



## IFIAR 2017 Member Profile – SEC

<b>1. Jurisdiction</b>	<b>1.1 Insert the name of the jurisdiction in English:</b>  Kingdom of Thailand
<b>2. Member<sup>1</sup></b>	<b>2.1 Insert the name of the Member, both in the local language and in English:</b>  Name (Thai) : สำนักงานคณะกรรมการกำกับหลักทรัพย์และตลาดหลักทรัพย์  Name (English) : The Securities and Exchange Commission (“SEC”)
	<b>2.2 Include relevant contact information, including postal address, telephone numbers, a link to the website and other relevant information:</b>  Address: Securities and Exchange Commission, Thailand 333/3 Vibhavadi Rangsit Road, Chomphon, Chatuchak, Bangkok 10900 Thailand  Tel. +66 2033 9999 Fax. +66 2033 9660  Website : <a href="http://www.sec.or.th/EN/Pages/Home.aspx">http://www.sec.or.th/EN/Pages/Home.aspx</a>
	<b>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:</b>  <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 the Thai capital market to ensure efficiency, fairness, transparency and integrity under the direction and

<sup>1</sup> 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>guidance of the SEC Board and the Capital Market Supervisory Board (“CMSB”).</p> <p><u>The authority with respect to audit regulation :</u></p> <p>SEC has direct responsibility over supervision of the auditors of securities issuers and entities under SEC 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 has a supervisory model of independent oversight to monitor audit firms’ quality assurance system. SEC is also responsible for monitoring the application of high quality accounting and auditing standards.</p> <p>(Overview of the Thai public oversight system and quality assurance system kindly refer to Annex 1 for the Organization chart of the Thai supervisory system and quality assurance system)</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> <p><b>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?</b></p> <p><input type="checkbox"/> Yes                      <input checked="" type="checkbox"/> No</p> <p><b>If yes, please describe these changes with an appropriate level of detail:</b></p>
<p><b>3. Governing Body Composition and members</b></p>	<p><b>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. The audit profession includes, for example: audit firms, professional accountancy bodies and bodies or entities associated with the audit profession.<sup>2</sup></b></p>

<sup>2</sup> For the purpose of this Member Profile, the audit profession does not include an individual who 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.



	<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> <p>The SEC Board comprises of:</p> <ul style="list-style-type: none"> <li>▪ A Chairman appointed by the Cabinet upon the recommendation of the Finance Minister;</li> <li>▪ 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;</li> <li>▪ 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;</li> <li>▪ SEC Secretary-General appointed by the Cabinet upon recommendation of the Finance Minister as advised by the SEC Board.</li> </ul> <p>Currently, the SEC Board comprises 11 members, as follows:</p> <ol style="list-style-type: none"> <li>1. Mr. Voravidh Champeeratana, Chairman</li> <li>2. Mr. Somchai Sujjapongse, Permanent-Secretary, Ministry of Finance, Commissioner</li> <li>3. Ms. Wiboonlasana Ruamraksa, Permanent-Secretary, Ministry of Commerce, Commissioner</li> <li>4. Mr. Veerathai Santiprabhob, Governor, Bank of Thailand, Commissioner</li> <li>5. Mr. Sarawut Benjakul, Commissioner</li> <li>6. Mrs. Gallayanee Parkatt, Commissioner</li> <li>7. Mrs. Pranee Phasipol, Commissioner</li> <li>8. Mr. Chanin Vongkusolkrit, Commissioner</li> <li>9. Mr. Pailin Chuchottaworn, Commissioner</li> <li>10. Mr. Yokporn Tantisawetrat, Commissioner</li> <li>11. Mr. Rapee Sucharitakul, Commissioner and secretary</li> </ol> <p>The Capital Market Supervisory Board (CMSB) is responsible for issuing rules and regulations governing operational matters so that the SEC Board</p>
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	<p>can focus on policy matters with regard to supervision and development of the overall market.</p> <p>The CMSB comprises of:</p> <ul style="list-style-type: none"> <li>▪ SEC Secretary-General as Chairman;</li> <li>▪ A SEC Deputy Secretary-General assigned by the Secretary-General;</li> <li>▪ Director-General (or the Deputy Director as appointed) of the Fiscal Policy Office under the Ministry of Finance;</li> <li>▪ Not exceeding four expert board members appointed by the Finance Minister under nomination process by the Selection Committee, at least two of whom must have experience in managing listed companies or securities firms;</li> <li>▪ An officer of SEC, appointed by the SEC Secretary-General as Secretary.</li> </ul> <p>Currently, the CMSB comprises of seven members, as follows:</p> <ol style="list-style-type: none"> <li>1. Mr. Rapee Sucharitakul SEC Secretary-General, Chairman</li> <li>2. Mrs. Tipsuda Thavaramara SEC Deputy Secretary-General, Board member</li> <li>3. Mr. Kritsada Chinavicharana , Director-General, The Fiscal Policy Office, Board member</li> <li>4. Ms. Pornanong Budsaratragoon, Board member</li> <li>5. Ms. Suchada Pavananunt, Board member</li> <li>6. Mrs. Saranya Chindavanig, Board member</li> <li>7. Mr. Ekachai Chongvisal, Board member</li> </ol> <p><b>3.2 What are the eligibility criteria / requirements and composition requirements for the members of the governing body?</b></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"> <li>• 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;</li> <li>• For ex-officio members in the SEC Board and the CMSB, they are the heads of the governmental organizations;</li> <li>• 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;</li> </ul>
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	<ul style="list-style-type: none"> <li>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;</li> </ul> <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><b>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.<sup>3</sup></b></p> <p><input checked="" type="checkbox"/> Yes                      <input type="checkbox"/> No</p>
	<p><b>3.4 If the answer to question 3.3 is “No”, is the majority of the members of the governing body non-practitioner?</b></p> <p><input type="checkbox"/> Yes                      <input type="checkbox"/> No</p> <p>n/a</p>
	<p><b>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?</b></p> <p>n/a</p>
	<p><b>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?</b></p> <p><input checked="" type="checkbox"/> Yes                      <input type="checkbox"/> No</p> <p><b>Does this include a “cooling-off” period for former auditors?</b></p> <p><input type="checkbox"/> Yes                      <input checked="" type="checkbox"/> No</p> <p><b>If yes to either of the above, please describe:</b></p>

<sup>3</sup> Ibid.



	<p>Both of the 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 of the experts are accounting/auditing profession as the experts have to 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 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 has to 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><b>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)?</b></p> <p><input type="checkbox"/> Yes                      <input checked="" type="checkbox"/> No</p> <p><b>If yes, please describe their role with an appropriate level of detail:</b></p> <p>n/a</p>
<p><b>4. Funding Arrangements</b></p>	<p><b>4.1 Describe the main funding arrangements of the Member, including the setting and approval of the budget and the fees, if any:</b></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</p>



	<p>(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 application fee is 50,000 Baht (EUR 1,300) per auditor per 5 years which is 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 by the audit profession.</p> <p><b>4.2 Is the funding free from undue influence by the profession?</b></p> <p><input checked="" type="checkbox"/> Yes                      <input type="checkbox"/> No</p> <p><b>Please describe with an appropriate level of detail the safeguards in place to prevent undue influence by the profession:</b></p> <p>Mentioned in 4.1.</p>
<p><b>5. Inspection System</b></p>	<p><b>5.1 Does the Member have the responsibility for recurring inspections of audit firms undertaking audits of public interest entities (PIEs)?</b></p> <p><input checked="" type="checkbox"/> Yes                      <input type="checkbox"/> No</p>
	<p><b>5.2 Is this responsibility undertaken directly or through oversight of inspection conducted by another organization?</b></p> <p><input checked="" type="checkbox"/> Directly                      <input type="checkbox"/> Through Oversight</p> <p><b>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:</b></p> <p>n/a</p>
	<p><b>5.3 Please describe with an appropriate level of detail the requirements and practices regarding the frequency of inspections:</b></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 with the SEC every 5 years. As a consequence, 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>In regard to 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 is 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>														
6. Audit and Financial Market	<p><b>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.</b></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: <a href="http://www.sec.or.th/EN/RaisingFunds/EquityDebt/Pages/link-Laws_Regulations/List-auditor.aspx">http://www.sec.or.th/EN/RaisingFunds/EquityDebt/Pages/link-Laws_Regulations/List-auditor.aspx</a></p> <p>Up until now, there are approximately 700 listed companies, 41 securities companies, and 24 asset management companies. Regarding audit firms and the SEC-registered auditors, 196 individual auditors from 27 audit firms are registered under the SEC’s supervision.</p>														
	<p><b>6.2 What are the sizes and market shares of each of the largest audit firms in the Member’s jurisdiction?</b></p> <p>About 79% of audit work of listed companies based on market capitalization is performed by Big4. The size and market shares of Big4 measured by market capitalization as at 30 September 2016 is shown below:</p>														
	<table><tr><th>Audit firms</th><th>Market Capitalization (billion Baht)</th><th>Market Shares</th></tr><tr><td>KPMG</td><td>4,397</td><td>30.46%</td></tr><tr><td>EY</td><td>3,464</td><td>23.99%</td></tr><tr><td>Deloitte</td><td>1,762</td><td>12.20%</td></tr><tr><td>PwC</td><td>1,746</td><td>12.09%</td></tr></table>	Audit firms	Market Capitalization (billion Baht)	Market Shares	KPMG	4,397	30.46%	EY	3,464	23.99%	Deloitte	1,762	12.20%	PwC	1,746
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	Note: Total market capitalization of Thai listed companies is 14,437 billion baht (EUR 361 billion) as at 30 September 2016.
7. Main Other Responsibilities of the Member <u>within</u> the area of Audit Oversight	<p><b>7.1 Please indicate whether the Member has responsibility for tasks other than Inspections within the area of Audit Oversight:</b></p> <p> <input checked="" type="checkbox"/> Registration/Licensing  <input type="checkbox"/> Audit and/or Ethics Standard Setting  <input type="checkbox"/> Permanent Education of Auditors  <input checked="" type="checkbox"/> Enforcement  <input type="checkbox"/> Other: _____         </p>
	<p><b>7.2 If the Member has the responsibility for <u>Registration/Licensing</u>, please indicate whether this responsibility is undertaken directly or through oversight of Registration/Licensing conducted by another organization?</b></p> <p> <input checked="" type="checkbox"/> Directly                      <input type="checkbox"/> Through Oversight         </p> <p><b>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 <sup>4</sup> 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.</b></p> <p>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 with the SEC every 5 years. As a consequence, the SEC inspects their engagement files to ensure that their</p>

<sup>4</sup> For the purpose of this Member Profile, the audit profession does not include an individual who 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.



	<p>work complied with auditing and accounting standards at least once every 5 years for each auditor. Moreover, individual auditors must work with audit firm that is inspected by the SEC to ensure that audit firms comply with ISQC1 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.</p> <hr/> <p><b>7.3 If the Member has the responsibility for <u>Audit and/or Ethics Standard Setting</u>, please indicate whether this responsibility is undertaken directly or through oversight of Audit and/or Ethics Standard Setting conducted by another organization?</b></p> <p><input type="checkbox"/> Directly <input type="checkbox"/> Through Oversight</p> <p><b>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 <sup>5</sup> 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.</b></p> <p>The Federation of Accounting Professions (professional body) issued TSA (Thai Standard on Auditing), TSQC1 (Thai standard on quality control, and Code of Ethics as well as guidance related to the code of ethics which are in compliance with the international standards issued by the International Auditing and Assurance Standards Board (IAASB) and International Federation of Accountants (IFAC).</p> <hr/> <p><b>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?</b></p> <p><input type="checkbox"/> Directly <input type="checkbox"/> Through Oversight</p> <p><b>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 <sup>6</sup> are involved in decision-making). Also give a</b></p>
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<sup>5</sup> Ibid.

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	<p><b>description of the powers of the other organization and procedures applied, as well as the role of the Member in these procedures.</b></p> <p>The Federation of Accounting Professions* is responsible for permanent education of accounting and audit professions.</p> <p>The SEC-Registered Auditors have to 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><b>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)?</b></p> <p><input checked="" type="checkbox"/> <b>Directly</b>                      <input type="checkbox"/> <b>Through Referral</b></p> <p><b>If through referral, please indicate the name of the other organization and its composition (i.e. whether practitioners from the audit profession<sup>7</sup> are involved in decision-making). Also give a description of the enforcement powers of the other organization and procedures applied, as well as the role of the Member in these procedures.</b></p> <p>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.</p>
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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.

<sup>7</sup> Ibid.



	<p>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.</p> <p>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</p> <p>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.</p> <p>Under the SEA Section 107, the SEC Office 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 provisions of the law relating to auditors and additional provisions as specified in the notification of the SEC.</p> <p><b>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:</b></p> <p>n/a</p>
<p><b>8. Main Other Responsibilities of the Member <u>outside</u> the area of Audit Oversight</b></p>	<p><b>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:</b></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 in the course of 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 the Thai auditing standards in conformity with the International Standards on Auditing (ISAs) determined by the International Auditing and Assurance Standards Board (IAASB).</p> <p><u>Other main supervisory tasks</u></p> <p>1. Securities issuance for public offering</p> <p>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</p>
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	<p>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.</p> <p>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.</p> <p>2. The Stock Exchange of Thailand ("SET")</p> <p>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.</p> <p>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.</p> <p>3. Intermediaries</p> <p>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:</p> <ol style="list-style-type: none"> <li>1. appropriate services and advice;</li> <li>2. financial security and checks and balances system;</li> <li>3. reliable safekeeping of client's assets and segregating client accounts from proprietary accounts in cases where custodian services are included</li> </ol> <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</p>
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	professionals must be approved by the SEC and comply with the SEC regulations to protect investors' best interest.
<b>9. Major Events and Activities</b>	<p><b>9.1 Describe any recent major events and activities:</b></p> <p><u>A. Audit Inspection Activities</u></p> <p>In April 2016, the SEC issued an independent audit inspection activities report for the period of 3 year from January 2013 - December 2015, reflecting the SEC's advancement in developing audit quality assurance system of audit firms and 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 2016, the SEC inspected 15 audit firms and approximately 100 engagement files from 65 auditors, 25 of which were the auditors who newly registered with the SEC in 2016, and 40 of which were renewed SEC-registered auditors. For newly applied SEC-registered auditor, most of all have been approved and become the SEC-registered auditors. In 2016, all renewed SEC-registered and newly-registered auditors have been approved.</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 2016, our important participations included:</p> <p>In August, 2016, the Thai SEC and other ASEAN audit regulators held a discussion with the World Bank on collaborative efforts to further raise the standard of audit quality in ASEAN at the 6th Annual Meeting of the ASEAN Audit Regulators Group (AARG) held in Singapore. Since its formation 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. At the 6th AARG meeting, there was a healthy dialogue on how regulators and audit firms can forge an even more productive relationship in light of key upcoming trends and developments in the global audit landscape. This includes the use of data analytics to improve audit effectiveness, the use of audit quality indicators (AQIs) by audit committees to select auditors and the delivery of insightful</p>





	<p>reporting by auditors when the enhanced auditor reporting standards take effect in 2017.</p> <p>In January, 2016, the SEC participated in the 4th ASEAN Audit Regulators Inspection Workshop in Bali, Indonesia. The AARG was established to promote closer collaboration among audit regulators in the ASEAN region in order to promote audit quality. The AARG holds inspection workshop once a year to exchange information, technical knowledge, and experience in audit oversight as well as to improve cooperation and ensure consistency among audit regulators.</p> <p>In February and April 2016, the SEC participated in IFIAR's 10th inspection workshop in Abu Dhabi, United Arab Emirates and IFIAR plenary meeting &amp; Enforcement workshop in London. Through these events, we shared and learned about new developments in audit regulatory environments, and this in turn helped us in the design and execution of our audit inspections to ensure the internationally acceptable audit quality of listed companies in Thai capital markets.</p> <p>In February 2016, the SEC hosted the International Organization of Securities Commissions-Committee 1 ("Committee 1") meeting. In June and October 2016, the SEC also participated in another two meetings of the IOSCO-Committee 1 in London and Sydney, respectively. IOSCO is committed to promoting the integrity of international markets through promotion of high quality accounting standards, including rigorous application and enforcement. Members of IOSCO Committee 1 seek to further IOSCO's mission through thoughtful consideration of accounting, auditing and disclosure concerns and pursuit of improved transparency of global financial reporting. As a member of the IOSCO Committee 1, the SEC keeps up to date with current developments in international accounting and auditing standards and also actively participates in the standards-setting process of both standards.</p> <p>In February 2016, the SEC and IFRS Foundation Regional jointly held IFRS Workshop for regulators (Thailand, Malaysia and Singapore). This workshop was where the views and experience in conducting reviews on financial statements were exchanged while mutual understanding in adoption of the International Financial Reporting Standards (IFRS) was created to push forward the comparable quality of financial reporting standards adopted by every country in the region. The events contributed valuable learning experiences to the participants on regulatory and oversight issues and case studies along with firming the cooperation among the audit regulators in boosting audit quality in the region.</p>
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#### 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 sets up many seminars for registered auditors and other capital market stakeholders.

In 2016, the SEC collaborated with the Federation of Accounting Professions (FAP) to provide series of trainings for the auditors that would like to be the SEC-registered auditors. These training was initiated because the SEC and the FAP realized the importance of the preparation of auditors to be the SEC-registered auditors. Moreover, the SEC together with the FAP organized several seminars about implementing the enhanced auditor reporting for auditors, CFOs, Audit Committees, and various stakeholders in the financial reporting ecosystem.

In February, 2016, the SEC held the IPO Forum 2016, which is designed to provide preparatory guidelines for companies planning a fundraising through initial public offering.

In July and November 2016, the SEC held the seminars for auditors in the capital market to discuss common deficiencies found in the 2015 - 2016 firm-level and engagement-level reviews. In addition, the SEC hosted a panel discussion with the representatives from audit firms on preparing to adopt the new auditor report, aiming to increase transparency and enhance communications between stakeholders and the auditor. These seminars are to keep the registered auditors abreast of new audit developments and to communicate the result of the SEC audit inspection for the future improvement of audit firms in order to promote audit quality in the Thai capital market in the long run.

