

The OECD-Asian Roundtable on Corporate Governance

Session 3: The Governance of Regulators, Public Enforcement and Behavioural Economics

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Public Enforcement and Corporate Governance in Asia Guidance and Good Practices



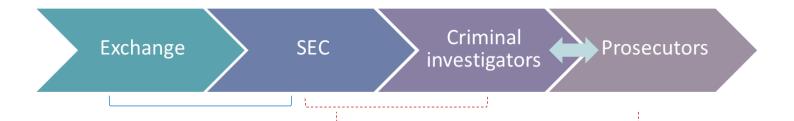
Legal Disclosure of framework & enforcement adequacy of actions & laws practices Role of the Structure of courts and enforcement Authority to judicial authorities monitor, system supervise, Cross border investigate, enforcement enforce &

impose

sanctions

Structure of enforcement authorities





Challenges for multiple authorities:

- Different skill sets, standards and priorities
- Limited functioning of MOU or a special committee
 - No enforceability, no commitment
 - Not tied to personal performance evaluation
 - Confidentiality requirements can shield transparency & accountability

Mitigation for structural weaknesses

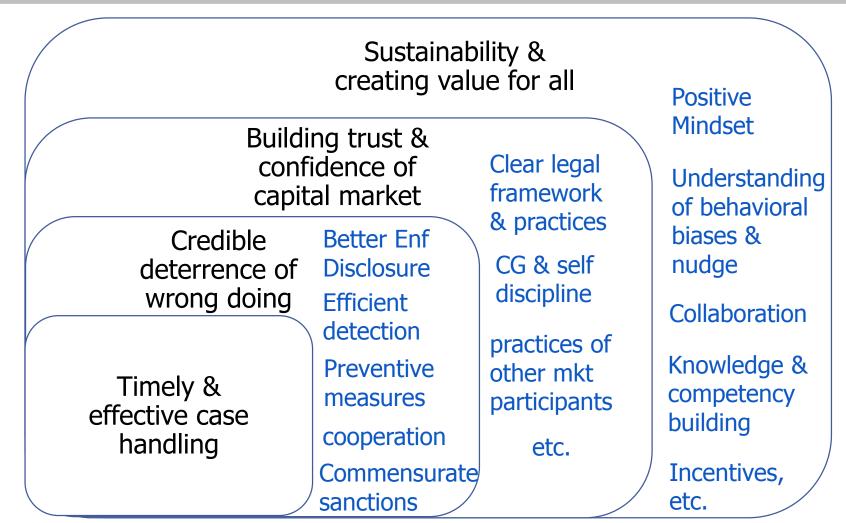


Civil sanction as alternative to criminal prosecution

- Ability to directly pursue cases in court
- More choices of punishment (but still low limit of fine = criminal fine limit)
- Law amendment on market misconduct:
 To clarify wrongdoing, reduce or shift burden of prove
- Improve SEC governance
 - Clarify enforcement purposes: timely SEC investigation
 & enforcement → deter wrong-doing
 - Improve efficiency
 - Better enforcement disclosure

Higher Purpose and Clarity of Roles: Key Governance Element





OECD Governance of Regulator:

Principles of role clarity: Clarity in objectives, function, co-ordination

SEC Governance Framework for Operations



We strives to **enhance the benefits and wellbeing of people** through being a trustworthy and proactive organization, collaborating with all stakeholders to build a sustainable capital market

> 1. Seek to understand ecosystem, stakeholders and risks

Prioritize on important to stakeholders & our duties

6. Report and communicate to stakeholders

Insightful outcomes to stakeholders Integrity Collaborative Open

5. Robust risks, performance, financial management and internal control

3. Determine measures to optimize achievement of intended outcomes

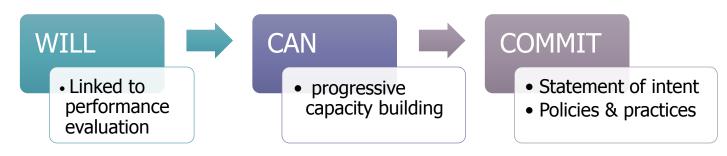
2. Define sustainable

4. Develop entity capability: board, leadership, people, IT, process

Key Driving Forces:

Started from CEO Performance Evaluation





	Previous	%	Present	%
1.	Public perception	20	Quality of policies proposal & Comm: 1. stakeholders & risk analysis 2. Clear intended outcome 3. Sound options - cost-benefit analysis 4. Clear communication	30
2.	KPI achievement	70	KPI achievement	30
3.			Organization Efficiency & Development: 1. Governance & culture 2. HR 3. Process & IT 4. risk mngt & IC	30
4.	Initiatives	10	Leadership & living the value	10