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Response of the Global Legal Entity Identifier Foundation (GLEIF) to the Stock Exchange of Thailand (SET) on the Consultation on the enhancement of regulatory measures

April 2024

The Global Legal Entity Identifier Foundation (GLEIF) is pleased to provide comments to the Stock Exchange of Thailand (SET) on the Market Consultation on the enhancement of regulatory measures.

Firstly, GLEIF would like to respond to Q3: “Do you agree to strengthen supervision of the High-Frequency Trading (HFT)?”

GLEIF would like to bring the attention of the Stock Exchange of Thailand (SET) on the role that the ISO 17442 [Legal Entity Identifier](#) could play in strengthening the supervision of the High-Frequency Trading (HFT), and would like to propose a requirement for the registration of HFT investors. Especially for foreign investors, it is important to understand these investors’ portfolio.

In particular, GLEIF suggests the usage of a [policy-conforming](#) LEI for non individual clients while registering the HFT client. This will help in three ways:

1. Speed up the onboarding process for member (Brokers) by fetching the details via GLEIF API: <https://www.gleif.org/en/lei-data/gleif-api>.
2. More effective reporting to the SET and regulator, as HFT client details will be validated via GLEIF search or API.
3. Understand better the HFT investor’s general portfolio given the LEI-to-ISIN Mapping. More information can be found: <https://www.gleif.org/en/lei-data/lei-mapping/download-isin-to-lei-relationship-files>.

Some background information about the LEI:

- The LEI is a 20-character, alpha-numeric code, based on the ISO 17442 standard, is used for uniquely and unambiguously identifying legal entities globally. Each LEI contains information about an entity's ownership structure and thus answers the questions of '[who is who](#)' and '[who owns whom](#)'. Simply put, the publicly available LEI data pool can be regarded as a global directory, which greatly enhances transparency in the global marketplace.
- Established by the [Financial Stability Board](#) in June 2014, the Global Legal Entity Identifier Foundation (GLEIF) is tasked to support the implementation and use of the Legal Entity Identifier (LEI). GLEIF is a supra-national not-for-profit organization headquartered in Basel, Switzerland.

- The Global LEI System is overseen by over 71 public authorities (including Australian Securities and Investments Commission) participating in the [Regulatory Oversight Committee](#). There are currently more than 200 regulations requiring or requesting the usage of the LEI, especially in capital market: https://www.leiroc.org/lei/lei_regulatory_uses.htm. For example, Securities and Exchange Board of India and Financial Services Commission of South Korea also started to require Foreign Investors to be identified via LEIs.

Secondly, GLEIF would like to respond to Q5: “Do you agree with the disclosure of information of investors with inappropriate trading behavior to all members to enable members to take actions to prevent investors with such behavior effectively?”

GLEIF would like to bring the attention of the Stock Exchange of Thailand (SET) on the role that the ISO 17442 [Legal Entity Identifier](#) could play in the disclosure of information of investors with inappropriate trading behavior to all members.

In particular, GLEIF calls Stock Exchange of Thailand (SET) to add the LEI to the disclosure of information of investors to all member to effectively identify investors with inappropriate trading behavior and thus, enable members to take actions to prevent investors with such behavior effectively.

An investor may open trading accounts with more than one member, so other firms may not be aware of an investor's inappropriate trading behavior and cannot take effective steps to prevent a misconduct.

Having said that, adding a [policy-conforming](#) LEI in the disclosures will help the capital market regulator and SET to identify the aggregate trading exposure and activity of a single non individual client amongst different members(brokers). This approach will help the exchanges to curb market manipulation and enhance supervision.

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GLEIF remains at SET's disposal to further discuss and support the Stock Exchange in its work. Please do not hesitate to engage us in discussions and questions related to the LEI in future consultations.