). It is the first association to be certified by the Thailand Carbon Neutral Network Committee for its commitment to driving the achievement of carbon neutrality at the organization level with clear-cut goals and action plans.












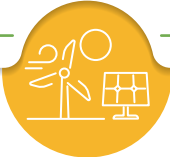
As of the end of the second quarter of 2024, the outstanding value of ESG bonds stood at THB 723,661 million, representing 4.3% of the Thai bond market, indicating significant potential for growth. Among the total ESG bond outstanding, 70% were sustainability bonds, followed by green bonds at 19%, sustainability-linked bonds at 7% and social bonds at 4%.



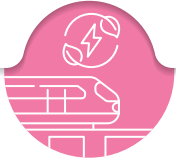
# Examples of organizations that issue ESG in Thailand

## Green Bond

 Reforestation project	 Environmental friendly car hire purchases	 Mass Transit System	 Loan to reforestation projects
 Solar energy	 Solar energy	 Wind energy	 Wind energy
			 Solar energy wind energy and hydro power



# ESG Bonds



## Sustainability Bond

	Relief measures to mitigate Ministry of Finance the social and economic impacts from COVID19
	Housing development projects
	Mass transit system
	Financing green projects
	Mortgage loan

## Social Bond

	Financing to Women Entrepreneurs
	Support local farmers
	Financing social projects
	Housing development projects
	Financing for Low-income earners

## SLB

	<ul style="list-style-type: none"> <li>Reduce CO2 emissions</li> <li>Setup Fishing Vessel Inspection System</li> </ul>
	Reduce CO2 emissions and PET bottle recycle projects
	Reducing electricity use and use more renewable energy
	<ul style="list-style-type: none"> <li>GHG Emission Intensity Reduction</li> <li>Reduce the raw water consumption and reliance from natural sources</li> </ul>





# Green, Social & Sustainability Bonds : A High-Level Mapping to the Sustainability Mapping Goals



## THE GLOBAL GOALS



## GREEN BONDS & SUSTAINABILITY BONDS



## SOCIAL BONDS



Source from ICMA Website at <https://qr.go.page.link/SxQCw>

## Next Step Challenges

Over the past 30 years, the Thai BMA has played a pivotal role in the development of the bond market across different dimensions. It has introduced innovations, served as a forum for exchanging views, collaborated closely with related agencies both public and private sectors, as well as establishing international networks.

Despite facing multiple financial crises and uncertainties, the Thai bond market continues to grow consistently and has effectively served as a significant financing source for both the public and private sectors, as evidenced by the following achievements:

- ◆ Trading value surged from only THB 1 million on its first day to an average daily trading value exceeding THB 65 billion.
- ◆ Bond issuance value rose from only tens of billions of baht per year to over THB 1 trillion annually.
- ◆ Outstanding value of registered bonds rose from THB 30 billion or less than 10% of GDP to THB 17 trillion or 95% of GDP as of June 2024.

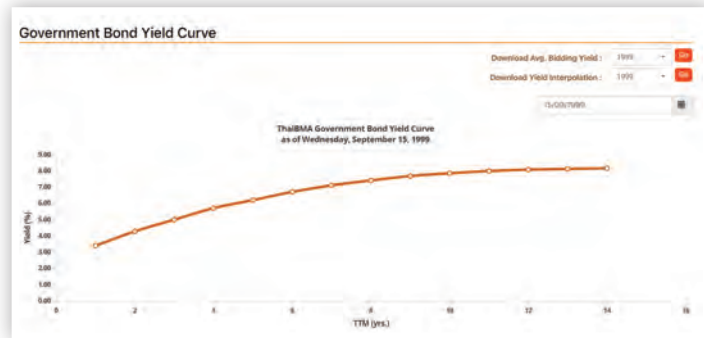
In addition to this robust growth, ThaiBMA's next step will aim towards driving sustainable growth for the Thai bond market. The sustainability initiative will encompass various dimensions including the promotion of sustainable products, enhancement of the quality of fund mobilizers and intermediaries in the bond market, investor protection, and equitable treatment of all stakeholders through appropriate supervisory mechanisms.

# 3 Decades of ThaiBMA Milestones

## 1994–1998 Building a foundation



## 1998–2004 Growing Amidst Crisis



### 1994

- ◆ “Bond Dealers Club” commenced operation on November 1, 1994, with the launch of an electronic bond trading system called “BONDNET.” This marked the introduction of the first bond trading platform in the history of the Thai bond market.

### 1997

- ◆ “Thai Bond Dealing Center” was granted a bond dealing center license by the Securities and Exchange Commission (SEC) on 9 December 1997. Following this, the organization structure of “Bond Dealers Club” was elevated to “Thai Bond Dealing Centre (ThaiBDC)”.

### 1998

- ◆ Thai Bond Dealing Centre (ThaiBDC) officially began operations on 22 April 1998.
- ◆ Bond indices were created, starting with government bonds.
- ◆ The government yield curve was constructed for the first time using executed yield.

### 1999

- ◆ In August 1999, the government issued the first series of government bonds in the decade, and in September 1999, the first Treasury bill was issued.
- ◆ Bond Information Service (BIS) was introduced through the internet network.
- ◆ The construction of the yield curve was refined to cover all maturity periods, based on the bidding yields of each series of government bonds.

### 2000

- ◆ The Securities and Exchange Commission (SEC) required bond-dealing institutions to report transactions of bond trading to ThaiBDC.
- ◆ The SEC mandated that bond traders in financial institutions must register with ThaiBDC through the examination system and bond trader registration.
- ◆ ThaiBDC established a common standard of bond symbols for both government and corporate bonds to convey useful information to investors.

### 2001

- ◆ ThaiBDC notified members to use the Global Master Repurchase Agreement (GMRA) as a standard agreement together with the Thailand Annex in conducting repo transactions.
- ◆ ThaiBDC prepared accounting guidelines for repo transactions with the consent of the Thailand Federation of Accounting Professions and established standard practices for private Repo Agreements (Private Repo).

## 2005–2016 Move towards SRO



- ◆ ThaiBDC created and disseminated daily mark-to-market data for each series of bonds.
- ◆ An investment-grade corporate bond index was developed.

**2002**

- ◆ “Market Watch” screen was developed to disseminate intraday bond trading prices.

**2003**

- ◆ The inaugural ThaiBDC’s Best Bond Awards was organized to promote the excellence of bond market participants in various areas.
- ◆ ThaiBDC underwent internal restructuring to support the expansion of operations as a SRO by setting up the surveillance, inspection, and legal units.
- ◆ ThaiBDC initiated a financial risk management system called “iRisk” and developed an electronic bond trading platform named “iDeal” as an alternative bond trading platform.

**2005**

- ◆ The Thai Bond Market Development Supervisory Committee, chaired by the Finance Minister, approved the reform of the bond market. Under the Committee’s resolution, ThaiBDC would migrate the electronic bond trading platform to the Stock Exchange of Thailand (SET) while maintaining the functions of the Self-Regulatory Organization (SRO) and the bond information center. ThaiBDC would then transform into a securities business-related association under the SEC Act.
- ◆ The Public Debt Management Act was effective on 2 February 2005, which authorized the Finance Ministry to issue government bonds without requiring a fiscal deficit.
- ◆ The Public Debt Management Office (PDMO), the SEC, and ThaiBDC jointly signed the Memorandum of Agreement to support the project “SRO and bond information center.”
- ◆ ThaiBDC was granted the license of an association related to securities business by the SEC and renamed to “Thai Bond Market Association (ThaiBMA)”.

**2006**

- ◆ The SEC required corporate issuers to register their bonds with ThaiBMA.

**2007**

- ◆ The SEC and ThaiBMA signed the Memorandum of Agreement to specify the scope of duties and expectations in ThaiBMA’s Self-Regulatory Organization (SRO) operation.
- ◆ ThaiBMA completed the SRO and bond market information center project in line with its goal on 30 September 2007. The project comprised of:
  1. Enhancing the task of SRO.
  2. Upgrading the bond information system.
  3. Developing research and training programs.
  4. Enhancing the bond data backup system.
  5. Developing analytical and investment tools for the bond market.
  6. Renovating the bond library.

**2005–2016 Move towards SRO**



**2008**

- ◆ ThaiBMA, as the full SRO, conducted its first onsite member inspection, representing an enhancement over the prior offsite inspections that focused on reported transactions.

**2009**

- ◆ ThaiBMA was selected by the International Finance Corporation (IFC) to serve as a consultant, providing technical assistance in developing market conventions and operation systems for the Vietnam bond market.

**2011**

- ◆ ThaiBMA, along with 4 government agencies, namely the Public Debt Management Office (PDMO), the Bank of Thailand (BoT), the Securities and Exchange Commission (SEC), and the Stock Exchange of Thailand (SET), jointly signed an MOU to establish the Thailand Financial Instruments Information Center (TFIIC). This center serves as a comprehensive source of financial market information, covering the financial, stock, and bond markets. TFIIC plays a crucial role in supporting government analysis and policymaking related to the financial market.

**2017–Present Expansion and Development**



**2017**

- ◆ “ThaiBMA Dashboard” screen was launched to publicize intra-day real-time trading data.

**2018**

- ◆ ThaiBDC developed the “Inflation-Linked Bond Index (ILB)” to track the performance of inflation-linked bonds that were issued for the first time by MOF.

**2019**

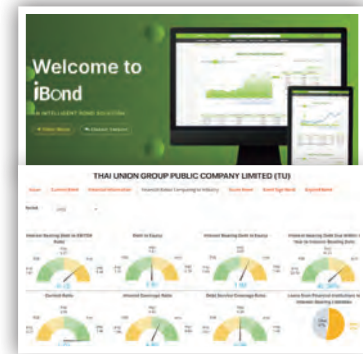
- ◆ ThaiBMA was granted a securities depository license by the SEC on September 11, 2019, under the SEC’s regulatory sandbox. This initiative supported the development of “Registrar Service Platform (RSP)” project, which aimed to test the bond issuance process using blockchain technology for the first time in Thailand. The initial phase began with creating a decentralized bondholder data storage system.
- ◆ Toyota Leasing (Thailand) Co., Ltd. was the first issuer in the RSP1 Project, marking the inaugural series of bond issued using blockchain technology. The bond was offered to institutional investors and high-net-worth investors with a total value of 500 million Baht.



- ◆ The first series of green bond in Thailand was issued by BTS Group under the SEC’s regulations, valued at 13,000 million Baht.
- ◆ On 2 July 2019, non-resident holding reached a historic high of 1 trillion Baht for the first time.
- ◆ Long-term bonds issued by the Thai private sector to raise fund reached an all-time high of over 1 trillion Baht, or precisely 1,086,538 million Baht.

**2020**

- ◆ ThaiBMA launched “MeBond,” the first mobile application for retail investors in Thailand. This app allows investors to add their own bond portfolios, monitor the movement of individual bonds, and access comprehensive information about the bond market conveniently and promptly.
- ◆ ThaiBMA provided various program services free of charge to different groups of market participants, for example,
- ◆ “E-Book Building”: this system surveys demand for bond investments at various interest rates to determine an appropriate coupon rate, enhancing the efficiency of



- ◆ “Smart Funding Solution”: the system allows bond issuers to monitor ongoing obligations and manage repayment of interest and principal over each period.
- ◆ “Bond Trading and AuctionGame” —used in contests for university students to enhance their practical knowledge of bond auctions and trading in various scenarios.
- ◆ ThaiBMA began distributing THOR (Thailand Overnight Repurchase Rate), the reference rate for the interbank overnight repurchase market. THOR was initiated by the Bank of Thailand (BoT) to replace THBFX in the financial market. In collaboration with BOT, ThaiBMA established the standards for calculating THOR and published the details on its website.
- ◆ The Public Debt Management Office (PDMO) launched Thailand’s first digital savings bond called “Sor Bor Mor Wallet.” It can be traded 24/7 through the wallet feature on the “Paotang” mobile application.

## 2021

- ◆ ThaiBMA established guidelines for marking bonds with event signs to provide investors with timely information for investment decisions. Examples of these event signs include IC (investment caution), RI (request information), RS (restructure), and DP (default payment).
- ◆ The first digital bond was issued by PTTEP using blockchain technology, making it available to retail investors through the wallet feature on the “Paotang” mobile application, allowing 24/7 trading.

## 2022

- ◆ ThaiBMA unveiled iBond-New Chapter, an upgraded version of the iBond website that enhanced efficiency of bond information for institutional investors.
- ◆ ThaiBMA launched e-learning training courses, complementing its regular in-class training sessions.
- ◆ ThaiBMA proposed revised standard terms and conditions on bond issuance to the SEC, aiming to enhance investor protection.

## 2023

- ◆ ThaiBMA introduced a new version of MeBond, designed for quick and easy use with a modern interface. The updated version also features a more efficient storage system.
- ◆ ThaiBMA participated as a business operator in the “Digital Infrastructure Project (DIF)” developed by the SET.
- ◆ ThaiBMA, in collaboration with the SEC, developed a standard contract for bondholder representatives, aiming to empower them to perform their duties more effectively.

## 2024

- ◆ ThaiBMA introduced “Average key financial ratios” of bond issuers by industry, providing investors with a useful tool for comparing these ratios with industry benchmarks to support investment decisions.
- ◆ ThaiBMA developed “High yield bond covenants,” or financial terms and conditions imposed on bond issuers, covering key conditions to protect investors’ benefits.



**03**

**30 Years  
of Connection**

# 30 Years of Connection



Looking back through time  
with advocates  
of the bond market





# 03

## 30 Years of Connection

Looking back through time  
with advocates of the bond market



**Mr. Pakorn Malakul Na Ayudhaya**  
Chairman

◆◆◆  
**Thai Bond Market Association**  
During 17 January 2007–21 April 2011

### The Origin of the Thai Bond Market's Development

“We should go back to the time when I started working at Bank of Thailand in June 1968. I had the privilege of assisting Khun Sommai Huntrakul, who was then the Deputy Governor of Bank of Thailand. It was through this role that I learned of the bank's efforts to establish the Thai capital market development plan in accordance with the recommendations from the World Bank and Professor Dr. Sidney M. Robbins, a finance professor at Columbia University.



In addition to our current activities, we must explore more advanced bond markets in other countries and identify which practices we have yet to implement but are capable of performing. Proactive efforts are crucial to bring benefits to investors, the country and society



I was fortunate to be part of the working committee for the Capital Market Development Project, alongside distinguished colleagues like Khun Sukree Kaewcharoen, Khun Paiboon Wattanasiritham, and Khun Prayun Phuphatana. I was assigned to draft regulations for finance and securities companies, and later, I was tasked with drafting the Securities Exchange of Thailand Act. At that time the stock market was far more active, while the bond market activities were very little, with trading primarily limited to government bonds. Every party concerned undoubtedly agreed with Professor Robbins that the bond market was just as essential as the stock market and requires significant development.”

### Problems and Challenges

“When was appointed Chairman of the Thai Bond Market Association, my first step was to assess whether the association was strong and well-prepared to carry out its designated functions. I found out that the association was well-respected, with highly efficient executives and dedicated staff. This gave me the confidence to take on the role and establish policies for forward progress during my four-year tenure. From my consultation with various committees, it was agreed that: 1) the strength of the Thai Bond Market Association must be reinforced; 2) the role of the SRO (self-regulating organization) must be emphasized; and 3) the role of the information and data provider of the bond market must be enhanced.”

“Overall, I found that the association faced no significant problems or obstacles during that time, largely due to the shared vision among the board of directors, executives, and relevant government officials. The main challenges, if any, were to broaden its functions to gain wider acceptance, establish the bond market as the third pillar of the economy, and effectively operate as a SRO. During that period, the association received strong support from the Bank of Thailand, the Securities and Exchange Commission, and the Ministry of Finance, which greatly contributed to its progress.”

### The Direction for Future Growth

“For the future role of the association, I believe that beyond our current activities, we must explore more advanced bond markets in other countries to identify practices we haven’t yet adopted but are capable of implementing. Proactive efforts are essential to truly benefit investors, the country, and society, and to elevate the Thai bond market’s prominence among Asian bond markets and globally.”



**Dr. Bandid Nijathaworn**  
Chairman

**Thai Bond Market Association**  
During 22 April 2011–21 April 2014

### Development of the Bond Market in the Past 30 Years

“Looking back 30 years ago, there were only two sources of investment funding: bank loans and the stock market. Together, these two sources accounted for approximately 150% of GDP, while the bond market’s share was still below 10%. When the 1997 crisis occurred, it was realized that the existence of all three markets would provide stability to the economy. As a result, a policy was introduced to develop the bond market as the third pillar of fundraising, and this effort has continued to this day. The bond market has expanded quite rapidly and diversified significantly, as evidenced by its growth from only 9% of GDP 30 years ago to 90% of GDP today—a remarkable achievement in bond market development.”

“Key contributing factors include a solid policy framework, various measures, and market strengthening initiatives that helped establish the necessary infrastructure for bond market development. The SEC and the Bank of Thailand provided strong support in their supervisory roles. During this period, at least two credit rating agencies were established. The Thai Bond Market Association was also set up to serve as an information center, supervising entity, and coordinator with the private sector. These efforts helped solidify the market’s structure. The most important factor was the growing number of investors, both local and foreign.”

“Another undeniable important factor was the availability of high-quality government bonds, which generated the benchmark yield curve. This contributed to an increase in the number of active issuers in the market. Furthermore, achieving the ASEAN+3 standards affirmed that the past 30 years have been a period of significant prosperity for the Thai bond market.”



There is still a long journey ahead for corporate bonds. It is crucial to foster development to increase the availability of long-term bonds in the market, providing long-term investment opportunities for both local and foreign institutional investors, while encouraging greater market participation.



### The Future Direction You Envision for ThaiBMA

“Recently, the association has had on two primary roles: providing knowledge and serving as an information center, while also performing its SRO duties, aligning with the market’s expectations. However, if asking whether there is room for further development, I believe the association can enhance its current functions. For instance, when irregularities are identified, swift reactive action should be taken to build confidence. Additionally, the association can work towards becoming a stronger information center, as I believe there is potential for improvement to become an international market.”

“Moreover, while government bonds dominate the market, the number of corporate bonds remains relatively small. This indicates a long road ahead for the corporate bond market. Another key area is increasing the availability of long-term bonds to supply long-term investment opportunities for both local and foreign institutional investors, encouraging greater involvement in the market.”





**Dr. Pisit Leeahtam**

**Chairman**

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**Thai Bond Market Association**

**During 22 April 2014 – 22 March 2019**

### **Direction to Expand the Thai Bond Market at that Time**

“I have actually been involved with bonds since my time at Bangkok Bank. Khun Chartsiri Sophonpanich assigned me to oversee the capital market and the bond market. At that time, the Bond Dealers Club was established, and I was designated by Bangkok Bank to join its Board of Directors. Additionally, during the government of Khun Chuan Leekpai, I served as Deputy Minister of Finance. I helped promote the provident fund, which required coordination with the club to create demand and supply for bonds. So, it can be said that I have always been involved with bonds.”

“I became Chairman of Thai Bond Market Association in 2014. At that time, every party involved was confident in the competence of the Thai bond market and saw a promising future ahead as foreign investors were keen to invest in Thailand. Not only the Finance Ministry that issued government bonds, but the Bank of Thailand also issued bonds to absorb liquidity, whereas the business sector increasingly turned to bonds as a lower-cost alternative to bank loans and for higher financial independence. Clearly, the private sector increasingly acknowledged the importance of bonds.”

“The approach to promoting the bond market back then involved close collaboration with the Ministry of Finance and the Bank of Thailand, which worked smoothly. When the government wanted to issue bonds, the Bank of Thailand mandated that any commercial bank wishing to open a new branch had to purchase the government bond as part of their reserves. Government bonds were also made available to the public. These efforts helped create demand and supply in the bond market.”



New technologies must be developed to keep pace  
with an ever-changing environment.

Technology should be leveraged  
to create a marketplace where everyone  
can trade government and corporate bonds.



### Direction of Thai Bond Market Development in the Future

“Since its establishment as the Bond Dealers Club and its evolution into the Thai Bond Market Association, its development has been considered remarkable. My advice for future development is to embrace new technologies to keep pace with the ever-changing environment. For example, Krung Thai Bank has developed the “Paotang” mobile application that facilitates trading in government and corporate bonds. Although there are still limitations in the secondary market, I understand that ThaiBMA is dedicated to developing technology to address these issues. This focus on innovation will become increasingly essential moving forward. Therefore, my next recommendation is to leverage technology to create a marketplace that allows everyone to trade government and corporate bonds, rather than having a private market controlled by a specific bank.”



“Regarding investor risk, ThaiBMA and the government should work together to ensure that investors receive comprehensive, accurate, and clear information. Additionally, in its role as SRO, ThaiBMA should take advantage of crises, such as the current situation with cases of bond defaults. ThaiBMA must play a role in overseeing the quality of bond issuers. Should issuers have demonstrated poor corporate governance, there should be regulations preventing those companies from issuing bonds in the future. This would be another way to enhance the creditability of corporate bonds, which contributes to the development of the Thai bond market.”



**Mr. Sommai Phasee**

**Chairman**

**Thai Bond Market Association**

**1<sup>st</sup> Period: During 28 March 2004 – 16 November 2006**

**2<sup>nd</sup> Period: During 1 May 2020 – Present**

**Thai Bond Market Expanded After the Economic Crisis**

“I would like to refer to the phrase “crisis created opportunities” as the Thai bond market apparently experienced significant growth after the 1997 Tom Yum Kung Crisis. At that time, the Thai government needed to borrow funds to resolve the crisis. Khun Tarrin Nimmanahaeminda, the Finance Minister at the time, recognized the necessity of developing the bond market and thus established the Bond Market Development Working Group. He appointed me, then Inspector General of the Finance Ministry, as the Chairman of the working group. I had the opportunity to work with several organizations, including Khun Tipsuda Thavaramara from the SEC, Khun Jaroungpon Hoonsiri, who was then the manager of the Thai Bond Dealers Club, and representatives from the Bank of Thailand. Additionally, the IMF assigned Mr. Robert T. Andreoli Jr., a U.S. bond market expert, as an advisor.”

“Later on, in the process of managing the crisis, we also received support from Khun Veerathai Santiprabhob, who worked with the IMF, and Khun Sethaput Suthiwartnarueput, who worked with the World Bank. This situation truly exemplified how a crisis can create opportunities, as it led to the steady development and growth of the Thai bond market, which continues to this day. At the end of the second quarter of 2024, the bond market’s proportion has risen to 95% of GDP, which is close to the figures for bank loans and the stock market at 102% and 90%, respectively. Moreover, the Thai bond market is now the third largest in ASEAN, next to Malaysia (129%) and Singapore (107%).”

**Obstacles and Challenges in Each Period**

“In terms of problems and obstacles, I honestly don’t think there were many. We received excellent cooperation from all parties. Even during the Covid-19 crisis in 2020, the bond market played a crucial role as a funding source for the government to stimulate the economy and support those affected by Covid-19 through bond issuance. This allowed the government to avoid borrowing from abroad since the domestic bond market had developed and become sizable enough to meet the government’s funding needs, eliminating concerns about exchange rate risks.”



The key principle is to strengthen the organization so it can serve as the key player in developing the bond market. Since my time in public service, my guiding philosophy has been to work for the benefit of the nation without personal interest. Therefore, ThaiBMA's operations must genuinely serve the interests of all market participants.



### Key Driving Factors for ThaiBMA to Move Forward

“The key strategy is to strengthen the organization to serve as the key player for developing the bond market. Since my days in public service, I have always adhered to the principle of working for the benefits of the country without personal interest. Therefore, the operations of the association must genuinely serve the interests of all market participants.”

“The organization's two main and crucial missions are functioning as an efficient SRO and operating as a comprehensive information center for Thai bonds. To date, these objectives have been successfully achieved, thanks in part to the association's boards of directors, which are comprised of highly knowledgeable and capable individuals who are involved in various parts of the bond market. As the chairman, I have always maintained a neutral stance and focused on the overall benefits, which I believe is a sound practice. In addition, I trust that the stability of key government agencies, like the Bank of Thailand, is crucial for fostering the development of the financial market.”

“Moving forward, the focus should be driving the bond market toward sustainability. ThaiBMA has already played a vital role in promoting the issuance of ESG bonds, such as green bonds, social bonds, or sustainability bonds. Currently, these bonds make up less than 5% of the market, but there is significant potential for exponential growth.”

### Proud Accomplishment as Chairman of ThaiBMA

“I had been involved since 1998, receiving full cooperation from related institutions like the Bank of Thailand, the SEC, and the Fiscal Policy Office. This collaboration has led to significant developments in the overall perspective of the Thai bond market, for example, the introduction of new government formats, the improvement of market infrastructure, and addressing various challenges. For instance, we successfully pushed for amendments to the Public Debt Management Act, B.E. 2548 (2005), so that the Ministry of Finance can issue bonds even without a budget deficit. This ensured a consistent and reliable supply of government bonds in the market, which helped create a government bond yield curve that serves as a benchmark for the market.”

“The progress and growth of the bond market that I have helped facilitate is something I take great pride in. I'm also extremely proud of all the employees who have worked tirelessly to ensure that the association and the bond market thrive as they do today.”

### Future Direction of Thai BMA and Thai Bond Market

“The Thai bond market has become a vital funding source for both the public and private sectors over the past 30 years. Alongside its strong growth, ThaiBMA has placed great emphasis on sustainability. Developing a sustainable market requires attention to all dimensions, including promoting sustainable products, improving the quality of bond issuers, and ensuring fairness for investors and stakeholders through appropriate regulatory mechanisms. Most importantly, ThaiBMA must remain impartial, act with caution, and provide accurate, well-rounded information to benefit all market participants.”





**Mr. Pakawat Kowitwattanapong**

**Chairman, Trinity Watthana Public Company Limited**

**A Key Figure in Driving the Development of  
the Thai Bond Market**

### **Perspectives on Past Development of the Bond Market**

“In the initial stage of establishing the Bond Dealers Club (BDC), I worked closely with Khun Jaroungpon Hoonsiri, who was the first manager. At that time, she was trying to gather personnel to help form the Club. So I got involved in organizing the Club’s Executive committee, which comprised both banking and securities sectors. Everyone put in their best effort because we were all determined to make it a success. During that period, Khun Sukum Singkalavanich was the Chairman of the Association of Securities Companies, whereas Khun Yothin Aree and myself provided support, while the SEC had Khun Tipsuda Thavaramara join in the efforts.”

“Later, when Khun Pakorn Malakul Na Ayudhaya became the Secretary-General of the SEC, BDC was reformed to become Thai Bond Dealing Center (ThaiBDC), with Khun Nattapol Chavalitcheevin as the President. Being an academician, Khun Nattapol frequently organized seminars to provide knowledge about various aspects of the bond market. Additionally, training courses were developed, which was considered well-executed because of his academic background.”

“During a period when I was on the Board, Khun Pisit Leeahtam served as the Chairman, and Khun Tada Phutthitada was President. In the Board meetings, there were advisors from the Bank of Thailand, the Ministry of Finance, and traders from various financial institutions. Towards the end of the meeting, I asked Khun Pisit to have a session for exchanging opinions among board members from different institutions. Therefore, during those meetings, everyone could share valuable insights, acquire good opinions, and develop them into successful outcomes. I think this was very beneficial.”

### **Challenging Factors Driving the Growth of the Thai Bond Market**

“One of the major challenges in developing the Thai debt market was the need to establish market standards. Previously, there was no way to determine a closing price or yield curve, leading to a lack



One of the major challenges in developing the Thai debt market was the need to establish market standards. Previously, there was no way to determine a closing price or yield curve, leading to a lack of clarity and standardization in the market. Efforts were made to create various tools and systems to establish these standards, which have since been continuously developed, contributing to the significant progress seen today.



of clarity and standardization in the market. Efforts were made to create various tools and systems to establish these standards, which have since been continuously developed, contributing to the significant progress seen today.”

“Another initiative that I viewed as positive during my time on the Board was the disclosure of intra-day trading transactions of every bond to market participants.

This allowed everyone to see market movement, including normal trades, unusual trades, or any anomalies. And the association as SRO carried out the role of overseeing these trades.”

“Currently, several issuers are facing problems, and as news spreads, investors are increasingly reluctant to buy bonds. The Association must promptly work to build confidence and manage the situation well because if panic spreads, it becomes a serious concern. Therefore, it is essential to educate investors about risks and ratings.”

### **Direction of the Future Development of the Thai Bond Market**

“I think that the growth of the Thai bond market so far has been very positive. Providing statistical data, such as the amount of government bonds or details of corporate bonds available, along with tools accessible through the Association’s website, is an excellent step forward.”

“What I would like to suggest is to look at how much of the current growth represents the country’s GDP, which will reflect the state of the nation. The Association could also encourage good companies to issue long-term bonds to serve as a benchmark for the market, contributing to the development of long-term investment products.”





**Mrs. Tipsuda Thavaramara**

**Former Deputy Secretary-General, the Office of Securities and Exchange Commission**

**A Key Figure in Driving the Development of the Thai Bond Market**

**Viewpoint of an Ex-Top Executive of the SEC on Thai Bond Market Development**

“The SEC had a policy to develop the bond market originating in 1994. This policy stemmed from the need for more funding options beyond bank loans or equity financing, recognizing the necessity for a bond market. Although issuers had begun to show interest in issuing debt securities, there was no secondary market for these instruments, limiting liquidity. Additionally, government bonds were not being issued at the time due to legal restrictions that only allowed issuance during budget deficits. Thus, the development of a bond market was seen as essential.

“The SEC consulted with the Association of Securities Companies, which initially intended to establish an OTC market for trading securities. The SEC, however, preferred to set up a bond market, which led to the association’s involvement in the establishment of the bond market.”

**Challenges in Developing the Thai Bond Market**

“The necessary requirement to develop the bond market and make it widely recognized was that the yield curve had to be developed as a benchmark to provide liquidity in the secondary market. Otherwise, proper pricing could not be done. Then we further viewed that there should be a trading center to stimulate liquidity, leading to the establishment of the Thai Bond Dealing Center (ThaiBDC). Later, government agencies, including the



In 1994, the SEC recognized the need for a bond market as it realized the necessity for more diverse funding options beyond bank loans or equity financing. Additionally, issuers began to show interest in issuing debt securities, but at the time, there was no secondary market for trading.



### Recommendations on Future Direction for ThaiBMA

Ministry of Finance, the SEC, and the Bank of Thailand, had a policy for ThaiBDC to be a SRO in order to supervise members as the primary function.

However, due to the OTC nature of the debt market, where trading facilities may involve various participants, having the SRO also provide trading services could lead to conflicts of interest with members under its regulation. It was decided that the SRO should focus on regulatory and information roles, while trading services would be handled by the Stock Exchange of Thailand. The ThaiBDC transformed into a community for market participants, establishing central standards for the bond market, such as standard tools and contracts (e.g., repos) in line with international standards. This led to its evolution into the Thai Bond Market Association (ThaiBMA), having the key role of SRO and information center.”

“Looking ahead, ThaiBMA should firmly hold onto its core responsibilities, with a focus on building market confidence and preparing for new challenges. These challenges may include new instruments that are not labeled as debt securities but have similar characteristics, such as certain types of tokens as well as other digital assets. There may also be new products that could potentially overlap with the debt market. ThaiBMA should proactively study and prepare for these developments to ensure the continued growth and stability of the debt market.”



**Mr. Suwit Rojanavanich**

**Former Director-General, Fiscal Policy Office**

**A Key Figure in Driving the Development  
of the Thai Bond Market**

### **Significant Role of Market Participants in Bond Market Development**

“During that period, I represented the government agency (the Public Debt Management Office), and I fully supported the development of the bond market since the Finance Ministry participated in the bond market as the issuer of government bonds. At that time, a number of investors were only interested in investing in government bonds, seeing them as risk-free. Corporate bonds were perceived as riskier. Therefore, issuing government bonds was not as challenging as issuing bonds for the private sector.”

“Brokerage firms played an important role in advising corporations that issuing bonds is a way to raise funds independently without solely relying on commercial banks. The advantages of bond issuance were that companies did not need to answer various questions, pledge assets with the bank, or depend on an external assessment of borrowing costs. However, corporations must be of good quality with strong operating results in order to gain investor trust. Significantly, bonds could be issued for short, medium, or long-term periods, allowing issuers to select a timeframe that aligned with their specific financial needs. As businesses began to see the benefits and proceed with bond issuance, there was increasingly issuance of corporate bonds over time.”



**Bonds are useful instruments and beneficial to all parties involved—issuers and investors alike.**

**However, when a problem arises, it may shake the confidence of bondholders. To prevent such occurrences, we must address weaknesses and take preventive measures.**



### **Problems Arising in the Bond Market Development**

“One issue that emerged was the inability of some issuers to repay their bonds on time, partly due to leniency in credit rating requirements, which are crucial for investors. Credit ratings help investors assess the issuers to some extent. With the recent trend of financial statement manipulation, some investors are hesitant to buy corporate bonds due to concerns. However, strong companies are still able to issue bonds successfully.”

### **Vision for Future Development of the Bond Market**

“I would like to see advancements in credit rating that investors can effectively utilize. When problems occur, there must be a system and clear procedures for solving those problems. It is essential to educate investors because bonds are useful instruments and beneficial to all parties involved—issuers and investors alike. However, when a problem arises, it may shake the confidence of bondholders. To prevent such occurrences, we must address weaknesses and take preventive measures.



The solution needs to be efficient, and while it won't be easy, minimizing risks is essential for the continued growth of Thailand's bond market.”

“Moreover, the Thai bond market still has great potential. Currently, many countries are interested in visiting and studying our Thai bond market, the Ministry of Finance, the Bank of Thailand, the SEC, as well as ThaiBMA. They come to learn about the functions of each of these institutions in order to appropriately apply them in their own countries' bond markets. This is our strength, which must be preserved.”



**Ms. Jaroungpon Hoonsiri**

**The first Manager of Thai Bond Dealers Club**

During 1 July 1994–5 May 2000

**Being the First Manager of Thai Bond Dealers Club**

“In the early days of the Bond Dealers Club, several challenges were faced. First, the club has no legal backing as there was no clear regulatory framework to support its establishment. Second, the general public had little knowledge and understanding about the bond market. Third, the founder members were primarily stockbrokers with limited experience in bond trading. Therefore, we all had to learn and develop together, particularly in the area of bond trading in the secondary market. Lastly, the lack of overall understanding about bonds was a major obstacle at that time.”

“BDC tackled these issues by persuading commercial banks, which were major traders in the bond market, to become members. This brought in knowledgeable directors who were representatives of commercial banks. At the same time, to develop the bond market, we had to create demand and supply, as well as establish a reference price to accommodate the private sector in issuing bonds. On the first day of trading on 1 November 1994, only 29 bonds were available for trading and had a total trading value of 10 million Baht.”



At that time, the most crucial factor that helped firmly create the concrete development of the bond market was the effort to bring every party in the industry, whether from the public or private sectors, to collaborate and push the market forward.



### Key Factors Contributed to the Emergence of the Bond Market

“At that time, the most crucial factor that helped firmly create the concrete development of the bond market was the effort to bring every party in the industry, whether from the public or private sectors, to collaborate and push the market forward. The private sector played its role by establishing the Bond Dealers Club. For the public sector, we worked closely with the Securities and Exchange Commission (SEC), where Khun Tipsuda Thavaramara was working. Khun Tipsuda had a clear understanding of the bond market and saw its development as an exciting challenge. We cooperated with the Finance Ministry and the Bank of Thailand and clarified the role of BDC. Eventually, a mutual agreement was reached, that was, the financial market would be balanced and developed solidly only when there existed three main pillars, namely the money market, the stock market, and the bond market, as counterbalances, as we see today. This realization gained us the attention and support of all parties involved. Later, M.R. Chatumongol Sonakul encouraged the issuance of 500 billion Baht in government saving bonds to increase supply and meet the demand from contractual saving funds such as provident funds and insurance companies.”

### Aspiration on Future Direction of Thai Bond Market Association

“ThaiBMA should clearly define its roles and responsibilities to ensure effective, continuous, and sustainable contribution in the capital market development. Personally, I believe that its role as an information center is crucial, and ThaiBMA possesses various tools that can be further enhanced and leveraged. Lately, a legal foundation has been established to prepare Thai BMA and give it an advantage in performing this duty. Therefore, I believe the association can expand its role more broadly and deeply, ensuring that the dissemination of bond trading information is transparent, reliable, and can be effectively referenced. This will enhance ThaiBMA’s capacity while also fulfilling its responsibilities as the SRO.”





**Mr. Nattapol Chavalitcheevin**  
**President, Thai Bond Market Association**

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**During 18 December 2001–22 April 2010**

### **Thai Bond Market After the Tom Yum Kung Crisis**

“In the past, bond issuance was not very popular. During that period, it was more common for foreign loans to be obtained for investments. However, after the “Tom Yum Kung Crisis,” Thailand had to seek assistance from the IMF, and its foreign currency credit rating was downgraded to the lowest level of investment grade, or BBB-. This phenomenon raised the cost of the private sector’s foreign loans considerably. Additionally, 56 commercial banks and financial institutions were closed, whereas the remaining financial institutions became cautious in granting loans. Large private corporations that had previously borrowed from abroad had to revert to domestic borrowing by issuing bonds instead. This was an important turning point for the Thai bond market. Since that time, both the government and the private sector have significantly increased the issuance of government and corporate bonds, a trend that continues to this day.”

### **The First Step as the “Thai Bond Market Association”**

“I have been working with the association in two periods. The first period was when it was the Thai Bond Dealing Center, and then it continued into the second period when it became the Thai Bond Market Association. During the period of Thai Bond Dealing Center, we lacked the vital qualification of being a bond dealing center, which was we did not have a trading system. This was because the bond market was an OTC market where dealers negotiated directly with each other rather than using an order matching system like in the Stock Exchange of Thailand. One of the problems at that time was that the bond trading volume was relatively low and it could take several days to locate a buyer, whereas costs fluctuate frequently.”

“When I became the President, there was consideration that an existing trading platform from a foreign service provider, such as Bloomberg, might be used. However, the problem concerning the data ownership emerged; therefore, we had to pivot towards developing our own electronic trading platform.”



The association's crucial duty is to build confidence in the Thai bond market, whereas the function of an information center is also significant and needs to be continually enhanced.



“Later the Capital Market Development Committee, which comprised relevant agencies from both the public and private sectors, had a resolution requiring Thai Bond Dealing Center to transfer the bond trading platform to the SET and then requiring ThaiBDC to transform its legal status to the Thai Bond Market Association, functioning as a SRO and an information center.”

### **Pride in Work**

“The assignment of the Association as a SRO by the Securities and Exchange Commission (SEC) is something to be proud of, as we have the opportunity to assist the SEC. This has led the association to develop an inspection system and software to detect irregular trading. As for the function of the information center, many of our staff, who were academics and specialize in bonds, enhanced the information system in various areas as well as utilized existing data to invent not only necessary financial tools for the bond market, for example, yield curves, credit spread curves, pricing

models, etc., but also analysis and risk assessment tools. The association was considered to be one of the first institutions in Thailand that initiated the risk management tools and software programs for both market risk and credit risk. With the support from the Finance Ministry, we were able to organize more training courses, seminars, and educational programs in addition to developing various analytical tools.”

### **Aspiration on Future Direction of the Thai Bond Market Association**

“The association's crucial duty is to build confidence in the Thai bond market, whereas the function of an information center is also significant and needs to be continually enhanced in the future. Hence, my point of view is that ThaiBMA should improve its bond analysis techniques to be modern and comparable to those in other developed markets. As the bond market evolves every day, we need to keep pace with these developments.”



**Mr. Niwat Kanjanaphoomin**  
**President, Thai Bond Market Association**

During 17 May 2010–16 May 2014

### **Challenges in the Bond Market during Your Tenure**

“The period when I assumed position in 2010 can be regarded as the beginning of the expansion of the capital market towards the bond market. There was an increasing volume of corporate bond issuance when compared to the past. Nevertheless, the proportion of corporate bond issuance relative to government bonds and public sector debt securities remained low. Investment in the primary market and trading in the secondary market were limited in quantity. If we wanted the bond market to be another major alternative to the capital market, it was essential to create demand and supply for the bond market. Hence this was one of the objectives under the scope of ThaiBMA’s role and duties as SRO.”

### **Guidelines to Promote the Thai Bond Market Development in That Period**

“In ThaiBMA, we believed there was a considerable volume of supply from issuers and demand from investors, but they were not converged yet. This was due to 1) the inadequacy of information in terms of quality, accuracy, and timeliness, and 2) various rules and regulations in both the primary and secondary markets. Therefore, in developing the bond market, ThaiBMA pushed forward through collaboration with bond issuers, underwriters, credit rating agencies, dealers, custodians, the Finance Ministry, commercial banks, and securities companies. They cooperated



I trust that the Thai bond market can continue to develop and expand remarkably should there be regulatory measures and procedures that deal with problems promptly and efficiently as well as good governance among market participants.



in developing and improving the information as well as various regulations to be efficient and modern. At the same time, ThaiBMA contributed by coordinating with every party concerned and developing information to be disseminated to investors efficiently, for example, publishing trading data shortly after the transaction was matched, announcing end-of-day market prices rapidly, inventing the standard and transparent calculation methods for each type of bond, presenting essential data for trading, pricing, issuing new types of bonds, and investment, etc.”

### **Expectation on the future development and advancement of the Thai Bond Market**

“I figure that the Thai bond market has been developing and expanding substantially. Currently, many private corporations raise funds through bond issuance, and a number of retail investors also have exposure in the bond market. However, there are two areas that I would like to see: 1) Regulatory Measures: I wish to see strict and efficient law enforcement to build confidence of investors and stakeholders in the market, confidence in the quality and credit of bonds, as well as good governance of the related parties in the market. 2) Measures to deal with problems: regulators must solve problems quickly and timely to prevent widespread effects of those problems, which lead to a lack of confidence of investors and stakeholders in the market. If these two measures are efficient, together with market participants’ good governance, I trust that the Thai bond market can continue to develop and expand remarkably.”



**Mr. Tada Phutthitada**  
**President, Thai Bond Market Association**

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**During 17 May 2014–16 May 2022**

### Challenges and Obstacles during Your Tenure

“The challenges and obstacles in the initial phase were that private corporations were not so familiar with bond issuance; therefore, substantial effort was inserted to make the bond market more recognized. When I first assumed the position, the government bond market was expanded to some extent, but the corporate bond market, especially long-term bonds, was still small, with annual issuances of less than 500 billion Baht. At that time, there was a considerable amount of B/E (Bill of Exchange) issuance. In addition, the association was not much recognized among private companies, making collaborations quite challenging. Thus, we had to work together with underwriters to demonstrate that the bond market still had significant capacity to accommodate a significant demand for bond issuance. We also identified the opportunities or benefits to be gained.”

“At that time, we sought assistance from Khun Pakawat Kowitwattanapong, the Vice Chairman of the Association, to approach Dr. Kongkiat Opaswongkarn of Asia Plus Securities Company, which was a prominent underwriter for corporate bonds among securities companies. We asked for his team to share their experiences in the bond underwriting business in the brokers’ meeting. The purpose was to convey that the bond market was still a “blue ocean” with significant growth potential. As the market expanded, the business of underwriters would also grow, benefiting in return.”

“Another challenge in the bond market was the information asymmetry. Borrowers know their own financial situation well, while lenders had access to only parts of the information. Therefore, in the bond market there were credit ratings, which helped analyze borrowers’ data and disclose it to investors, effectively providing a layer of screening. In foreign markets, investors are mainly institutions, and their staff can conduct credit reviews on their own. Nevertheless, in Thailand, about one-third of bond investors were individual investors, and bonds do not necessarily require credit ratings. This can lead to issues regarding information asymmetry, accessibility, and cost associated with acquiring information.”



The bond market has expanded substantially, with annual issuance reaching 1 trillion Baht. The questions are how and in which direction the bond market should be developed further, as well as how to address the issue of the large number of individual investors.



### Outlook for the Thai Bond Market

“I believe credit ratings are crucial for bond issuance, so I expect to see the existence of credit ratings, either issuer ratings or issue ratings. Issuer rating and issue rating may not necessarily be the same, but issuers should at least be required to obtain an issuer rating, regardless of the rating outcome. It is something that we must consider how far we want to develop it.”

“Another aspect is product screening, which is quite strict in other countries since underwriters are cautious about reputation risk. I believe that the Thai bond market should place importance on this issue. One more aspect that I would like to see is that bondholder representatives play a role similar to that of bond trustees in other countries. These representatives should act on behalf of bondholders as if they are bondholders themselves, as most bondholders in Thailand are individual investors numbering in the thousands, making even calling a meeting challenging. If bondholder representatives can help filter out inappropriate companies, such as those that

should not be allowed to issue bonds from the beginning, it would reduce the chance of defaults. In case a default does occur, there should be clear procedures to manage and resolve issues efficiently and swiftly, without too many delays.”

### Future Direction of Thai Bond Market Development

“In recent years, the bond market has expanded substantially, with annual issuance reaching 1 trillion Baht. Although there was a slight decline during the COVID-19 pandemic, it eventually recovered. Therefore, the challenge now lies in the development of the bond market. While the bond market has potential to grow further, the questions are how and in which direction the bond market should be developed, as well as how to address the issue of the large number of individual investors. The methods used in foreign markets may not be suitable for Thailand, so a different approach, specific to the Thai bond market, will be needed.”



**Dr. Somjin Sornpaisarn**  
**President, Thai Bond Market Association**

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**During 17 May 2022–Present**

### **Perspectives on the Development of the Thai Bond Market**

“I am deeply grateful for my long-standing association with the Thai Bond Market Association, which began when I served as an assistant general manager during its early days as the Bond Dealers Club. I was fortunate to participate in drafting the standard repurchase agreement for bonds and in discussions around creating a fair tax structure for fixed-income fund investors, both individual and institutional. Over the years, I have had the privilege of serving as an independent director, chairman of the audit committee, and, most recently, as president. I am truly thankful for these opportunities to contribute.”

“I found it particularly meaningful when an executive from Japan’s regulatory organization remarked during the ASEAN+3 Bond Market Forum (ABMF) last year that ‘ThaiBMA is a very powerful organization.’ This statement does not suggest conventional power but rather recognizes the association’s role as an effective and efficient model for bond market development. Each year, institutions dedicated to financial market development, such as ADB and the World Bank, regularly bring representatives from countries seeking to develop their bond markets to visit ThaiBMA. These visits create valuable opportunities for a mutual exchange of knowledge, where we share how ThaiBMA’s roles as a Self-Regulatory Organization (SRO) and Bond Information Center facilitate collaboration between market participants and regulatory bodies. Our guests can then consider how to adapt these insights to their own context and development strategies for their bond markets.”

### **Factors Supporting the Strong Development of the Thai Bond Market**

“The Thai bond market, like most markets worldwide, operates as an over-the-counter (OTC) market. Therefore, establishing closing prices that reflect the fair value of over 3,000 bond issues each evening is a challenging yet essential task. This provides a reference price for investors, especially institutional investors, to calculate an accurate net asset value (NAV). In this context, ThaiBMA’s role as a reliable Bond Pricing Agency is a fundamental component of the ecosystem that supports the functioning of the bond market.”

“Another factor contributing to the success of our bond market is the composition of the ThaiBMA board of directors, which includes representatives from the Thai Bankers’ Association, the Association of International Banks (Thailand), the Association of Thai Securities Companies, independent directors



As long as market stakeholders stand united with determination, performing their duties to the fullest as dedicated professionals, and staying true to our principles while not only building and maintaining credibility but also developing and enhancing our ecosystem in terms of products and processes, we will reap the rewards of an efficient and trustworthy bond market. This will ensure the long-term stability and sustainability of Thailand's financial market.



from the investor side, legal and capital market experts, as well as advisors from the Ministry of Finance and the Bank of Thailand. While all members represent their respective organizations, they prioritize the association's primary goal of developing the market as a whole during meetings and consultations. In addition, as we collaborate with market participants, we emphasize cooperation, collective thinking, and collaborative development through processes such as market consultations and dialogues. We also consistently receive professional support from the Securities and Exchange Commission throughout these working processes."

### **Striving for a Comprehensive and Efficient Bond Market**

"The biggest challenge in the capital market is creating an efficient market throughout the entire investment process. To achieve this efficiency, we must establish a comprehensive market and ensure the trustworthiness of professionals within it."

"Creating a complete market does not mean eliminating all defaults; rather, it involves ensuring that investors have access to information that aids their analysis and decision-making processes. For investors who are not yet ready to make their own investment decisions, we envision fixed-income

funds that offer a broader range of risks and returns, both in terms of credit quality and duration. This approach allows investors to choose from professionally managed investment vehicles that provide appropriate risk diversification."

"In instances where bonds encounter challenges, we advocate for bondholder representatives to effectively act on behalf of all bondholders, engaging in negotiations, claims, and the exercise of various rights. We believe that if our laws facilitate the exercise of creditors' rights and enable swift and efficient action by bondholder representatives, we will have the opportunity to see the emergence of distressed bond funds, which can provide a crucial solution for restoring liquidity to bondholders in need."

"We still have challenging work ahead to enhance our bond market. I believe that as long as market stakeholders stand united with determination, performing their duties to the fullest as dedicated professionals, and staying true to our principles while not only building and maintaining credibility but also developing and enhancing our ecosystem in terms of products and processes, we will reap the rewards of an efficient and trustworthy bond market. This will ensure the long-term stability and sustainability of Thailand's financial market."



## 30-Year Story from Employee Number 006

By **Ms. Ariya Tiranaprakij**

**Executive Vice President,  
Thai Bond Market Association**

Khun Ariya has been part of the Thai Bond Market Association (ThaiBMA) for 30 years since its early days as the Bond Dealers Club (BDC) in late 1994. She was employee number 006 and has grown with the organization. Working in a variety of positions. She began as Research and Development Officer, then became Assistant Vice President in the Bond Information and Technology Department, Vice President of the Administration Department, Senior Vice President of Regulations and Compliance, Executive Vice President of the Market Development Division, and is now serving as Senior Executive Vice President.

### Bond Dealers Club...a New Era of Bond Trading

“P. Jim, **Khun Jaroungpon Hoonsiri**, the project manager for the establishment of the Bond Dealers Club at that time, hired me a few months before the launch of the first electronic bond trading in Thai history on November 1, 1994. On the first day of the BONDNET trading system, 29 bond issues were registered, all of them corporate bonds. I remember that **Khun Pakawat Kowitwattanapong**, who was a key figure in the BDC’s founding committee, and other senior members from financial institutions were closely watching the trading screen at the BDC. The trading volume on that first day was about 1 million baht, and it grew steadily, with securities companies leading in volume.”

“BONDNET was a blind dealing system where trading parties did not know each other’s identity until the deal was matched, after which the names would be revealed. However, they could send messages to each other, which led to some cute



stories between dealers from different companies, resulting in a request to meet in person.”

### From Trading to Information Reporting Amid Crisis

During 1995–1997, trading activity through BONDNET was steadily increasing. P. Kaew, **Khun Tipsuda Thavaramara** from the SEC, who had been a strong supporter of the bond market development, worked closely with Khun Jaroungpon and saw that BDC should be legally formalized to better supervise trading activities. Consequently, BDC changed its status to the Thai Bond Dealing Center (ThaiBDC), which was registered and licensed by the SEC in April 1998. Unfortunately, the timing was not ideal as the 1997 Tom Yum Kung Crisis led to the closure of many financial institutions, including some members of ThaiBDC.

Many bonds in the system were issued by finance and property businesses, which eventually defaulted. This caused trading activity to slow significantly, as the remaining institutions were concerned about counterparty risks and no longer wanted to trade through the blind dealing system. Instead, they chose to transact directly with counterparties whose creditworthiness they trusted.”

“When the trading platform was no longer popular, Khun Jaroungpon initiated the idea of transforming a trading system into an information reporting system. She brought in Dr. Panich Laosiriratana, a computer technology expert who had previously worked in the United States and had knowledge of internet system, which was a very new concept at the time. Dr. Panich helped develop ThaiBDC’s internet-based information distribution and reporting system, marking the first of its kind in Thailand. This allowed ThaiBDC to transition from relying on a trading system, which had no transactions, to enabling members to report bond trading transactions via the internet, which was much more cost-effective.

This new approach enabled ThaiBDC to collect comprehensive trade data and produce complete reports for dissemination. During this period, we developed the organization’s first website, which we all designed together. The designed website presented the entire database of all bonds registered with BDC. I recall that the data transfer process was neither convenient nor automated at the time, which meant that staff had to work on weekends to verify bond data and cash flow of interest payments one by one to ensure the accuracy and completion of data entry in the new system.”



“In the early days of ThaiBDC, we began proposing initiatives for bond market development to the authorities, particularly regarding tax issues. We were fortunate to have **Dr. Somchai Ruchupan** serve as the Chairman in 2000. With his extensive experiences in key positions at the Ministry of Finance and as the Director-General of the Excise Department and Director of the Fiscal Policy Office, we received valuable guidance from him while studying or preparing proposals to the government authorities.”

“After Khun Jaroungpon’s term ended, Khun Pichai Pongpairroj took over the role. He helped strengthen internal organizational structures. Unfortunately, he stepped down after just 2 years due to health issues and has since passed away.”

### Development toward SRO with Support from the Ministry of Finance

“In 2001, **Khun Nattapol Chavalitcheevin** became the President and initiated the development of new financial tools and products, such as yield curves, various types of bond indices, and the iRisk system, which was used for managing investment risk. He also pushed for advanced financial training courses to support personnel in financial institutions who wished to learn more complex financial contents. During his tenure, ThaiBDC hired a number of new employees skilled in financial software development, as Khun Nattapol believed that Thailand should not have to rely solely on expensive foreign software.”

“During that period, ThaiBDC played a key role in developing foundational information, which was considered the market’s infrastructure, starting with the government bond yield curve. It would not have been possible without cooperation from the Bank of Thailand (BoT), which instructed primary dealers to submit end-of-day bid and offer yields for all government bonds to ThaiBDC, as there was not enough trading data available to generate an entire yield curve.”

## Support for the Bond Market Development and Becoming a Full SRO

“In 2005, **Khun Sommai Phasee**, who had previously served as the Deputy Permanent Secretary of the Ministry of Finance overseeing bond market development, became the Chairman of ThaiBDC. His appointment ensured continuity in pushing for proactive policies to promote bond market growth and development. This led to increased recognition of the bond market’s importance and greater support from the government.

This year marked another significant turning point for the organization as the authorities decided for ThaiBDC to become a fully-fledged SRO to act as a front-line regulator for the government and build investor confidence in the bond market. It also aimed to develop an information center in the bond market. ThaiBDC received support from the Ministry of Finance through the Public Debt Management Office, the Bank of Thailand, and the SEC. This support provided us resources to strengthen the infrastructure, enhancing the trade information reporting system, upgrading IT infrastructures, developing surveillance software, creating a data recovery center, advancing research and development work, and conducting financial knowledge training programs. In 2008, ThaiBMA carried out its first onsite inspection of its members, marking its role as a fully-fledged SRO.”

“In performing the role of SRO, the ThaiBMA team had an opportunity to attend a training program on market surveillance and SRO at NASD, now known as FINRA, in the United States. As the world’s largest member regulatory body for securities business, this experience was invaluable. The NASD team also sent experts to help advise us on structuring the organization to perform effective SRO duties, including developing a code of conduct for the bond market that meets international standards.”

## Origin of the ThaiBMA’s “5-Petal Flower”



Shortly after transforming to ThaiBMA, our office was relocated for the first time in 2016 from the Vanilla Building to Tonson Tower. Along with this move, ThaiBMA adopted a new logo a five-petal lotus flower symbolizing blossom and growth. The five petals represent ThaiBMA’s five core missions. **Khun Pakawat Kowitwattanapong**, the Vice Chairman of the Board at that time, advised that according to feng shui, three main colors should be applied: “brown” for stability, “red-orange” for vitality, and “yellow” for prosperity.”

During this period, **Khun Pakorn Malakul Na Ayudhaya** took on the role of chairman in 2007. With his extensive knowledge of the capital market having served as both the Secretary-General of the SEC and Deputy Governor of the Bank of Thailand he understood ThaiBMA’s role deeply. He fully supported the organization’s work, promoted staff development, and provided opportunities for all levels of employees for consultation on any issues.”

“**Dr. Bandid Nijathaworn** succeeded Khun Pakorn as Chairman in 2010. With his expertise in macroeconomics and extensive international networks from his previous role as Deputy Governor of the Bank of Thailand, Dr. Bandid initiated international seminars to increase ThaiBMA’s global presence, for instance, a joint seminar with CNBC. At that time, **Khun Niwat Kanjanaphoomin** served as the President, focusing on internal management and organizational risk management.”

## Connecting and Sharing with ASEAN Bond Markets

“The Thai bond market and ThaiBMA’s prominent development in the ASEAN region led to ThaiBMA being selected in 2009 by the International Finance Corporation (IFC) to serve as a consultant for the Vietnamese bond market. This involved developing market conventions and systems for their bond market. Moreover, ThaiBMA was often invited to share its knowledge on bond market development with other ASEAN countries and emerging markets, including several countries in Africa that sent delegations to learn from ThaiBMA.”

“**Dr. Pisit Leeahtam** assumed the role of Chairman in 2014. As a former Deputy Finance Minister and someone who had long been involved in economic policymaking, Dr. Pisith was highly active despite his busy schedule. He made time to attend seminars on financial markets to stay updated on recent developments and showed interest in technological advancements. He supported ThaiBMA in studying blockchain technology and inspired the organization to explore the use of cloud technology for data storage both of which were relatively new concepts at that time.

“During that period, **Khun Tada Phutthitada** took on the role of the President. He had previously been an executive in the Public Debt Management Office (PDMO), so he was already well-versed in the bond market. Upon assuming his duties, he supported the strategic plan for promoting the corporate bond market, focusing on proactive efforts to encourage the private sector to issue more bonds. A few samples of these efforts were engaging Chambers of Commerce in various provinces, organizing seminars and training programs about bond issuance to the private sector, and collaborating with the SET to provide lectures for listed companies. To educate investors, ThaiBMA collaborated with the Bank of Thailand, which provided venues for regional investor seminars at its offices in Chiang Mai,

Khon Kaen, and Hat Yai. This was a period when ThaiBMA’s team traveled extensively, working actively to support market development.”



## Corporate Bond Issuance Surpassing 1 Trillion Baht in 2019

“In 2019, the issuance of corporate bonds in Thailand grew substantially, surpassing 1 trillion Baht for the first time, with the outstanding value exceeding 4 trillion Baht. Khun Tada believed that the rapid growth of the bond market and the significant number of retail investors involved highlighted the need for a more efficient system. This led to the idea of utilizing Distributed Ledger Technology (DLT) as a model for a decentralized bondholder data registry, aiming to improve efficiency for market participants. This effort resulted in the “Badal Project,” or the DLT Registrar service platform, Phase 1, which received support from the SEC and was approved under the SEC’s regulatory sandbox. The first issuer to participate was Toyota Leasing. However, due to certain legal constraints, ThaiBMA was unable to continue with the project.”

“The concept of enabling investors to monitor the information of bonds they held, regardless of where they purchased them or who the registrar was, evolved into the development of a mobile application called “MeBond.” This was an in-house development where the team collaboratively designed and tested each screen, even coming up with the name. The final name had a dual meaning in both Thai and English.

‘Mebond’ is a project that I am particularly proud to have played an active role in pushing forward and conceptualizing its development.”

“**Khun Sommai Pasee** has returned as Chairman after a brief earlier tenure, during which he left to become the Finance Minister. He remains highly engaged with current events and economic updates, often writing constructive critiques on fiscal and monetary policies. Before offering any critique, he ensures that all relevant data is thoroughly prepared to maintain accuracy and objectivity. Working with him has provided invaluable insights into economic issues from an expert perspective on fiscal policy.

The current President, **Dr. Somjin Sornpaisarn**, is a familiar face, having been a senior executive during the early days when ThaiBMA was still the Bond Dealers Club. Dr. Somjin’s diverse background ranging from academia to fund management and Chairman of the Association of Asset Management Companies allows him to understand the needs of market participants thoroughly. His leadership ensures smooth continuation of market development, financial tool enhancement, market education, and promoting sustainability initiatives.”

### Summary of 30 Years of Experience



“Many people ask whether it is boring to work in the same organization for 30 years. I must say that though I have been working in the same or-

ganization, it is one with a highly dynamic nature, allowing continuous opportunities to be involved in development work.

Looking back, it can be seen that there have been major developments every 10 years. During the first decade (1994-2004), it was about setting up and establishing the market’s infrastructure, for instance, building reporting and information disseminating systems, creating rules and regulations, developing the market’s standards and best practices, as well as developing yield curves and indices.

The following decade (2005-2015), it was the transition period towards stronger growth, which was supported by the authorities. This provided opportunities to work on developing new initiatives, such as structuring the entire SRO framework, developing regulations and a code of conduct for the bond market, designing surveillance software, and proposing guidelines to develop the bond market in various areas, including the widespread promotion of knowledge and education.

In the subsequent period (2016-present), the bond market has been expanded just as we anticipated. Our roles and responsibilities have also expanded significantly. We had opportunities to share our knowledge on market development internationally and to learn from larger markets. Going forward, there are still new challenges to learn and tackle, like promoting sustainability in the market, an area in which we have much room for progress in our country.”



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# ThaiBMA's Team 2024

Bond Pricing & Product Development



Legal & Regulation Development



Internal Audit



Bond Issuance & Registration



Regulation & Inspection



Management Team



Surveillance

Information & Technology



Research & International Relations

Association & Sustainable Development



Administration / Finance & HR









The Thai Bond Market Association

 [www.thaibma.or.th](http://www.thaibma.or.th)