

Measures taken for Investor Education and Protection for direct equity Investors across Emerging Market Jurisdictions

ICSA Emerging Markets Committee

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ICSA EMC Survey – Measures taken for Investor Education and Protection for direct equity Investors across Emerging Market Jurisdictions

Background

International Council of Securities Associations (ICSA) is an international association of like-minded bodies across various jurisdictions. Each jurisdiction has nuances and uniqueness including cultural ones. However, there is much commonness in the diversity in terms of issues faced by the market participants. Therefore, there is much scope of learning and sharing best practices and experiences with each other.

Under this premise, the Emerging Markets Committee (EMC) has decided to conduct the survey on “Measures taken for Investor Education and Protection for direct equity investors across jurisdictions”.

ICSA’s EMC is currently chaired by Bombay Stock Exchange Brokers’ Forum, India (BBF) with the committee being composed of following members:

1. India - Association of National Exchanges Members of India (ANMI)
2. Korea - Korea Financial Investment Association (KOFIA)
3. Mexico - Asociacion Mexicana de Instituciones Bursatiles, A.C. (AMIB)
4. Taiwan - Taiwan Securities Association (TSA)
5. Thailand - Association of Thai Securities Companies (ASCO)
6. Turkey - Turkish Capital Markets Association (TCMA)

Preface

There are various forms of investing in shares ranging from direct investing, i.e. owning shares in one’s own name or indirect investing through institutions like mutual funds, pension funds etc. Usually, the institutional investors are large and professionally managed entities with significant resources and capabilities available. The direct investors on the other hand comprise of many a smaller retail investor who may not be as savvy.

These investors need protection, both from themselves (bad decisions, fear, greed, poor understanding) as well as external factors e.g. fraud, cheating by intermediaries, advisors etc.

This survey is an attempt to compare/ contrast the various steps taken for investor education and investor protection across jurisdictions.

Since such direct investors acquire shares either by making application in public issues (primary markets) or buying the shares in the stock exchanges (secondary market), processes and protection measures at both primary as well as secondary acquisition are being touched upon in this survey.

The market structures, processes and regulations are dynamic and ever changing. This survey also attempts to capture the fresh ideas under contemplation (underlined), even though not yet implemented in the particular jurisdiction.

For the benefit of the survey participants, BBF had filled the Survey Form in advance, which could be used as frame of reference for the other survey participants. However, each survey participant was free to provide their reply in any manner found suitable and not treat the BBF responses as “the” model answer.

Survey Results

Objective of this survey was not to reach at any conclusive findings, but to put on table the information gathered from survey results so as to enable each jurisdiction to analyze, compare and brainstorm on various practices adopted by other countries on the same subject.

Original survey results are compiled and presented below.

Part I – General macro understanding of the market structure in a particular jurisdiction

Basic Country Information

Questions	India (BBF, ANMI)	Korea (KOFIA)	Mexico (AMIB)
Name of the country	India	Republic of Korea	Mexico
Country population	1.3 billion	50 million	124 million
Estimated number of active direct investors (investors who trade directly in Secondary Markets/ invest directly in primary markets)	20 million (approx)	5 million (approx)	232,000 (approx)
Estimated number of other investors who are not direct but have exposure to equity via Mutual Funds/ other indirect manner (over and above investors who trade directly in Secondary Markets)	20 million (approx) unique mutual fund investors and 150 million + provident fund investors	5 million (approx)	60 million (approx)

Basic Association Information

Questions	India (BBF, ANMI)	Korea (KOFIA)	Mexico (AMIB)
Name of Association	1. Bombay Stock Exchange Brokers Forum (BBF) 2. Association of National Exchanges Members of India (ANMI)	Korea Financial Investment Association (KOFIA)	Mexican Securities Industry Association (AMIB for its acronym in Spanish)
Jurisdiction(s) of operation	India	Republic of Korea	Mexico
Is your association a recognized Self-Regulatory Organization (SRO) or a Trade body or both	BBF and ANMI are Trade bodies	Both SRO and Trade body	AMIB is a SRO and a Sector Association
What are the main activities of your association	The main activities of BBF and ANMI are <ul style="list-style-type: none"> - Compliance and business seminars for members - Education seminars for investors - Providing inputs to policy making at exchanges/ regulator/ government level 	The main activities of KOFIA are <ul style="list-style-type: none"> - Establishing rules and regulations - Conducting inspections of members - Reviewing standard agreements and advertisements - Registering and administrating qualification exams for professionals - Resolving disputes - Investor Protection 	The main activities of AMIB are <ul style="list-style-type: none"> - Represent and defend the interests of the participants of the stock market - Act as self-regulatory body in coordination and complement of the authority of the securities and derivatives markets - Certify the technical capacity of the promoters, operators and advisors of the stock market - Coordinate through collegiate bodies, the effective definition of the

			<p>needs of the shareholders of the stock market, in terms of instruments, operational forms, infrastructure and services for the continuous improvement of the stock market intermediation system</p> <p>- Promote and disseminate the financial and stock market culture in Mexico</p>
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Basic Market Information

Questions	India (BBF, ANMI)	Korea (KOFIA)	Mexico (AMIB)
Name the direct regulator of capital markets relating to direct investment in shares	Securities and Exchange Board of India (SEBI) is the autonomous independent regulator of Capital Markets. It is under the overall supervision of the Ministry of Finance, Government of India	FSC (Financial Services Commission) and FSS (Financial Supervisory Services) are the regulators in Korean Capital Market	National Banking and Securities Commission (CNBV for its acronym in spanish) is the regulator. It is under the supervision of the Ministry of Finance and Public Credit (SHCP for its acronym in spanish)
Number of active Stock Exchanges dealing in shares along with their names	There are three active Stock exchanges dealing in shares 1. Bombay Stock Exchange (BSE) 2. Metropolitan Stock Exchange (MSEI) 3. National Stock Exchange (NSE)	Korea Stock Exchange (KRX)	Mexican Stock Exchange (BMV for its acronym in spanish) <u>Currently there is one active stock exchange that trades in shares, but we expect that in July 2018 a second one should come into operation</u>
Number of active stock broker firms	Approx. 2300	Approx. 60	36 brokerage houses
Is the trading of shares in Stock Exchange floor based or screen based? What is the percentage breakup	Screen based - 100%	Screen based - 100%	Screen based - 100%
How much of trades are settled in dematerialized (shares held in electronic form) mode	Electronic/ demat - 100 %	Electronic/ demat - 100 %	Electronic/ demat - 100 %
What is the market capitalization of the country	2.4 trillion USD	1.8 trillion USD	428 billion USD (approx.)
Number of shares (companies) listed	Around 5,000	Around 2,000	141
What percentage of investors trade through internet	Approx. 20%	Approx. 80%	Approx. 1%

Part II – Steps taken in your jurisdiction for providing sufficient information to investors

Questions	India (BBF, ANMI)	Korea (KOFIA)	Mexico (AMIB)
What is the manner of disclosure of information on fresh public issues to the investors	An extremely detailed document called “prospectus” is issued. There are clear regulations that require disclosure of all material information like financials, profile, risk factors, business details etc.	Almost same as India	An extremely detailed document called “prospectus” is issued. There are clear regulations that require disclosure of all material information like financials, profile, risk factors, business details etc.
What is the manner of disclosure of information on listed companies	<ul style="list-style-type: none"> - Quarterly results of each company listed on the stock exchange are displayed on the Stock Exchange websites and also published in the newspapers - Annual Report of each listed company is displayed on website of the Exchanges as well as company - Any presentation made to smaller group of research analysts or investors is put on company website - Companies announce all material events and developments for display on the Stock Exchange website 	Information on listed companies is disclosed in Korea Stock Exchange (KRX) and regular reports are also disclosed in FSS disclosure website (dart.fss.or.kr)	<ul style="list-style-type: none"> - Quarterly results of each company listed on the stock exchange are displayed on the Stock Exchange websites and also published in the newspapers - Annual Report of each listed company is displayed on website of the Exchange as well as company - Any presentation made to smaller group of research analysts or investors is put on company website - Companies announce all material events and developments for display on the Stock Exchange website
Is there any manner in which risk associated in investing informed to the investors	<ul style="list-style-type: none"> - In case of primary market issuances, all risk factors are mentioned in the prospectus - In case of secondary market trades, a document called the “risk disclosure document” containing details of risks associated with shares are handed over to each investor by the Stock Broker at the time of client onboarding 	Almost same as India	All risk factor are incorporated in the “prospectus”

Part III – Steps taken in your jurisdiction for educating the investors

Questions	India (BBF, ANMI)	Korea (KOFIA)	Mexico (AMIB)
Is there any restriction in investing in shares? Who is permitted to invest in the secondary markets	All adults (defined as above the age of 18) and others competent to contract are permitted to trade in Secondary Markets. Minors operating through their Parents/ Guardians may invest in primary markets as investors and in a restricted manner in the secondary markets	Same as India	All adults (defined as above the age of 18) are permitted to trade. Minors operating through their Parents/ Guardians may also invest
Is there any upper age limit for investing or trading in equities markets	No	No	No
Is there any minimum education / certification requirement for any person to directly deal in the Secondary Markets	No, there is no minimum educational or certification requirement for a investor to directly deal in primary or secondary markets	Same as India	No, there is no minimum educational or certification requirement for a investor to directly deal in primary or secondary markets
Is investing in financial assets part of school curriculum upto tenth grade	No, currently it is not the case. <u>The same is under active consideration</u>	No	No (<u>Is under consideration</u>)
Which authorities / entities engage in investor education regarding investment into shares	The following authorities/entities engage in investor education regarding shares in our jurisdiction <ul style="list-style-type: none"> - Regulator - Securities and Exchange Board of India - Ministry of Corporate Affairs, Government of India - Market Infrastructure Institutions (MIIs) like Stock Exchanges and Depositories 	KOFIA	The following authorities/entities engage in investor education regarding shares in our jurisdiction: <ul style="list-style-type: none"> - Ministry of Finance and Public Credit (SHCP for its acronym in spanish) - National Banking and Securities Commission (CNBV for its acronym in spanish) - National Commission for the Protection and Defense of Users of Financial Services (CONDUCEF)
Is there any mandatory spend required on investor education by regulator and exchanges	All Stock Exchanges are mandated by law to set up Investor Protection Funds and contribute towards them. Investor education is one of the primary objectives of these funds	There is no mandatory spending requirement on investor education by the regulator or the Exchange. However, in the case for high risk investment products, ELW investors must receive the 'ELW Investor Education	No, currently

		<p>Course (1 hr.) in order to fully understand the product and manage risks, pursuant to the Regulations on the Business Conduct and Services of Financial Investment Companies</p> <p>KOFIA provides this course online free of charge. Most investor education programs in Korea are run on funds voluntarily raised by finance-related institutions</p>	
<p>What is the practice of provision of research reports to investors?</p>	<p>Only a few intermediaries provide in-house research facilities to the clients. The Investor Protection Funds of the exchanges at time provide free research reports of some companies for public consumption</p>	<p>Almost a half of the intermediaries provide in-house research facilities to the clients</p>	<p>It is not mandatory for brokerage houses to provide research reports to their clients so some of them do it as part of its service</p>
<p>Are Non-Government Organizations (NGOs) encouraged in the field of investor education</p>	<p>Regulator SEBI officially recognizes “investor associations” and engages with them for investor education activities</p> <p>The Investor Protection Funds of the Stock Exchanges also support other NGOs in conducting investor education programs</p>	<p>The Korea Council for Investor Education (KCIE) and Financial Education Council are major non-profit and non-governmental IE organizations. Regulators are also involved as advisors.</p> <p>The KCIE was launched in 2005 and its regular members are KOFIA, KSD (Korea Securities Depository), KRX (Korea Exchange), KSFC (Korea Securities Finance Corp.) and Koscom. It provides educational content tailored for each age and level of education.</p> <p>Meanwhile, the Financial Education Council was established in 2003 as a non-profit organization that provides education on the economy and finance to the youth. Seven associations in the financial industry including KOFIA, the KFB (Korea Federation of Banks)</p>	<p>There are training institutions and universities that offer various courses and seminars on investor education</p>

		and the KLIA (Korea Life Insurance Association) are regular members, and government authorities such as the MOSF (Ministry of Strategy and Finance), MOE (Ministry of Education) and the FSS (Financial Supervisory Service) are advisory members. The Council provides nationwide IE on the back of rural network centers across 10 regions	
Are there other entities who engage in investor education suo moto	Many Stock Market intermediaries like Stock Brokers engage in investor education activities as a commercial long term decision to improve investor base	<p>The case is very similar to that of India. Many financial market companies (securities firms, banks and insurance companies) provide their own IE programs for their customers (including potential customers)</p> <p>In addition, the Korea Financial Investors Protection Foundation was established in 2006 to provide investor education and promote investor protection. There was a decision in 2006 to establish an investor protection foundation on the base of the stabilization fund which was pooled in 1988 to finance investment trust companies which have acquired failing investment trusts. Consequently, the Korea Financial Investors Protection Foundation was established with the contributions from the KRW 40bn worth of surplus from the stabilization fund</p>	Several stock market intermediaries promote investor education activities
Is there a process on educating investors of cases where manipulative trading practices are suspected	<p>Investors are educated in various manners e.g.</p> <ul style="list-style-type: none"> - BSE classifies shares / securities in various groups based on the financial parameters. For 	KRX classifies shares/ securities in various groups based on the financial parameters. The Stock Exchange website discloses related information to the clients	<p>When the prices of the shares break the established parameters, the stock exchange asks the issuer for information about it</p> <p>The response of the issuer is</p>

	<p>example, A group share would usually be a high quality one, while a Z group share would be one that is not in compliance with listing regulations</p> <ul style="list-style-type: none"> - Where price of the shares are not commensurate with the financials, shares are put in a Graded Surveillance Mechanism (GSM) framework or a S+ Surveillance framework which gives a fair warning to the investors to be extra diligent - A list of shares where unsolicited text messages are circulated and manipulation is therefore suspected is listed on the Stock Exchange website for information to the clients 		published on the website of the stock as a relevant event
Is your association involved in any manner in investor education activities	Yes, BBF has been regularly conducting investor awareness programs targeting young adults. Till date 1200 seminars covering 51000 individuals have been conducted	As a secretariat of the KCIE (Korea Council for Investor Education), KOFIA is deeply engaged in various IE activities for investors	The AMIB has the Educational Center of the Stock Market and permanently carries out agreements with universities and educational institutions to promote financial and stock exchange education
Are there any steps taken for ensuring client suitability	All intermediaries are required by law to study the trading patterns of the clients vis a vis the declared financial conditions of the client in the form of income and networth. <u>Further tightening of client suitability requirements is under consideration</u>	The intermediaries carry out an analysis of the client profile	The intermediaries carry out an analysis of the client profile

Part IV – Steps taken by your jurisdiction for regulation of intermediaries and grievance redressal

Questions	India (BBF, ANMI)	Korea (KOFIA)	Mexico (AMIB)
<p>Which are the main categories of intermediaries that the investors typically have to deal with</p>	<p>Stock Brokers – they provide trade execution, clearing and settlement services to the investors Investment Advisors – They provide investment advice to targeted clients, includes financial planners Research Advisors - They provide investment and research advice to a large audience Portfolio Managers/ Alternative Investment Fund – They usually pool in the funds of investors and invest the same on their behalf</p> <p>A particular intermediary can provide one or all of the services. None of the above services can be provided without appropriate registration with Regulator. <u>In case of investment advice being given as part of other activities, the same is proposed to be hived off in a separate division of the intermediary.</u></p>	<p>-Stock Brokers -Investment Advisors -Investment Fund -Wealth Manage Planner</p> <p>All the services mentioned above can be provided under the appropriate registration with regulators</p>	<p>Mainly the brokerage houses authorized by the CNBV to act in the Stock Market. They are in charge of carrying out securities purchase transactions, as well as advising companies on the placement of securities and the investing public in the management of their investment portfolio. Other intermediaries are the Investment Fund Operators, the Banks and the Fund Managers for Retirement (AFORES for its acronym in Spanish)</p>
<p>Are there any regulatory certification requirements for Stock Broker employees</p>	<p>It is mandatory for various classes of employees of the intermediaries to obtain periodic certification from National Institute of Securities Markets (NISM) established by the Securities and Exchange Board of India (SEBI)</p>	<p>To ensure the transparency and credibility of the Korean financial market, the financial supervisory authority entrusts KOFIA with the duties of registering and administering qualification exams for market professionals</p> <p>There are 8 kinds of qualification examinations. (Fund investment solicitor, Securities investment solicitor, Certified fund investment advisor, Certified securities investment advisor, Certified derivatives investment advisor, Certified</p>	<p>It is mandatory for all the stockbrokers to get a periodic certification from AMIB as a self-regulatory body</p>

		<p>investment manager, Certified research analyst, Certified financial risk manager)</p> <p>As of April 1, 2018, 142,520 market professionals are registered to KOFIA</p>	
<p>What are the options available to investors when they have a grievance against the management of a listed company</p>	<p>The investors have options to complain to any or all of the following entities</p> <ul style="list-style-type: none"> - The Stock Exchanges - The Regulator (SEBI) - The Government (Ministry of Company Affairs) 	<p>The investors have options to complain to any or all of the following entities</p> <ul style="list-style-type: none"> - The Stock Exchanges - The Regulator (FSS) 	<p>The investors have the option to complain to the judicial authority</p>
<p>What are the options available to investors when they have a grievance against any intermediary</p>	<p>Before escalating the matter to the Regulator/ Stock Exchange, the investor can also approach the dedicated Compliance Officer of the intermediary</p> <p>Further, each intermediary is required by law to have a unique email ID for investor grievance redressal which is displayed on the website and other communications. Ideally, the intermediary is expected to resolve the grievance within 30 days</p> <p>In case the matter is escalated to regulator or stock exchanges and not resolved by intermediary in time bound manner, the exchange arranges for a grievance resolution meeting between the client and intermediary. In case the matter is not resolved in this meeting or the investor is not satisfied with the decision of the Exchange, he or she may opt for arbitration process conducted by the stock exchange</p> <p>Further, either party can challenge the award passed by arbitration panel in the court of law</p>	<p>The investors have options to complain to any or all of the following entities</p> <ul style="list-style-type: none"> - KOFIA - The Regulator (FSS) <p>The intermediary is expected to resolve the grievance within 30 days</p>	<p>The investors can complain to any of the following entities:</p> <ul style="list-style-type: none"> - Commission for the Protection and Defense of Users of Financial Services (CONDUCEF for its acronym in Spanish), or - Judicial Authority

Is there any limitation on time period for filing complaint / claim by investor against an intermediary	Three Years from the date of disputed transaction	Three Years from the date of disputed transaction	Two Years from the date of disputed transaction or from the negative of the Brokerage house to accept the request, or ten years to filing a complaint to the judicial authority
Is there any deposit or charge taken from investor who lodges complaint with Regulator, Stock Exchange, SRO or any other platform	No deposit or charge is taken from investor at the time of lodging complaint	N/A	No deposit or charge is taken from investor at the time of lodging complaint
Are the investor grievances displayed in public domain	A list of all grievances lodged along with the category by an investor against a Stock Broker and reported to Regulator/ Exchanges are listed on the website of the Stock Exchanges	FSS website	A list of all grievances raised by an investor against a Brokerage house and reported to the National Commission for the Protection and Defense of Users of Financial Services (CONDUCEF for its acronym in Spanish) are listed on the website of it
Is there any code of conduct for the intermediaries	All intermediaries are bound by the code of conduct issued and updated by the Regulator from time to time	All intermediaries are bound by the code of conduct issued and updated by the Regulator and from time to time.	Yes, all the brokerage houses are required to have a conduct manual.
Is there any mechanism to compensate the investor in case of stock broker's default	Yes, in case of Broker default, the investor is entitled to reimbursement upto an amount of Rs. 1.5 million (Approx 23000 USD) from the Investor Protection Fund of the concerned Stock Exchange	N/A	Only based on the resolution obtained from the National Commission for the Protection and Defense of Users of Financial Services (CONDUCEF for its acronym in Spanish) or from the judicial authority

Part I – General macro understanding of the market structure in a particular jurisdiction

Basic Country Information

Questions	Taiwan (TSA)	Thailand (ASCO)	Turkey (TCMA)
Name of the country	Taiwan	Thailand	Turkey
Country population	23 million	75 million	81 million
Estimated number of active direct investors (investors who trade directly in Secondary Markets/ invest directly in primary markets)	9 million (approx)	1.55 million (data as of February 2018)	1.1 million
Estimated number of other investors who are not direct but have exposure to equity via Mutual Funds/ other indirect manner (over and above investors who trade directly in Secondary Markets)	1.6 million (approx)	1.87 million (data of equity fund unitholders as of December 2017)	3 million mutual funds investors & 10 million pension funds investors (not mutually exclusive)

Basic Association Information

Questions	Taiwan (TSA)	Thailand (ASCO)	Turkey (TCMA)
Name of Association	Taiwan Securities Association (TSA)	Association of Thai Securities Companies (ASCO)	Turkish Capital Markets Association (TCMA)
Jurisdiction(s) of operation	Taiwan	Thailand	Turkey
Is your association a recognized Self-Regulatory Organization (SRO) or a Trade body or both	TSA is a SRO	ASCO is a trade association with semi SRO function	TCMA is a SRO established by law.
What are the main activities of your association	<p>The main objectives of TSA are</p> <ul style="list-style-type: none"> - Protecting the interest of investors - Facilitating national economic development - Promoting cooperation among member companies - Pursuing mutual benefits 	<p>ASCO's activities are divided in 4 functions</p> <ol style="list-style-type: none"> 1. Business Development function: Representing members in coordination with agencies concerned, Foreign relations and Activities and member relations, etc. 2. Member Supervision function: Association rules and regulation preparation, Promotion of member companies' improvement of business efficiency, Participation in working groups and discussions with regulators, etc. 3. Training and Examination for financial industry personnel 4. Research function: Development of securities industry database, developing academic works, etc. 	<p>The main activities of TCMA are</p> <ul style="list-style-type: none"> - Establish code of ethics for the profession - Establish professional rules and regulations - Conduct research - Offer educational programs - Assist in the resolution of disputes - Cooperate with related foreign institutions - Engage in financial literacy activities

Basic Market Information

Questions	Taiwan (TSA)	Thailand (ASCO)	Turkey (TCMA)
Name the direct regulator of capital markets relating to direct investment in shares	The Securities and Futures Bureau (SFB) is the main regulator of Taiwan capital market. It is under the overall supervision of Financial Supervisory Commission (FSC), Government of Taiwan	The Securities and Exchange Commission (SEC)	Capital Markets Board of Turkey (CMB) is the regulatory and supervisory authority in charge of the securities markets in Turkey
Number of active Stock Exchanges dealing in shares along with their names	There are two active Stock Exchanges dealing in shares -Taiwan Stock Exchange (TSE) -Taipei Exchange (TPEX)	The Stock Exchange of Thailand (SET)	Borsa Istanbul (BIST)
Number of active stock broker firms	130	39	64 brokerage firms
Is the trading of shares in Stock Exchange floor based or screen based? What is the percentage breakup	Screen based - 100%	Screen based - 100%	Screen based - 100%
How much of trades are settled in dematerialized (shares held in electronic form) mode	Electronic – 100%	Electronic – 100%	Electronic – 100%
What is the market capitalization of the country	1.11 trillion USD	594 billion USD (as of February 2018)	232 billion USD
Number of shares (companies) listed	Around 1,650	689 listed companies (as of February 2018)	393 (BIST Star, BIST Main, real estate/venture capital investment trusts/funds, companies on emerging companies market, watchlist and pre-market trading platform)
What percentage of investors trade through internet	Approx. 45%	Approx. 29%	38% of the equity trading volume

Part II – Steps taken in your jurisdiction for providing sufficient information to investors

Questions	Taiwan (TSA)	Thailand (ASCO)	Turkey (TCMA)
What is the manner of disclosure of information on fresh public issues to the investors	Any fresh IPO case has to reported to TSA and be listed on the TSA website. There is a Market Observation Post System (MOPS) in the website of Taiwan Stock Exchange (TSE) (http://emops.twse.com.tw/server-java/t58query#). All market information will be posted on MOPS for public investors.	<ul style="list-style-type: none"> Prospectus – disclosure of all material information, such as corporate profile, financials, business info, etc. Summary of Prospectus – disclosure of key essential info 	A detailed “prospectus” is issued. There are clear regulations that require disclosure of all material information like financials, profile, risk factors, business details etc.
What is the manner of disclosure of information on listed companies	There is a Market Observation Post System (MOPS) in the website of Taiwan Stock Exchange (TSE) All listing companies have to report their Quarterly results and Annual Reports on the MOPS The listing company also has to disclose all material information, like financials, profile, risk factors, business details etc. on the MOPS	<p>Periodic Report</p> <ul style="list-style-type: none"> Quarterly Financial Report Annual Financial Report Corporate Annual Report <p>Non-Periodic Report</p> <ul style="list-style-type: none"> Acquiring other Business / Entity Report Being Acquired by other Entity Increase and Reducing of Capital Significant Development or Changes in Business 	Listed companies use Public Disclosure Platform (PDP) for information/data dissemination. PDP is an electronic system through which electronically signed notifications required by the Capital Markets Board and Borsa Istanbul regulations are publicly disclosed. The system is designed to allow everyone to have access to correct, timely, fair and complete information about the listed companies, over the world wide web simultaneously and at low costs. Furthermore, PDP serves as an electronic archive which allows easy and low-cost access to historical information
Is there any manner in which risk associated in investing informed to the investors	There is a risk disclosure document called “Risk Disclosure Statement (RDS)” for any IPOs and trading in the secondary market. The investor has to sign on this RDS before making any trading	<ul style="list-style-type: none"> Primary Market Issuances - all risk factors are mentioned in the prospectus. Secondary Market Trades - “risk disclosure document” containing details of risks associated with shares are handed over to each investor by the Stock Broker at the time of client onboarding 	<ul style="list-style-type: none"> In case of primary market issuances, all risk factors are mentioned in the prospectus. In the secondary market trades, there is no disclosure regarding the risks associated with equities traded

Part III – Steps taken in your jurisdiction for educating the investors

Questions	Taiwan (TSA)	Thailand (ASCO)	Turkey (TCMA)
Is there any restriction in investing in shares? Who is permitted to invest in the secondary markets	If you are not declared of interdiction, you can invest in shares in primary market and secondary market	All adults (above the age of 20) are allowed to open the account with the brokerage companies to invest in the secondary market Minors operating through their parents / guardians may invest in primary markets as investors and in a restricted manner in the secondary market	All natural and legal persons of both national and international origin are allowed to invest in shares listed at Borsa Istanbul
Is there any upper age limit for investing or trading in equities markets	No	No	No
Is there any minimum education / certification requirement for any person to directly deal in the Secondary Markets	No	No	No, there is no minimum educational or certification requirement for an investor to trade in primary or secondary markets
Is investing in financial assets part of school curriculum upto tenth grade?	No	Partly, mainly emphasizing on saving and basic financial knowledge	No
Which authorities / entities engage in investor education regarding investment into shares	Regulator: The Securities and Futures Bureau (SFB) Exchanges: Taiwan Stock Exchange, Taipei Exchange, Taiwan Depository & Clearing Corporation Associations: TSA, SITCA etc.	Thailand Securities Institute, the arm of the Stock Exchange of Thailand, is the main entity to provide investor education	The following authorities/entities engage in investor education in our jurisdiction - Turkish Capital Markets Association (SRO) - Capital Markets Board (Main regulator)
Is there any mandatory spend required on investor education by regulator and exchanges	No	No	No
What is the practice of provision of research reports to investors	The research reports can only be given to registered clients	Almost all brokerage companies have in-house research facility and provide investment research to their clients	Brokerages provide research services to the clients
Are Non-Government Organizations (NGOs) encouraged in the field of investor education	Securities and Futures Institute (SFI) is a non-profit organization established in 1984. It operates in conjunction with national economic growth policies to guide investment activities,	ASCO Training Institute (ATI) is education arm under ASCO	NGOs such as Habitat (non-governmental organization for Sustainable Development) and FODER (The Organization of Financial Literacy and Accessibility) are active in financial education and

	<p>promote academic and practical research in the domains of securities and futures, strengthen services for investors, provide a comprehensive array of information, and promote the sound development of the financial markets</p>		<p>literacy efforts In 2014, Financial Access, Financial Education, Financial Consumer Protection Strategy and Action Plan was launched by the Capital Markets Board. This action plan includes a total of 55 actions in relation to financial education. The collaboration of private sector and non-governmental organizations is mandatory in referred actions</p>
<p>Are there other entities who engage in investor education suo moto</p>	<p>Market intermediaries such as association, securities companies</p>	<p>Brokerage Companies are engaged in investor education by arranging their own seminars to clients and public as well</p>	<p>A combination of governmental and non-governmental organizations (discussed above) engage in investor education practices jointly and/or independently</p>
<p>Is there a process on educating investors of cases where manipulative trading practices are suspected</p>	<p>We educate investor to pay attention to the so called "Notifying Stocks" listed on the MOPS and linked to every website of securities firms. These stocks either have price up and down severely or have some abnormal transactions. The Stock Exchange therefore will exercise some cool-down activities on these stocks and alert investor to be more cautious</p>	<p>Stocks are required to implement measures in case of abnormal trading pattern to prevent risks associated with investors as well as the system as a whole. The SET daily announces these stocks under "Turnover List " A stock in the Turnover List is required to be traded using only Cash balance account for 6 consecutive weeks commencing from the announcement date. In addition, if this stock remains demonstrating an abnormal trading pattern during the Cash Balance period, it will be required to extend implementing the existing measure for another three consecutive weeks commencing from the end of the measure</p>	<p>No</p>
<p>Is your association involved in any manner in investor education activities</p>	<p>Yes, TSA has been conducting many investor education programs. For adults and college students, for equity and derivatives</p>	<p>Yes, <ul style="list-style-type: none"> • ATI has regularly provided investor education • ASCO has regularly arranged the investor education via the seminars in both Bangkok and provincial </p>	<p>Yes, TCMA actively engages in investor education and financial literacy initiatives. TCMA maintains a website dedicated to investor education, organizes a nationwide short film competition to promote the financial system and capital</p>

		area in Thailand	markets and regularly visits university campuses in order to educate college students. (TCMA is in the process of <u>bringing to life a mini pension scheme for select newborns to encourage long term saving and investing in order to alleviate primary education costs</u>)
Are there any steps taken for ensuring client suitability	Securities companies are strict with KYC and KYP requirements to ensure clients suitability	All Intermediaries are required by regulation to conduct the clients to do the suitability test during on boarding and to repeat the test every two year	Brokerage firms are required to test prospective clients' suitability and appropriateness through standardized tests before they can set up an investment account for clients

Part IV – Steps taken by your jurisdiction for regulation of intermediaries and grievance redressal

Questions	Taiwan (TSA)	Thailand (ASCO)	Turkey (TCMA)
Which are the main categories of intermediaries that the investors typically have to deal with	<p>-Stock Brokers -Investment Advisor -Investment Fund -Wealth Manage Planner</p> <p>None of the above mentioned services can be provided without appropriate registration with the regulator</p>	<p>According to the SEC, intermediaries in Thai Capital Market that the investors typically have to deal with include:</p> <ul style="list-style-type: none"> ▪ Brokerage – Securities brokerage and/or Derivative Agent who provide trade execution, clearing and settlement services to investors ▪ Investment Advisors who provide advices to their clients ▪ Securities Underwriter ▪ Limited Brokerage, Dealing and Underwriting (Limited BDU) who only provide services on funds ▪ Mutual Funds ▪ Private Funds ▪ Provident Funds 	<p>Brokerages: They provide trade execution, clearing and settlement services to the investors</p> <p>Investment Advisors: They provide investment advice to targeted clients</p> <p>Research Advisors: They provide investment and research advice to a large audience</p> <p>Asset Manager: They usually pool the funds of investors and invest in securities on their behalf</p> <p>A particular intermediary can provide one or all of the services. None of the above services can be provided without appropriate registration with Regulator.</p>
Are there any regulatory certification requirements for Stock Broker employees	Under “Securities and Exchange Act”, all kind of employees of intermediaries have to obtain periodic certificates to deal with different specific business	Yes. Professional personnel such as Investment Analysts and Investment consultants must meet certain requirements and pass the examination set by the SEC and must receive the SEC’s approval	It is mandatory for various classes of employees of the investment firms to obtain trade licenses from Capital Markets Licensing Registry and Training Services (SPL) established by the Capital Markets Board
What are the options available to investors when they have a grievance against the management of a listed company	The investors have options: -The Stock Exchanges -The regulator(SFB) or -The Securities and Futures Investors Protection Center (SFIPC)	The investors have options to complain to any or all of the following entities - The Stock Exchanges - The Regulator (SEC)	An investor has the option to complain to any or all of the following entities - Turkish Capital Markets Association - Capital Markets Board - The Courts
What are the options available to investors when they have a grievance against any intermediary	SFIPC provides consultation on rules and regulations on securities trading, or civil disputes arising from securities issuance, IPO, securities transactions or other relevant issues among investors and securities issuers, securities firms, securities services providers, futures firms, the Taiwan	In case of a complaint related to services of a securities or asset management company under the SEC supervision, first of all, the complainant should contact the compliance unit of the company directly because the compliance unit is authorized to monitor staff operations according to the relevant rules and regulations, including complaint handling,	The investor can file a complaint with TCMA’s Conflict Resolution Center. Registered referees investigate the merits of the case before they reach a decision in favor of or against the investor If the investor is dissatisfied with TCMA’s Conflict Resolution Center’s

	<p>Stock Exchange, Taipei Exchange, settlement institutions, and others</p> <p>Investors have access to professional consultants at SFIPC by telephone. Investors may also send written requests to SFIPC by online application form, mail or fax. Upon receiving such requests, SFIPC will register them and turn them over to related divisions</p>	<p>coordination and reporting to the SEC in case of matters liable to violation of the governing laws;</p> <p>In case the company ignores or fails to provide a satisfactory solution and the matter is liable to violation of the laws enforced by the SEC, a complaint may also be submitted to SEC Help Center. Investors may opt for Arbitration process. Arbitration is a dispute settlement procedure whereby the disputants agree to be bound by the arbitrator's decision.</p> <p>The SEC Office facilitates dispute settlement by means of arbitration between investors and intermediaries (e.g., securities firms, selling agents of foreign shares, mutual fund supervisors, private fund custodians and derivatives business operators). The amount of damages claimed by each claimant does not exceed five million baht</p>	<p>decision, he/she may escalate the situation to the Capital Markets Board</p> <p>The investor has the right to seek redress in a court of law at any time during the proceedings. However, if this is the case, the investigation process stops and the file is closed in accordance with the principles of the related directive</p>
Is there any limitation on time period for filing complaint / claim by investor against an intermediary	The rights to claim damages prescribed in the Securities and Exchange Act shall be extinguished if not exercised within 2 years from the time the claimant learns of the cause which entitles him the right to claim the said damages, or within 5 years since the date of the offering, the issuance, or the trading	No less than two years from the date that complaint/dispute had ended	An investor can file a complaint against a brokerage within 5 years of the grievance occurring
Is there any deposit or charge taken from investor who lodges complaint with Regulator, Stock Exchange, SRO or any other platform	No deposit or charge is taken from investor at the time of lodging complaint	No deposit or charge is taken from investor at the time of lodging complaint	The service carried out by TCMA's Conflict Resolution Center is free of charge. There is no deposit or fee charged by TCMA for filing a complaint. The investor may also apply to CMB with regards to his/her complaint free of charge. If CMB receives a complaint which

			<p>is also under review by TCMA's Conflict Resolution Center, the file is forwarded to the TCMA</p> <p>However, if the complaint is purely about the stock exchange facilities, the investor has to apply to Borsa Istanbul directly at a cost proportional to his/her transaction amount</p>
Are the investor grievances displayed in public domain	There is a bulletin board on SFIPC website to display all issues	No	<p>The following data on the complaints filed for leveraged transactions (Forex) with the TCMA are made available to the public on the TCMA's website:</p> <ul style="list-style-type: none"> • number of accounts subject to conflict resolution on a quarterly basis, • ratio of accounts subject to conflict resolution to all accounts on a quarterly basis, • number of resolved and ongoing claims from previous quarters
Is there any code of conduct for the intermediaries	"Regulations Governing Securities Firms" and "Securities Business Personnel Management Rules"	All intermediaries are bound by the code of conduct issued and updated by the Regulator and ASCO	All members are bound by the code of conduct issued by TCMA
Is there any mechanism to compensate the investor in case of stock broker's default	<p>Yes, in case one stock broker defaults, Taiwan Stock Exchange will use that Broker's "Delivery Settlement Fund" to compensate the loss</p> <p>If not enough, then TSE will use the big "Settlement Fund" and "Default Fund" to compensate the remaining loss</p> <p>Investor is entitled to reimburse his/her whole loss</p>	<p>The Stock Exchange of Thailand has established the Securities Investor Protection Fund (SIPF) in cooperation with a number of brokers who have voluntarily joined the fund. The fund's purpose is to create confidence among investors who trade through SIPF-member brokers by protecting their investments. Investors trading through SIPF members can receive compensation from the fund in certain circumstances</p> <p>The fund will pay compensation based on actual damages to each investor, but not exceeding THB1 million per SIPF-member broker</p>	<p>Investor Compensation Center, which covers settlement obligations, was established in 2001. It covers settlement obligations of all capital market instruments, up to TL 143,604 (~\$ 36,000) in 2018, in case of liquidation or bankruptcy of investment institutions. All investment institutions have to be a member of the Investor Compensation Centre</p>