

25 February 2021

To: Financial Markets Operations Group  
Bank of Thailand

Dear Sir/Madam,

### ASIFMA Comments on Bank of Thailand's Consultation on Bond Investor Registration (BIR): phase 1

ASIFMA<sup>1</sup>, on behalf of our members, would like to thank Bank of Thailand ("BOT") for giving us the opportunity to provide feedback on the captioned consultation and granted our request to extend the deadline to respond. We hope BOT finds our contributions constructive and would consider incorporating them in the final framework.

ASIFMA appreciates BOT's effort in enhancing its bond market surveillance system to safeguard financial stability and also to conduct monetary and exchange rate policy, which ultimately contribute to a healthy financial market. ASIFMA members are supportive of BOT's intention and are willing to contribute to ensure the implementation of the proposed scheme is in a smooth and friendly manner. Please see below ASIFMA's comments for your consideration.

#### ASIFMA comments

1. ASIFMA members and many other foreign investors in Thailand keep their Thai Government Bond holdings in ICSDs, where they are settled in USD (and other major currencies). Having ICSDs to separate settlement accounts for each investor, as suggested in the consultation, would be detrimental to the benefit of using ICSDs. It could possibly even force ICSDs to stop supporting Thai assets which would be a big turn-off for foreign investors. In light of this, ASIFMA suggests BOT to exempt ICSDs from the segregated securities account ("SSA") requirement at Thailand Securities Depository ("TSD").
2. Most intermediaries expect settlement finality to reside with ICSDs. The reason is that transactions can occur on a 23/5 basis as opposed to a local custodian which is open on a 9/5 basis.

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<sup>1</sup> ASIFMA is an independent, regional trade association with over 135 member firms comprising a diverse range of leading financial institutions from both the buy and sell side, including banks, asset managers, law firms and market infrastructure service providers. Together, we harness the shared interests of the financial industry to promote the development of liquid, deep and broad capital markets in Asia. ASIFMA advocates stable, innovative, competitive and efficient Asian capital markets that are necessary to support the region's economic growth. We drive consensus, advocate solutions and effect change around key issues through the collective strength and clarity of one industry voice. Our many initiatives include consultations with regulators and exchanges, development of uniform industry standards, advocacy for enhanced markets through policy papers, and lowering the cost of doing business in the region. Through the [GFMA](#) alliance with [SIFMA](#) in the United States and [AFME](#) in Europe, ASIFMA also provides insights on global best practices and standards to benefit the region.

## DEVELOPING ASIAN CAPITAL MARKETS

3. ASIFMA understands that international investors would prefer to have the choice for their account structures such as segregated account or omnibus account depending on their needs.
4. ASIFMA would like to seek clarification on whether capital gains tax on governments have been considered.
5. Section 2.1 currently requires banks to verify that their clients have a SSA registered with BOT. ASIFMA suggests BOT to allow banks to check the BOT registration status instead of requiring a verification process of each UBO.
6. The requirement to provide a phone number/email address of contact person of UBO/Global Custodian ("GC")/International Broker ("IB") may have data privacy implications in other jurisdictions. Nonetheless, ASIFMA welcomes the adoption of LEI as part of the required documents as this is in line with a global adoption.
7. As stated in the consultation, local custodians will now be required to setup SSAs and register the UBO with BOT. To operationalise this, local custodians will need to maintain the existing accounts while setting up new accounts and registering the UBOs with BOT. Trades will be settled in the "old" account and will need to be transferred to the "new" SSA registered account. This will increase the workload for operations staff and systems in the local custodian. We ask BOT to remove the requirement for local custodians to setup SSAs and allow them the flexibility to setup omnibus or segregated accounts as appropriate. As stated earlier, transparency of UBOs can be achieved by other means (e.g. enhanced transparency) in lieu of mandating SSAs.
8. ASIFMA members have been reviewing the requirements and monitoring for developments. They have also started engaging with impacted clients to gauge their readiness for the new SSA requirements. Given the various custodial arrangements and the number of accounts involved, completion of the new setup within 6 months seems to be very tight. ASIFMA also understands from international custodians that it takes time to change an account structure and to implement it through the whole custody chain. ASIFMA would suggest a longer implementation timeline e.g. at least 9 – 12 months.

As stated in the beginning, ASIFMA stands ready to help BOT to develop a stable and healthy financial market. We are more than willing to discuss this in further detail if required and if you have any questions, please do not hesitate to reach out to Philippe Dirckx, Managing Director and Head of Fixed Income ([pdirckx@asifma.org](mailto:pdirckx@asifma.org)).

Best regards,



Mark Austen  
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Asia Securities Industry & Financial Markets Association (ASIFMA)