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**Appendices**

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## Appendix A

### Listing process of common stock: The Thai Stock Market

On May 16, 1992, the Securities and Exchange Act (SEA), which provides for more unification of securities business supervision, replaced the SET Act. One of the SEA's outstanding features is that it establishes the Securities and Exchange Commission (SEC) as the sole supervisor of the entire securities industries. Under the SEA, the SEC takes responsibility of regulating the primary market. The process for offering in the first market can be divided into two stages; the first stage is to ask for permission for selling the securities and the second stage is to inform any relevant information to public (filling data). In this section, the processes of initial public offerings in Thailand are presented. The process of applying the new issue to the SEC can be executed in two approaches

- Submit the application form to the SEC, if the application is allowed, issuer send in the selling form and draft of offering prospectus.
- Submit the application form together with the selling form and the offering prospectus and other documents according to the rules provided by the SEC.

The differences between the two approaches rely on the time spent. The first case will take longer period than the second one or it takes 110 days while the second method takes 60 days. The first case is more appropriate for new issues, which should take enough time to inspect the application. Figure A1. shows the process of application to the SEC for the first case.

#### The new offering process

When the issuer receives approved from the SEC, the selling of new issues begin and has to complete within 180 days as describe in figure A1. In the process of selling the new issues, issuer and financial advisor often set up Underwriting Syndicate to reduce the marketing risk. Participants of distribution of the new issues can be divided into three groups as follows:



1. Managing Underwriter or the lead underwriter
2. Co-underwriter
3. Selling Agent

When the application is approved from the SEC, Committee from the SEC together with the offering participants set up the subscription date and prepares the offering prospectus. The contract between issuers and other participants will specify the underwriting method in which there are normally two alternatives to select.

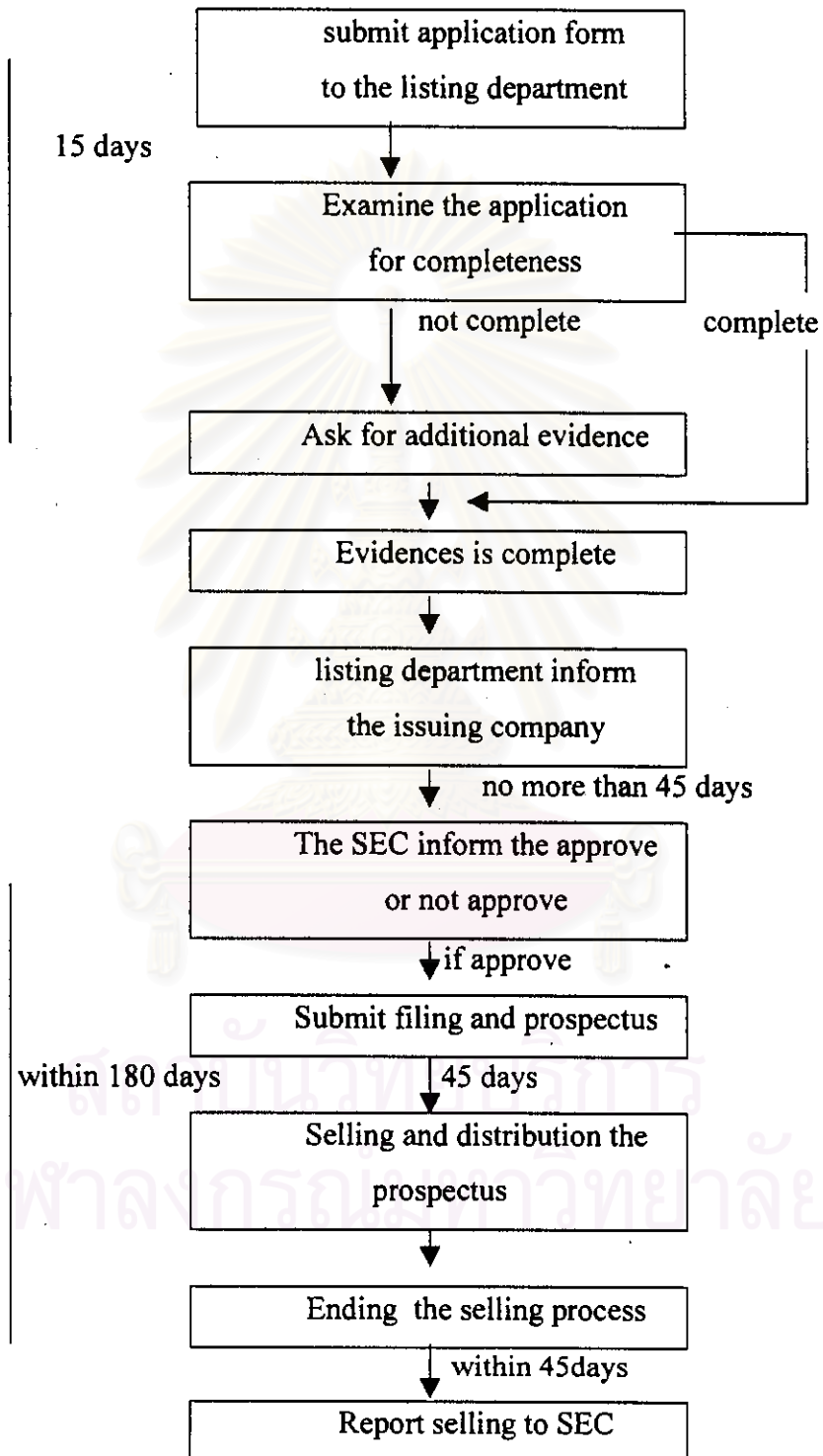
1. Firm commitment underwriting; In this type, the underwriter agree to purchase the whole issue from the firm at a particular price for resale to the public.
2. Best effort underwriting. In this term, underwriters acts as a marketing agent for the firm. The underwriter does not agree to purchase the issue at a predetermined price, but sells the security and takes a predetermined spread, with the firm taking the residual.

In Thailand, the underwriting contracts are entirely the firm commitment method. When the contract is already signed, participants begin their marketing process and distribute the details of the new issue via the offering prospectus or other media.

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**Figure A1. Process of approving from the SEC.**

Case I. Submitting listing application and when approved issuing companies submit the filing and prospectus.



source: The Security Exchange Commission library

## Appendix B

### The Initial Returns of Initial Public Offerings in Various Countries

This appendix lists the international study of IPOs. The table is taken from the study of Laughran, Ritter and Rydqvist (1994).

Country	Source	sample period	sample size	Average initial return
Australia	Lee et al.	1967-1989	266	11.9%
Belgium	Rogiers et al.	1984-1990	28	10.1%
Brazil	Aggrawal et al.	1979-1990	62	78.5%
Canada	Jog and Riding (1987)	1971-1983	100	9%-11.5%
Chile	Aggrawal et al.	1982-1990	19	16.3%
Finland	Keloharju	1984-1992	85	9.6%
France	Husson and Jacquillat; lLeleux and Muzyka; Palliard and Belleante	1983-1992	187	4.2%
Germany	Ljungqvist	1978-1992	170	10.9%
Hong Kong	McGuinness	1980-1990	80	17.6%
Italy	Cherrhini and Fatti	1985-1991	75	27.1%
Japan	Fukuda; Dawson and Hiraki; Hebner and Hiraki	1970-1991	472	32.5%
Korea	Dhatt et al.	1980-1990	347	78.1%
Malaysia	Isa	1980-1991	132	80.3%
Mexico	Aggarwal et al.	1987-1990	37	33.0%
Netherlands	Wellels; Eijgenhuijsen and Buijs	1982-1991	72	7.2%
New Zealand	Vos and Cheung	1979-1991	149	28.8%
Portugal	Alpalhao	1986-1987	62	54.4%
Singapore	Koh and Walter (1989)	1973-1987	66	34.7%
Spain	Rahnema et al.	1985-1990	71	35.0%
Sweden	Ridder; Rydqvist	1985-1990	71	39.0%
Switzerland	Kunz and Aggarwal	1983-1989	42	35.8%
Taiwan	Chen	1971-1990	168	45.0%
Thailand	Wethyavivorn and Koo-smith	1988-89	32	<del>58.1%</del>
U.K.	Dimson; Levis	1959-1990	2133	12.0%
U.S.	Ibboston et al.	1960-1992	10626	<del>45.8%</del>

*Sources: Loughran, Ritter and Rydqvist (1994) Table 1.*

## Appendix C

### List of all Brokers/Analysts Following the Thai Stock on I/B/E/S Database from 1987 to 1998

Analysts following the firm is based on the analysts who make the forecasted earning per share for each of Thai firms from the period of 1987 to 1998. Panel A shows the name of Thai brokers. In Panel B, name of foreign brokers are listed.

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#### Panel A: Thai Brokers

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1. Asia Securities Trading Public Company
  2. Cathay Trust Company Ltd.
  3. Jardine Fleming Thanakom Securities Ltd.
  4. Peregrine Nithi Finance & Securities
  5. SCB Securities
- 

#### Panel B: Foreign Brokers

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1. ABN Amro
  2. Anscor Hagedorn Securities, Inc.a
  3. BZW Thailand
  4. Cazenove and Company (Overseas) Ltd.
  5. Clarion Securities
  6. Credit Lyonnais Thailand
  7. CS First Boston (HK) Limited
  8. CSFB Europe Ltd
  9. Databank Spa-Divisione Sasip
  10. Deutsche Bank Securities
  11. Dresdner Kleinwort Benson
  12. Goldman Sachs (Europe)
  13. Goldman Sachs Asia
  14. HSBC Securities
  15. HSBC Securities Asia Limited
  16. Indosuez W.I. Carr Securities
  17. ING Barings Thailand
  18. ING Barings Research Malaysian Sdn Bhd
  19. J.P. Morgan Securities Inc.
  20. Kerry Securities Limited
  21. Lehman Brothers Asia Limited
  22. Merrill Lynch (Ex Snc) (Thailand)
  23. Merrill Lynch (International Research)
  24. Morgan Stanley Dean Witter
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**Appendix C (continued)**

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25. ONG & Company (Thailand)
26. Paribas Asia Equity Thailand.Ltd.
27. PT HG Asia Indonesia
28. Salomon Smith Barney
29. Salomon Smith Barney (HK) Ltd
30. SBC Warburg Dillon Read (Thailand)
31. SBC Warburg Dillon Read (Hong Kong)
32. Schroder Hong Kong
33. SG Securities
34. Standard Chartered Thailand
35. Sun Hung Kai
36. Vickers Ballas Investment Research Pte
37. Vickers Ballas Thailand Research
38. W.I. Carr Hong Kong
39. W.I. Carr Indonesia
40. Worldsec International Limited



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