





## **Strategic plans for market intermediaries**

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# Our challenging year ahead



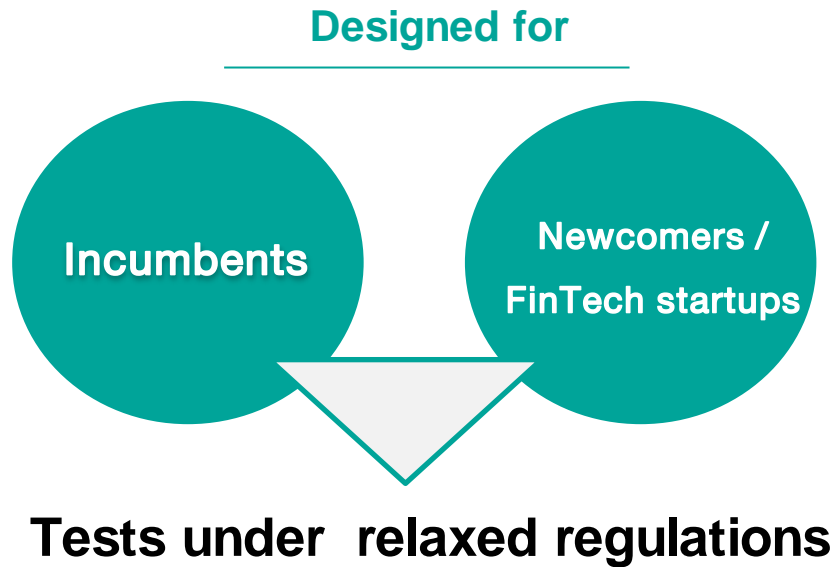


## Challenge 1 :

### Objective

- restricted experiments with real customers
- more effective regulations (facilitations vs. investor protection)

How can we all  
learn from  
real-life  
experiments?





# Regulatory sandbox

## Eligible services to test

“Innovative” financial services / infrastructure

- securities business:
  - investment advisor
  - private fund
- derivatives business: all activities
- securities registrar / depository center / clearing house

## General conditions

small scale  
(clients / exposure)

limited test  
period

(12 months )



meet disclosure  
and conduct  
requirements

investor  
compensation  
arrangement



## Next steps

test  
extension

exit strategy  
(as proposed)

license  
application



## Challenge 2 :

# How can we further empower investors?

## Situation

- low coverage of research for IPOs & small cap stocks

- not enough access to independent advice

## Objectives

- to empower investors with information & decision tools that match their skills/behaviors

- to supplement existing investment advisors/ LBDU with independent providers



**Independent investment  
advisor/ LBDU**

- not holding clients' assets
- no proprietary trading
- no clearing & settlement obligations

**Independent  
from  
'issuer'**

- organization structures
- putting investor first

**Criteria**

**Low  
risk**

**Fit &  
proper**

- system
- staffs & management



## Challenge 3 :

# How can regulator embrace the change & create an open environment?

## Situation



long process of revision



some unfit regulations

## Objectives

to create more open communication channels with industry

to be a more responsive regulator



**We are open to all  
ideas**

- to adjust rules and regulations
- to collaborate & navigate legal uncertainties
- to create more objective-based regulations

# algorithm trading

## biometrics

## AI research

## robo advisor

# chatbot



# Capital market data pool

## KYC on-boarding process

Authentication

Suitability

manual-KYC

e-KYC

data collection

KYC  
data pool

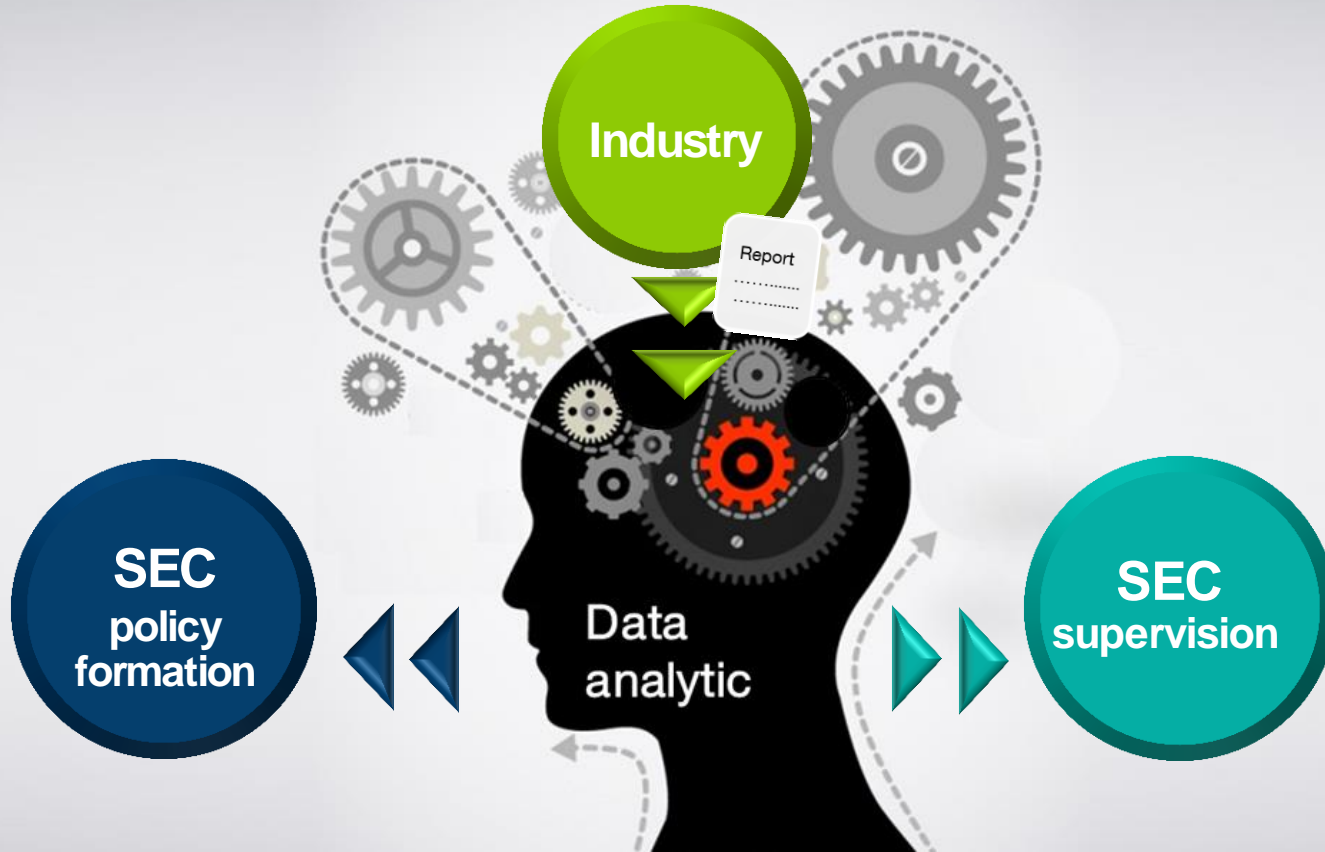
blockchain

intermediaries / outsource





## RegTech: analytical & machine learning tools





## Challenge 4 :

How can we align facilitation of **market innovation/ competitiveness**  
with **investor trust and confidence?**

Misconducts by salespersons  
Failure to supervise by management



Putting good culture at the heart of  
industry practice



## Focus on culture & tone from the top

Mindset & corporate  
culture is the priority  
of the supervision



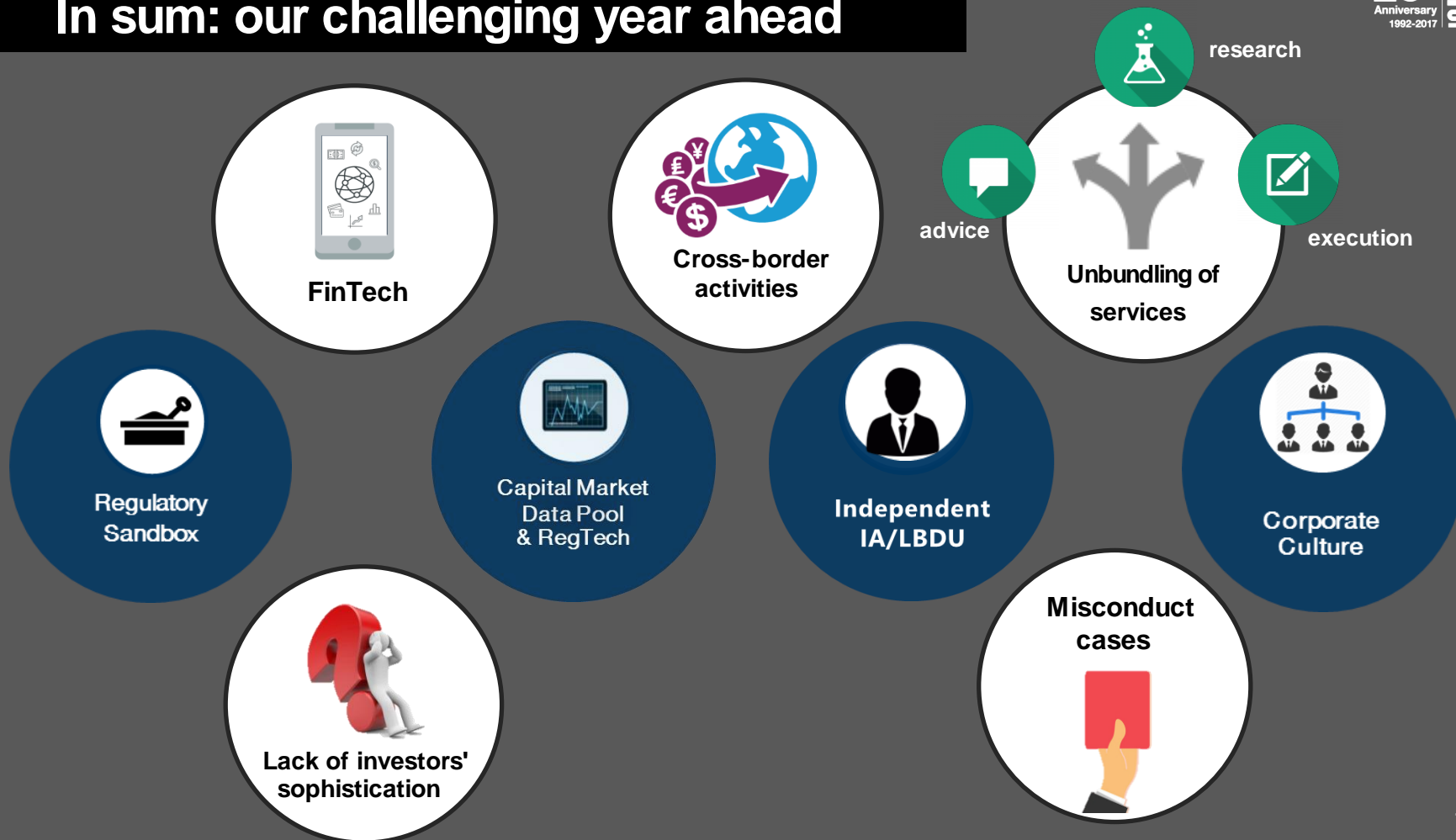
Roles of BoD &  
top management are  
important



A healthy, resilient & competitive financial system

Intermediary as a gatekeeper

# In sum: our challenging year ahead



**We 'll walk hand in hand with our industry**

**Solving  
problems**

**Going through  
new/competitive  
challenges**

**Working together to  
ensure international  
standards**





**Thank You**