



Overview of DR Products

Cash Product Department

24 May 2022

What is DR?

DRs are classified into two types:

1. DR investors will indirectly hold the foreign shares and be entitled to all of the shares' financial benefits.

2. DR representing interest from underlying foreign securities that are issued and offered at a ratio of one or multiple DRs to one foreign share. For example, 10 DR: 1 foreign share



DR Issuance



1. IPO (Initial Public Offering)

Issuers can offer DRs through an IPO, allowing investors to profit from price differences when they trade their DRs at a higher price than the IPO price.



2. Direct listing

DR issuers can also offer their DRs through the direct listing method

What is DR?



Definition:

- Depositary Receipt of Foreign Securities (Ratio 1UL:X DR, where $X \geq 1$)
- DR is an financial instrument which allow DR holders to access to the benefits of owning foreign securities (dividend, capital gain, etc.)

Underlying:

- Ordinary foreign shares (In SEC Acceptable country)
- Ordinary foreign shares which are located in the GMS (Greater Mekong Subregion)
- Foreign ETF units / Foreign REIT / Foreign Infra Fund / Trust (List in WFE Member)

Qualification:

- Minimum size > THB 50 million (or > THB 20 million for GMS)
- Minimum DR holders > 50 people
- IPO / Direct Listing

What is DR?



Issuer



Commercial banks in Thailand



Securities companies in Thailand



**A company, $\geq 99\%$ -owned by SET,
which is purposefully established to issue foreign-linked DR**

What is DR?



The symbol cannot be more than ten letters long

The first eight letters denote the underlying securities

The last two letters represent the issuer number

For example, APPR99 denotes a DR containing APPR securities issued by an issuer with the issuer number 99



Capital gains:

Investors will earn capital gains when they sell DRs at a higher price than when they were bought

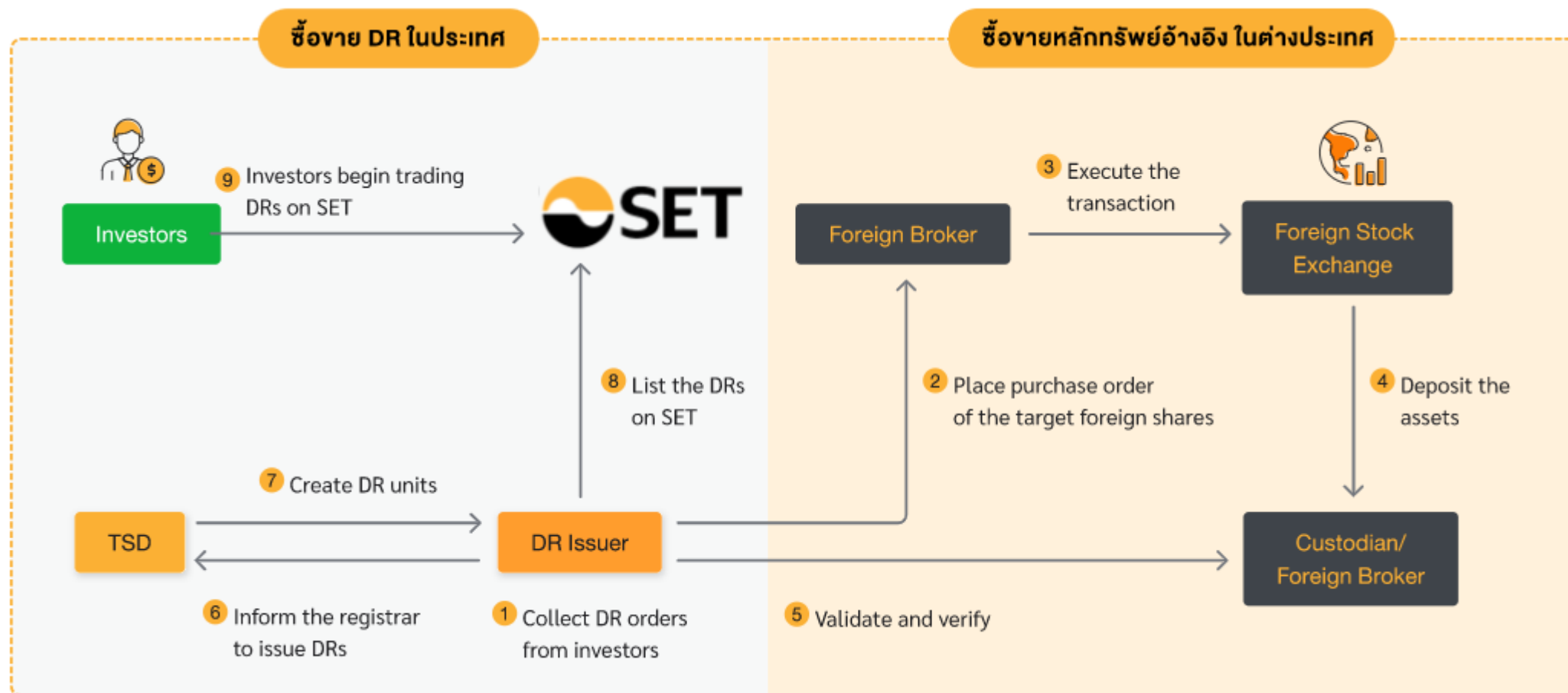


Dividends and other benefits:

DR holders will receive dividends or other benefits associated with foreign securities after deducting transaction fees (if any) as specified in the Information Memorandum.

** Information Memorandum governs the rights and obligations of the issuer and DR holders

What is DR?



Fractional DR: Serving the need for “Trade Global like Local”

Total solution for brokers
Minimum broker modification
as target is small ticket



Access global equity around the clock via stock trading platform

- Trade global equity via DR similar to trading in SET
- Available for global trading hours

Liquidity will be provided by MM
Available on global underlying trading hour

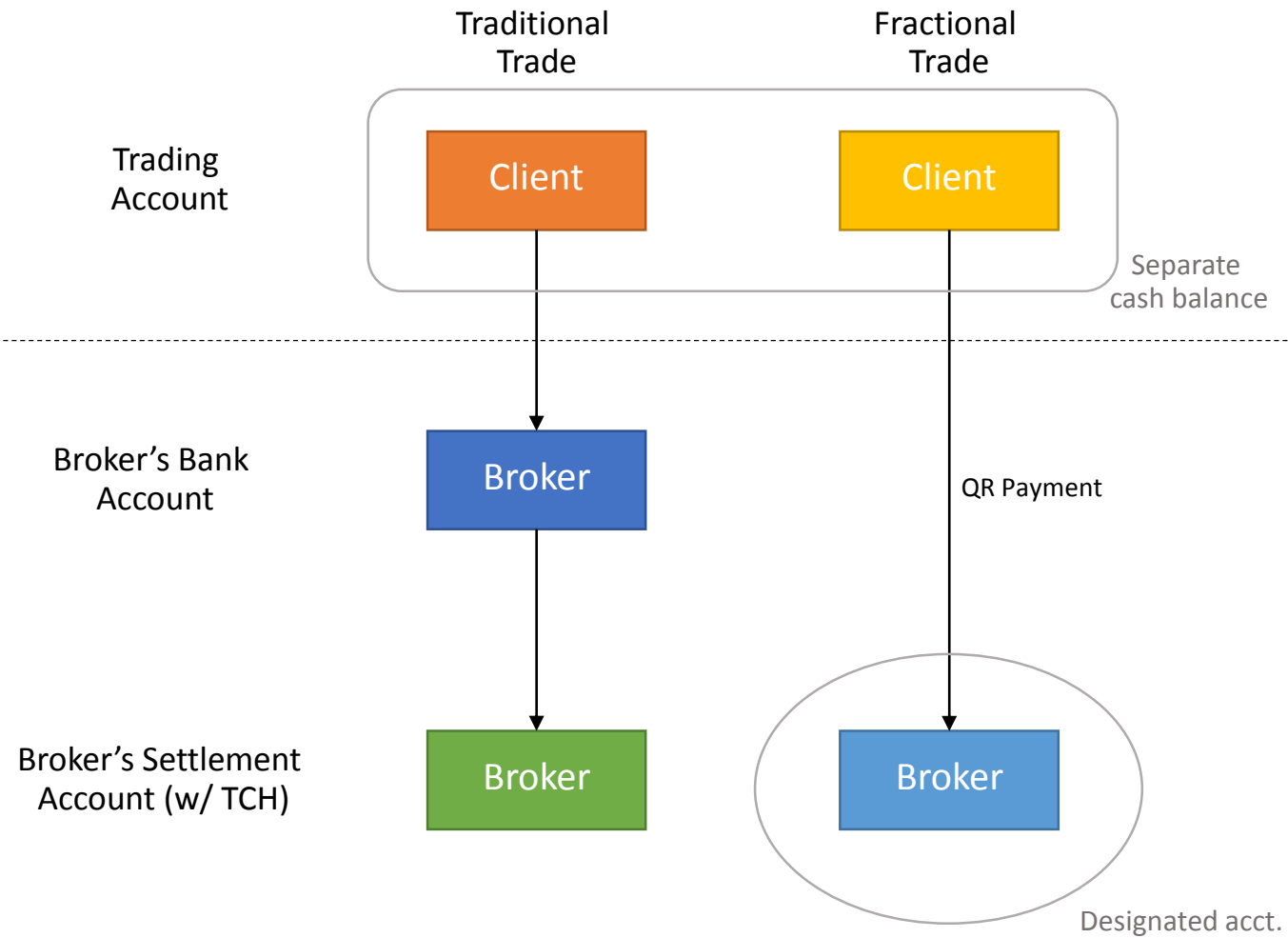


Invest any amount (small ticket size)
Pre-paid trade execution in either Baht amount or fraction of the share

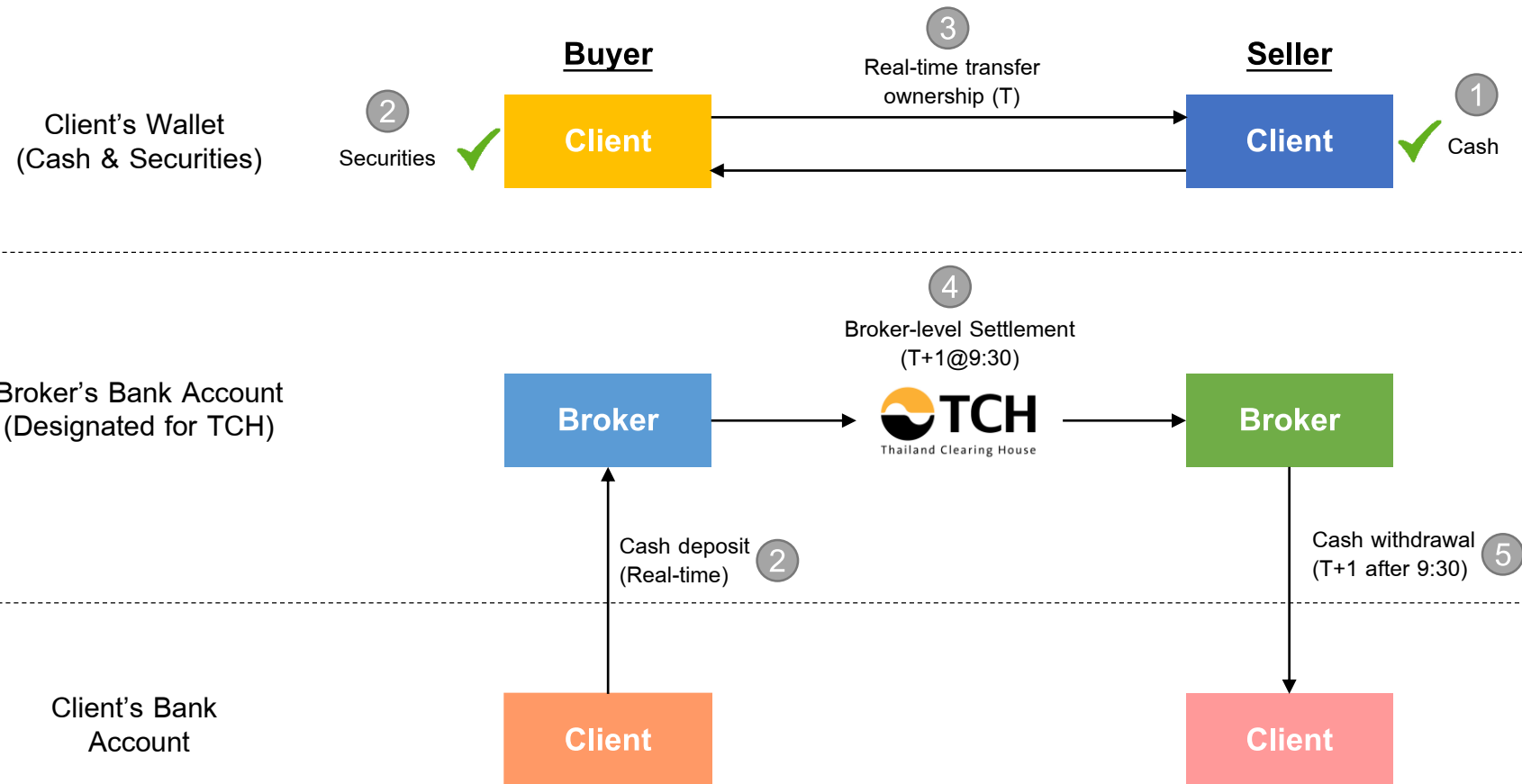
What could be **the underlying?**

- **Individual equity:** US / China prestigious stocks
- **Index:** famous index like DJSI, S&P500 or thematic index

Account Structure



Real-time Settlement



Steps:

1. Securities deposited at seller's account (DR created from primary market or transferred from transferrer)
2. Buyer deposit cash via STT Streaming
3. Once orders are matched, transfer ownership in real-time
4. Broker-level cash settlement
5. Seller withdraw cash via STT Streaming

Applicable channels:

- ✓ QR Payment
- ✓ API Direct Debit/Credit
- ✓ API Promptpay

Note:

* Maximum amount and system availability depend on bank.

What is Fractional DR?

The symbol cannot be more than eleven letters long

The last two letters represent the issuer number

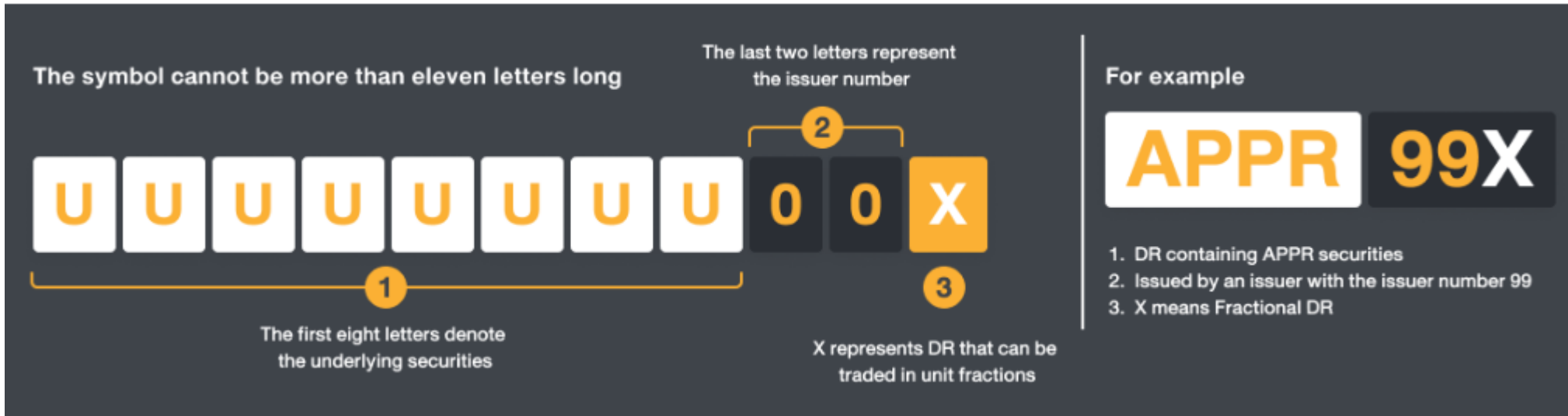
The first eight letters denote the underlying securities

X represents DR that can be traded in unit fractions

For example

APPR 99X

1. DR containing APPR securities
2. Issued by an issuer with the issuer number 99
3. X means Fractional DR



What is Fractional DR?

Things to know before trading DRx



Trading account

Cash balance account



Trading method

Automatic Order Matching method



Underlying assets

Common shares or ETFs that are listed on foreign exchanges and have the characteristics that meet the SEC requirement



Minimum order

There is no minimum order requirement



Tick Size

No tick size specified



Ceiling-Floor

Controlled by the dynamic price band system

What is Fractional DR?

Things to know before trading DRx



Trading hour

Open2 : 07:00 – 17:00 | Closed : 17:00 – 18:45

Open1 : 20:00 – 04:00 | Intermission: 04:00 – 07:00 (T+1)



Expiration

No expiry date



DRx Ratio

DRs representing foreign securities

- 1 DRx: 1 foreign share

DR representing interest from underlying foreign securities

- 1 or more DRxs: 1 foreign share. For example, 10 DRxs: 1 foreign share



Transaction fee

0.15% of the transaction value



Information disclosure

DR issuers are responsible for keeping DR holders informed of any significant changes that may affect the holders' benefits by disseminating information via the websites of the stock exchange, relevant securities companies, and the issuers.