



IFIAR 2018 Member Profile – SEC

<p>1. Jurisdiction</p>	<p>1.1 Insert the name of the jurisdiction in English:</p> <p>Kingdom of Thailand</p>
<p>2. Member¹</p>	<p>2.1 Insert the name of the Member, both in the local language and in English:</p> <p>Name (Thai) : สำนักงานคณะกรรมการกำกับหลักทรัพย์และตลาดหลักทรัพย์</p> <p>Name (English) : The Securities and Exchange Commission (“SEC”)</p> <hr/> <p>2.2 Include relevant contact information, including postal address, telephone numbers, a link to the website and other relevant information:</p> <p>Address: Securities and Exchange Commission, Thailand 333/3 Vibhavadi Rangsit Road, Chomphon, Chatuchak, Bangkok 10900 Thailand</p> <p>Tel. +66 2033 9999 Fax. +66 2033 9660</p> <p>Website : http://www.sec.or.th/EN/Pages/Home.aspx</p> <hr/> <p>2.3 Include the basis for establishment of the Member, as well as the legislation or regulations which provide the Member the authority/mandate with respect to audit regulation. Please describe with an appropriate level of detail the mission and responsibilities of the Member with respect to audit regulation:</p> <p><u>Basis for establishment :</u> SEC is an independent public agency under the Securities and Exchange Act B.E. 2535 (1992) (“SEA”), established on 16 May 1992, with the duty to supervise and develop Thai capital markets to ensure efficiency, fairness, transparency and integrity under the direction and guidance of the SEC Board and the Capital Market Supervisory Board (“CMSB”).</p> <p><u>The authority with respect to audit regulation :</u></p>

¹ In the case where there are two or more regulators from the same jurisdiction that have been approved according to Section 2.3 of the IFIAR Charter, they together are considered as one Member. In that case, regulators are requested to include information for both organizations in the Member Profile.



	<p>SEC has direct responsibility over supervision of the auditors of securities issuers and entities under SEC's supervision (listed companies, brokers, dealers, asset management companies and collective investment schemes), and has been carrying out the regulation and monitoring of individual auditors and their work since 1993. Apart from the oversight of individual auditor quality, SEC oversees audit firms' quality assurance system, as well as monitors the application of accounting and auditing standards.</p> <p>(For the overview of the oversight system and quality assurance system, kindly refer to Annex 1.)</p> <p><u>The mission/responsibilities :</u></p> <p>Overall, SEC's mission is to ensure efficiency, fairness, transparency and integrity of the capital market. Besides, enhancing financial reporting quality is one of the key factors for raising Thai capital market standards and leading to the Thai capital market development.</p> <hr/> <p>2.4 Have there been any major changes to the Member's organization or to the governing legislation since completing last year's Member Profile?</p> <p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>If yes, please describe these changes with an appropriate level of detail.</p>
<p>3. Governing Body Composition and members</p>	<p>3.1 Describe with an appropriate level of detail the current composition of the Member's governing body, including the ratio between Board members who are independent from the audit profession and those who are not ². The audit profession includes, for example: audit firms, professional accountancy bodies and bodies or entities associated with the audit profession.</p> <p>The members of the SEC Board and the CMSB are nominated largely by specific ministries or Selection Committee. The nomination processes have to be done in accordance with SEA Section 31/3-7 to ensure that the nomination procedures are independent and transparent.</p> <p>The SEC Board is responsible for policy making and rule issuing pursuant to the Securities and Exchange Act (SEA) and the Derivatives Act B.E. 2546 (2003).</p>

² An individual is independent of the profession even if he is a CPA, Chartered Accountant, or holder of another equivalent qualification, as long as this individual is not employed by or affiliated to a registered audit firm, nor employed by or affiliated to of a professional accountancy body, nor employed by or affiliated to bodies or entities associated with the audit profession.



The SEC Board comprises of:

- A Chairman appointed by the Cabinet upon the recommendation of the Finance Minister;
- Three ex-officio members who are the heads of specific governmental organizations, i.e., the Permanent Secretary of the Ministry of Finance, the Permanent Secretary of the Ministry of Commerce and the Governor of the Bank of Thailand;
- Four to six expert members appointed by the Finance Minister under nomination process by the Selection Committee, among whom there shall be at least one expert from each of the following fields: legal, accounting and finance;
- SEC Secretary-General appointed by the Cabinet upon recommendation of the Finance Minister as advised by the SEC Board.

Currently, the SEC Board comprises 10 members, as follows:

1. Mr. Voravidh Champeeratana, Chairman
2. Mr. Somchai Sujjapongse, Permanent-Secretary, Ministry of Finance, Commissioner
3. Mrs. Nuntawan Sakuntanaga , Permanent-Secretary, Ministry of Commerce, Commissioner
4. Mr. Veerathai Santiprabhob, Governor, Bank of Thailand, Commissioner
5. Mr. Sarawut Benjakul, Commissioner
6. Mrs. Gallayanee Parkatt, Commissioner
7. Mrs. Pranee Phasipol, Commissioner
8. Mr. Chanin Vongkusolkit , Commissioner
9. Mr. Yokporn Tantisawetrat, Commissioner
10. Mr. Rapee Sucharitakul, Commissioner and secretary

It should be noted that all the SEC board are independent of the profession.

The Capital Market Supervisory Board (CMSB) is responsible for issuing rules and regulations governing operational matters so that the SEC Board can focus on policy matters with regard to supervision and development of the overall market.

The CMSB comprises of:

- SEC Secretary-General as Chairman;
- A SEC Deputy Secretary-General assigned by the Secretary-General;
- Director-General (or the Deputy Director as appointed) of the Fiscal Policy Office under the Ministry of Finance;
- Not exceeding four expert board members appointed by the Finance Minister under nomination process by the Selection



	<p>Committee, at least two of whom must have experience in managing listed companies or securities firms;</p> <ul style="list-style-type: none"> ▪ An officer of SEC, appointed by the SEC Secretary-General as Secretary. <p>Currently, the CMSB comprises of seven members, as follows:</p> <ol style="list-style-type: none"> 1. Mr. Rapee Sucharitakul SEC Secretary-General, Chairman 2. Mrs. Tipsuda Thavaramara SEC Deputy Secretary-General, Board member 3. Mr. Suwit Rojanavanich , Director-General, The Fiscal Policy Office, Board member 4. Ms. Pornanong Budsaratragoon, Board member 5. Ms. Suchada Pavananunt, Board member 6. Mrs. Saranya Chindavanig, Board member 7. Mr. Ekachai Chongvisal, Board member <p>It should also be noted that all the CMSB board are independent of the profession.</p>
	<p>3.2 What are the eligibility criteria / requirements and composition requirements for the members of the governing body?</p> <p>Under the SEA, the members of the governing body are required to meet the following requirements:</p> <ul style="list-style-type: none"> • Sections 9(6) and 16/2, in principle, prohibit the persons under the supervision of the SEC Board, the CMSB or SEC from serving as SEC commissioner or CMSB Board members, as the case may be; • For ex-officio members in the SEC Board and the CMSB, they are the heads of the governmental organizations; • The SEC expert commissioners and the CMSB expert members are selected through the nomination processes in accordance with Section 31/3-7 by the Selection Committee. In addition, the nomination and selection processes must be undertaken in compliance with the rules whereby knowledge and experience suitable for the nominated positions are expressly stated as one of the key consideration factors; • Sections 13 and 16/3 require any SEC commissioner or CMSB Board member who has an interest in the matter to be considered, to declare such an interest and prohibits his/her participation in the matter for consideration; <p>Other than the SEA provisions, the SEC Board has issued the Code of Governance and the guideline on managing conflict of interests in order to ensure transparency, integrity and fairness of the SEC Board, the CMSB and SEC.</p>



	<p>3.3. Is each member of the governing body independent from the audit profession? The audit profession includes, for example: audit firms, professional accountancy bodies and bodies or entities associated with the audit profession.</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>
	<p>3.4 If the answer to question 3.3 is “No”, is the majority of the members of the governing body non-practitioner?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>n/a</p>
	<p>3.5 If the answer to question 3.3 is “No”, which safeguards are in place to provide for the Member’s overall independence from the audit profession?</p> <p>n/a</p>
	<p>3.6 Is there a restriction or recusal process that is applicable to members of the governing body of the Member who are current or former auditors/practitioners?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Does this include a “cooling-off” period for former auditors?</p> <p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>If yes to either of the above, please describe:</p> <p>Both SEC Board and CMSB members are non-practitioners. The safeguards to ensure independent of the SEC Board and the CMSB are mentioned in 3.2. Moreover, as stated in the SEA Section 8, apart from Chairman, ex-officio members, and SEC Secretary-General, the SEC Board comprises of four to six experts appointed through nomination process by the Nominating Committee, among whom there shall be at least one legal expert, one accounting expert and one financial expert. Therefore, there will not be the case that all the experts are accounting/auditing profession as the experts should comprise of at least one legal expert, and one financial expert. Also, in the SEA Section 16/1, apart from Secretary-General, Deputy Secretary-General, Director-General or Deputy Director-General of the Fiscal Policy Office, the CMSB comprises of not exceeding four experts appointed through nomination process by the Nominating</p>



	<p>Committee, among whom there shall be at least two persons having experience in managing the company whose securities are listed on the Securities Exchange or the securities company. Additionally, the experts shall be independent from the professions that are under the supervision of the SEC board, the CMSB or the SEC. Accordingly, all of the SEC Board and the CMSB board members are non-practitioners.</p>
	<p>3.7 Other than the governing body, are members of the profession involved in the Member's organization (e.g., in a management or inspection function)?</p> <p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>If yes, please describe their role with an appropriate level of detail:</p> <p>n/a</p>
<p>4. Funding Arrangements</p>	<p>4.1 Describe the main funding arrangements of the Member, including the setting and approval of the budget and the fees, if any:</p> <p>SEC is established through a start-up fund from the Ministry of Finance and the Bank of Thailand.</p> <p>As shown in the SEC's annual report, ongoing operations are funded through a levy on market participants mainly the Stock Exchange of Thailand, listed companies, and market intermediaries i.e. brokers, dealers, and asset management companies. This income is used to fund all activities and all departments under the SEC including the audit inspection unit. Apart from the income from a levy on market participants (from securities regulating activities), another source of income is from investments. A very small part of the income is collected from application fee of individual auditors who wish to register as the SEC-registered auditors. The regular application fee is 50,000 Baht (EUR 1,300) per auditor. In other cases (i.e., where the auditor had undergone an administrative sanction by the SEC during the last approval period), the application fee would be 250,000 Baht (EUR 6,300) per auditor. Total application fees accounted for approximately 0.2 percent of total income. Therefore, the main sources of income that used to fund the audit inspection unit are free of undue influence from the audit profession.</p> <hr/> <p>4.2 Is the funding free from undue influence by the profession?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>



	<p>Please describe with an appropriate level of detail the safeguards in place to prevent undue influence by the profession:</p> <p>Mentioned in 4.1.</p>
<p>5. Inspection System</p>	<p>5.1 Does the Member have the responsibility for recurring inspections of audit firms undertaking audits of public interest entities (PIEs)?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>
	<p>5.2 Is this responsibility undertaken directly or through oversight of inspection conducted by another organization?</p> <p><input checked="" type="checkbox"/> Directly <input type="checkbox"/> Through Oversight</p> <p>If through oversight of another organization, please describe with an appropriate level of detail the other organization, its relation to the Member, its role, and the arrangements for oversight:</p> <p>n/a</p>
	<p>5.3 Please describe with an appropriate level of detail the requirements and practices regarding the frequency of inspections:</p> <p>The scope of SEC public oversight covers both of auditors and audit firms that audit securities issuers and entities under SEC supervision, which includes banks, financial institutions and insurance companies that are listed companies. In addition, the Central Bank (the Bank of Thailand, BOT) requires that auditors of all banks and financial institutions must be approved by the SEC as auditors in the capital market.</p> <p>With respect to the frequency of inspection of the SEC-registered auditors, these auditors must re-new their registrations within 5 years. Consequently, the SEC inspects their engagement files to ensure that their work complied with auditing and accounting standards at least once every 5 years for each auditor.</p> <p>Regarding the frequency of the inspection of audit firms, the SEC inspects the audit firms periodically to ensure that they have an adequate and reliable quality assurance system. The periodic inspections of audit firms are carried out under a risk-based approach methodology every year for Big-4 audit firms and at least every three years for small and medium audit firms.</p>



<p>6. Audit and Financial Market</p>	<p>6.1 Provide the number of audit firms subject to inspections. Include an indication of the number of public interest audits (PIEs) and other audits that fall under the Member's oversight or mandate.</p> <p>There are 27 audit firms that are subject to be inspected by the SEC. The full list of audit firms is available on: http://market.sec.or.th/public/orap/AUDITOR01.aspx?lang=en</p> <p>As of now, there are approximately 751 listed companies, 42 securities companies, and 25 asset management companies. Regarding audit firms and the SEC-registered auditors, 217 individual auditors from 27 audit firms are registered under the SEC's supervision.</p> <p>6.2 What are the sizes and market shares of each of the largest audit firms in the Member's jurisdiction?</p> <p>About 78% of audit work of listed companies based on market capitalization is performed by Big-4. The size and market shares of Big-4 measured by market capitalization as at 30 September 2017 is shown below:</p> <table border="1" data-bbox="544 1081 1433 1323"> <thead> <tr> <th>Audit firms</th> <th>Market Capitalization (billion Baht)</th> <th>Market Shares</th> </tr> </thead> <tbody> <tr> <td>KPMG</td> <td>5,060</td> <td>30.45%</td> </tr> <tr> <td>EY</td> <td>3,646</td> <td>21.94%</td> </tr> <tr> <td>Deloitte</td> <td>2,175</td> <td>13.09%</td> </tr> <tr> <td>PwC</td> <td>2,064</td> <td>12.42%</td> </tr> </tbody> </table> <p>Note: Total market capitalization of Thai listed companies is 16,616 billion baht (EUR 419 billion) as at 30 September 2017.</p>	Audit firms	Market Capitalization (billion Baht)	Market Shares	KPMG	5,060	30.45%	EY	3,646	21.94%	Deloitte	2,175	13.09%	PwC	2,064	12.42%
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<p>7. Main Other Responsibilities of the Member <u>within</u> the area of Audit Oversight</p>	<p>7.1 Please indicate whether the Member has responsibility for tasks other than Inspections within the area of Audit Oversight:</p> <p><input checked="" type="checkbox"/> Registration/Licensing</p> <p><input type="checkbox"/> Audit and/or Ethics Standard Setting</p> <p><input type="checkbox"/> Permanent Education of Auditors</p> <p><input checked="" type="checkbox"/> Enforcement</p> <p><input type="checkbox"/> Other: _____</p>															



7.2 If the Member has the responsibility for Registration/Licensing, please indicate whether this responsibility is undertaken directly or through oversight of Registration/Licensing conducted by another organization?

Directly Through Oversight

If directly, please describe the responsibility with an appropriate level of detail. If through oversight, please indicate the name of the other organization and its composition (i.e. whether practitioners from the audit profession are involved in decision-making). Also give a description of the powers of the other organization and procedure applied, as well as the role of the Member in these procedures.

Under Section 61 of the SEA, the SEC has ultimate responsibility over a supervision of the auditors of securities issuers and entities under the SEC supervision (i.e., listed companies, brokers, dealers, asset management companies and collective investment scheme). In support of the purpose stated in Section 61, the SEC issued the regulations on approval of auditors as in the Notification of the Office of the Securities and Exchange Commission No. SorShor. 39/2553 Re: Approval of Auditors in the Capital Market (“NO.39/2553”). Under NO.39/2553, the SEC requires auditors of companies under the SEC's supervision to register with the SEC. These auditors must re-new their registrations within 5 years. Therefore, the SEC inspects their engagement files to ensure that their works comply with auditing and accounting standards at least once every 5 years for each auditor. Moreover, individual auditors must work with their audit firm that is inspected by the SEC to ensure that the audit firms comply with Thai Standard on Quality Control, the standard which is translated from International Standard on Quality Control, issued by IFAC (“TSQC1”) prior to audit financial statements of issuers and entities under the SEC supervision. The SEC will inspect the audit firms regularly to ensure that they have an appropriate and reliable quality assurance system.

7.3 If the Member has the responsibility for Audit and/or Ethics Standard Setting, please indicate whether this responsibility is undertaken directly or through oversight of Audit and/or Ethics Standard Setting conducted by another organization?

Directly Through Oversight

If directly, please describe the responsibility with an appropriate level of detail. If through oversight, please indicate the name of the other organization and its composition (i.e. whether practitioners from the audit profession are involved in decision-making). Also give a description



	<p>of the powers of the other organization and procedures applied, as well as the role of the Member in these procedures.</p> <p>The Federation of Accounting Professions (professional body) issued TSA (Thai Standard on Auditing), TSQC1, and Code of Ethics as well as guidance related to the code of ethics which complies with the international standards issued by the International Auditing and Assurance Standards Board (IAASB) and International Federation of Accountants (IFAC).</p> <hr/> <p>7.4 If the Member has the responsibility for <u>Permanent Education of Auditors</u>, please indicate whether this responsibility is undertaken directly or through oversight of Permanent Education of Auditors conducted by another organization?</p> <p><input type="checkbox"/> Directly <input type="checkbox"/> Through Oversight</p> <p>If directly, please describe the responsibility with an appropriate level of detail. If through oversight, please indicate the name of the other organization and its composition (i.e. whether practitioners from the audit profession are involved in decision-making). Also give a description of the powers of the other organization and procedures applied, as well as the role of the Member in these procedures.</p> <p>The Federation of Accounting Professions* is responsible for permanent education of accounting and audit professions.</p> <p>The SEC-Registered Auditors shall be a certified public accountant (CPA) whose license is still valid (a certified public accountant must pass the examinations and have bachelor degree in accounting and professional experience specified by the Federation of Accounting Professions).</p> <p>*Federation of Accounting Professions (FAP) is responsible for issuing CPA license for individual auditor. Each CPA member must complete a minimum of 40 hours of CPD annually of which 20 hours must be verifiable.</p> <hr/> <p>7.5 If the Member has the responsibility for <u>Enforcement</u>, please indicate whether this responsibility is undertaken directly or through referral to other organization(s)?</p> <p><input checked="" type="checkbox"/> Directly <input type="checkbox"/> Through Referral</p> <p>If through referral, please indicate the name of the other organization and its composition (i.e. whether practitioners from the audit profession are involved in decision-making). Also give a description of the</p>
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enforcement powers of the other organization and procedures applied, as well as the role of the Member in these procedures.

The SEC inspections cover both individual audit engagements as well as the assessment of the quality assurance system of the audit firms; therefore, the SEC established grading system for assessing both engagement level and firm level. In case of any minor deficiency, the SEC will order an auditor or audit firm to correct it within the specific period of time and revisit their work again. If no rectification is achieved or if there is the case that an auditor or audit firm has major deficiency, the SEC will pursue administrative sanctions. Moreover, the SEC has the right to conduct investigations of auditors and audit firms in the capital market and the right to take appropriate action. In case of negligence or breach of duties mentioned above, the SEC will pursue administrative sanctions, ranging from warning, probation, suspension or revocation of approval, against such auditors.

Clause 10-16 of NO.39/2553 requires auditors of companies under the SEC's supervision to pass the criteria of auditors for public companies. Particularly, under clause 11(1) of NO.39/2553, the audit firm whose auditors have been approved as auditor in the capital market shall have audit quality control system which is sufficient and reliable for supervising its auditors' work performance to comply with the professional standards on a continuous basis.

Clause 21 and 27 of NO.39/2553, The SEC has authority to approve or disapprove of these auditors or pursue administrative sanctions, ranging from warning, probation, suspension or revocation of approval, against auditors who appear to have not met the criteria or have any prohibited behaviors or as deemed appropriate in cases where any auditor attached to an audit firm which does not have an audit quality control system or there is any ground to suspect that such audit quality control system is defective

Under the SEA Section 287, any auditor performs audit work in order to give his opinion on financial statements which does not comply with the provisions of the law relating to auditors or additional requirements as specified in the notification of the SEC or makes false reports or fail to report findings and disclose the facts material to the financial statements and notify such circumstances in his report shall be liable to imprisonment for a term not exceeding two years or a fine not exceeding five hundred thousand baht (approximately €12,500), or both.

Under the SEA Section 107, the SEC shall have the power to withdraw its approval of the auditor who fails to adhere to the ethical code of auditors, perform the audit work and declare his opinion according to the



	<p>provisions of the law relating to auditors and additional provisions as specified in the notification of the SEC.</p>
	<p>7.6 If the Member has the responsibility for other tasks within the area of Audit Oversight, please describe with an appropriate level of detail:</p> <p>n/a</p>
<p>8. Main Other Responsibilities of the Member <u>outside</u> the area of Audit Oversight</p>	<p>8.1 Please describe with an appropriate level of detail whether the Member has responsibility for tasks outside the area of audit oversight such as Supervision of Financial Reporting or Securities Regulation:</p> <p><u>Supervision of Financial Reporting</u></p> <p>The SEC requires preparation and disclosure of financial information in the financial statements of companies raising fund through the capital market be in conformity with the accounting standards and the IFRSs. In addition, the financial statements must be reviewed (quarterly financial statements) or audited (annual financial statements) by an SEC-registered auditor. The SEC monitors financial statements of listed companies and Initial Public Offering companies (IPO) as well as ongoing monitoring of auditors' reports and relevant working papers to ascertain that financial statements of listed companies are trustworthy, in compliance with accounting standards, and sufficient disclosure of material information for investors in making investment decision. Moreover, the SEC analyzes financial statements and news related to listed companies to identify transactions or events that may affect financial statements and act promptly for further clarifications from such listed company's managements, auditors, financial advisors, or any other parties involved in such activities. Financial statements of listed companies are monitored and reviewed by the SEC on a quarterly basis to ensure that investors obtain credible and reliable financial information. In cases where the SEC finds that the financial statements contain incorrect information, it will order the company to rectify such financial statements and publicly disclose the order via the SEC website. From time to time where the SEC finds suspicious transactions during its review on the financial statements, the SEC will order the company to have a special audit on such financial statements and report the result of such audit to the SEC. The information concerning the special audit must also be disclosed on the SEC website.</p> <p>Moreover, to level up the quality of financial information contained in the financial statements of the company raising fund through the capital market, the SEC supports the improvement of Thai accounting standards in conformity with the International Financial Reporting Standards (IFRSs) prescribed by the International Accounting Standards Board (IASB) and</p>



the Thai auditing standards in conformity with the International Standards on Auditing (ISAs) determined by the International Auditing and Assurance Standards Board (IAASB).

Other main supervisory tasks

1. Securities issuance for public offering

Securities issuance for offering to the public must receive an approval from the SEC. The approval criteria include verification of disclosed information and the issuer's compliance with corporate governance principles, for instance, transparent shareholding structure, appropriate checks and balances within the management, no conflicts of interest between executives and the issuing company, not operating illegal activities and disclosure of information necessary for making investment decisions such as financial status and operating results, risk factors, future plans and details of the public offering.

After listing, the SEC continues to oversee the issuer's disclosure of information to ensure that it is complete and timely and in compliance with governing regulations to protect the interest of investors. The Stock Exchange of Thailand ("SET") is the frontline regulator overseeing primary disclosure of information. In addition, the SEC supervises transactions that have material impacts on shareholders such as acquisition or disposal of key assets, transactions with related persons and tender offers for business takeover.

2. The Stock Exchange of Thailand ("SET")

The SET is a secondary market where efficient trading systems, clearing and settlement systems must be put in place. The SEC supervises duty performance of the SET and trading centers to ensure that investors receive correct amount of securities or capital gains on a timely basis.

In addition, the SET or trading centers is assigned the duty of frontline trading surveillance with a tracking system on trading irregularities to prevent and suppress unfair trading that exploits investors. Frontline information is examined before being forwarded to the SEC for further investigation and penalties against wrongdoers.

3. Intermediaries

Securities companies, asset management companies and derivatives business operators are intermediaries in the capital market. To be entrusted by investors, they must earn licenses for undertaking respective businesses and their compliance must be regularly supervised by the SEC, taking into major account, their business stability, system robustness and personnel competency. This includes:

1. appropriate services and advice;
2. financial security and checks and balances system;
3. reliable safekeeping of client's assets and segregating client accounts from proprietary accounts in cases where custodian services are included



	<p>4. Market professionals</p> <p>Professionals in the capital market such as financial advisors, auditors, credit rating agencies are key contact points who ensure that the disclosed securities information is accurate, complete and reliable. Capital market professionals must be approved by the SEC and comply with the SEC regulations to protect investors' best interest.</p>
<p>9. Major Events and Activities</p>	<p>9.1 Describe any recent major events and activities:</p> <p><u>A. Audit Inspection Activities</u></p> <p>The SEC annually issued an independent audit inspection activities report, reflecting the SEC's advancement in developing audit quality assurance system of the audit firms and the SEC-registered auditors. This leads to the enhancement of transparency and investor confidence in financial reports and disclosures in the capital market in Thailand.</p> <p>With respect to the SEC's inspection during the year 2017, the SEC inspected 8 audit firms and 62 auditor's work, 26 of which were the auditors who newly registered with the SEC in 2017, and 36 of which were renewed SEC-registered auditors.</p> <p><u>B. Activities for audit quality enhancement</u></p> <p><u>B.1 Participation in meetings and trainings in international organizations</u></p> <p>The SEC regularly participates in various meetings, workshops and seminars with other audit and securities regulators, as well as several international organizations, to exchange ideas and experiences, and to strengthen cross-border relations for the benefits of current and future collaboration toward the common goal of high-quality audits and financial reporting. In 2017, our important participations included:</p> <p>In August, 2017, the SEC hosted the 7th AARG meeting in Bangkok, to enhance the quality of audit and regulation within the region. The AARG is a group of independent regulators, which comprises Malaysia's Audit Oversight Board (AOB), Indonesia's Finance Professions Supervisory Center (PPPK), Singapore's Accounting and Corporate Regulatory Authority (ACRA), and the SEC. Its formation is aimed at fostering closer collaboration amongst audit regulators to promote audit quality in the members' countries and in the region. Since its inception in 2011, AARG's efforts to enhance audit quality in the region include engaging audit firms on joint initiatives to address common inspection findings and to promote the value of audits. The meeting in 2017 continuously carries on this purpose. It featured various topics, among them are the root cause analysis of the deficiencies found during audit inspections, the feedback</p>



and the challenges in implementing audit quality indicators in large audit firms. Expectations of the regulatory agencies were also communicated, especially regarding the improvement of audit quality.

In February, 2017, the SEC participated in the 11th IFIAR Inspection Workshop in Greece. The workshop is designed to share knowledge and practical experience among independent audit regulators who are IFIAR members. It covers most of the trending issues in auditing and audit regulatory field, among those are data analytics, root cause analysis and audit quality indicators.

In February, 2017, the SEC participated in the 5th AARG Inspection Workshop. The workshop's objective is to exchange insights, experiences, practical issues, and findings from audit inspections and surveillance of listed companies' financial statements. Among those are the learning of audit techniques, the development of audit regulation in member countries, and the surveillance system of financial statements in each country, which were useful to the SEC in improving the quality of listed companies' financial statements. This event also drives the audit regulatory bodies in Southeast Asia towards higher audit quality and elevates the quality of listed companies' financial reporting.

In February, 2017, the SEC also participated in the 4th Financial Statements Surveillance Group Workshop in Malaysia. The workshop covers the surveillance methodology and challenges, cases and findings, investors' perception of financial reporting, audit and corporate governance, and current and emerging issues. Through these events, the financial statements surveillance teams of the participating regulators are given opportunities to both learn and share experiences and insights in financial statement surveillance.

In April, 2017, the SEC participated in the IFAR Plenary Meeting & Enforcement workshop. This workshop was where delegates from member countries jointly discussed regulatory activities regarding the auditors and audit quality control system.

In April and October 2017, the SEC participated in IFRS Advisory Council Meeting in London. The Advisory Council is tasked with provision of counsel to the International Accounting Standards Board (IASB) in the drafting of International Financial Reporting Standards.

In June and September 2017, the SEC participated in the Committee 1 of the International Organization of Securities Commissions ("Committee 1") meetings, hosted by Bundesministerium des Justiz un fur Verbraucherchutz in Berlin, Germany and by the US SEC in Washington D.C., USA, respectively. These meetings aim to share the



regulatory/practical issues in applying the international financial reporting standards and international standards on auditing. This will enhance comparability of financial reporting across jurisdictions.

In August 2017, the SEC participated in the Singapore Accountancy and Audit Convention, held by ACRA, Singapore. During this event, we observed the evolution of the accounting professions. Insights from the seminar were beneficial in improving our regulatory activities and quality controls over the audit firms.

B.2 Professional and capital market stakeholder enhancement

SEC is deeply committed to elevating the audit profession and the Thai capital market to the standards set by international organizations. Thus, SEC hosts many seminars, workshops and other capabilities-enhance activities for registered auditors and other capital market stakeholders.

In May, 2017, we arranged the meeting with partners and executives from Big-4 firms to discuss the guideline to collaboratively reduce the findings from audit inspection by 25%, to exchange opinion on and remediation plan for recurring findings and to give the Big-4 firms opportunities to convey their recommendation and concerns.

In June, 2017, the SEC organized events for the registered auditors in non Big-4 firm. The event aimed to build collaboration between the registered auditors of local firms and the SEC towards the development of common goal, audit quality, and the quality of financial reporting of the listed companies.

In September, 2017, the SEC, in collaboration with the FAP and Thai Listed Companies Association, held a seminar on the study and implication of Key Audit Matters (“KAM”) in Thai Capital Market. The objective of the seminar was to share the experience and insight among the stakeholders for further improvements as the year 2016 was Thailand’s first year adoption of the KAM. The seminar was carried out in the fact-sharing and panel discussion format among auditors, audit committees, CEOs, CFOs, investors and analysts.

In September, 2017, the SEC held the integrated workshop on the recurring issues and findings in the audits and appropriate remediation plans to elevate the audit quality for non Big-4 auditors in the capital market. The outcome of this workshop provided us with valuable insights into the auditors’ perception and understanding of the inspection findings and how they should be resolved.



	<p>In 2017, we also collaborated with the FAP on a project aiming to increase the number of new auditors in the capital market and on a project with a focus of sharing of insights and ideas regarding the KAM.</p>
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