SECURITIES BROKERAGE REGULATION: THE EFFECTIVENESS OF REGULATION IMPLEMENTATION

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ABSTRACT

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The roles of the capital market have been seen to be very critical in the economic development of Thailand. The capital market plays a critical role in mobilizing savings for investment in productive assets, with views to enhancing countries' long-term growth prospects. On the other hand, the roles of the securities brokerage firms can be seen as intermediaries that provide linkages between investors and the capital market. Many of the financial supervisory agencies in the different jurisdictions have been trying to initiate various regulations or methodologies in order to regulate the key players in the capital markets. The significant issue is not only to assess whether or not the supervisory agency has adequate laws and regulations to control the target population; attention should as well be directed to how effectively the supervisory agency can carry out the implementation of those laws and regulations. This research seeks to develop an understanding of the regulation implementation process initiated by the Securities and Exchange Commission regarding the supervision of security brokerage firms. The major objectives of the research are to investigate the effectiveness of securities brokerage regulation implementation as well as to examine the variables that have a relationship with the effectiveness of securities brokerage regulation implementation under the current supervision regime.

In order to achieve these objectives, the study has developed a proposed model which was derived from public policy implementation and capital market regulation and a review of the supervision literature. The information gained from the initial interview from both the supervisory agency officers and the regulated entity staff was also combined and formed the model for this particular research. The research methodology for this study employed both qualitative and quantitative methods, which provided some insightful information into the relationships among the variables. The variables were broken down into two tiers; within the first tier there were five variables selected for the analysis of the effectiveness of the supervisory agency during the implementing process. The five variables are: regulatory objectives, regulatory resources, regulatory capacity, the attitudes of the regulator, and communication. The second tier of the analysis includes the variables that were set out to assess the effectiveness of the implementation under the target group perspective; these variables include: knowledge and understanding of the regulation, the ability to comply with the regulation, and the willingness to comply with the regulation.

The results from empirical analysis indicated that regarding most of the variables from both tiers of the analysis, each exhibited a relationship with the effectiveness of securities brokerage regulation implementation, with the exception of regulatory resources. Out of all of the variables, communication was found to have the highest relationship and was found to be the predicting variable regarding the effectiveness of securities brokerage regulation implementation. The clarity and appropriateness of the channel of communication, and the level of participation in communication, were found to be among the factors that had a relationship with the effectiveness of the implementation. Within the second tier, willingness to comply was found to have the highest relationship and was also considered to be a predicting variable in the effectiveness of securities brokerage regulation implementation. The higher the level of willingness to comply with regulation, the less likely that the securities brokerage firm will deem as non-compliance and hence the lower the risk level of the firm will be.

As a consequence, the result of the analysis confirms the theory and concept of implementation. In order to ensure the effectiveness of regulation implementation, the greatest significance should be placed on the communication process of the supervisory agency. Moreover, the attention towards the target group should not be paid with less significance than that of the supervisory agency. The effectiveness of regulation implementation requires the effort of both the supervisory agency and the target group. Focus should also be directed toward the ways to enhance the willingness to comply among the target group. Some of the suggestions regarding the willingness to comply embedded within the positive relationships among the supervisory agency and the target group, as well as the involvement of the target group in the regulation process.

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CHAPTER 1

INTRODUCTION

This chapter provides information on the background, significance of the research, and the statement of the problem. It also includes the objectives of the study and a clarification of the scope of the research as well as identifies the benefits and contributions. The final part concerns the limitation of the research and the outline for the rest of the chapters contained in this study.

1.1 Background

Capital markets play an important role in the economic development of emerging capital markets such as Thailand. The existence of the linkage between financial development and economic growth has long been debated by economists. In the nineteenth century, economic theory held that the financial structure of an economy did not affect real economic variables, including economic growth (Bekaert, Garcia and Harvey, 1995). Recently, a number of leading economists have come to believe that unregulated capital markets perform better than regulated markets; hence, the existence economic likelihood. Indeed, early empirical work by Goldsmith (1969), Mckinnon (1973) and Shaw (1973) provided evidence that liberal financial policies correlate positively with growth. In addition, other empirical evidence also supports the growth of the country and the relationship with the capital market (Levine and Zervos, 1996, 1998; Atje and Jovanovic, 1993; Rousscan and Wachtel, 2000; Beck and Levine, 2003 quoted in Obiakor and Okwu, 2011).

Furthermore, capital markets create liquidity and hence they enhance economic growth (Kenny and Moss, 1998 quoted in Obiakor and Okwu, 2011). Capital markets are important and efficient instruments for channeling and mobilizing funds for enterprises, and provide an effective source of investment in the economies that they serve. They also play critical roles in mobilizing savings for investment in productive assets, with a view to enhancing enhance countries' long-term growth prospects and thus act as a major catalyst in transforming the economy into a more efficient, innovative, and competitive marketplace within the global arena. In addition to resource allocation, capital markets also provide a medium for risk management by allowing the diversification of risk in the economy. A well-functioning capital market tends to improve information quality, as it plays a major role in encouraging the adoption of stronger corporate governance principles, thus supporting a trading environment which is founded on integrity (Kadir, 2000).

Over the years, much of the literature has demonstrated the interesting link between financial development and economic growth. The World Bank for example had sponsored research programs that provide detailed empirical evidence on the link between financial development and economic growth. Recent theoretical literature on financial development and growth identifies three fundamental linkages through which financial structure and growth are linked. These linkages include the following (Pagano, 1993):

1) Financial development increases the proportion of savings that is funneled to investments
2) Financial development may change the savings rate and hence affect investments
3) Financial development increases the efficiency of capital allocation

Efficient capital allocation means that funds are allocated to the investment projects or firms that bring the most value to the economy; the marginal product of capital value is the highest. Efficient allocation is undoubtedly the primary role of financial institutions and is generally believed to be far more relevant to growth than the other factors (Stiglitz, 1989).

As for Thailand, it is important to recognize Thailand’s capital market as a foundation for sustainable economic growth. The evidence suggests that with the inception of the Stock Exchange of Thailand (SET) in 1975, the SET has stood at the heart of the country’s capital market and economic development. As the Thai economy has grown, so has the Exchange, benefiting millions of investors across the country. Hundreds of Thai companies, representing a broad range of industries from agriculture to manufacturing to technology to services, have come to depend on the SET’s role as an intermediary to raise the funds necessary for growth. According to the statistics, the total size of Thailand’s capital market, which is defined as the market capitalization of the SET and mai (Market for Alternative Investment), as of the 8 th of November 2010, the total combined market capitalization from the SET and mai was

THB 8.57 trillion (or approximately USD 284.19 billion). At the end of 2010, the SET's market capitalization was at THB 8.33 trillion (or approximately USD 276.44 billion), while the mai's market capitalization was THB 55.13 billion (or approximately USD 1.82 billion). The market capitalization as a percentage of the GDP was at 86.48 percent during the year 2010 (SET, 2010).

In the middle of the whole picture are the securities brokerage firms that act as intermediaries between the stock exchange market and investors. These intermediaries are identified as a crucial function in the capital market. They act as the intermediaries that provide the linkages between investors and the capital market. However, these intermediaries need to be placed under the supervision regime, as the main rationale for financial regulation is the existence of market failure in financial systems arising from externalities, market power, and informational problems. Vittas (1992) elaborated further on the externalities, as they include the risk of systemic failure (the risk of failure of one or more financial institutions), infection risk (the general lowering of standards and prices caused by excessive competition), and network risk (the costs and benefits of linking competing institutions to a common network). There is the concern over the market power which link with the rationale that the dominant firm may undermine both allocate and dynamic efficiency. The firm can charge high price earning s, excessive profit, and be able to avoid the competitive pressure. Last is the information problem, which is the concern arising from poor price and product information and the concern over information asymmetries between the suppliers and users of financial services (Vittas, 1992; Kay and Vicker, 1988).

It is therefore crucial for the supervisory agency to be able to understand the various functions of its regulated entities and to effectively supervise them. Furthermore, it is also important for the supervisory agency to be able to effectively implement its rules and regulations in order to manage those financial intermediaries and in order to achieve efficiency in the capital market, thus allowing the country to continue to enjoy sustainable growth.

1.2 Significance of the Study

Capital market is significant to the growth of a country and there are many reasons why should the capital market be regulated, many of the financial regulators therefore have been trying to initiate various regulations or methodologies in order to regulate the key players in the capital markets. In the past, the prudential regulation and supervision of securities brokerage firms have essentially aimed at ensuring the safety and soundness of the financial system through the monitoring of each firm's activities. The supervision of securities brokerage firms usually includes both onsite and offsite examinations and inspections. The onsite examinations involve regular or comprehensive inspections in order to assess qualitative factors, for example, internal control and management capability. On the other hand, the offsite examinations involve the analysis and examination of financial information relating to securities firms' activities (Coleman, 2008).

The formal supervisory risk rating systems were first introduced by the U.S. supervisory agencies in the early 1980s. The formal supervisory risk rating systems were first introduced by the U.S. supervisory agencies in the early 1980s. The system, called the CAMELS rating system, was introduced which the abbreviation "CAMELS" stands for Capital adequacy, Asset quality, Management, Earnings, Liquidity and Sensitivity to market risk. CAMELS later became a key feature of the best practice prudential supervision of financial institutions in the U.S. The rating system allows regulators to formalize the outcome of both onsite and offsite monitoring. Moreover, it also provides a mechanism for benchmarking and reporting problems within the financial institutions. This latter function of risk rating systems is arguably the most important, as it allows regulators to focus supervisory resources on those financial institutions considered most at risk (Sahajwala and Van Den Bergh, 2000).

Prior to the modern supervisory system, many financial regulators adopted the so-called "rules-based regulation." Rules-based regulation involves such characteristics as complying with a specific set of procedural requirements or following the letter of the law (Arjoon, 2006). According to many financial regulators, the definition of "rules-based regulation" can vary; however, the common content of rules-based regulation is comprised of where the regulator sets out detailed rules and regulations concerning what the regulated entities can or cannot do. The article established by the Financial Services Authority (FSA, (2008) stated that it is necessary for the supervisory agencies to diverge from the old method of regulation, whereby the regulator sets prescribed rules. The financial market is a market of constant changes, continued innovation, and constant development of new products and services in order to generate benefits for investors and consumers. Therefore, the regulators that constantly develop new rules are deemed to be a burden on the financial market (FSA, 2008).

Many of the financial regulators had adopted the risk-based regulation where they focused on high risk areas instead of all risk areas. As a supervisory agency, the Securities and Exchange Commission (SEC) is bound to take the major role in regulating these intermediaries. The main objective of the SEC is to promote confidence in the system and working process of the intermediaries that it regulates. This is also to ensure the confidence of the individual investor in the securities market. Securities brokerage firms as the intermediaries between investors and the equity market must be able to provide services according to standard which include standard risk management, respectable management, and financial soundness. These factors would help to ensure that the investors are given quality services and also to ensure that clients' assets and information are being treated fairly and up to international standards. Having financial soundness also ensures that these securities companies will not have a negative impact on the depository system of the country. Furthermore this ensures that the Thai economy (especially the financial system) will not be interrupted. The SEC therefore places importance on the regulatory approach, which is referred to as the "Risk-Based Approach" or RBA supervision regime (SEC Public statement Or Thor. 11 (SEC, 2003).

1.3 Statement of the Problem

It is vital for the government or the supervisory agencies to understand the process of regulatory implementation. As in the regulatory process, the government or supervisory agencies should not only understand whether or not their existing laws and regulations are adequate, but it is important also to understand whether those laws and regulations are adequately implemented. To date, there is limited theoretical literature regarding the effectiveness of regulation implementation under the financial or capital market industries. In addition, the effectiveness of regulation is not only to be measured by having adequate laws and regulations to control the target population; attention should as well be directed toward how effectively the supervisory agency can carry out the implementation of those laws and regulations.

Therefore, this study seeks to develop an understanding of the regulation implementation process initiated by the Securities and Exchange Commission regarding the supervision of its regulated entities or the target group. As well as the understanding of the implementation process, the study also seeks to examine the major variables that have an effect on the effectiveness of regulation implementation; namely, the ability of the supervisory agency to encourage compliance with the regulations and the level of compliance among the target population. Given the centrality of the risk-based approach (RBA) to the Securities and Exchange Commission's supervision framework, there is a need also to evaluate the effectiveness of the RBA regarding the implementation of securities brokerage regulation. There are number of issues surrounding the effectiveness of regulatory implementation and this raises series of questions on how best to evaluate the effectiveness of securities brokerage regulation implementation. This is thus the primary motivation for this study so as to develop an evaluation system that evaluates and better understands the implementation process of securities brokerage regulation.

1.4 The Objectives of the Study

The primary objectives of this study are:

14.1 To investigate the effectiveness of securities brokerage regulation implementation

14.2 To understand and to examine the variables that have a relationship with the effectiveness of securities brokerage regulation implementation under the Securities and Exchange Commission's current supervision regime

14.3 To provide recommendations for improving and effectively implementing securities brokerage regulation

Moreover, this study provides two major outputs: a report specifying the relationship of the variables found to have a relationship with the effectiveness of the Securities and Exchange Commission's securities brokerage regulation, and a report emphasizing recommendations for more effective implementation of securities brokerage regulation.

1.5 The Scope of the Study

This research is primarily focused on two groups of respondents. The first group is the officers within the two departments of the SEC that are directly involved in the supervision of securities brokerage firms. The departments include the Brokers-Dealers Supervision Department and the Securities Licensing Department.

The second group of respondents are those individual and management securities brokerage firms under the Securities and Exchange Act 1992 (SEA) and also under the supervision regime of the SEC. This includes 41 securities brokerage firms with securities brokerage licenses. The research will investigate different literature, related journals, and textbooks on the subject of securities brokerage regulation implementation. An in-depth interview will be employed on a number of selected individuals as well as a questionnaire survey in the attempt to understand the effectiveness of securities brokerage regulation implementation in Thailand's capital market.

1.6 The Benefits of the Study

The followings benefits will be derived from the study:

1.6.1 To establish the major determinants of securities brokerage regulation implementation effectiveness

1.6.2 To establish a report which aims at providing recommendations for how to improve the progress of regulation implementation for the future effectiveness of securities brokerage regulation implementation

1.7 The Limitation of the Study

The limitation of this research are such as:

1.7.1 Concerning the limitations of time and budget, it was not possible to conduct interviews and survey all of the individuals from both supervisory agency and those in the securities brokerage firms. Nevertheless, the selected samples will shed some light on the effectiveness of securities brokerage regulation implementation;

1.7.2 The scope of the study is limited to the existing supervisory regime; and

1.7.3 In order to avoid problems of misinterpretation, the definition of securities brokerage firms in this study was limited to only the securities brokerage firms under the Securities and Exchanges Act 1992 by excluding securities brokerage firms purely under the Derivatives Act 2003.

1.8 Outline of the Dissertation

The outline of the following chapters of this dissertation is as follows:

Chapter 1 provides information on the background, significance of the research, the statement of the problem, the objectives of the study, the scope of the research, the benefits, contributions and the limitation of the research

Chapter 2 provides the overall concept of the securities business regulation and supervision regime, as well as the objectives of international capital market supervision. Moreover, this chapter also provides details on the roles of the supervisory agency in Thailand in the supervision of securities brokerages firms. In addition, the chapter also provides details on the various rules and regulations imposed on securities brokerage firms. Finally, it contains the development of the securities brokerages firms' supervision regime under different jurisdictions.

Chapter 3 reviews the literature of the major subjects studied, which include public policy, policy implementation, and the effectiveness of implementation. This chapter also outlines several of factors found to have a relationship with the effectiveness of securities brokerage regulation implementation. The implementation of securities brokerage regulations and their effectiveness are also at the center of the subject studied in this chapter.

Chapter 4 outlines the research methodology, including the research design, the population and unit of analysis, data collection, operational definitions and their measurement, and validity and reliability measurement.

Chapter 5 provides the final results of the data analysis.

Chapter 6 discuses the research findings and the research contributions and limitations. Moreover, this final chapter discuses future research opportunities for the study of securities brokerage regulation implementation.

CHAPTER 2

THE SUPERVISION OF THE CAPITAL MARKET

This second chapter examines the overall picture of the capital market regulations, and the philosophy behind the supervision of securities brokerage firms. It also includes the goals and objectives of the capital market, supervision, and the approaches to regulatory supervision. Moreover, the concept of the risk-based approach to supervision will be discussed, as well as the various approaches to supervision undertaken by different financial supervisory agencies in both in developed and emerging nations.

2.1 Capital Market Regulations - Overview

The capital market is undoubtedly one of the most important channels for the growth and the development of a country. The companies can use the capital market to raise money from the general public, and investors can invest their excess money in the hope of making additional profit. Moreover, the capital market can be seen as a way in which the government can manage the overall economy. The government can use the capital market to channel capital to the business sectors in need or those sectors which are not able to access the capital needed (TSI, 2005). These are some of the reasons why it is very crucial for the capital market to be transparent and to operate in a fair and efficient manner. Therefore, there is a need to set up an independent agency to regulate the capital market to ensure that the market is operating in a fair, efficient, and transparent manner. The Securities and Exchange Commission (SEC) was established in 1992. The establishment of SEC came after the submission of the Securities and Exchange Bill and three other related Bills by an ad hoc committee on 21st February 1992. Later the bills were eventually passed by the Parliament, and the Securities and Exchange Act (SEA) was published in the Government Gazette, Vol. 109, Part 22, dated 16th March 1992. Therefore, the SEC was established under a specific law as an independent supervisory agency with the status of a public agency, which is not a state enterprise (SEC, 2002).

From 1992 the SEC then has faced an enormous task supervising and developing Thailand’s capital market. Also, some of the major objectives under the supervision of the SEC involve the future development of Thailand’s capital market. The SEC has always aimed to ensure that the capital market is operating in a fair and efficient manner. This is reflected in the SEC’s mission statement, to “develop and supervise that the Thai capital market to ensure efficiency, fairness, transparency and integrity”. Furthermore, in the development of Thailand’s capital market, the SEC also needs to ensure that the capital market should be well developed and able to provide alternatives for the companies that are seeking to raise capital and for the investors to invest their money. The capital market should also be able to provide varieties of financial products to suit the demand or needs of the various investors. More importantly, by having a variety of financial products available can attract a number of investors to invest in the capital market (TSI, 2005). The significance of the level of investors’ participation also extends to the institutional investors who are perceived to be crucial for the growth of the capital market in the long run. The SEC is required to ensure the efficiency of the capital market in the long run, which reflects to companies’ and investors’ abilities to access the capital market at low cost with quality supplies, together with a transparent market, to ensure the integrity of the capital market. In addition, the roles of financial intermediaries and several other organizations involved in the capital market are also very crucial in the process of the development of the capital market. In order to ensure that the investors have confidence in the capital market, the supervisory agency must ensure that the financial intermediaries and other participated organizations in the capital market are efficient, transparent, and fairly treat their clients. Therefore, one of the tasks of the SEC is to try to ensure that the investors should be treated fairly and should not be taken advantage of. In order to protect the investors, the main objectives of the SEC are rather to ensure fair treatment and that the investors have tools to protect their own rights. In order to achieve this SEC aims at the following four areas include: (SEC, 2002)

1) Ensuring full and fair information disclosure so that investors have sufficient information for making investment decisions

2) Enhancing corporate governance (CG) of listed companies

3) Ensuring fair treatment to shareholders of a takeover target company

4) Enforcing cases of corporate fraud

On another important note, in order to ensure investor's confidence, the SEC emphasized the significant of the supervising method of financial intermediaries. This was to ensure that, in the process of buying and selling securities, the investors must be confident that they can buy or sell them whenever they want to. In order to ensure this, the SEC stressed on the following elements:

1) Financial intermediaries to provide the investor with convenient access to the capital market, as well as fair treatment of investors. In addition, the financial intermediaries should have financial soundness to ensure that securities or cash will be delivered upon the transaction, as per the investor's request.

2) A trading system that is efficient, secure, and reliable, investors will have confidence in the integrity of the prices at which they transact.

3) To ensure that the capital market has sufficient investors in order to ensure liquidity in securities trading

2.2 The Philosophy of Supervision

In the supervision of the capital market, it is crucial for the independent supervisory agency to implement and enforce the rules and regulations for the market participants. Those sets of rules and regulations may range from what the participants can do and cannot do to the set of expected outcomes of the market participants (TSI, 2005). Moreover, other organizations within the capital market are, for example, the Stock Exchange of Thailand (SET) or associations related to the capital market; and the financial intermediaries themselves should be the principles that enforce those rules and regulations which are set out by the supervisory agency. In addition, in order to ensure that the organizations within the capital market can operate in an efficient manner, the supervisory agency must also be able to balance the costs and benefits of the rules and regulations.

Hampton (2005) has identified the costs of regulations as involving two types of costs: 1) policy costs and 2) administrative costs. Policy costs refer to the costs inherent in meeting the aims of a regulation. Policy costs can be the direct cost of hiring additional compliance officer as required by the rules and regulation set out by the supervisor. On the other hand, the indirect costs of the policy can also involve, for example, the changes in the company's organizational structure as the result of the Business Continuity Planning (BCP) regulation. The other type of cost is the administrative costs incurred in gathering information about a business or ensuring a business's compliance with the rules and regulations. These administrative costs are, for example, the cost of filling in the forms for majority shareholders' approval or the costs of taking care of the supervisory agency's inspection during on-site visits.

The government's or supervisory agency's task mainly involves consumer protection, where it often has to balance the interests of investors as well as those of the sellers or suppliers (Akinbami, 2011). More importantly, many supervisory agencies are being criticized regarding their ability to balance the precise rules and regulations and the objectively-based regulations (or principles-based regulations).

Arjoon (2006) described the different characteristics between rules-based and principles-based approaches as follow:

Table 2.1 Rules-Based and Principles-Based Approaches: Arjoon (2005b), Sama and Shoaf (2005), Arnott (2004), Greenfield (2004), Jackman (2004), McKee (2004), Saner (2004), Securities Week (2004), Wallenberg (2004), Guinn (2000), Jennings (2000), Seglin (2000), Kleining(1999), and Paine (1994).

Rules-Based	**Principles-Based**
Complies with a Specific Set of Procedural Requirements (e.g., checklist of dos and don'ts)	Emphasizes ''Doing the right thing'' by Appropriate Means
Comply or Else	Corporate Behavior is Guided by a Focus on end Results (objectives-oriented)
More Commonly Found in Organizations Favoring Bureaucracies	Found in Organizations with Strong and Operative Social Controls
Follows the Letter of the Law	Comply or Explain

Table 2.1 (Continued)

Rules-Based	Principles-Based
Represents the Minimum of Ethical Standards	Follows the Spirit of the Law
Emphasizes an Analytical Approach	Includes and Extends the Legal Domain to Issues that Law does not Address
Emphasizes Details and Enforceability	Emphasizes Communication
Tends Towards the Quantitative, Objective end of the Spectrum	Tends Toward the Qualitative, Subjective end of the Spectrum
Necessary Condition for Effective Governance	Sufficient Condition for Effective Governance
Requires Constant Monitoring	Develops over a Longer Term
Focuses on Detection	Focuses on Prevention
Tends to be Fear-Driven	Tends to be Values-Driven
Tends to Consider Issues in Black and White	Considers issues in the ‘‘Gray’’ Areas
Promotes Blind Obedience	Promotes Alignment with Values
Mandatory	Discretionary
Easier to Implement	More Difficult to Implement
Addresses Proximate Causes	Addresses Ultimate Causes

The Financial Service Authority (FSA) has outlined its concept of principles-based rules as un-dictating detailed, non-prescriptive rules and supervisory actions on how its regulated entities should operate their businesses. Instead, the FSA wants to give the firms responsibility to decide how best to align their business objectives and processes with the regulatory outcomes specified by the supervisory agency (FSA, 2007). Under this principle, the supervisory agency must therefore understand the real requirements of the business sector and to impose rules and regulations that place no burden on the business sector, as well as to encourage compliance level, business, product innovation, and healthy business competition.

2.3 The Objectives of Capital Market Supervision

The objectives of capital market supervision have been outlined by the International Organization of Securities Commission (IOSCO). IOSCO was established in 1983 as a global cooperative body which provides comprehensive technical assistance to its members (particularly the capital market regulators within the emerging securities market). IOSCO adopted a comprehensive set of objectives and principles of securities regulation (IOSCO Principles) during 1998. These principles are widely recognized as international regulatory benchmarks for all securities markets. Moreover, in 2003, IOSCO approved a comprehensive methodology, which was called the "IOSCO Principles Assessment Methodology." The IOSCO Principles Assessment Methodology enables IOSCO to assess the level of IOSCO Principles implementation among its members as well as the development of practical action plans to overcome deficiencies (IOSCO's).

The International Organization of Securities Commissions is an international body set up by a group of securities regulatory agencies. IOSCO is recognized as the international standard setter for the securities markets (IOSCO). IOSCO established a set of principles of securities regulations which were intended to cover difference areas of securities regulations (IOSCO, 2010). The set of 38 principles of securities regulation can be grouped into nine categories, including:

1) Principles Relating to the Regulator
2) Principles for Self-Regulation
3) Principles for the Enforcement of Securities Regulation
4) Principles for Cooperation in Regulations
5) Principles for Issuers
6) Principles for Auditors, Credit Rating Agencies, and other information providers
7) Principles for Collective Investment Schemes
8) Principles for Market Intermediaries
9) Principles for Secondary Market

The above principles of securities regulation provided a framework for the securities regulators to work towards IOSCO's three objectives for regulation. The first objective of securities regulation stated that those investors that invest in the capital market should be protected from misleading, manipulative, or fraudulent practices. IOSCO described the fraudulent practices to include insider trading, front running or trading ahead of customers, and the misuse of client assets (IOSCO, 2003). Under the first objective, IOSCO stresses the importance of information disclosure, stating that the investors must be able to access the information that is crucial for their investment decision making. By making information more extensively available, accurate and affordable, regulations can protect investors against the adverse consequences of information inadequacy and in addition encourage the operation of healthy markets (Baldwin and Cave, 1999). Not only is information disclosure encouraged under this objective, the objective also requires the regulator to set up a minimum entry requirement for market participants. Furthermore, investors should also have access to a neutral mechanism or means of redressing and compensating for improper behavior (IOSCO, 2003). The second objective is related to the assurance of a fair, efficient, and transparent capital market. IOSCO stated that this objective is closely related to the first one. Under this objective, the regulator should provide an environment that promotes transparency in the capital market, and the investor should be given fair access to market facilities and market or price information (IOSCO, 2003). The last securities objective is related to the reduction of systemic risk. This systemic risk is defined by the Bank of Thailand (BOT) as the risk of the collapse of an entire financial system or entire market which can be caused by the failure of one institution and can affect other financial institutions on a larger scale (BOT). The last securities objective requires the securities regulators to have in place measurements and procedures to ensure that the failure of a financial institution is isolated from other financial institutions. Also, the securities regulators should ensure that the impact of that failure is reduced.

The IOSCO (2003) Principles outline 38 principles of securities regulations based on the three forefront objectives of securities regulations, as discussed below.

2.3.1 Protecting the Investors

The first objective of securities regulation by IOSCO (2003) states that in the capital market the first priority is that the investors should be protected from misleading, manipulative or fraudulent practices (i.e. insider trading, front running, and the misuse of client assets). In order to protect the investors, the regulators must ensure full disclosure of information in assisting the investors to make their investment decision. The disclosure of information will help the investors to have better assessment of the potential risks and potential returns on their investment, as well as understand their rights and duties, and most importantly, understand on how to protect their own interests.

The requirement of the disclosure of information also involves an internationally-acceptable quality and high standard of accounting and auditing procedures to be put into place. In addition to the disclosure requirement, significance also should be placed on market participants. Minimum standards should be required for market participants and only duty-licensed or authorized persons should be permitted to deal with investors. Moreover, an initial and ongoing capital requirement should also be placed on capital market operators in order to ensure that they have sufficient capital to honor the agreement that they have with investors. The supervisory agency also has the vital role of assuring that all of the investors are protected. The regulators should set up a comprehensive inspection system as well as comprehensive monitoring and surveillance programs. This is to ensure that the market participants are adhering to the rules and regulations prescribed by the regulators (IOSCO, 2003).

2.3.2 Ensuring That Markets are Fair, Efficient, and Transparent

As describe earlier, it is a crucial task of the supervisory agency to ensure that the capital market can operate in a fair, efficient, and transparent manner. IOSCO (2003) mentioned that the fairness of the capital market is closely connected with investor protection. The word “transparency” of the capital market also has been expressed among the people within the industry. A survey of one hundred financial executives called for the need for a transparent capital market. It was shown that better information leads to better management, better governance, and a better market (J.C.

Business Finance, 2004). The supervisory agency in this case has the task of ensuring that the capital market is free from improper trading practices. This reiterates the role of the supervisory agency in the monitoring and surveillance programs to ensure that any improper trading practices and market manipulation are detected, deterred, and penalized (IOSCO, 2003).

By the same token, the regulation imposed by the supervisory agency should also promote an efficient market. The term efficiency can refer to the dissemination of relevant information on timely, equally distributed and also reflected in the price formation process (IOSCO, 2003). Additionally, the term transparency, can be defined as the degree to which trading information is made publicly available on a real-time basis. It is therefore very important for the capital market to operate at a maximum level of transparency.

2.3.3 The Reduction of Systemic Risk

More competitive financial markets make the financial system more vulnerable to insolvency and panic (Edwards, 1982). The IOSCO Principles recognized that it is impossible for the supervisory agency to deter financial failure of capital market participants. However, the regulations which were set out by the supervisory agency should include the objective of reducing the risk of the financial failure of capital market participants (IOSCO, 2003). Systemic risk has been commonly defined as a trigger event, such as economic shock or institutional failure, and causes a chain of bad economic consequences. These consequences can be less dramatic, such as substantial financial-market price volatilities, or more dramatic, such as financial institutions' failure or market failure (Schwarcz, 2008). Under this objective, the supervisory agency should impose minimum capital requirements, as well as the internal control requirements, in order to minimize the risk of financial failure. However, if the risk of financial failure nonetheless does occur, the supervisory agency should be capable of trying to minimize the impact of the failure and also to prevent the domino effect to other market participants.

For this particular objective, it is therefore requires market participants to have the adequate ongoing capital and prudent at all time. In addition, the role of the supervisory agency here is to ensure maximum compliance with capital and prudential requirements. Furthermore, the supervisory agency should encourage effective management regarding the capital and prudential requirements in order to ensure that the market participants have sufficient capital to operate in the capital market (IOSCO, 2003).

As for Thailand, regarding the current supervision of financial intermediaries, there are three broad objectives, which are set out as follows (TSI, 2005):

1) Safety of Customers' Assets and Customer Information:

This objective is in line with the IOSCO Principle of investor protection. As the customers' assets and information are crucial in ensuring the integrity of the system, there is therefore a need to ensure that both are protected from misuse or fraudulent acts by market operators.

2) Proper Conduct of Services:

Human resources are mentioned by many scholars to be one of the most important of all resources in the firms. Another task for both the supervisory agency and the regulated entities is to ensure that the individuals within the capital market are working in accordance with professional conduct, high standards, and in a good ethical manner.

3) Stability of Clearing and Settlement System:

The clearing and settlement system in the capital market can be seen to have a large impact on the overall financial system. The failure of this system in the capital market may lead to the disruption of Thailand's overall economy. This is the reason why the stability of the clearing and settlement system should be placed as one of the important objectives for capital market regulation.

2.4 The Regulations Imposed on Securities Brokerage Firms

In order to understand the rules and regulations imposed on financial intermediaries, it is firstly vital to understand the extent of the definition of the "securities brokerage firms." Under the limitations of this research, the definition of "securities brokerage firms" includes those firms with a license to operate as a securities brokerage, securities dealings, investment advisory services, and securities underwriting under Section 4 of Securities and Exchange Act 1992 (SEA). The definition of financial intermediaries in this research does not cover those firms licensed to operate as derivative agents or as dealers under Section 3 of the Derivatives Act 2003 (DA).

There are a number of rules and regulations which regulate the operation of securities brokerage firms. Some of these rules and regulations set out to govern how securities brokerage firms should behave in the capital market. Those sets of rules and regulations range from the entry point of the firms into the capital market to winding up the businesses. Some of the major sets of rules and regulations used by the SEC in order to supervise the ongoing operation of the securities brokerage firms can be categorized into two major categories, which are 1) financial responsibility rules and 2) conduct regulation.

2.4.1 Financial Responsibility Rules:

2.4.1.1 Net Liquid Capital Requirement

As mentioned in the earlier section, in order to ensure the stability of the capital market and the stability of the clearing and settlement system, the securities brokerage firms must be prudent. The Net Liquid Capital requirement under the financial responsibility rules aims for securities brokerage firms to be prudent at all times in order to meet their liabilities and the claims of their customers. The rule of the Net Liquid Capital Requirement stipulates that the firm must be able to maintain a minimum net capital of 15 million baht or 25 million baht (for firms with both securities and derivative licenses). Additionally, regarding the capital requirement for the firm, the SEC also requires the firm to maintain a minimum Net Capital Requirement (NCR) of all of their general indebtedness. The firm can calculate its NCR by using the formulation as follows:

$$\text{NCR} = \frac{\text{Liquid assets (haircut adjusted)} - \text{Total Liabilities}}{\text{General Indebtness}}$$

Together with the capital requirement, the SEC also encourages the management of the firm to have in place necessary prudential risk management procedures in order to monitor the firm’s prudential requirement. Some of prudential risk management procedures include management reporting and early warning requirements (SEC).

2.4.1.2 Customer Asset Protection and Asset Segregation Requirement

One of the first objectives in the supervision of securities brokerage firms is to ensure the safety of customers' assets and information. Under this requirement, the firm is required to maintain current and accurate records of customers' asset accounts. More importantly, the assets of the customers must be segregated from the firm's assets account at all times. The firm also is required to submit to its customers monthly statements which show the movement of their assets during the month. In addition, the firm is restricted from accessing the customers' assets unless written authorization is granted.

2.4.1.3 Credit Balance or Loans to Customers

This regulation sets out the requirement for the customers that would like to purchase securities products on credit. The regulation stipulates that the firm must request funds or marginable securities from the customers that wish to purchase securities on credit. The customers must then maintain fifty percent of the total debt balance or otherwise be subject to the call for additional assets to be pledged by the firm. The firm also is required to monitor the trades and to ensure that they do not exceed the specified trading limits. In addition the firms need to force sell of securities when the value of pledge securities falls under the certain level prescribed by the Stock Exchange of Thailand (SET).

2.4.1.4 Books and Records Requirements

The regulation sets out all book and record keeping requirements. Under this regulation, the firm is required to maintain all of the records that are related to the customers, such as customers' own information, trading, assets, and complaint information. Moreover, the information must be kept for at least five years and the record of advice given to the customers (i.e. tape record of telephone conversation) must be maintained for at least three months or longer until the complaints related to the particular customer are resolved.

2.4.1.5 Reporting Requirement

The regulated entities are required to submit a number of reports to the supervisory agency. Those reports are designed to reflect the firm's operational information, such as financial information or other matters related to the firm's operation. The SEC then uses this information for the benefit of offsite monitoring. The frequency of the submission of these reports will depend on the type of the report. The frequency ranges from daily reports (i.e. NCR report), to weekly reports (i.e. the purchase of high turnover securities by individual customers), to annual reports (i.e. annual compliance reports or Audited Financial Statement). Together with those reports made on a frequency basis, the firms are also required to notify the supervisory agency on other matters, such as the notification of new branches opening or changes in officer location, etc.

2.4.1.6 Risk Assessment Requirement

This particular regulation stipulates all of the requirements of the risk management of the firm in the operation of capital market intermediaries. Under this risk regulation, the firms are required to establish reasonable procedures in order to measure and manage all relevant risks, and to ensure continuity of the business (SEC). The regulation requires firms to have in place all risk management procedures to take care of all relevant risks that can occur from running the securities brokerage business. Also, those procedures should be able to prevent all relevant risks from occurring or at least minimize the impact once the risk has occurred.

2.4.2 Conduct Regulation

2.4.2.1 Anti-fraud Provision

The second objective for the supervision of securities brokerage firms outlines the importance of the conduct of the services by those that are involved in the capital market. The set of conduct regulations has the main aim to establish rules and guidelines concerning appropriate behavior and business practices in dealing with customers (Goodhart, et al., 1998). The set of regulations under the anti-fraud provisions is designed to control the behavior of individuals and to prevent firms from taking advantage of customers. The regulation is designed to prevent individuals or firms from giving false or misleading information and they must not engage in any activities with the purpose of defrauding investors. The provision to prevent the firm's sale persons from giving advice to induce their customers to increase their trade in the hope of increasing remuneration (churning) is also included in this anti-fraud provision. The anti-fraud provision covers the firm's procedures to prevent and to deter the use and the tipping off the material non-public information in the buying and selling of securities products. In addition, the firms must have in place measures to prevent possible "conflicts of interest." The preventive measures are set in place in order to prevent the conflict of interest i.e. to have the internal policy for staffs and sale persons' securities trading or the physical barriers and the isolation of certain departments (SEC).

2.4.2.2 Customer Account Opening

The SEC stresses the procedure of customer account opening. The set of regulations related to customers' account openings stipulates that the firm must set the procedures for the know-your-client (KYC) in order to identify the customers' investment objectives, the customers' understanding, as well as their experience in investment. Moreover, the firms should also maintain updated information regarding their customers, which includes information on the customers' financial capabilities and total investment exposure. In addition, it is estimated that US$ 300 - 500 billion of transactions involving money laundering go through the international capital market each year, and the estimation of the size of the underground economy in the OECD countries ranges from 5 to 28 percent of the GDP and 8-63 percent of the GDP in transition economies (Tanzi, 1996; Schneider and Enste, 2000). Therefore, the Anti-Money Laundering Office (AMLO) also requires all financial institutions to implement the procedure in preventing money laundering in accordance with the Financial Action Task Force (FATF's 40+9 recommendations) (FATF, 2003). This requires the firms to verify the beneficial owner of the customer as well as in some cases, the source of funds for the investment, and also to categorize the customers into different categories based on their risks of money laundering (AMLO).

2.4.2.3 Trading Practices

The trading practices provision sets out a number of rules and regulations for when the firms are dealing with their customers. Professional trading practices state that all customers should be treated fairly and without any prejudice. The firm must also adhere to "duty of fair dealing," where it must disclose all material information and possible conflicts of interest. As well as "duty of best execution," as the firm should seek to obtain the most favorable terms available at the time orders are placed for the best interest of the client.

2.4.2.4 Other Conduct Regulations

Other conduct regulations include suspicious transaction reporting requirements, where the firm must file a report transaction to the AMLO when it suspects the transactions of customers with money laundering conditions. The conduct regulations also cover a customer complaint handling system, where the firm must have in place an adequate system in handling customer complaints. In making sure that the firms are operating in accordance with the rules and regulations, the SEC requires the firm to set up a comprehensive compliance program to function as a contact unit with the supervisory agencies, as well as provide consultation to the firm's management and staff regarding regulatory compliance matters. As well as an adequate compliance unit, the firm should also have adequate internal control systems in order to provide preventive measures for non-compliance regarding incidents. In addition, both the compliance and internal audit should be independent in performing their own functions (SEC).

2.5 The Supervisory Programs

The supervisory programs under the current regime of the SEC Thailand can be divided into two major programs: 1) offsite monitoring and 2) onsite inspection (TSI, 2005).

2.5.1 Offsite Monitoring

Under the offsite monitoring program, the SEC monitors the operation of the securities brokerage firms by using various reports that the firms have submitted to the supervisory agencies. Examples of offsite monitoring also include the review of monthly financial returns and other financial filings. The SEC also occasionally sends out surveys or self-assessment questionnaires (SAQ) for the firms to fill out the information that best reflects their firms' operation. Together with the information submitted by the firms, the SEC also monitors the firms regarding public news, anonymous tips and complaints, as well as referrals from other regulatory agencies or other departments within the supervisory agency (TSI, 2005).

2.5.2 Onsite Inspection

Onsite inspection can be divided into three major types of inspection. The first and the most comprehensive type of onsite inspection is routine inspection, where the firm is to be assessed on every aspect of its operations. The frequency of the firm undergoing the onsite inspection by the SEC will depend on the firm's RBA rating (SEC, 2003). The second type of onsite inspection is called thematic inspection, where a number of firms are to be assessed on particular issues during relatively the same period of time. For example, in 2009, the SEC conducted a thematic inspection of the number of firms with proprietary trading following allegations made by investors and the press against a number of firms with proprietary trading. The last type is the ad-hoc inspection, where the inspection is usually done in a relatively short period of time, which can be an inspection for follow up or to gain information for particular cases (SEC, 2003).

2.6 Risk-Based Approach to Supervision

In the supervision of the securities brokerage, the SEC gives the highest priority to the terms of risk management. As well as risk management, the SEC will consider the risks regarding the objectives of supervision or risk-to-objective (RTO) and the overall impact if the risk has occurred. The rationale behind this method of supervision is that the regulatory agency should consider the overall impact of the firms on customers and the overall financial system (TSI, 2005).

The SEC, therefore, has utilized this concept in determining the intensity of the supervision for securities brokerage firms. The risk-based approach to supervision can then be summarized as:

$$\text{Risk Based Approach} = \text{Probability} \times \text{Impact}$$

In order to access the probability of the risk, the SEC assesses the risk-to-objectives of supervision. The risks include: 1) prudential risks, 2) operational and management risks, 3) customer relationship risks, and 4) information technology risks and can be described as follows:

2.6.1 Prudential Risk

Financial institutions can become insolvent for many reasons, i.e. poor credit evaluation skills or risk management capabilities, losses through self-dealing, poor accounting practices, or lack of recognition and provision of loss. In order to reduce the probability of insolvency, many regulators seek to impose maximum leverage standards through capital requirements, as well as ensuring the competence and honesty of management through fit and proper requirements (Garber, 1996). As for Thailand, each securities brokerage firm must comply with the SEC's net capital rule. This rule is intended to be a conservative capital standard that requires firms to maintain liquid assets in excess of their liabilities. Illiquid assets, such as most unsecured receivables, are deducted in full when calculating net capital. Furthermore, when calculating net capital, the firm is required to take additional deductions, known as "haircuts," with regard to its proprietary securities positions. The net capital rule is designed to require that the firm have sufficient liquid assets to meet all of its obligations to customers and other market participants without the need for Securities Investor Protection Corporation funds. The SEC, in addition, stresses on the system and the procedure in mitigating any prudential risk, including policies and procedures on customers' financial capabilities, and other policies and procedures, in order to prevent an impact on the firm's prudential status as result of business transactions (SEC, 2003).

2.6.2 Operational and Management Risks (Control Risk)

Generally speaking, operational risk can be identified as the risk of losses arising from the materialization of a wide variety of events, including fraud, theft, computer hacking, loss of key staff members, lawsuits, loss of information, terrorism, vandalism, and natural disasters. In today's environment, there is a trend towards more dependency on technology and given an increase in the intensity of competition and globalization, many firms are now exposed to more operational risks than in the past (Moosa, 2007). The Basel Committee on banking supervision provided a definition of operational risk as the risk of direct or indirect loss resulting from inadequate or failed internal processes, people, and systems or from external events. In order to assess the risk level, the SEC considers three factors: 1) the management's attitudes 2) the structure and the system, and 3) the independency of the compliance unit and internal audit.

The first factor is the management's attitudes and ethics in encouraging good compliance culture. The factors to be considered include the attention given to encouraging a compliance culture, the firm's written operational manuals or prompted actions taken by the firm, followed the advice given by the supervisory agency. The second factor to be considered is the structure and the system of the firm in preventing the risks that arise from operation and management risks. A check and balance system should be in place which also should be able to prevent any conflicts of interest and be able to protect any staff members or management from using inside information for their own benefits. The last factor is the independency of the compliance unit and the internal audit of the firm, as the SEC will evaluate the effectiveness of the compliance unit and internal audit, number of staff members, and the compliance and audit to see whether or not they are effective or well cover all areas of the securities brokerage business (SEC, 2003; TSI, 2005).

2.6.3 Customer Relationship Risks

Customer relationship refers to the method of the firm used in accepting or establishing a relationship with its customers. The term that is used as a core of customer relationship is known as "Know-Your-Client" (KYC), which refers to the understanding of their customers' aspects. Regulations regarding KYC requires firms to use "reasonable diligence" to know (and retain) the "essential facts" concerning a customer when opening and maintaining an account (Compliance Clarified, 2011). The elements of a sound KYC programme should be fully incorporated into the firm's risk management and control procedures to ensure that all aspects of KYC risk are identified and can be appropriately mitigated. The firm should also aim to apply its customer acceptance policy, procedures for customer identification, and processes for monitoring higher-risk customers. Moreover, it should clearly communicate those policies and procedures to the entire staff members and to ensure that they are fully adhered to. In order to evaluate customer relationship risks, the SEC evaluates the overall structure, system, and procedures of the firm in preventing the risks that may arise regarding the assets and information of customers. In evaluating risks in customer relationships, the SEC assesses whether the customers have received fair treatment or assesses the efficiency of the compliant handling procedures. To summarize, there are four broad sections which the supervisory agency looks for in evaluating the risks to the customer relationship:

2.6.3.1 The prevention of risks which may arise from customers' information and assets, for example, by assessing the segregation of assets or the check and balance system in the protection of customers' information and assets

2.6.3.2 Ability to provide good services, for example, quality and continuous improvement of research and investment analysis or improvement of the system in ensuring that the customers receive good investment advice from the sales persons

2.6.3.3 Justifiable services to the customer, by assessing the system and procedures in preventing front running or churning. The system and procedures should also prevent others from using customers' trading information and prevent conflicts of interest which may arise within the firm.

2.6.3.4 The system in handling complaints from customers, the SEC assesses the promptness in the dealing with customers' complaints, handling procedures, and reports to management regarding complaint matters

2.6.4 Information Technology Risks

Information technology risk is identified as the risk that arises from the misuse of information technology. The firm must set up procedures in order to prevent third parties from gaining access to the customers' information. Also, it must ensure that internal procedures and controls are in place to prevent any disruption to the business which may occur from information technology resources. The factor of the compatibility of the information technology resources and the extent of the business also are subject to evaluation under information technology risk assessment.

Once the probabilities of various risks have been considered, the risk-based approach will determine the impact of those risks in relation to the overall objectives of supervision (TSI, 2005; SEC, 2003). The impact factors will be considered from the three broad factors, including 1) the firm's market share in the capital market and 2) the number of customers' assets the firm holds and the number of active customers.

Furthermore, these impact factors are subject to re-evaluation, as the risk and impact factors can constantly change. This is due to the fact that the firm may increase or decrease the extensiveness of its products and services to reflect the strategic plans of the firm's management (TSI, 2005).

2.7 The Intensity of Supervision

Under the risk-based approach to supervision, once the probability of risk and the impact of risk have been considered, the firms are then rated in accordance with the level of risk. The SEC then uses these ratings in order to determine the intensity of supervision. As mentioned earlier, the regulatory costs are to be imposed on the firms with a high risk rating. This is in order to ensure that the management in the firm will try to reduce the areas perceived to be at high risk. The aim is to try to get the management to reduce the rating and to lower the regulatory cost, hence to improve the reputation of the business. The SEC outlines the procedures in dealing with the firm. The two procedures include: 1) rectification of high risk areas and 2) limiting the scope of business as a result of high risk (TSI, 2005).

2.7.1 Rectification of High Risk Areas

2.7.1.1 Meeting with the Management

The procedure in dealing with the firm with high risk is that the SEC may ask to arrange for a meeting with the firm's management. This is in order to notify the management regarding the high risk areas or non-compliance matters. The firm's management may be requested to rectify or to improve in some of the areas.

2.7.1.2 Increase the Intensity of Supervision

The increase in the intensity of supervision can be done through an increase in the frequency of on-site inspections or an increase in the frequency of report submissions for off-site monitoring. In some cases, the SEC may request the firm to submit compliance and audit reports on a quarterly basis in order to make sure that the firm has made an effort to lower risks in the high risk areas.

2.7.1.3 Impose Conditions

The SEC may impose conditions on the firm in order to rectify the problem. Some of the conditions are, for example: the SEC requests the firm to establish an audit committee or risk committee in overseeing high risk areas of the securities brokerage business. This is also in order to place more control procedures on any of the significant risk areas (SEC, 2003; TSI, 2005).

2.7.2 Impose Restrictions on the Business

2.7.2.1 Business Restrictions

If the high risk areas of the firm have greater significance, the SEC may impose restrictions on the business capacity of the firm in operating the business until the firm rectifies the problem. Some of the restrictions are, for example, restrictions on the opening of new branches, restrictions on customers' credit expansion, or restrictions on accepting new customers.

2.7.2.2 Business Capacity Restriction

If the risk area has a greater significance, the SEC may also impose restrictions on the firm's capacity to expand the business. For example, the SEC can impose restrictions on new derivatives licenses or restrictions on securities borrowing and lending license (SEC, 2003; TSI, 2005).

In addition to the procedure of the firm itself, the SEC also gives significance significant to the management of the firm. In some cases, the SEC may hold the management personal accountable for high risk or non-compliance matters if the management is found to be involved or neglectful. Therefore in some cases, if the SEC can prove neglect or irresponsibility on the part of management, it can be held accountable. Sanctions on the management can range from probation, public disclosure, suspension to withdrawal from the position (SEC, 2003).

2.8 The Development of a Risk-Based Approach to Supervision Overseas

Within the last decade, many supervisory agencies have been trying to adopt a risk-based approach in their own supervision regime. This section will explore some models of the risk-based approaches experienced by some of the leading financial supervisory agencies.

2.8.1 Financial Services Authority (FSA) – United Kingdom

The Financial Services Authority (FSA) is an independent non-governmental body under the Financial Services and Market Act 2000. The FSA has four statutory objectives which outline its supervisory actions:

1) Market Confidence
2) Financial Stability
3) Consumer Protection
4) Reduction of Financial Crime

The FSA uses the above statutory objectives in forming and committing to a "risk-based approach" to regulation and supervision (FSA, 2007; Gate, 2004). As a result, the FSA has developed the "Advance Regulatory Risk Operating Framework" (ARROW). ARROW is referred to as the framework that the FSA uses to make risk-based regulations operational (FSA, 2006). The ARROW framework helps to provide the FSA with a linkage between the statutory objectives and regulatory activities (FSA, 2006). This linkage is explained in the following diagram:

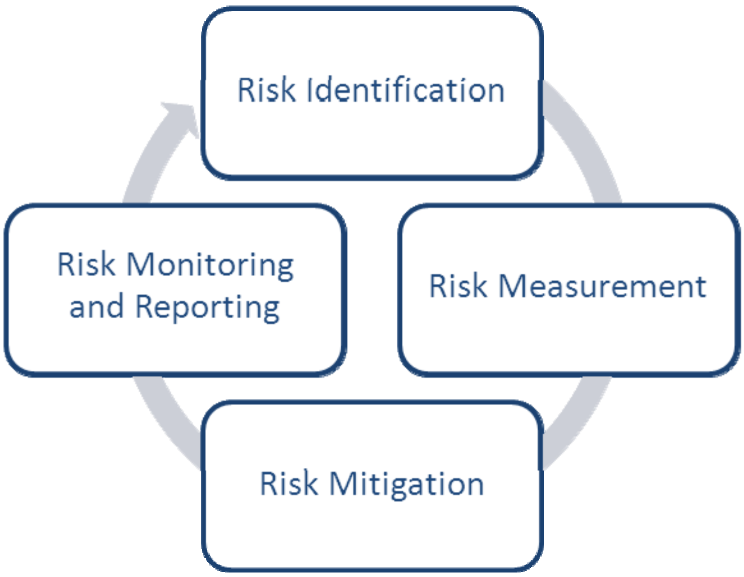

Figure 2.1 FSA Regulatory Activities

1) Identify the main risks to FSA's objectives as they arise
2) Measure the importance of those risks
3) Mitigate those risks where their size justifies it
4) Monitor and report on the progress of FSA's risk management

The FSA (2006) elaborates further on the importance of "risks-to-objectives (RTOs), where the proposed actions to be undertaken against particular issues by the FSA must be related to one or more of the FSA's RTOs (FSA, 2006). In summary, the fundamentals of the FSA's perception to risk will be a combination of impact (or the potential harm that could be caused) and probability (the likelihood of the particular event occurring).

Risk to Financial Sercices and Market Act, 2000

=

Impact of the problem if it occurs

×

Probability of the problem occurring

Under the impact categories, the FSA considers the level basis, which includes: 1) the impact of individual issues 2) the impact of the firm as a whole, and 3) the aggregating impact in groups. As for probability, the FSA classifies probability under ten high-level "risk groups." Furthermore, those risk groups are divided into risk elements. The FSA then rates the probability for each risk by taking into account all of the risk elements within the risk as well as the overview of the firm by considering the positive and negative level of risk within each of the risk elements. The probability risk model can be described in the matrix as:

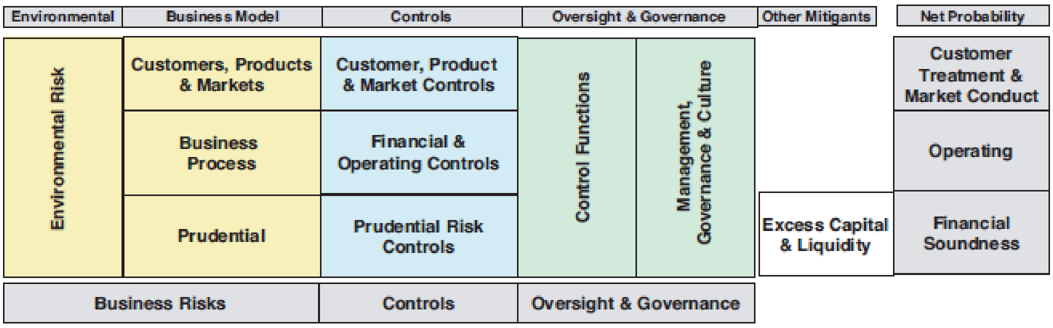

Figure 2.2 The FSA's Risk Assessment Framework

The above risk matrix has both horizontal and vertical dimensions. Under the horizontal dimension the risks are separated into three basic categories as:

1) Risk associated with the firm's direct interactions with retail customers and market counterparties

2) Risk associated with the firm's internal process

3) Prudential risks which are related to the financial soundness of the firm

Under the vertical dimension, the FSA classifies the risk groups into four categories as:

1) Business risks which are defined as the inherent or gross risks within the firm

2) Controls, which are the primary risk controls of the firm and should directly reduce the inherent business risk of the firm

3) Oversight and governance, which are defined as the secondary and pervasive controls within the firm

4) Other mitigants are, for example, the amount of excess capital and liquidity in order to prevent any prudential problem

The FSA uses the above model in order to prioritize risks and to make decisions regarding regulatory responses. Moreover, the model is also used in order to set out strategic aims and outcomes and to allocate resources based on FSA regulatory priorities (FSA, 2006). The FSA has developed a methodology for applying this philosophy to both individual firms and regarding other system-wide generic issues. In addition, this methodology sets out an approach to regulations for future UK financial supervision (FSA, 2000 quoted in Sergeant, 2002).

2.8.2 Australian Prudential Regulation Authority (APRA) – Australia

The Australian Prudential Regulation Authority (APRA) is the prudential regulator of the Australian financial services industry. The APRA regulates banks, credit unions, building societies, general insurance and reinsurance companies, life insurance, friendly societies, and members of the superannuation industry (APRA).

The APRA began developing risk-based frameworks in early 1999 (Black, 2006). The APRA introduced a risk assessment and supervisory response called the "Probability and Impact rating System (PAIRS) and the Supervisory Oversight and Response System (SOARS). Both PAIRS and SOARS were designed under the risk-based approach to supervision of the APRA's regulated entities. PAIRS and SOARS help the APRA to achieve the following objectives: 1) Making better risk judgments 2) Quickly and consistently in supervisory response 3) Strengthen the APRA's ability to take effective actions 4) Improve oversight and reporting on firms with problems (APRA, 2008)

The APRA matches supervisory intensity to the probability and impact of failure signals from the assessment of PAIRS. The supervision stance of a regulated entity is derived from the combination of PAIRS and SOARS, and the intensity of the supervision includes: 1) normal, 2) oversight, 3) mandated improvement, 4) and restructure. The relationship of PAIRS and SOARS is summarized below:

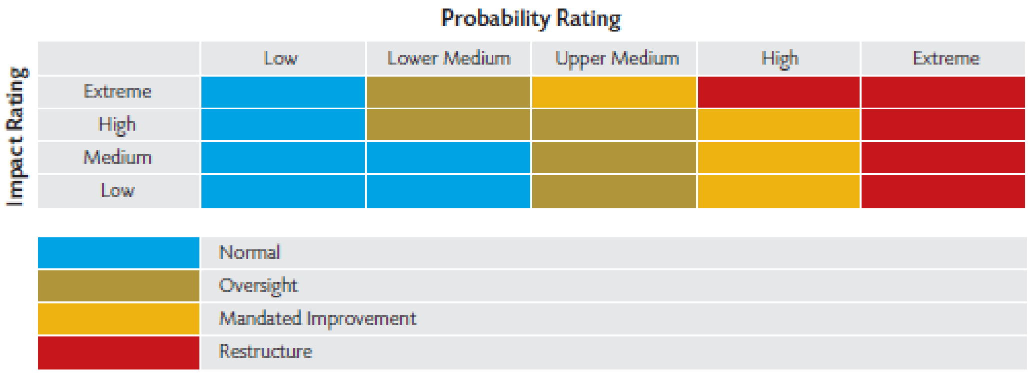

Figure 2.3 Supervision Stance

The APRA's supervisory approach under its risk-based supervision can be described further as below:

Figure 2.4 APRA's Supervision Process

Under the risk-based supervision, the supervisory agency is responsible for preparing supervision strategies. For example, the firm with low risk, the level of routine supervision will likely decrease and the minimum supervision is also expected (APRA, 2008).

2.8.3 The Canadian Office of the Superintendent of Financial Institutions (OSFI) – Canada

The Canadian Office of the Superintendent of Financial Institutions (OSFI) is the primary regulator and supervisor of federally-regulated deposit-taking institutions, insurance companies, and federally-regulated private pension plans in Canada. The main objectives of OFSI are to:

1) Supervise institution and pension plans as to whether they are in sound financial condition and meet minimum plan funding requirements, and comply with governing laws and supervisory requirements

2) Promptly advise institutions and plans in the event that there are material deficiencies and require management, boards or plan administrators to take necessary corrective measures expeditiously

3) Advance and administer a regulatory framework that promotes the adoption of policies and procedures designed to control and manage risk

4) Monitor and evaluate system-wide or sectoral issues that may impact institutions negatively (OSFI).

OSFI's view on risk can be expressed as follows:

Inherant Risks Mitigated by Quality of Risk Management

=

Net Risk

Inherent risk is grouped into seven separate risk categories, including:

1) Credit Risk
2) Market Risk
3) Insurance Risk
4) Operational Risk
4) Liquidity Risk
5) Legal and Regulatory Risk
6) Strategic Risk

The OSFI risk-based approach to the regulatory framework is not only intended to be used as a tool for resource allocation but is also intended to optimize the use of resources and to enhance the effectiveness of the supervisory process (Black, 2004).

2.8.4 Risk-Based Approach to Supervision in Emerging Market Regulators – Malaysia, China, and India

2.8.4.1 Securities Commission (SC)

The Securities Commission (SC) in Malaysia has adopted a risk-based supervision framework. The SC has categorized risks into different risk categories including regulatory, corporate governance, operational, financial, legal, client asset protection, client relationships, human capital, products and services, and external with a corresponding risk control for each risk. Then the SC will determine a "net risk" scorecard which enables the creation of a key risk profile for the firm and the intensity of its risk supervision (IOSCO, 2010).

2.8.4.2 China Securities Regulatory Commission (CSRC)

The China Securities Regulatory Commission (CSRC) has also adopted a risk-based approach to supervision which is mainly focused on compliance and prudential risk. The CSRC's risk categories include liquidity risk, market risk, financial risk, operational risk, and compliance risk (IOSCO, 2010).

2.8.4.3 Securities and Exchange Board of India (SEBI)

The Securities and Exchange Board of India's (SEBI) primary focus is on risk management. Some of the major risks to the firm which the SEBI has addressed include market risks, operational risks, and systematic risks. Although there is no formal rating of the firms by the SEBI, the supervision will take into account the firm's risk profile and other factors such as size, business mix and volume, systemic importance of the firm, and its track record (IOSCO, 2010).

In addition, other financial regulators in the emerging countries found to use a risk-based regulatory framework include: the Financial Services Board (FSB) of South Africa, the Financial Supervisory Commission (FSC) of Taiwan, the Financial Supervision Commission (FSC) of Bulgaria, the Superintendencia de Valores y Seguros (SVS) of Chile, the Jordan Securities Commission (JSC) of Jordan, the Conseil Deontologique des Valeurs Mobilieres (CDVM) of Morocco, and the Securities and Exchange Commission of Pakistan (SECP) (IOSCO, 2010).

CHAPTER 3

THEORETICAL FRAMEWORK AND A PROPOSED MODEL FOR ANALYSIS

This third chapter reviews the literature on the major subjects studied, which include policy implementation and the effectiveness of policy implementation. This chapter also outlines several factors which found to have a relationship with the effectiveness of regulation implementation. The implementation of securities brokerage regulation and its effectiveness also is at the center of this chapter. This chapter also provides the theoretical rationale and the development of the research model. More importantly, this particular chapter provides the hypotheses used to examine the relationships among the related variables.

3.1 The Development of Public Policy Theories

The idea of trying to understand "public policy" began several decades ago. The social scientific study of policy has a long history. Not surprisingly, people have sought to apply social science knowledge to the problems of government and to influence the activities and decisions of the government in a variety of ways. Some policy analysts have been particularly interested in understand policy and some are interested in both (Parsons, 1995).

There are several definitions which define the meaning of "public policy," many of which are as old as several decades ago. There are similarities among those definitions as they tried to define the action (or non-action) of the governments. This action (or non-action) also involves some form of goals or objectives that should lead to the benefit of the society as a whole. One of the very first definitions of "public policy" was provided by Easton (1953), who defined public policy as "the authoritative allocation of values for the whole society. On the other end, political scientist Friedrich (1963 quoted in Lalida Chuayruk, 2006) provided a definition as “a proposed course of action of a person, group, or government within a given environment, providing obstacles and opportunities, which the policy was proposed to overcome. Political scientist Lasswell (1970) and philosopher Kaplan (1970) focused on the outcome of the of the policy’s action, whereby they defined policy as “a projected program of goals, values and practices.” Interestingly, Dye (1998) examined the actions of the government and provided a definition of public policy as whatever governments choose to do or not to do.

In the attempt to understand the concept of public policy, it is worthwhile to know why people want to understand policy. There are a number of reasons why people want to understand policy. Dye (1998) classified the reasons for the study of public policy according to three categories. First, the understanding of the causes and consequences of policy decisions improves the knowledge of the society. Policy study helps people to learn about the linkages between social and economic conditions in society, and the responses of the political system to these conditions. Second, public policy can also be studied for professional reasons. Understanding the causes and consequences of public policy allows society to apply social science knowledge to the solution of practical problems. Third, understanding public policy can provide the society with policy recommendations. This is to ensure that the nation adopts the appropriate policies to achieve the right goals. Policy studies can be undertaken not only for scientific and professional purposes but also to inform political discussions, advance the level of political awareness, and improve the quality of public policy.

Many of the scholars that have tried to understand policy most often focused on how policies are made rather than on the policies’ content or their causes and consequences (Dye, 1998). The study of how policies are made generally considers a series of activities or processes that occur within the political system. Most policy making often occurs at different stages and each of the stages is required to be examined separately. Dye (1998) stated the different stages as follows:

1) The identification of policy problems through demands for government action.

2) Agenda setting or focusing the attention of the mass media and public officials on specific public problems to decide what will be decided.

3) The formulation of policy proposals through their initiation and development by policy planning, organizations, interest groups, government bureaucracies and the president and congress.

4) The legitimation of policies through political actions by parties, interest groups, the president and congress.

5) The implementation of policies through organized bureaucracies, public expenditures and the activities of executive agencies.

6) The evaluation of policies by government agencies themselves, outside consultants, the press and the public

Similar to the different stages above, a comparable conceptualization of the policy process was also offered by Lasswell (1970). Lasswell (1970 quoted in Jenkin, 1978) provided a description of this model, which basically assumes that policy emerges via a logical path, start from the "initiation" and moves through the political system, until the decision to proceed with or to terminate a course of action.

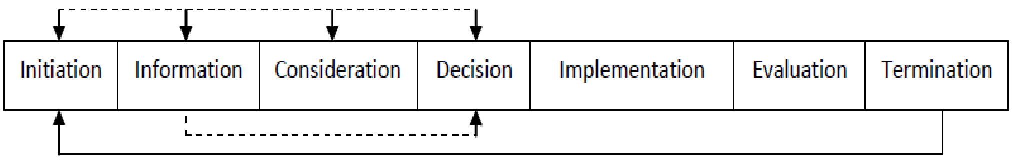

Figure 3.1 Schematic Presentation of Process Perspective on Policy

As mention previously, the Securities and Exchange Commission (SEC) was established in 1992 and has endeavored to perform the functions of a capital market supervisory agency since then. The SEC is empowered via the Securities and Exchange Act 1992 (SEA). The roles of the rules and regulations established by the SEC therefore serve the bigger picture, which is to maintain the efficiency, stability, and fairness of not just the capital market but the whole economy at large. Therefore, it is critical to understand not only whether the regulations are adequate but also to understand whether or not those existing regulations are adequately implemented by the supervisory agency.

The next section of the study will be attempt to understand the issues surrounding the regulatory implementation by utilizing the underlying theories and concepts related to “implementation,” “policy implementation,” and “implementation effectiveness”.

3.2 Policy Implementation Theories

There are various definitions of policy implementation offer by a number of the scholars, however most of the definitions related to the “actions” with the underlying goals and objectives. One of the most famous scholars in the field of policy implementation is Van Horn. Van Horn (1979) famously provided a definition of “policy implementation,” which stated that “policy implementation encompasses those actions by public and private individuals or groups that are directed at the achievement of objectives set forth in prior policy decisions.” In this regard, Van Horn (1979) also observed this type of “action” further by examining policy implementation as the study of the process of putting policy statements into public service through federal, state, and local administrative agencies. Again, the definition provided above involves the term “action.” Other scholars in the field of public administration and political science have similarly observed the process of policy implementation as well and have provided a definition of policy implementation comparable to Van Horn’s conceptualization. Hargrove (1975) identified policy implementation as the missing link between the concern with policy making and the evaluation of policy outcomes.

Most people study policy implementation in order to understand what actually happens after a program (or policy) is enacted or formulated. Moreover, those events and activities that occur after the issuing of authoritative public policy directives include both the effort to administer and the substantive impacts on people and events (Sabatier and Mazmanian, 1989). Many of the scholars have noted the importance of the study of policy implementation. According to them, policy implementation is the stage of policy making between the establishments of a policy to the policy evaluation. This is similar to the passage of a legislative act, the issuing of a executive order, the handing down of a judicial decision, or the promulgation of a regulatory rule, and most crucial of all, the consequences of policy for the people whom it affects

(Edwards, 1982). At this stage, if a policy is inappropriate, as it may not be able to alleviate the problem for which the policy was designed, that particular policy will probably be a failure no matter how well it is implemented. Similarly, a well-designed policy, if poorly implemented, may fail to achieve its intended goals.

A number of scholars have tried to make a distinction between the terminologies of policy making, policy implementation, and the evaluation of policy outcomes. A model is often drawn which offered some attentions to David Easton's portrait (1965) of the political process (quoted in Hill, 1993). According to Easton (1965), political systems are like biological systems and exist in an environment which contains a variety of other systems, including social systems and ecological systems. Moreover, one of the most crucial processes of political systems is input. Inputs can be in the form of demands and supports. Demands involve actions by individuals and groups seeking authoritative allocations of values from authorities. Supports refer to actions such as voting, obedience to the law, or payment of taxes. These combinations of inputs feed into the "black box" of decision making in order to produce the outputs, decisions, and policies of authorities. This process is also known as the conversion process. The end result of this process is output, which is the effect of those policies on society (Easton, 1965; Hill, 1993).

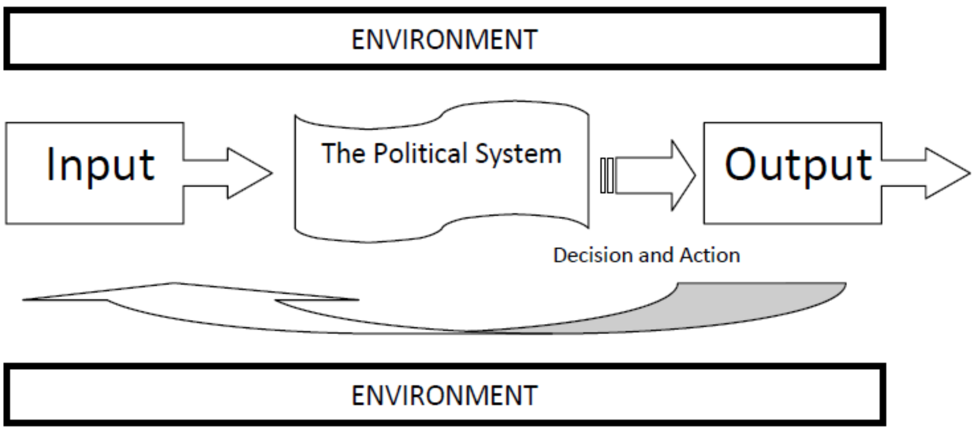

Figure 3.2 A Simplified Model of a Political System

For many scholars, implementation is defined in terms of the relationship between the "policy" and the "implementation." One of the common characterizations of this relationship between policy and implementation is provided by Van Meter and Van Horn (1975), who defined the implementation process as “those actions by public or private individuals that are directed at the achievement of objectives set forth in prior policy decisions.” This is similar to the characterizations of implementation mentioned by Pressman and Wildavsky (1973), who further elaborated on the relationship of “policy” and “implementation,” indicating that “a verb like ‘implement’ must have an objective like ‘policy.’”

By the same token, during the study of the US Economic Development Agency during the implementation of a job creation programme in Oakland, California, Pressman and Wildavsky (1973) studied the process of implementation and defined “implementation” as a process of interaction between the setting of goals and actions geared to achieving them. During the study, Pressman and Wildavsky (1973) stated that one should not observe implementation as a process of creating the initial conditions, as these initial conditions have already been created once the legislation has to be passed and funds have been committed to the programme. The implementation should be viewed as “the actions” to secure the predicted outcome. The initial condition of a policy programme will exist once the “policy hypothesis” has been create-then the emphasis of the term “implementation” signifies the conversion of a hypothesis into governmental action. As the initial premises of the hypothesis have been authorized, then the “implementation” will refer to the degree to which the predicted consequences take place. In addition, Pressman and Wildavsky (1973) further described the linkages between policy and implementation as the actions that connect the objectives and the implementation and the ability to forge subsequent links in the causal chain to obtain the desired results.

Building on the study of Pressman and Wildavsky (1973), other scholars, particularly Barrett and Fudge (1981), came to a commonly-held position regarding implementation, which was divided into three assumptions. Concerning the first assumption, implementation is assumed to be a series of logical steps. Implementation is a progress from intention through decision to action, and it is easy to see that implementation begins where policy stops. Secondly, regarding the distinction of the two steps in formulating intention, one is policy making, which is the “initial” condition for the policy, and the other is the creation of programmes which form the "inputs" to the implementation process. Third, implementation process can be seen as a process of putting policy into effect. It is mainly concerned with co-coordinating and managing the multiple elements and factors in order to achieve the desired ends (Barrett and Fudge, 1981).

Williams (1971) presented the definition of "implementation" in a way similar to the definitions provided by Pressman and Wildavsky (1973) where the agency implementation process includes both one-time efforts to convert decisions into operational terms and continuance of efforts over time to raise the quality of the agency's staff and organizational structure in the field. Moreover, Williams (1971) stressed the capacity for implementation, as it crucial to determine whether an organization can bring together human resources and material in a cohesive organizational unit and motivate them in such a way as to carry out the organization's stated objectives. Other scholars that have provided an overview of implementation capacity are Van Meter and Van Horn (1975), in an article which reviews the field and attempts to provide a conceptual framework or model of the implementation process. Van Meter and Van Horn (1975) stated that the policy implementation encompasses the actions by public and private individuals that are directed at the achievement of the objectives set forth in prior policy decisions.

However, what differentiates the definition of implementation offered by Pressman and Wildavsky (1973) from other scholars' definitions of "implementation" is that they expressed the means or activities by which intensions are to be translated into action. On the other hand, others have mentioned the term "policy" as the inputs to the process (Barrett and Fudge, 1981). Pressman and Wildavsky (1973) for example stated that implementation cannot begin until policy has been made operational through the passing of legislation and the committing of resources to it, whereas others refer more loosely to "decisions" and "objectives". Pressman and Wildavsky (1973) thus explicitly exclude from the implementation process what they nevertheless refer to as "governmental action" to convert policy intentions into programmes. Williams (1971), on the other hand, explicitly includes "efforts to convert decisions into operational terms" in the implementation process, as already discussed above. On the basis of the idea that implementation comprises the framework governing the scope for action, implementation can be seen as the process of successive refinement and translation of policy into specific procedures and tasks directed at putting policy intentions into effect. Additionally, in any study of implementation, it seems important to examine the various stages in the process, who is involved, and in what roles and with what motives.

The definition of implementation can be viewed as a process followed the initial point of policy making. According to the policy-center approach, policy is the starting point, the trigger for action, and the implementation as a logical step-by-step progression from policy intention to action. This perspective tends to be associated with hierarchical concepts of organization. Interestingly, some may apply the hierarchical view, for example, Barrett and Fudge (1981). According to Barrett and Fudge (1981) policy emanates from the "top" (or center) and is transmitted down the hierarchy (or to the periphery) and translated into more specific rules and procedures as it guides or controls action at the bottom. However, in contrast to this, Barrett and Fudge (1981) also noted that to assume that policy comes from the top and is the starting point for implementation and action may not always be the case. They argue that policy may be a response to pressures and problems experienced on "the ground." Policy may be developed from specific innovation (Keeling, 1972; Hill, 1993). The hierarchical view of implementation also implies that implementers are agents for policy-makers and are therefore in a complaint relationship with policy makers. However, as in many cases in the public policy field, those upon whom action depends are not in any hierarchical association with those making policy. As mentioned in the earlier section, the definition of public policy is often aimed at directing or intervening in the activities of private interests and autonomous or semi-autonomous groups, with their own interests and priorities to pursue and their own policy-making rules (Barrett and Fudge, 1981).

The next section reviews the organization theory which is significant to the process of policy implementation. The implementing agency was found to have a critical role in organizing its resources in order to achieve the policy objectives.

3.3 Organizational Theory

One of the underlying foundations of a theoretical perspective of policy implementation is the view of organization theory; the process of policy implementation encompasses the view of organizational theory. Williams (1971) (quoted in Sombat Thamrongthanyawong, 2008) provided a view of policy implementation as the ability of the organization to manage its resources and encourage resources to achieve a set of objectives. According to this, the implementing agency is to be viewed as one of the most crucial inputs into the policy implementation process. Implementation requires an implementing agency to carry out the process of the implementation from the set of the policies which set out by the government, therefore, the success or failure of the policy will depend largely upon how well the implementing agency can carry out the implementation. Williams (1971) further included the significance of the leadership within the organization, which can be seen to have the most influence on the ability of the organization to carry out the implementation. The leaders of the organization are said to include those that are at the top management level (i.e. president, chief executive officer, director or executive committee). More importantly these people within the top level of management can be seen in the role of resource allocator. The various tasks of the resource allocator include the design of the resource structure, the assignment of human resources or other resources to the given tasks, the issuing of work orders, the authorization of major decisions, the transmission of information, and motivating and rewarding the lower level staff members (Mintzberg, 1979). As the implementing agency is seen to be significant to the implementation process, the role of the management can also be seen to provide motivation, incentives, and morale for the implementing agency's staff in allowing them to understand the objectives of the policy (Sombat Thamrongthanyawong, 2008).

Van Meter and Van Horn (1976) have observed that there is a relationship between organization and policy implementation and have provided a view of policy implementation that encompasses the activities of both public and private organizations. These activities are likely to lead to the achievement of the prescribed policy objectives, which come as a result of policy decisions. Moreover, policy implementation should take into account of policy compliance. This is where the private organizations must also participate (with obedience or lack of obedience) in the policy directives. In addition, according to the definition of implementation by Van Meter and Van Horn (1976) explicitly included the effort of the implementing agency in carrying out the process of achieving the policy objectives. In order to do this, the implementing agency is required to allocate the resources that will assist with the achievement of the objectives. Some of the tasks are, for example, allocating the staffs that have knowledge, experience, and competency in performing the given task or in directing crucial financial resources in the area where it is needed.

The significance of organization theory also extends to the staff members at the lower level that actually perform the related tasks of the implementation. Van Meter and Van Horn (1976) have asserted that the power of the lower-level staff in the organization can be enhanced by their superior, who is frequently unaware of the tasks which the subordinates are performing. Similarly, in the field of organizational theory, Mintzberg (1979) also recognizes that the lower-level staff or the operating part of the organization is crucial to every organization. The staff at this level is comprised of those that perform the task of converting the input into the output. Therefore, an important issue arises here: how to ensure that that the superior or manager is kept informed of the tasks undergone by his or her subordinate.

As this research is an attempt to understand the effectiveness of securities brokerage regulation implementation, it is therefore crucial to understand first what factors affect the process of implementation. In a later section, an attempt will be made to explore the several of factors which affect implementation, as it is the first crucial step in gaining a holistic view of the effectiveness of the implementation of securities brokerage regulations.

3.4 Effective Implementation

Effectiveness is a very broad concept. In order to assess effectiveness, one needs to understand the term policy evaluation. Evaluation is defined as the careful, retrospective assessment of the merit, worth, and value of administration, output, and outcome of government interventions, which are intended to play a role in future practical-action situations (Vedung, 1997). There are a number of evaluation models to choose in order to assess government policy. However, in this particular research focus will be placed on the concept of “how to evaluate the effectiveness of securities brokerage regulation implementation.”

The term effectiveness, as mentioned, it is a very broad term and the attempt to define “effectiveness” has been made in the work of Voradej Chandrason (1984), who suggested standard criteria and indicators for project evaluation. The four major indicators used by Voradej Chandrason (1984) to evaluate effectiveness include: 1) the level of goal attainment, which is defined as the level of goal attainment indicating how the project has fulfilled its goals and how the goals affected the target population; 2) the level of public participation, which is defined as the level of participation indicating the extent to which the public was involved in the success of the program; 3) the level of public satisfaction, which is defined as the level of public satisfaction regarding the measurement of public satisfaction with the service provided; and 4) the level of risk, which is defined as the level of risk indicating how risky the project is or how much risk is associated with the project.

Additionally, Vedung (1997) has stated that in the process of evaluation, the evaluators should try to avoid their own criteria. Vedung (1997) suggested the “Criteria of Merit for Effectiveness Evaluation,” which is the natural criteria of merit to apply to the initial stated intervention goals. The Criteria of Merit for Effectiveness Evaluation can be divided into two categories: 1) descriptive criteria of merit and 2) prescriptive criteria of merit.

Descriptive criteria of merit include first goal attainment evaluation, which is an effectiveness evaluation model focusing on whether the intervention goals have been achieved and to what extent the intervention has contributed to actual goal achievement. Some of the goal attainment criteria include: a) the goals of global conventions; b) national policy goals; c) national agency goals; d) regional agency goals, and e) municipal policy goals or goals of municipal commissions. Secondly, is the client concerns, expectations, and conceptions of quality. This criterion provides that since the public sector produces goods or services for consumers in the marketplace, responsiveness to the clients’ tastes is the major value criterion to achieve. According to Vedung (1997), the use of client criteria is grounded in the political ideologies of the superiority of the markets as compared to government provision of services. Client-orientation is also justified by democratic, participatory arguments. Thirdly are the professional conceptions of merit, which are the demands and goals. According to this criterion, the value structure in some fields is complicated and only experts or professionals in specific fields can perform the proper evaluation. Professionals include, for example, professors in research, doctors in medical care, etc. Fourth is the criterion of the citizens' expectations and values. These expectations and values stem from the basic concept of participatory democracy. This type of criteria is useful when the evaluators want to know the local residents' opinions on public safety issues (i.e. police protection, fire fighting, traffic enforcement or police patrolling) or opinions on public utilities such as electric street lighting, water quality and water drainage, etc. The fifth criterion is the merit criteria of diverse stakeholding audiences. This is similar to citizens' expectations and value criteria. The evaluation should take into account all of the stakeholder's goals, expectations, and concerns. This criterion has been driven by theories of legitimate interest group representation. Lastly is goal-free evaluation, where the goal-free evaluation embraces a descriptive theory of valuing. Under this criterion the facts of evaluation are reported to the potential recipients and it is up to them to make a selection, clarification, and application of the value criteria and standards themselves (Vedung, 1997).

The second category of merit criteria is the prescriptive criteria of merit. These prescriptive strategies are suggested to avoid the problems of using descriptive criteria. These prescriptive strategies include the following. The first is the contribution to problem solving. Contribution to problem-solving is to judge an intervention with respect to its contribution to problem solving. This criterion means that the evaluation criteria are not the achievement of somebody else's objectives or expectations but represent the extent to which policies and programs solve the problems as defined by the evaluator. Second is client needs, which are one of the prescriptive criteria. Third is equal distribution, and fourth is public interest.

Nakamura and Smallwood (1980) (quoted in Lalida Chuayrak, 2006) proposed five criteria for effectiveness evaluation. According to them, public policies can be evaluated in terms of either short-term quantifiable output or long-term evaluation and very long-term impacts. Firstly, policy goal attainment measures the tangible results of implementation efforts as to whether or not they have achieved the intended goals. As described earlier, the main task of goal attainment is for evaluators to determine whether the predetermined goals or objectives have been achieved and then to try to determine the extent to which the program has had an effect on the achievement of the intended goal. Second, efficiency usually measures the costs that are involved in the program. Efficiency may also refer to the ratio between input and output, effort and control, expenditure and income, and cost and its relation with results (Simon, 1976). However, this research will focus on the economic evaluation of policy impact and therefore will include: 1) cost-benefit and 2) cost-effectiveness. Third is the constituency satisfaction criterion intended to measure effectiveness in terms of the level of satisfaction of different constituency groups. This criterion is mainly focused on the modification and compromise of goals in an effort to reconcile conflicts and accommodate the expectations or concerns of constituency groups. Fourth is clientele responsiveness, which stems from the focus of consumer and clientele satisfaction. This type of evaluation criteria offers an opportunity to adapt or modify the policy program to accommodate or to meet consumer or clientele demand. Lastly is system maintenance, which represents a very crucial criterion for evaluating the effectiveness of policy implementation of both macro and micro scales.

In conclusion, the study of the effectiveness of securities brokerage regulation implementation will employ certain effectiveness indicators; namely, the level of public participation and the level of public satisfaction by Voradej Chandrason (1984), the merit criteria of diverse stakeholding audiences by Vedung (1997), and the clientele responsiveness of Nakamura and Smallwood (1980), in the attempt to understand the effectiveness of securities brokerage regulation implementation.

3.5 Factors Affecting the Policy Implementation

This section of the paper represents an attempt to explore the number of factors or variables found to have an effect on policy implementation by a number of scholars. This section is divided into two major parts. The first part contains the discussion on the number of common variables found to have a relationship and influence over policy implementation. The latter part comprises a discussion of the rationale regarding the choice of specific variables relevant to the implementation of securities brokerage regulation.

3.5.1 Factors Affecting the Policy Implementation

The definition of policy implementation provided by Van Meter and Van Horn (1975) explicitly involves “actions,” which refer to the actions by public or private individuals (or groups) that are directed at the achievement of the objectives set forth in prior policy decisions. Many of the scholars in public policy have studied a variety of policy implementation models. Most of these models all have a common goal-to focus on particular aspects of the study by aiming to explain the general ideas about policy implementation. As mentioned previously, policy implementation involves a number of variables. These variables are set to determine the success or the failure of the policy implementation (Sombat Thamrongthanyawong, 2008). The following section is a discussion of the set of variables with the relationship on the policy implementation. The variables can be classified into the three broad categories: the variables from the external environment, the variables of the implementing organization, and the variables of the target population’s compliance level. These variables are: 1) the policy environment, 2) socioeconomic and technological conditions, 3) political support, 4) policy standards and objectives, 5) the accountability of the implementing organizations, 6) communication ,7) policy resources, 8) the roles of the implementing agency, 9) the characteristic and capacity of the implementing agency, 10) implementers’ commitment, 11) incentives, 12) the behaviors among the target groups, and 13) the level of compliance of the target groups.

3.5.1.1 Policy Environment

Many scholars in the field of public administration have suggested a number of variables found to have an influence on policy implementation. Policy environment is considered to be one of the variables with a relationship with implementation of public policy. The policy environment can be considered as an external factor in the success or failure of the policy implementation (Van Meter and Van Horn, 1975; Lalida Chuayrak, 2006). A good environment for policy implementation can be a supporting factor to allow for both political support and commitment from the implementing agency. On the other hand, an inappropriate policy environment can also serve as a constraint to the implementation programme

(Hogwood and Gunn, 1984). Some of the policy environmental factors, such as political environment, the economic condition or socio-environment, have been found to influence policy implementation. Moreover, the set of four factors affecting the policy implementation of decentralization policies by Cheema and Rodinelli (1983) includes environmental conditions, the political structure, the policy making process, the local power structure, socio-cultural factors, the organization of program beneficiaries, and the adequacy of the physical infrastructure. This factor of environmental condition is similarly supported by the work of Sabatier and Mazmanian (1983), which described one of the major factors affecting policy implementation to include the external factors of implementing organizations and statutory objectives. In addition, the implementation should concern the level of flexibility of the implementation program by taking into account the constant changes in the policy environment. Moreover, Williams (1971) suggested on the broad policy with no detailed prescription required so the implementation process can flexible for any adjustments in response to unexpected events.

3.5.1.2 Socioeconomic and Technological Conditions

Other external factors such as socioeconomic and technological conditions can have a significant effect on the policy implementation's statutory objectives (Sabatier and Mazmanian, 1989). First, the socioeconomic conditions affect the perceptions of the relative importance of the problem. Second, the socioeconomic conditions especially the local variation can have the impact on the success of policy implementation. Sabatier and Mazmanian (1989) pointed out that the policy outputs of implementing agencies can effectively reflect the degree of the local support for statutory objectives. Third, the degree of social support for the policy implementation tends to have a positive relationship with the financial resources of the target groups and the groups' relative importance in the total economy.

3.5.1.3 Political Support

The next factor is the political support, which is the factor that contributes to the success or failure of the implementation programme. Policy support is significant in terms of the drive towards the success of the implementing programme and in terms of the allocation of resources and financial budget requirements. The implementation program should be supported by organized constituency groups and by a few legislators (or the chief executive) throughout the implementation process (Sabatier and Mazmanian, 1979). In addition, the support of interest groups and sovereigns condition should be taken into account for effective implementation. It is important also to recognize the requirement to maintain political support throughout the whole implementation process from those that have interest in the implementation process. Those are interest groups and legislative and executive sovereigns (Sabatier and Mazmanian, 1979; Down, 1976; Murphy, 1971). On the other hand, the cooperation among organizations is to be highlighted where there is the sharing of funds and a number of implementing agencies are involved. Williams (1971) also asserted the significant of the cooperation among the organization which is required where in social cases of share governance through grants-in-aid for social programs.

3.5.1.4 Policy Standards and Objectives

Policy standards and objectives have also been identified as significant to the implementation process. These policy standards and objectives serve as performance indicators in assessing the extent to which the objectives are realized (Van Meter and Van Horn, 1975). In order for the implementation of the policy to be effective it is crucial to identify the policy objectives or the expected outcomes of the policy. The policy objectives or the expected outcomes should be well clarified for the implementing agency or the target groups to be able follow the policy directions and to achieve the expected outcomes. These variables also provide that clear legal objectives are viewed as providing both a standard of evaluation and as an important legal resource for the implementing officials (Sabatier and Mazmanian, 1979). It is very important to be precise in what is to be achieved from the implementation so as to provide the necessary steps towards effective implementation (Nakamura and Smallwood, 1980). Moreover, being precise would also reduce the implementer’s effort in trying to make an interpretation of the law (Thompson, 1984). In addition, Sabatier and Mazmanian (1979) also express the idea that policy objectives during the implementation process should contain unambiguous policy directives and structures in order to maximize the likelihood that the target groups will perform as desired.

Standard operating procedures are the next requirement for effective policy implementation. These operating procedures have been described as routines for dealing with standard situations. This allows the implementers to be able to deal with routine situations in order to move the policy implementation forward (Thompson, 1984). Furthermore, regarding the condition to provide effective implementation, there should be a complete understanding of, and agreement upon, the objectives to be achieved among the implementing agencies and target groups, and these conditions persist throughout the implementation process (Hogwood and Gunn, 1984).

3.5.1.5 The Accountability of Implementing Organizations

The concept of the regulator's accountability also plays an important role in regulatory governance, which is one of the crucial factors in measuring the effectiveness of regulatory governance (Stern and Cubbin, 2005). Research in measuring the quality of utility regulation highlights the importance of regulatory governance, which emphasizes clarity of the assignment of functions, regulatory autonomy, and accountability and transparency (Smith, 1997; Stern and Holder, 1999; Noll, 2000). Additionally, Stern (1997) has emphasized the importance of informal accountability, which refers to the understandings within the country regarding customs and practices of regulations (Stern and Cubbin, 2005). Better Regulation Task Force's (BRTF) publication also stresses the regulator's accountability as one of the principles of good regulation. With accountability, the regulator must be able to justify its own decision and be subjected to public scrutiny. For the implementation to be effective, the BRTF has suggested that the regulator be able to clearly explain how and why the final decisions have been reached. In addition to this, the accountability factor also has an association with clear objectives, standards, and criteria against which they can be judged. The importance of communication is also highlighted in this variable, as the regulator should also publicize the objectives, standards, and criteria mentioned above as well as provide accessible, fair, and effective complaints and appeals procedures (BRTF, 2005).

3.5.1.6 Communication

Several scholars hold common conclusions regarding the communication factor as one of the important variables for effective policy implementation.

Communication allows for crucial information, such as policy directions, policy objectives or the expected outcomes of the policy implementation, to be effectively transferred and to be understood by both the implementing agency and the target group. Effective communication among the individuals within the implementation process not only allow program standards and policy objectives to be understood but also allow the individuals to know what they are expected to do. Van Meter and Van Horn (1975) in the study of "the policy implementation process" recognized the significance of communication in terms of the ability of the individuals within the policy implementation process to understand program standards and policy objectives. Edwards and Sharkansky (1978) also brought forward communication as one of the variables for the success of the implementation programme. In addition, the level of information available should also be noted under the element of communication.

3.5.1.7 Policy Resources

Policy resources are another factor which contributes to both of the success or failure of the implementation programme. As mentioned in the earlier section, policy implementation is related to the allocation of the organization's resources in achieving the predetermined objectives. Policy resources can be extended to the availability of budget, time, human resources, information technology, and other equipment which are necessary for the implementation. However, in reality it is most often found that these resources are limited. This therefore stresses the ability of the government or the implementing agency in allocating these resources in achieving the maximum benefits (Sombat Thamrongthanyawong, 2008). Furthermore, consistency in the availability of policy resources is also significant as the resources should not only be available during the initial stage of the implementation but also throughout each stage in the implementation process (Hogwood and Gunn, 1984). Van Meter and Van Horn (1975) considered policy resources as the factor which can encourage or facilitate effective implementation. Moreover, one should not only consider these resources in terms of quantity but also in the terms of quality, which is also significant to the process of policy implementation (Edwards and Sharkansky, 1978). This is similar to the work of O'Toole and Montjoy (1985), which asserts "that the surest way to avoid inter-organizational implementation problems is to establish a specific mandate and provide sufficient resource".

3.5.1.8 The Roles of the Implementing Agency

The roles of the implementing organization itself have been seen as a crucial variable in the success or failure of the implementation programme. The complexity of the administration is one of the variables that contributes to the performance of policy implementation. The success of the policy implementation associates with the organizational structure of the implementing organization. The more complex is the structure of the implementing organization, the more complexity that the process of the policy implementation will exhibit (Greenwood et al, 1976 quoted in Sombat Thamrongthanyawong, 2008). Sabatier and Mazmanian (1979) mentioned that in the policy process is the process of taken by policy-makers at the "top", therefore, those that are within the "hierarchy" can be viewed as significant in transferring the policy into operational practices. Moreover, the significance of the role of participating organizations can be extended to the number of the implementing agencies. The greater the number of other implementing agencies involved, the more complex will the policy implementation be. However, if other implementing agencies must be involved, the dependency relationships should be minimal in number and in significance (Hogwood and Gunn, 1984). Other scholars have discussed the significance of the institution process of the implementing organization. Second, the implementation must pay attention to the institutional process, which affects the path of the implementation program, as institution actors attempt over time to develop the organizational means of delivering the policy that meets their particular needs and interests (Williams, 1971).

3.5.1.9 The Characteristics and Capacities of the Implementing Agency

The characteristics and capacities of the implementing agency in the implementation of policy are considered to be other variables which contribute to the success of the implementation programme. As mentioned earlier, the roles of the implementing agency can be viewed as a crucial factor in the implementation process. Significance is placed on the leaders of the implementation agencies, who should have substantial managerial, the ability to coordinate, control, make decisions, political skill, and in addition are committed to statutory goals (Sabatier and Mazmanian, 1979; Cheema and Rondinelli, 1983 quoted in Sombat Thamrongthanyawong, 2008). In addition, the substantial managerial skills of the leaders of the implementing agency should include the ability to develop good working relationships with all the implementing officers under the implementing agency, the ability to negotiate with the target groups (or those affected by the policy), the ability to mobilize and allocate crucial resources for the implementation, and be able to maintain high morale among the implementing officers and manage any disputes which may occur during the implementation programme (Barrett and Fudge, 1981).

3.5.1.10 Implementing Officials' Commitment

As described in the earlier section, one cannot deny the roles of implementing officials in the implementation process. Ultimately, policy implementation is largely left tp the lower ranking officers. Many of the implementation processes rely on these lower ranking officers to exercise their duties and discretion in performing the implementation tasks. Therefore, it is important to recognize the unavoidable discretion given implementers, their commitment to policy objectives, and the skill required in utilizing available resources crucial to implementation (Lipsky, 1979; Lazin, 1973; Levin, 1980). The disposition of implementers is one of the variables echoed by many of the scholars as a requirement for effective policy implementation (Van Meter and Van Horn, 1975; Edwards and Sharkansky, 1978). In order for policy implementation to be effective the implementing agency officers should have the necessary skills, experience and competence in performing their tasks. Furthermore, it is prescribed that not only must the implementers know what to do but also they have to have the desire to carry out the policy as well. Thompson (1984) has described that for the implementation to be effective there should be an absence of tempered commitment. This absence of tempered commitment within the implementing agency may increase the appeal of controlled implementation. The term "tempered commitment" refers to when an implementer strikes a reasonable balance between dogma (or zealotry) and skepticism (or hostility). Thompson (1984) further indicated that where such commitment exists, implementers are ready to do their upmost to implement the law while simultaneously striving to make the program workable. In addition, the commitment and skill of implementing officials could be partially determined by the initial statute and also recognized as post-statutory political forces (Sabatier and Jenkins-Smith, 1993). Williams (1971) further elaborated on the individuals involved in the implementation in terms of the implementer's characteristics, meaning that the individuals that deliver social services have their own discretion, which is a necessary component of reasonable service delivery. The implementation program requires commitment to the implementation program, as the commitment to the program's objectives of the organization units is directly responsible for service delivery and the capacity of those units to provide particular services and to make needed discretionary judgments. Furthermore, in order to effectively implement policy, the implementers must conduct a follow-up assessment in order to ensure that the implementation processes are according to the plan. These follow-up activities on the part of the responsible implementers have been found to increase the chance of successful policy implementation (Thompson, 1984).

3.5.1.11 Incentives

Under the roles of the implementing agency, many scholars have discussed the importance of incentives provided to stimulate the implementing agency's officers to perform the implementing tasks. These incentives can include of monetary benefits such as rewards, overtime payments, or salary incremental or non-monetary benefits such as career advancement career, promotion, or recognition (Northcraft and Neale, 1994 quoted in Warangkana Jakawattanakul, 2007). The incentives can be seen as a direct variable with the relationship with the work and motivation of the implementing officials to perform their tasks. In addition, sanction procedures also should be communicated to the implementing agency's officers in the case where there are failures in the implementation (Sombat Thamrongthanyawong, 2008). Nevertheless, the incentives have been found to link directly with the allocation of resources (more specifically budget allocation). The allocation of financial resources should include incentives as the cost of implementing policy at an earlier stage. This is in order to make the incentives available at a later stage of implementation (Schultze, 1970 quoted in Sombat Thamrongthanyawong, 2008).

3.5.1.12 The Behavior Among the Target Group

Another variable which is similarly referred to by other scholars is the behavior among the target group (or the parties affected by the result of policy implementation). This particular variable will become more apparent where the policy implementation affects other parties apart from government institutions. Sabatier and

Mazmanian (1979) specifically took into account the theory related to the changes in the target group's behavior. This is in order to move the affected population into the direction of achieving whichever objectives are set out by the government. As with the need to control the behavior of the target population, Sabatier and Mazmanian (1979) also noted other factors which affect the behavior of the target population, such as sanctions or incentives that shape behavior or overcome resistance to the implementing programme. Moreover, the factor of the time horizon regarding the implementation program also needs to be expressed in terms of the resistance among the implementing agencies or target population. The time horizon is crucial, as organizations generally exhibit strong resistance to changes and high vulnerability to prolonged disturbances when experiencing significant changes (Williams, 1971). Moreover, the relationship between the supervisory agency and the regulated entities also deserve some attention. Simes, Harper, and Green (2008) have provided evidence that the effectiveness of the financial regulation implementation process can be improved through the process of industry consultancy and in improving the accountability of regulators. This paper argues that inadequate public accountability results from growing regulation, and the failure and apparent unwillingness of supervisory agencies to consult extensively, regularly, and effectively with business industry.

3.5.1.13 Level of Compliance from the Target Groups

In order to operate the policy or regulation, it is very important to obtain a level of compliance from the target groups or those that will be affected by the regulation or policy. Hood (1976) (quoted in Hogwood and Gunn, 1984) offered the term "perfect obedience," where there is no resistance to commands at any point in the administrative system. More importantly, the term "authority" has been seen to play a crucial part in securing total and immediate compliance from others both internal and external to the agency and hence for successful regulatory implementation (Hogwood and Gunn, 1984). As with the rationale of Hogwood and Gunn (1984) who also expressed the idea that the successful implementation often requires institutional mechanisms and procedures, where the higher authorities can be seen to increase the likelihood of the subordinates (or those under the authorities) to act in a manner consistent with the regulatory objectives and standards (Van Meter and Van Horn, 1975).

In addition to the literature providing support for the variables or the factors which exhibit a relationship with policy implementation, some other scholars have provided an argument against some of the ideas expressed in the literature. For example, Gunn (1978) provided an argument against Sabatier and Mazmanian's conditions for effectiveness implementation, arguing that the "conditions" described above rather are difficult to achieve in the real world, as empirical evidence suggests. The main argument is that problems can be avoided by anticipating complications and difficulties in advance. However, this assumes that those responsible for administering policy are in a position of total and rational control-that implementation takes place in a static environment and in a politics-free world (Gunn, 1978). The expressions used by Sabatier and Mazmanian, for example "unambiguous policy directives" or "statutory objectives," imply that if only policy goals are unambiguous then the implementation will be easier and hence will be more effective. However, in the real world, ambiguities are expected. This is so even when policy-makers are able to express their policy goals clearly, relating means to ends, and they are likely to face a policy-making process in which compromise with other actors and their interests undermine this clarity (Barrett and Fudge, 1981).

3.5.2 Selected Factors Affecting the Policy Implementation

Some of the variables presented in the previous section can provide some insights into the implementation process of policy. Nevertheless, some of those variables can also be found to be overlapping with each other. Understandably, this is largely due to the different studies of policy implementation in different contexts. This study is an attempt to analyze the variables which exhibit a relationship with the effectiveness of securities brokerage regulation implementation. Therefore, the variables selected should be clearly related to the implementation of regulation under the supervision of the securities brokerage firms' context. There are five selected variables selected to be used in the conceptual framework related to how well the supervisory agency can bring regulation into effect. The five selected variables include: 1) regulatory objectives, 2) regulatory resources, 3) communication, 4) regulator capacity, and 5) the attitudes of the regulator.

3.5.2.1 Regulatory Objectives

The first variable is the objective, in terms of the clarity of the objectives themselves. In order to implement the regulation successfully, the objectives and processes need to be clearly identified and clearly communicated (Van Meter and Van Horn, 1975; Edwards III, 1980; Hambleton, 1983). Edwards III (1980) proposed that one of the four factors that interact with implementation performance is communication. The second factor, the objectives, also have the element of communication, which is very crucial in transferring these objectives to the implementation stage. Communication can be either supportive or obstructive in policy implementation. Hambleton (1983) provided the major determinants for the effectiveness of policy implementation. These determinants are: 1) the policy message needs to be clear and consistent, and 2) a multiplicity of actors will bring about different perspectives and ideology.

3.5.2.2 Regulatory Resources

Second are the regulatory resources which are recognized as critical factors regarding the effectiveness of policy implementation (Van Meter and Van Horn, 1975; Pressman and Wildavsky, 1973; Edwards III, 1980; Cheema and Rondinelli, 1983; Goggin et al, 1990). Van Meter and Van Horn (1975) discussed two components of policy decision that affect policy implementation: policy resources and policy standards. In addition, other scholars have similarly recognized that the availability of policy resources contributes to the success of implementation programmes (Hogwood and Gunn, 1984; Edwards and Sharkansky, 1978). Policy resources also include the funds and incentives necessary to administer and enforce policy. The consequences of inadequate funds and incentives usually result in the failure of the implementation effort (Derthick, 1972; Murphy, 1971). Likewise, in recent years where there has been growth of the communication and technological factor, some scholars have included the technological factor in the implementation process. For example, Thompson (1984) included the factor of technology in the effective implementation process. However, at the opposite end, Thompson (1984) suggested that leaving the lower-level implementers with the expectation of the usage of technology could be a diming factor for effective implementation.

3.5.2.3 Communication

Communication is the third variable selected for the framework. Having mentioned the significance of communication under the first variable of the regulatory objective, communication is another variable which deserves attention. The communication process within the organization and between organizations can be a very difficult and complex process. Sometimes the information communicated can be distorted and results in the inability to communicate the original message (Downs, 1967 quoted in Van Meter and Van Horn, 1975). Many other supervisory agencies and governmental organizations have also reflected on the need for the communication channels to be effective in order to transmit important messages within the organizational hierarchy and between people outside the organization (BRTF, 2005).

3.5.2.4 Regulator Capacity

Fourth is the implementer's capacity, which refers to the ability to allow internal capacity to perform implementation effectively. The capacity of the agency is crucial for effectiveness implementation (Cheema and Rondinelli, 1983; Goggin et al, 1990; Thawilvadee Bureekul, 1998). Cheema and Rondinelli (1983) mentioned that agencies which are crucial for policy implementation, the characteristics outlined by Cheema and Rondinelli (1983) include the technical, managerial, and political skills of staff, the capacity to coordinate, control, and integrate sub-unit decisions, the agency's political resources and support, the effectiveness of internal communications, the agency's rapport with program beneficiaries, linkages with constituency organizations, the commitment of staff to agency programs, and the location of the agency within the administrative structure. In the field of social delivery programs, it is often found that the implementer's capacity is crucial during the implementation process. Williams (1971) recognized the capacity of implementers to exercise their own discretion during the implementation of the social delivery program in influencing the outcome of the implementation. Moreover, Thompson (1984) supported the relationship of the implementer's commitment and the implementer’s capacity; for example, when the implementers are committed to the implementation they will likely do their best to achieve the outcome.

3.5.2.5 Attitudes of the Regulator

The fifth variable, implementer’s attitude, contributes to the success of policy implementation. The positive attitudes of implementers provide for the success of policy implementation; on the other hand, a negative attitude may obstruct or may contribute to the failure of the policy implementation. Van Meter and Van Horn (1975) concluded that the attitudes of implementers have an effect on the effectiveness of policy implementation. They also suggested that the success or failure of many federal programs has often been attributed to the level of support enjoyed within the agency responsible for implementation. In order for the implementers to have a positive attitude towards the implementation, Hogwood and Gunn (1984) explicitly stated that they must also have a complete understanding of and agreement on the objectives to be achieved. Furthermore, not only is this condition crucial at the initial step of the implementation program, but Hogwood and Gunn (1984) also asserted that complete understanding and agreement should also exist throughout the entire process of implementation.

The works of a number of scholars mentioned above provide pre-conditions for, and some of the factors affecting policy implementation. These will particularly help in the understanding of some of the conditions in which policy implementation will achieve the greatest outcome. As well as to provide the ability to identify some of the variables found to have an influence over the process of policy implementation. Similarly, regarding the concept of policy implementation, the process of implementation of securities brokerage regulation also needs to be examined in order to understand what conditions and variables are necessary for effective implementation. The next section will attempt to shed some light on this.

3.6 Related Literatures on Financial Regulations

This research intends to investigate the effectiveness of securities brokerage regulatory implementation; therefore, this section sets out to examine the various features surrounding financial regulation. The first crucial step is to understand the term “regulate” and the term “regulation.” Later we will look at a number of studies which involve financial regulation and securities regulation in the capital market overseas and in Thailand.

3.6.1 Issues Surrounding Financial Regulation

To begin this section, the term “regulate”’ will, initially, be examined. Webster’s Dictionary describes the term “regulate” as “to control or direct by a rule or principles”. The term “regulation” is a noun which has been defined as a law, rule, or other order prescribed by authority, to regulate conduct or the act of regulating or the state of being regulated. Nevertheless, those that are currently in the financial market may perceive the term “regulate” differently. The financial market events in the past may be the reason behind this perception. Examples, the stock market crash in 1987, the 1991 BCCI scandal, the collapse of the European Exchange rate mechanism in 1993, the 1997 Asian financial crisis, or the recent 2008 financial crisis are some of the events which provide the new perception of regulation. These major events in the financial market reinstate in the minds of many financial regulators that the financial markets may be very difficult to control or to have directed impact over, as it appeared that no one seemed to have control over the situations after all. Nevertheless, Shleifer (2005) has stated that the theory of regulation is based on two assumptions. First is that unhindered markets often fail because of the problems of monopoly or externalities. Second, governments are benign and capable of correcting these market failures through regulation. This theory of regulation has been used both as a prescription of what governments should do, and as a description of what they actually do. Posner and Veron (2010) suggest that the approaches to regulation can be categorized according to the concerns preoccupying policy-makers at the moment of decisions. On the one hand, transaction costs for some economic players or market participants can either be reduced or increased by the policy-makers, which can create ease in the existing rules or limit market access.

3.6.2 The OECD paper on Effective and Efficient Financial Regulation

The OECD (2010) has been working towards the development of a number of regulations within many countries. It recently published a paper entitled “Policy

Framework for Effective and Efficient Financial Regulation: General Guidance and High-Level Checklist," outlining some of the key elements that differentiate financial regulation from other financial sector policy instruments. Those key elements are: 1) directives, 2) compulsion, and 3) supervision. First, financial regulation can be considered as "directives," as the financial regulation seeks to state outcomes in the financial system or to guide the behavior and actions of participants in order to achieve desired outcomes. The financial regulation is different to that of other economic regulations from the fact that financial regulation is particularly concerned with influencing or controlling the behavior of the participants in the financial system. This is to ensure prudence, safety, integrity and transparency of the participants, institutions, systems, and markets of the financial system. Second, financial regulation said to involve the factor of compulsion as the regulation is aimed at affecting the behavior of market participants. Therefore, the threat of state sanctions and penalties for non-compliance is expected in order to control those behaviors. Minimally, there is an expectation that financial regulation will contain legal or reputational consequences from non-compliance with the law or regulations. The third factor is supervision. Again with respect to the directive on controlling or the direction of the behavior of the participants in the financial market, there is typically a level of supervision that ensures that the participants are complying with those directives. It is recommended that the supervisory agencies should have the proper legal authority, have a strong level of expertise and level of staffing, as well as the effective techniques of supervision in order to ensure that the behavior of the participants is in accordance with the prescribed directives (OECD, 2010).

3.6.3 Environment for Financial Regulation

Steil (1994) outlined a number of factors needed in providing a good environment for financial regulation. Those factors provide a pre-condition for effective financial regulation and include 1) competition, 2) deregulation, 3) technology, 4) securitization and disintermediation, 5) finance theory, 6) macroeconomics, 7) politics, and 8) institutions. Firstly, Steil (1994) prescribed that competition is one of the most crucial factors that influence the outcome of regulation. It is also worthy to note that competition is very difficult to control, as many legislators and regulators often believe that it should be. Factors such as deregulation can be described as both a liberator of market forces and a product of market forces. Many of the developed nations, for example the US and the UK, have generally been leaders in deregulating their nation's markets. Moreover, the deregulation of the financial market will also be a trend for many nations in the future. In addition, the term "technology" is undoubtedly one of the most crucial factors in shaping financial regulation. The advancement in computer and telecommunication technology has been a major factor behind market integration.

3.6.4 Better Regulation Task Force (BRTF) – Less Is More

The UK Better Regulation Task Force (BRTF, 2005) provided the argument that the regulation for the regulated entities should be kept at minimal. This is in contrast to the concept behind a number of regulations and requirements by many supervisory agencies. The BRTF is an independent public body which has the aim of promoting the reduction of unnecessary regulatory and administrative burdens on businesses by the British government. The BRTF has argued that instead of placing more regulations and requirements on businesses, they should be more effective and the government should also try to reduce the administrative burdens on businesses. The BRTF has outlined five principles of good regulation. These five principles include: 1) proportionality, 2) accountability, 3) consistency, 4) transparency, and 5) targeting. The first principle of good regulation is proportionality. Proportionality requires the regulators to intervene in regulated entities only when necessary. Moreover, the enforcer of the regulation should proportionate the regulation among the perceived problems or risks and justify the compliance costs imposed. Second is accountability. Accountability factors indicate that regulators should be able to justify decisions and be subject to public scrutiny. According to this principle, there should be well-publicized, accessible, fair, and effective complaints and appeals procedures. Third, the regulators should be consistent with each other as well as cooperate among each other. This principle of good regulation requires new regulations to take account of other existing or proposed regulations, whether of domestic or international standards. The next principle of good regulation is transparency. The principle of transparency suggests that regulators should be open and keep regulation simple and user-friendly.

In addition to the policy objective being clearly defined and effectively communicated to all interested parties, the regulated entities should be made aware of their obligations, along with the laws and best practices being clearly distinguished. Additionally, the regulated entities should be given time and support to comply, which may be helpful in supplying examples of methods of compliance. Regarding consequences, it should also be clear to regulated entities that the consequences of non-compliance should be made clear. The last principle is better targeting. This principle of good regulation requires that regulation should focus on problems and minimize side effects, and guidance and support should be adapted to the needs of different groups. The enforcers should focus primarily on those activities that give rise to more serious risks. Also, the regulations should by systematically review in order to identify whether they are still necessary and effective.

3.6.5 Financial Service Authority (FSA) - Regulatory Objectives

In addition, the paper published in 1998 by the UK Financial Service Authority (FSA) outlined three regulatory objectives that should be satisfied in order to provide better and effective regulation. The three objectives include: 1) communication, 2) consistency, and 3) implementation. Firstly, the FSA pointed out that the primary function of regulatory provisions is to communicate to regulated entities regarding what is required of them and the reasons behind those requirements. It is important also for the regulator to be able to provide an understanding that enables regulated entities to recognize and understand what standards they are expected to follow. Additionally, the regulator should be able to provide information for the regulated entity to recognize whether his or her own conduct and arrangements meet the regulatory standards (FSA, 1998). Furthermore, the FSA defined communication to include three components: transparency, simplicity, and relevance. Transparency requires the public to have the knowledge to what the regulator's declared requirements. Simplicity elaborated by the terms of "user friendliness" and "accessibility." These are terms of trying to avoid any difficult technicalities to take the different needs and requirements of the audience into account, as well as the ability of the audience to navigate through the statutory requirements. Last is the factor of relevance, as FSA acknowledges that the regulation should be materially relevant to the business practices. The suggestions of the FSA regard the use of indexes, annexes, or supplements which would allow the different categories of users to access the regulations. Secondly, the FSA defined consistency as internal coherence coupled with appropriate differentiation (FSA, 1998). Consistency was considered to reflect the multi-functional character of many financial institutions and to enable regulatory requirements to be expressed with maximum economy and to avoid competitive distortions (Georgosouli, 2006). The FSA also stressed that the regulatory requirements should be expressed in a manner that would reflect the financial institutions and should be flexible and employ a risk-based approach, together with a robust approach to the regulatory requirements. Lastly, in the FSA Consultative paper No.8, 1998 p.12, the term “implementation” was divided into two parts: 1) flexibility and 2) enforceability. As for flexibility, the FSA desires to achieve a reasonable degree of flexibility in two senses. First, it recognized that the regulated entities need latitude to make their own judgment in how to meet with the regulatory requirements. Second, the regulations should flexible to accommodate new financial products and situations without frequent amendment or supplementation. According to the FSA, the regulatory standards should be written or outlined in a way that would support the efforts of those financial institutions that meet the regulatory requirements as a matter of substance. As for enforceability, the FSA stresses the importance of senior management responsibility in meeting those regulatory standards. Additionally, the responsibility also includes an active monitoring and compliance system to ensure that the financial institution can meet the regulatory requirements. In the case of failure to comply, the FSA would assess the financial intermediaries’ approach to corrective measures, intervention, and discipline (Georgosouli, 2006).

3.6.6 Principles-Based and Risk-Based Regulation

Ford (2010) identified three critical factors for principle-based securities regulation, which the FSA utilized. These three factors include: firstly, the supervisory agency (or regulators) must have the capacity in the terms of number, access to information, and expertise. Secondly, regulation needs to take into account the impact of complexity in the financial markets and their regulation. Lastly, the factors in relation to conflicts of interest must be considered, as there is increased diversity among regulators and the industry. In addition, this paper highlights the importance of the continuing commitment to principle-based regulation as accompanied by enforcement and oversight.

Furthermore, Stewart (2004) particularly examined the effectiveness of the FSA's risk-based regulation, which expressed the success of the regulation. One of the key significant points towards risk-based regulation is that there is the need to ensure the transparency of the risk assessment process; thus came the traditional secrecy surrounding the financial regulatory process.

3.6.7 Principles of Effective Regulation

The roles of securities market regulators are similar to the roles of the banking industry supervisor. As mentioned earlier, the FSA in the past performed the role of a regulating agency responsible for the regulation and supervisor of the full range of financial services in the UK. Llewellynn (1998) proposed a number of general principles that could help to increase the effectiveness of regulation and supervision. Some of the general principles include the need to clearly identify the objective of regulation, as well as the exceptions of the regulation, monitoring, and supervision at a realistic level. In addition there is the significance of the roles of the supervisory agency staff, as it should be staffed with high-quality personnel. Additionally, a reliable mechanism should be put in place to ensure that the supervisory agency has access to appropriate information concerning the behavior and financial position of the target population.

3.6.8 The Roles of the Thai Securities Regulation

As for the literature regarding the perspective on Thailand in this context Fagan (2003) critically analyzed the roles of Thai securities regulation in the development of the Thai stock market. The paper highlighted the importance of proper implementation of securities law enforcement and the raising of the level of market participants of institutional investors in the Thai market. He argued that in the past securities regulation had been rather effective and that there was the need to focus on the terms of implementation and enforcement. Moreover, Fagan (2003) raised the issue of proper implementation as the virtual step toward the ability of the supervisory agency to achieve the objectives, which are to protect the investors, promote the market, prevent systemic crisis, and help the Stock Exchange of Thailand to be a more effective engine of economic development.

3.7 Conceptual Foundation

The previous section described in detail the various literatures related to the topic of the effectiveness of policy implementation and the implementations of financial regulation. The preceding literature reviews, theoretical models, and analysis were adopted as basic analytical tools in order to examine the relationships of the variables which affect the effectiveness of securities brokerage regulation implementation. The proposed model for the analysis n the next section is developed from the different variables, which were found to have a significant impact on the effectiveness of securities brokerage regulation implementation in the Thai context. In order to reach the objectives of this research, which are to investigate the effectiveness of securities brokerage regulation implementation and to understand the variables attributed to that effectiveness, the stages of this research are broken down into two tiers. The first tier attempts to measure the effectiveness of securities brokerage regulation under the supervisory agency. The second tier attempts to measure how well that the securities brokerage regulation in gaining a level of compliance from the target population. In the next section the dependent and independent variables of this research will be examined in more detail.

3.8 Dependent Variable: The Effectiveness of Securities Brokerage Regulation Implementation

Implementation in itself is a very broad concept. The implementation issue contains many variables or many components, as mentioned earlier. Some scholars have described the implementation issue to mostly deal with how to bring together communications, commitment, and capacity in order to carry out decisions. However, there are several ways to define and to measure the effectiveness of regulatory implementation. One is to measure by using goal attainment criteria, which measure effectiveness or policy performance in achieving the intended outcome. The goal-attainment criterion will allow the policy examiners to measure both the tangible and intangible results of the implementation effort as to whether or not it has achieved the intended goals (Nakamura and Smallwood, 1980). Effectiveness of securities brokerage regulation implementation is the extent which the regulation regime achieves its objectives. It is commonly understood that financial regulation should be designed to achieve certain key policy goals. These policy goals include: a) safe and sound financial institutions, b) mitigation of systemic risk, c) fairness and efficiency of markets, and d) the protection of customers and investors. This is also in line with the statutory objectives of the FSA, which include four major statutory objectives: a) maintaining market confidence as confidence in the overall financial system, b) creating public awareness, as the FSA has a responsibility to promote public understanding of the financial system, c) consumer protection as to secure the appropriate degree of protection for consumers, and d) the reduction of financial crime-the FSA is in charge of reducing the extent to which it is possible for a business to be used for a purpose connected with financial crime. As for Thailand's current supervision regime, the objectives of regulation can be identified as: a) safety of customers' assets and customer information, b) proper conduct of the services provided by financial institution, and c) stability of the clearing and settlement system. The SEC was founded under the promulgation of the Securities and Exchange Act 1992, with a mission to: develop and supervise the Thai Capital Market to ensure efficiency, fairness, transparency, and integrity. Moreover, recently the SEC's 2010-2012 strategic plan focuses on four major objectives: 1) maintaining order market, 2) ensuring investor protection, 3) fostering business innovation, and 4) promoting competition. However, the goals or objectives of the supervisory regime being promoted by the SEC, namely, the risk-based approach to supervision, can be broadly classified into two objectives: firstly, the objective of risk-based approach is to take into account the limited resources in order to regulate the regulated entities. One of the success factors in this case is that the regulator must be able to effectively identify what is perceived to be of high risk. It is crucial for the regulator at this stage to balance the highest perceived risks and the regulator's scarce resources in order to take care of those risks. The risk-based approach is about maximizing benefits but not necessarily cost cutting. Therefore, it is crucial to ensure that the resources invested are done so effectively and efficiently, reducing wastage, concentrating on real risk, and maximizing the benefits to society. Secondly, as mentioned previously, efficiency refers to the relationship between inputs and outputs. If a person can get more output from the given input, that person has increased efficiency (Robbins and Coultar, 1996). On the other hand, capital market efficiency refers to the situation where there are large amounts of investors that have all of the available information and work (or invest) in a minimally or no-restriction market. Restriction in this instance may include government regulation and the cost of capital and taxation. The risk-based approach is not only related to the efficient usage of regulator’s resources but also benefits the capital market as a whole. The risk-based approach allows the regulated entities to better target risks; this would allow the capital market to operate in a more efficient matter. One would then expect an increase in competition in the financial sector, leading to lower costs and enhanced efficiency of financial intermediation, greater product innovation, and improved quality. By being better targeted where it is most needed, the management of the securities brokerage firms can better allocate the firm’s resources. An understanding of the firm’s own risks allows the management to understand, for example, the adequacy and effectiveness of risk management and control within the organization, evidence of action taken to improve the control framework and mitigate risk, assurance of risk management and the internal control framework, and evidence of key risk exposures and management's response (Tiner, 2005). Nevertheless, this research will focus on using the outcome of regulation implementation and the level of compliance by the target group as the criteria to measure the effectiveness of regulation implementation.

The goal attainment measurement in this study was found to be rather too broad—to utilize the concept of goal attainment one must measure, for example, whether or not securities brokerage regulation implementation can achieve the overall objectives of the SEC, which are: to 1) maintain order market, 2) ensure investor protection, 3) foster business innovation, and 4) promote competition. Due to a number of limitations of the research, this research therefore utilizes the effectiveness measurement similarly outlined in the research by Thawilwadee Bureekul (1998). Thawilwadee Bureekul (1998) studied the major factors affecting industrial hazardous policy implementation in central Thailand, which discussed policy implementation effectiveness in terms of “the effectiveness enforcement by policy implementers in relation to the degree of compliance by the industrial sector.” In this regard, the effectiveness of policy implementation can be partially measured by the action of the supervisory agency, and the level of compliance is determined by the target group’s level of compliance towards the regulation (Van Meter and Van Horn, 1975).

The supervisory agency’s effectiveness indicators - Encouraging compliance

As previously mentioned, the measurement of the effectiveness of securities brokerage regulation implementation is the attempt to measure the extent to which the regulation implementation has an effect on the action of the supervisory agency in encouraging compliance by the intended target group and the level of compliance achieved by the target group. Therefore, this study attempts to include both major parties-the supervisory agency (SEC) and the regulated entities (the securities brokerage firms) into the model of the research analysis. Therefore, the first measurement of regulation implementation effectiveness is the measurement of the action of the supervisory agency. The first set of measurements include: 1) inspection and monitoring and 2) inducing the degree of compliance.

3.8.1 Inspection and Monitoring

Inspection and monitoring refer to the part of the process to ensure that the regulated entities or the target groups’ behaviors are in accordance with the expectation of the supervisory agency. The inspection and monitoring can involved both offsite surveillance and onsite examination. Moreover, it is important to ensure that the relevant information is collected for the purpose of monitoring for the offsite surveillance. The supervisory agency in this case must have a means of collecting, reviewing, and analyzing the information. Moreover, offsite surveillance can be used as a tool to identify potential problems, particularly in the interval between onsite inspections, thereby providing the means for early detection and prompting remedial action before problems become more serious. On the other hand, onsite inspection provides the supervisory agency with some benefits, including: 1) the accuracy of reports received from the regulated entities, 2) the overall operations and conditions of the regulated entities, 3) the adequacy of the regulated entities’ risk management systems and internal control procedures, 4) the competence of management, or 5) assessing whether or not the regulated entities adhere to laws and regulations. In addition, the supervisory agency should also establish clear internal guidelines related to the frequency and scope of the examinations. Further, examination policies and procedures should be developed in order to ensure that examinations are conducted in a thorough and consistent manner and with clear objectives.

3.8.2 Inducing the Degree of Compliance

The essence of risk-based regulation outlined by the FSA implies that the supervisory agency should concentrate on the formal form of enforcement, where it will have the greatest impact (Tietenberg (1992) quoted in Thawilwadee Bureekul, 1998) included effective enforcement with the ways and means by which implementers try to ensure that resources are obtained and utilized in the most effective and efficient manner in pursuit of legitimate organizational objectives.

The target group's effectiveness indicators–Level of Compliance

Accordance to the OECD, a key determinant of government effectiveness is how well regulatory systems achieve their policy objectives. However, many regulations have resulted in disappointment for many governments (OECD). These regulatory failures often resulted in more regulations to be imposed on the target group (or regulated entities), with little assessment of the original causes of the failure (OECD). In recent years many governments have examined the behavioral norms of the target group. The target group in this case can be the overall society or a specific group within the society. The policy studies conducted by the OECD suggested that there was evidence that policy failure in many countries is partly due to the failure to obtain a sufficient level of compliance among the target groups in order to achieve the policy objectives (OECD). Therefore, one of the initial steps that many government agencies should take in order to avoid the potential failure of policy implementation is to improve regulatory compliance as well as to integrate regulatory compliance as part of the regulatory design.

In order to understand "compliance," it is useful firstly to understand the term. Compliance generally refers to the adherence by the regulated entities to the rules and regulations outlined by the authority. Moreover, the recognition of the term compliance should be limited to the letter of the law, and it should also be concerned with adherence to the spirit of the law (Edwards and Wolfe, 2004). Stover and Brown (1977) described the term “compliance” and “non-compliance” as simply the behavior which respectively conforms or does not conform to legal directives. The OECD describes regulatory compliance as obedience by a target population to the regulation. Moreover, the Monetary Authority of Singapore (MAS) described compliance according to the rules and regulations outlined by the supervisory agency as part of the supervision process, where the meaning covered monitoring of the behavior generally of financial institutions and compliance (MAS). The level of compliance can be divided into two major categories. The first type of compliance is the compliance that results from the compulsory regulation or the fear of punishment according to the law. Second is “voluntary,” compliance which is ultimately based on trust in the government and is also a valuable asset for the regulator (OECD, 2002). The OECD further described an important fact about compliance and which provided additional details regarding compliance. It indicated that for the supervisory agencies to achieve full compliance in reality is not always possible (or at least at reasonable cost). Instead, the government should almost always have to accept a “reasonable extent” of compliance or non-compliance level. In addition, defining a reasonable extent of compliance or non-compliance level will largely depend on the context of that particular regulation.

Stover and Brown (1977) provided some details on helping to understand compliance and non-compliance. They used two factors which can serve as summary variables in helping to understand compliance: 1) the physical capital to comply or not comply with the law, and 2) the expected value of the behavior prescribed or proscribed by law. The first factor of compliance is a very important concept to understand, as in order to comply with laws or regulations, the person (or regulated entity) most first have the capacity to do so. Stover and Brown (1977) indicated further that the significance of this variable has been recognized by both policy makers and academics. A similar finding prescribed by the OECD (2002) also includes the ability of the target group to comply with the rules and regulations in one of the OECD’s variables. The OECD stressed the importance of ensuring that the regulation entities (or target group) are able to comply with the rules and regulations. This variable is expressed by the OECD as the call for the government and supervisory agencies to devote their resources to ensure that the policies are properly implemented. Moreover, they should aim for the assurance that the regulated entities have the ability to comply (OECD, 2002).

The degree of compliance on the part of the regulated entities (or the target group) was mentioned as one of the measurements in assessing whether the implementation of the regulation is effective or not (OECD). Therefore, the second set of measurements involves the outcome of the supervisory agency's perception of its regulated entities under each risk category. This second set of measurements refer to the "Risk-Based Approach (RBA) rating" under three separate categories, including:1) prudential risk, 2) operational and management risk, and 3) customer relationship risk. In addition, the initial investigation found that the SEC has not been assessing the information technology risk of the securities brokerage firms under the current supervision regime. As a consequence, this study excluded information technology risk (IT risk) from its framework.

3.8.3 Prudential Risk Rating

Prudential risk refers to risk regarding the availability of the stability of the prudential side of the firm (SEC, 2003). The FSA included prudential risk (or financial soundness) as one of the various risks under the business risks which contain the risks toward such components as the adequacy of capital and liquidity or earning. The FSA refers to financial failure as the risk to market confidence and consumer protection objectives arising from possible failure of the financial institution. Moreover, financial soundness also includes the risks which arise from the nature of the firm's capital position. These include the management and the strategies of the firm in the planning of their capital, the composition and quality of capital, the adequacy of capital to support the level of current and anticipated business activities, and the adequacy of reserves and access to further capital (FSA, 2003). In order to assess these risks, the supervisory agency should evaluate the various components related to the financial soundness of the firm. The capital planning framework is to be assessed by evaluating capital requirements in the context of current and projected business activities and according to the level of associated risks. The capital planning framework also assesses how the firm complies with the regulatory capital requirements (FSA, 2003).

Polizatto (1992) further included a set of laws, rules, regulations which have the aim to minimize risk and to ensure the safety and soundness of the individual financial institution and the system as a whole under the term “prudential regulation.” Polizatto (1992) elaborates that the goal of prudential regulation for banking is to ensure the safety and soundness of the banking system. The prudential regulation should include the outside limits and constraints to be placed for the financial institutions. In addition, it is suggested that the government supervisory agency establish a proper regulatory framework to ensure that it can carry out and enforce the responsibility. Moreover, the failure or the weakness of prudential regulation could lead to the failure of financial institutions or to systemic instability Polizatto (1992). Similar to the supervision of banking, generally, each securities brokerage firm must also comply with the supervisory agency’s prudential regulation; namely, the net capital rule. The net capital rule is intended to be a conservative capital standard that requires broker-dealers to maintain liquid assets in excess of their liabilities. The net capital rule is designed to require that a broker-dealer have sufficient liquid assets to meet all of its obligations to customers and other market participants in insolvency. In order to assess the financial soundness of the firms, the FSA evaluates many areas, for example, the component of capital, the impact of major corporate events (such as mergers and acquisitions or take-overs), the firm’s ability to raise additional capital from existing or new shareholders, or the current market conditions which could have an effect on the financial soundness of the firm (FSA, 2003).

3.8.4 Operational and Management Risk Rating

Frame (2003) refers to operational risk as the risk an organization experiences as it carries out its basic operation. Operational risk contains the losses that follow from acts undertaken (or neglected) in carrying out business activities. The FSA elaborates further on the definition of operational risk as direct or indirect loss resulting from inadequate or failed internal processes, people, and systems or from external events (FSA, 2003). After years of intensive debate on what constitutes operational risk, according to Basle’s current definition for purposes of quantification and capital allocation, operational risk is defined as the risk of direct or indirect loss resulting from inadequate or failed internal processes, people, and systems or from external events. The four operational risk categories are further clarified as: 1) people, 2) process, 3) system, and 4) external. In some specific cases, the risk extends to people that are being considered for employment. The second type of risk is the risk from the losses that have been incurred due to a deficiency in an existing procedure, or the absence of a procedure. Losses in this category can result from human error or failure to follow an existing procedure. Process-related losses are unintentional. Next is the risk from losses that are caused by breakdowns in existing systems or technology. Losses in this category are unintentional. If intentional technology-related losses occur, they should be placed in either the people or external category. Lastly is the risk caused from external factors such as the losses occurring as a result of natural or man-made forces or the direct result of a third party's action.

The FSA (2003) has suggested that in order to assess operational risk, the supervisory agency should look for the firm's exposure to various operation risk areas, which can include the exposure from people, processes, and systems, or change and the firm's structure. Firstly, regarding the exposure of the risk from people, there are a number of ways in which the firm can mitigate the risk by raising management's awareness of operational risk exposure or the appropriateness of training and supervision of staff. The exposure from processes and systems could be mitigated by, for example, constantly evaluating the suitability of manual and automated processes in accordance with complexity and volume of business transactions. Next, exposure is the exposure from change, as the firm can evaluate the extent of the changes of it business environment or the extent of changes to stakeholders, processes, systems, products, and business activities. Lastly is the exposure to the firm's structure, which can be mitigated by, for example, the understanding of relationship between the different departments, understanding of the complexity of business structure, and the understanding of third party (outsource) arrangements.

There are a number of sources of operational risk which arise from the operation of a business. Frame (2003) includes the major sources of operational risk as follows: 1) lacking a well-establish procedure, 2) an inadequately trained workforce, 3 incompetence staff, 4) inattention of staff, and 5) poorly-maintained or obsolete equipment and software. There have been a number of recommendations to assess the risks to operations as well as to improve the quality of the operation as a whole. Some of the recommendations include Deming's (2000) Plan-Do-Check-Act cycle and Deming's fourteen points. Juran and Gryna (1991) recommended the quality trilogy and the recognition of the role of internal customers in defining quality. Crosby (1979) suggested the zero-defects concept and the belief that quality must focus on prevention of defects, not inspection. Another prominent recommendation in the area of quality management is Kaouru Ishikawa's invention of the fishbone diagram, which fosters quality circles and companywide quality control which latter lead to the Total Quality Management (TQM) (Ishikawa, 1990).

3.8.5 Customer Relationship Risk Rating

Customer relationship refers to the method of securities companies in accepting or establishing relationships with their customers. As described earlier, the term Know Your Client (KYC) is used to understand the aspects of customers, including their financial situations or investment objectives. The elements of a sound KYC programme should be fully incorporated into a securities company's risk management and control procedures to ensure that all aspects of KYC risk are identified and can be appropriately mitigated. The FSA (2003) has categorized customer relationship risk broadly into different categories, including: 1) accepting, advising and reporting to customers, 2) dealing and managing, 3) security of customer assets, and 4) disclosure/adequacy of product literature. Some of the key areas in the categories of accepting, advising, and reporting to customers include, for example, adequacy in the procedure of customer acceptance, the adequacy of procedures for assessing the suitability of customers, the adequacy of review of conflicts of interest issues, the adequacy of steps to ensure suitability of recommendations, and the adequacy of procedures to handle all complaints received. In terms of dealing and managing, the FSA (2003) stresses the various risks arising from dealing and managing customers' assets. Some of the areas to be a subject of evaluation include the adequacy of procedures for managing in accordance with conduct of business rules and the adequacy procedures in dealing with customers' assets. As for the security of customer assets, the FSA examines the procedures of the firm in addressing the risks regarding the customers' assets to include: a) safe custody of assets (such as segregation of customers' assets, registration and recording, risk disclosures and reconciliations, etc.); and b) adequacy of procedures for the clients' money (such as identification of the clients' money, payment of monies into and out of client money accounts, and te allocation and payment of interest, etc.). Lastly, the FSA considers the customer relationship risk as the risk arising from the inadequacy of financial products' disclosure due to the complexity of the products. Some of the procedures include, for example, the adequacy of procedures for complying with policy and the adequacy of procedures for complying with the supervisory agency's rules and guidance (FSA, 2003).

3.9 Independent Variables: Variables That have a Relationship with the Effectiveness of Securities Brokerage Regulation Implementation

According to various studies on the policy implementation, most research concludes with a model of policy implementation according to each of the context studied. These policy implementation models are used for analyzing policy implementation performance as well as identifying those variables which are crucial to policy performance. Previously, there have been some studies in the Thai context that have examined the relationship of different variables and the effectiveness of policy implementation, for example, the effectiveness of e-government procurement policy implementation by Lalida Chuayrak (2006) or the effectiveness of knowledge management policy implementation by Warangkana Jakawattanakul (2007) or hazardous waste policy implementation by Thawilwadee Burrekul (1998). Some of these researches focused somewhat on the policy implementation in their own context. For example, the effectiveness of E-government procurement policy implementation by Lalida Chuayrak (2006) or the effectiveness of knowledge management policy implementation by Warangkana Jakawattanakul (2007) focused on the electronic operation of the policy, while the research on hazardous waste policy implementation by Thawilwadee Burrekul (1998) focused in the context of industrial waste management. For this particular research, the focus is entirely on the process of the securities brokerage regulation and its implementation by the main supervisory agency. Nevertheless, the previous literature on policy implementation on the effectiveness and the different variables contributing to effectiveness can also be applied as the basis or the ground work to begin this research. Ultimately, this research aimed to focus on the factors that contribute to the effectiveness of securities brokerage regulation implementation under Thailand's capital market supervisory agency's experience. Therefore, the proposed model for the analysis is adopted from previous literature on the effectiveness of policy implementation, international experience on the implementation of regulations by OECD countries, and the implementation of securities brokerage regulation in Thailand's capital market context.

Given the number of various reviews of literature previously regarding policy implementation and the effectiveness of regulatory, a numbers of factors were found to have a relationship with the effectiveness of securities brokerage regulation implementation. Building on the conceptual framework of effective regulatory policies in OECD countries, the factors which contribute to the effectiveness of securities brokerage regulation implementation can be divided into two tiers. The first tier is the ability of the supervisory agency to encourage compliance, and the second tier is the degree of compliance achieved from the target group (regulated entities) (OECD, 2002). Each of the tiers was also found to be influenced by a number of variables. The factors proposed in the model of this study illustrate the casual relationships between the independent and dependent variables.

From several models and various previous reviews of the literature, this study found the following variables to be major categories of independent variables:

1) The ability of the supervisory agency to encourage compliance: has a relationship with the following variables:

(1) Regulatory objectives
(2) Regulatory resources
(3) Regulator capacity
(4) Communication
(5) Attitudes of the regulator

2) The degree of compliance achieved from the target group: has a relationship with the following variables:

(1) Knowledge and understanding
(2) Ability to comply
(3) Willingness to comply

3.10 Relationship Between Dependent and Independent Variables

The variable found to have a relationship with the ability of the supervisory agency to encourage compliance.

3.10.1 Regulatory Objectives

Regulatory objectives are identified as one of the crucial variables in the regulatory implementation process. Van Meter and Van Horn (1975) expressed the idea that policy standards and objectives, as performance indicators, assess the extent to which the policy standards and objectives are realized (Van Meter and Van Horn, 1975). The implementers (the supervisory agency) should have a complete understanding of (as well as agreement with) the objectives to be achieved. In addition, these conditions should also persist at all times during the implementation process (Hogwood and Gunn, 1984). Moreover, Van Meter and Van Horn (1975) also stated that the policy must contain standards that are related to clarity, consistency and accurately (Van Meter and Van Horn, 1975 quoted in Lalida Chauyruk, 2006). Pressman and Wildavsky (1973) furthermore expressed the importance of the clarity of policy as well as comprehending the implementers' understanding of the implementation. They suggested that the policy objectives and methods of implementation need to be made accessible in order for the implementation to benefit the target groups (Van Meter and Van Horn, 1975 quoted in Lalida Chauyruk, 2006). Similarly, Voradej Chandrason (1984) expression the objectives and standards under his rational model, which highlighted the importance of efficiency in planning and control, which requires a clear set of goals and activities, delegation of authority and responsibility, standardized work, a performance appraisal mechanism, and a system of penalties and rewards (Van Meter and Van Horn, 1975 quoted in Lalida Chauyruk, 2006).

The OECD (2010) outlines the importance of the objectives, as these objectives can define outcomes and the expected results to be achieved. Moreover, the objectives can also identify any of the trade-offs that may have to be made in policy and regulatory decisions, as well as anchor the expectations of regulated entities or other stakeholders. The OECD went further by explaining that not only should the regulator clearly explain the objectives but it should also establish a hierarchy for those objectives. The objectives should be prioritized and weighted, reflecting the scope and scale of the underlying problems. The objectives can also have an important role in establishing an accountability framework for governments, regulators, and supervisors (OECD, 2010). Furthermore, the International Organization of Securities Commissions (IOSCO) states, in its first principle of securities regulation, that the responsibilities of the regulator should be clear and objectively stated. The IOSCO expressed that the major objectives for securities regulation should merely focus on the three most important objectives, including: 1) the protection of investors, 2) ensuring that markets are fair, efficient and transparent, and 3) the reduction of systemic risk (IOSCO, 2003). The UK's financial regulator, the Financial Service Authority (FSA), added the significance of clear objectives and standards as one of the motivations behind the development of the regulatory approach ARROW (Advanced Regulatory Risk Operating Framework). Under the ARROW regulatory approach, each of the four statutory objectives include: 1) promoting consumer understanding, 2) ensuring the appropriate degree of consumer protection, 3) reducing the scope for financial crime, and 4) maintaining market confidence, and were decomposed into fifteen separate "risks to objectives" (RTOs). Then these risks were re-grouped into different categories and aggregated into different risk elements. The detailed assessment of each risk element was subsequently established for the regulator to use in his or her monitoring processes (Black, 2005).

3.10.2 Regulatory Resources

The scarcity of resources is one of the crucial drivers behind the regulation by many financial supervisory agencies. One of the motivations behind the FSA's risk-based regulation is that the resources could be channeled to the areas where they are seen to be most needed and can be used most effectively (Briault, 1999). Moreover, regulatory resources were also found to have an influence on other variables, such as regulatory enforcement and non-compliance detection (OECD, 2002). Van Meter and Van Horn (1975) expressed the notion that resources can include funds or other incentives in implementation programs that might encourage or facilitate effective implementation. A similar view is shared by Hogwood and Gunn (1984), who stated that one of the preconditions to effective policy implementation is that there be adequate time and sufficient resources available to the policy implementation program (Hogwood and Gunn, 1984). Policy resources may refer to several resources crucial to the implementation process. Policy resources are typically identified to be: 1) financial resources, 2) human resources, 3) infrastructure, and 4) machinery and equipment. A similar factor was also expressed by Voradej Chandrason (1984) to include personnel, budget, infrastructure, and machinery and equipment. Van Meter and Van Horn (1975) and Pressman and Wildavsky (1973) further stated that policy resources are crucial and necessary to the effectiveness of the policy implementation process. According to previous literature reviews regarding the dominant regulatory resources that are necessary for financial intermediary regulation, two types of resources were found to have a relationship with the ability of the regulator to deliver and enforce the regulation: 1) human resources 2) financial resources and 3) other resources.

3.10.2.1 Human Resources

The lack of human resources may contribute to ineffective regulatory implementation. The term human resources may not only highlight the concept of quantity but also refer to the quality of the resources. The work of Stern and Cubbin (2005) examined the regulatory effectiveness in the energy industry published by the World Bank and identified human capital resources, particularly the availability of scarce, highly-skilled professional staff resources. Referring to the equal importance of the quality of staff, Pressman and Wildavsky (1973) also emphasized the appropriation of the quantity of human resources that are crucial for effective policy implementation (Pressman and Wildavsky, 1973). In addition to the issue of human resources, the appropriate level of training requirement is also important to the human factor. In the attempt to measure the effectiveness of the utility regulator in the electricity industry, it was verified that human capital resources, particularly the availability of scarce, highly-skilled professional staff resources, were found to be one of the most prevalent issues and one of the most crucial ingredients to the effectiveness of the utility regulator (Stern and Cubbin, 2005).

Moreover, the OECD (2002) stating that one of the challenges for Poland in improving the quality of government regulations under the policy reform was to improve the overall quality of "human resources" in public service. In addition, regarding the issue of human resources reflected in the SEC's publication "First decade of the Thai SEC and Capital market in Thailand (1992-2002)," it was stated that it has the objective in the human resource area to be able to attract and retain knowledgeable and capable people to work for the SEC (SEC, 2002).

3.10.2.2 Financial Resources

According to Sabatier and Mazmanian (1983), financial resources are identified to have a strong relationship with the implementation process. The importance of the financial factors was also acknowledged in the work of Edward (1982) and Cheema and Rondinelli (1983), who supported the idea that sufficient finances are crucial for the implementation process. One of the interesting arguments provided by Hogwood and Gunn (1984) is that money is not a resource itself but that money provides a "ticket" in order to gain (or purchase) other real resources (Hogwood and Gunn, 1984). Mazmanian and Sabatier (1983) further stated that money is obviously critical in any social service program. Money is also required by classical regulatory programs in order to employ staff and to conduct the technical analyses which may be involved in the development of regulation and the administration of the implementation process (Mazmanian and Sabatier, 1983). The IOSCO's view on regulatory resources is that it is necessary to have adequate funding for the regulator to perform its tasks. (IOSCO, 2003). Therefore, in order to effectively apply the regulation to securities brokerage, the supervisory agency must have a sufficient amount of financial resources in order to employ and train competent officers to carry out the regulation.

3.10.2.3 Other Resources

With technology advancement and the growing in the number of securities brokerage transactions through the capital market, sophisticate auditing programs and computer equipments are now being use in inspecting and monitoring of securities brokerage transactions. Other resources include the regulator's ability to retain experienced officers that have skills that are valuable in the monitoring and supervising of the private sector (IOSCO, 2003). The implementation of risk-based regulation requires a sufficient amount of training to appropriate officers that can carry out effective policy implementation.

3.10.3 Regulator Capacity

Another important element of effective implementation is the capacity of the supervisory agency. Previous literature identified the capacity of the implementing agency to affect the policy implementation process. Similarly, the implementer's capacity was identified by many of the scholars in the field of public policy as the factor which affects the success or failure of implementing programmes. According to Van Meter and Van Horn (1975), the capacity of the implementing agency contributes to the success of policy implementation. Capacity is defined as the ability of the implementer to do what he or she is expected to do. Moreover, the capacity to implement policies may involve other factors, for example, overworked and incompetent staff, insufficient information, political support, and financial resources and time constraints.

The research by Thawilvadee Bureekul (1998) and Lalida Chuayrak (2006) stated that effective policy implementation should include two elements: 1) the implementing agencies' capacity and 2) the willingness to comply with the policy (Lalida Chuayrak, 2006). Mazmanian and Sabatier (1983) also elaborated on this point by including the commitment and leadership skill of the implementing officials as one of the factors in the implementation process. According to this ,the commitment of implementers refers to the extent of realization of the agencies regarding the statutory objectives. The commitment and leadership skill comprises two components: 1) the direction and ranking of those objectives in officials' priorities, and 2) officials' skill in realizing those priorities. In addition to the capacity of the implementing agency, Williams (1971) also includes the agency's implementation strategy as one of the variables for policy implementation. According to Williams (1971), the basic principle is that one should focus on the commitment to performance goals and the management and delivery capacity of the organization that is providing the implementation of social services. A review of the literature found four elements under the regulatory agency capacity: 1) the leader's competence, 2) the leader's commitment, and 3) the staff's skill and competence.

3.10.3.1 Leader Competence

Mazmanian and Sabatier (1979) identified one of the conditions needed to be satisfied if the implementation is to be effective, as the leaders of the implementation agencies possess substantial managerial and political skills, and also are committed to statutory goals. It is the leader of the implementing agency that should have the managerial and political skills, as well as strong commitment to achieving policy goals (Mazmanian and Sabatier, 1979; Warangkan Jakawattanakul, 2007). This is also reflected in the work of Baum and Cooke (1992), who stated that policy implementation requires leaders to utilize their skill in planning the implementation and that the higher planning skills they have, the higher is the chance for the policy implementation to succeed.

3.10.3.2 Leader's Commitment

As mentioned earlier, Mazmanian and Sabatier (1979) stated that the leader of policy implementation should possess managerial and political skill, but equally as important, the leader should also be committed to statutory objectives. They further stated that commitment also is a function of professional norms, personal values and support for statutory objectives among interest groups and sovereigns in the agencies' political environment. The idea is that since the leader has to be held accountable for the entire implementing agency's performance, the commitment to achieve the policy objective is then crucial in carrying out the success of the implementation programme. Moreover, the leader's commitment not only serves as the will to achieve the policy objective but also involves the ability to stimulate implementation for other implementers (Warangkana Jakawattanakul, 2007).

3.10.3.3 Officers' Skills and Competence

Williams (1971), who conducted research on the policy implementation of social service delivery programs, identified that in the implementation process most of the top-level civil servants, highly trained specialists, and other government officials have direct control over the implementation programmes. According to Williams (1971), the field staff is comprised of some of the people that are crucial to the implementation process, as they can make important discretionary decisions that can affect the implementation's performance. Similarly, Berman and McLaughlin (1978) suggested that the success of the implementation process depends less on the inherent merit of the technology than it does on the skills and commitment of the user. Mazmanaian and Sabatier (1989) also added that commitment and leadership skills, together with both attitudes and skill in implementing, are variables that directly affect the policy outputs of implementing agencies.

3.10.4 Communication

According to Van Meter and Van Horn (1975), the communication process is one of the elements in determining the success of implementation. It is important for the implementers to understand their roles and their requirements in providing effective communication. Many of the failures to communicate (hence unsuccessful implementation) occur through the communication process, as messages passing through communication channels are likely to produce contradictory directives, ambiguities, inconsistency in instructions, and incompatible requirements (Van Meter and Van Horn, 1975). Pressman and Wildavsky (1973) also argued that one of the key reasons for policy failure is that the policy makers or policy implementers underestimate the complexity and difficulty of coordinating the tasks and agencies involved in implementing policies programmes. In addition, Edwards and Sharkensky (1978) suggest that communication is one of the first requirements for effective implementation. Good communication will allow those responsible for carrying out a decision to know what they are supposed to do. Implementing risk-based regulation in Thailand does reflect the importance of communication, as it requires an amount of coordination within the organization hierarchy as well as inter-organizations coordination. The importance of communication is also outlined by the FSA in one of the FSA's objectives in the design of regulation and in its Guidance Handbook (FSA, 1998). One of the concepts which support the coordination among the different organizations is inter-organizational relationship. Hills (1993) recognized that the public sector is considered as a set of different organizations rather than a single entity. This therefore raises the issue of the need for recognizing problems in inter-organization and cooperation during the policy implementation programme. Hills (1993) further argued that by recognizing the importance of collaboration between organizations in policy implementation, the government or the implementer may try to provide greater cooperation which may increase the chance of the success of policy implementation.

For many implementers, the lack of coordination often tends to be equated with the lack of or inadequacy of communication. The assumption is that if the intentions are spelled out clearly and the right organizational channels are established for the transmission of the policy's information, the policy then can put into effect. Effective communication also involves coordination among different agencies, and this illustrated by the work of Sabatier and Mazmanian (1983) on the issue of hierarchical integration within and among implementing institutions. Sabatier and Mazmanian (1983) stressed the difficulty of obtaining coordinated action within any given agency and among the number of agencies, leading to ineffective policy implementation. Another issue which one needs to be aware of is the extent of the hierarchy of the implementing agencies. According to Sabatier and Mazmanian (1983), if the system is only loosely integrated, there will be an amount of variation in the degree of behavioral compliance among implementing officials and target groups, as each responds to the incentives for modification within their local setting. The communication process only needs to be clear and consistent, and it also should take in the element of participation among all stakeholders. The regulatory framework can be successful and effective if it pays attention to such issues as equality, fairness, consistency of treatment, and participation by the public, consumers, and other affected parties (Makhaya, 2001). In fact, one of the regulatory strategies to decrease failure to comply (or non-comply) by regulated entities is to encourage and ensure participation of all affected groups in the early process development of standards or regulations (OECD, 2000).

The OECD reviewed regulatory reform in 2002 and looked at administrative capacity for ensuring high-quality regulation, highlighting the element of transparency and consistency of the regulatory system. The transparency factor can involve different perspectives. The first perspective is the transparency on the procedures in creating new rules and regulation. Second perspective is the transparency of the communication to the target group. This gives all of the stakeholders the opportunity to have active input in regulatory decisions. Moreover, public consultation will allow the regulator to acquire valuable information on costs and benefits and on the outlook for successful delivering and enforcing of the regulations. Lastly, transparency in the implementation of the regulation requires that the regulator be able to effectively communicate the existence and content of all of the regulations to the public and the regulated entities. The communication should also include any information that can help the public or the regulated entities obey and make use of the laws and regulations (OECD, 2002). In addition, the Better Regulation Task Force's (BRTF) publication explains transparency as involving effective communication of policy objectives and the need for regulation. The regulations should be clear and simple, and the consequence of non-compliance should also be made clear to the public and the regulated entities. More importantly, regulated entities must be made aware of their obligations to the laws and best practices, as well as any support from the regulator in order to comply with the regulation (BRTF, 2005).

3.10.5 Attitudes of the Regulator

Similarly identified by varies scholars, the implementer's attitude is one of the variables affecting the implementation process. Van Meter and Van Horn (1975) explained that a good policy cannot be implemented if the implementers are not willing to do it or resist the implementation programmes. According to Van Meter and Van Horn (1975), the society will comply with the policy implementation depending on their personal values, beliefs, and self-interest. Williams (1971) also gave significance to the attitude of management as one of the most crucial factors during the implementation. Williams (1971) recognized that the implementation programme requires both the desired for better implementation as well as the top-level management's attitude towards the need for good implementation.

In addition, Lipsky (1979) emphasized that individual compliance, particularly at the front-line, is a crucial factor in effective policy implementation. Lipsky (1979) identified that the front-line implementer or the street-level bureaucrat is the persons that perform the implementation of the policy. A study by Sabatier and Mazmanian (1979) included the attitudes and resources of constituency groups as one of the variables for effective policy implementation. The variation in the resources and attitudes of constituency groups toward statutory objectives and the policy outputs of implementing institutions plays a crucial role in the implementation process. The implementer's attitude involves: 1) the implementer's acceptance of the policy's statutory objectives, and 2) the implementer's commitment to the programmes.

3.10.5.1 Officers' Acceptance

Hogwood and Gunn (1984) suggested that understanding of and agreement with the objective of the implementers serves as one of the factors in defining the success or failure of the implementation programme. The requirement for ideal implementation is that there should be complete understanding and agreement on the objectives to be achieved on the part of the implementers. Similarly, Hogwood and Gunn, and Barrett and Fudge (1981), also noted that not only is compliance with the implementation program important to implementation programmes, but the issue of consensus is also important, which refers to the degree to which different actors and agencies share value systems and objectives and are more or less willing to support and execute the implementation programmes.

3.10.5.2 Officers' Commitment

The implementer's commitment was previously identified along with the leader's skills and competence. As mentioned by Williams (1971), the field staff or the implementers directly influence the policy implementation process; therefore the implementer's commitment is as important as other variables. Sabatier and Mazmanian (1979) include the commitment of agency officials in the function of the capacity of the statute to institute a bias in the implementing agencies. They further added that the commitment of agency officials to statutory objectives and the consequent probability of the success of the implementation are likely to be highest in a new agency. However, this level of commitment will likely decrease over time, as most committed officials become disillusioned with the bureaucratic routine. Also, many officials may be in a secure environment and would rather not take any risk associated with the programme (Sabatier and Mazmanian, 1979).

The Variables affecting the degree of compliance from the target group

Due to the characteristics of financial regulation described earlier, regulation requires securities brokerages to set up compliance functions. These compliance functions can be considered as a part of the firm's self-regulatory efforts and as a step towards good business practices (Securities Industry Association, 2005). The compliance departments need to recognize the complexity of the organization structure as well as be able to present compliance programs that reflect this complexity (Ludwick, 2006). Spira and Page (2003) suggested that if a firm implements an effective internal control system, it can help to reduce risks and will assist the firm in ensuring the reliability of financial statements and better compliance with laws and regulations. On the other hand, in order to effectively control the success of regulatory implementation, it is very important to ensure that an acceptable level of compliance from the regulated firms be achieved. An acceptable level of compliance will help to ensure that the implementation process and disputes among the regulators and regulated entities for the implementation are minimized (OECD, 2002). Hagland (1994) identified compliance as a key concept in the regulatory system. The regulatory system requires "observance of the requirements of the general law and regulation" imposed by any regulatory bodies to which a firm is subject to. Furthermore, the OECD's Regulatory Policies in the OECD countries in 2002 expressed the idea that the attention paid to the compliance issue in the past was relatively limited. However, in recent times many regulators are now considering the importance of the issue and the trend of its importance is growing to be one of the major factors contributing to the effectiveness of regulatory implementation. The issue of compliance is reflected in the 2007 SEC annual report, as the SEC holds quarterly compliance meetings with securities companies and asset management companies to enhance corporation and two-way communication with market operators (SEC, 2007).

Ideally many regulators would like to achieve a full level of compliance; however, in the real-world it is very difficult to achieve full compliance, as each of the policy fields has its own specifications, differences, and sensitivities. This is why the acceptable level of compliance, or "reasonable acceptance" of the regulated entities, should be achieved to ensure good-quality regulation (OECD, 2002). The OECD has classified the issue of compliance into two major dimensions. The first dimension is "formal compliance," which refers to compliance in terms of the letter of the law, and "substantive compliance," which refers to a broader sense compliance. The variables considered to affect the level of regulatory compliance can be identifying as: 1) knowledge and understanding, 2) ability to comply, and 3) willingness to comply.

3.10.6 Knowledge and Understanding

Much of the literature has revealed the importance of considering the process after the policies or regulations are formulated. It is the responsibility of the policy makers to make sure that the information on the policies or regulations are made comprehensible to the target group. The regulated entities can have difficult in complying with regulations if they do not understand what is required. A survey conducted by the OECD in Hong Kong and Australia showed that few company directors have a sound, or even basic, understanding of their obligations under companies' and securities' regulations (Baxt, 1992). The OECD stated that the compliance can be viewed as voluntary and is also a result of the societies' trust in the government to act in its interest. Nevertheless, "voluntary" compliance also relies on the target group's knowledge and understanding of the regulation (OECD, 2002). Often it is difficult for rules which are too complex to become widely known. In fact, knowledge and understanding of the business entities are very crucial for drafting policies and regulations, as the rules and regulation should be easily understand and well publicized in order to achieve an acceptable level of compliance.

Given the several disadvantages of the typical rules-based regulations, which is the nature of financial regulations, knowledge and understanding of the regulations by the intended target population can be diminished. Some of the downsides of the rules-based regulation are that there have to be many rules and regulations in trying to cover all situations (even though they still cannot cover all situations) or that these many rules and regulation can even "drown" the principles, and the firms may simply follow what is stated rather than actually understanding the overall context, or unclear or out-of-date regulations may result in inaction by the firms (Arjoon, 2006). Furthermore, the knowledge and understanding of regulations highlight significance of the role of human resources, especially those who are performing in the compliance function of the firms (Taylor, 2005). Therefore, in this respect, the requirement of knowledge and understanding of regulations is particularly vital to those that have roles in providing advice and consultation to the management and the staff of the firms.

3.10.7 Ability to Comply with the Regulation

The OECD's Reviews of Regulatory Reform suggested that regulators should also focus on the feasibility of the business entities' compliance. It was suggested that this point is particularly visible for small businesses, where it is burden and unreasonable to comply with complex and very technical regulations (OECD, 2002). Inaccessible and incomprehensible regulations affect the compliance rate of many small businesses. Many studies in the OECD countries have shown that small businesses cannot keep up with the volume of regulations and regulatory guidance produced by many regulatory agencies (OECD, 2002). The ability to comply with the regulations by the regulated entities is also coupled with the ability of the regulator to devote its resources to the implementation in order to ensure that the regulated entities can comply with the regulations. Both supervisory agencies and securities brokerage firms have long recognized the important of resources regarding the compliance function. Similar to other supporting functions of the business unit, resources are crucial to the ability of the firm in order to meet its regulatory obligations (Adams, 1994). As an example of the monitoring of trading transaction in complying with the best execution requirements, the UK supervisory agency requires firms to monitor thousands or hundreds of thousands of trading transaction per week. The firm may require implementing automated processes in identifying the transactions. This requires the firm to allocate the necessary budget for the system (Mainelli and Yeandle, 2006).

According to the OECD's paper on regulatory compliance, voluntary compliance may be compromised if the regulator does not have a provision of necessary information and other support or mechanisms to support the implementation (OECD, 2002). It is also suggested that the regulator should provide necessary information which explains the criteria for the parties affected by the regulation. The OECD further stated regarding the issue of compliance that many regulators sometimes rely, through habit, upon certain types of regulatory instruments to solve problems without having first adequately defining and analyzing the particular problem. This refers to as a lack of regulation problems which can lead to an insufficient level of compliance. This habit referred to as a lack of regulation problems which can lead to an insufficient level of compliance. Moreover, for the regulation to be fair and effective, it is very important for the regulator to provide the expectation of what is to be achieved to the public or regulated entities (OECD, 2002). In addition, the roles of "senior management" also have been highlight, as senior management must be competent and able to perform crucial functions to ensure that the business in which they are responsible complies with the regulations (Edwards and Wolfe, 2004).

3.10.8 Willingness to Comply with the Regulation

Not only were knowledge and understanding of regulations found to have a relationship with regulatory compliance, but business entities are also required to have the willingness to comply. The willingness to comply can be voluntary or it can be forced under the pressure of the enforcement. The cost and the effort to comply with the regulations is to be a factor which affects voluntary compliance, as the rate of voluntary compliance is likely to be low if the costs of complying are unreasonably high. Similarly, if the regulation standards are unacceptably high, the transition time for reaching conformity is too short, or the regulation is inflexible to operate under different circumstances, this will also result in a low level of voluntary compliance (OECD, 2002). Willingness to comply can be coupled with a compliance culture, which is defined as an essential factor in a climate that fosters the attitude toward compliance matters. The roles of the firm's senior management determine the translation of the values, attitudes, and behavior to determine the culture of the organization (Jenkinson, 1995). On the other hand, Newman (1998) (quoted in Edwards, 2003) expressed the idea that the values, attitudes, and beliefs demonstrated by senior management can have a significant influence on the culture of the organization if the senior management appears to be inconsistent regarding to its commitment towards the proper compliance culture. This can send the signal to all other employees that they do not need to implement a good compliance culture either). Interestingly, it is also to be noted that voluntary compliance due to acceptance of policy goals and objectives will vanish if the society does not see the linkage between technical rules and a substantive purpose. Moreover, it has also been found that an overly rule-based or heavily legalistic approach to compliance can damage a government's success with substantive policy objectives (OECD, 2002). According to some scholars, when the business or society feels that regulators are being overly legalistic in applying rules and fines, they are likely to respond to the regulation by reducing their efforts to comply and instead aim only for minimal compliance with the letter of the law rather than with its intent (Bardach and Kagan, 1982).

3.11 Conceptual Model

As derived from the analysis and literature review from the previous chapter, as well as the variety of information from the experts of both supervisory agencies and securities brokerage firms, the conceptual framework for the analysis can be stated as follows:

The rationale for this analysis began with a conceptual framework for effective regulation implementation from various articles by the OECD, which took into account effectiveness measurement from both the supervisory agency and the target group. In addition, the research study conducted by Thawilvadee Burrekul (1998) similarly included the target group into the conceptual model. Moreover, the rationale of this conceptual model took into account the model used in analyzing the effectiveness of policy implementation by Van Meter and Van Horn (1975). The conceptual framework of this study therefore is divided into two tiers, including the supervisory agency in the first tier and the target group in the second tier. A number of independent variables were selected as the basis for the analysis within the first tier or the supervisory agency, including five variables. The first variable, “regulatory objectives” (also referred to as policy objectives and standards in other literatures), was derived from the literature and the research of Van Meter and Van Horn (1975); Pressman and Wildavsky (1973); Sabatier and Mazmanian (1979); Hogwood and Gunn, (1984); Voradej Chandrason (1984) and Lalida Chuayruk (2006). The second variable, “regulatory resources,” (also referred to as policy resources or resources in other literature), which is a variable in the effectiveness of policy implementation, was identified by Van Meter and Van Horn (1975); Pressman and Wildavsky (1973); Voradej Chandrason (1984); OECD (2002); Stern and Cubbin (2005); Lalida Chuayruk (2006) and Warangkana Jakawattanakul (2007). The next variable was “regulator capacity,” (also referred to as implementer’s capacity, implementer’s capability, or implementer’s ability in other literature) is a variable derived from the work of Van Meter and Van Horn (1975); Williams (1971); Sabatier and Mamanian (1983); Thawilvadee Burrekul (1998) and Lalida Chuayruk (2006). The fourth variable is “attitudes of the regulator,” and is a variable derived from Lipsky (1979); Williams (1971); Hogwood and Gunn (1984) and Barrett and Fudge (1981). The fifth variable, “Communication” (or referred to as communication or coordination), was derived from Pressman and Wildavsky (1973); Van Meter and Van Horn (1975); Edwards and Sharkensky (1978); Sabatier and Mamanian (1983); Hills (1993) and FSA (1998). As for the second tier of the conceptual framework under the target group (or securities brokerage firms), this included three major variables, comprised of: 1) knowledge and understanding 2) ability to comply and 3) willingness to comply which were partially derived from Thawilvadee Burrekul (1998) and OECD (2002).

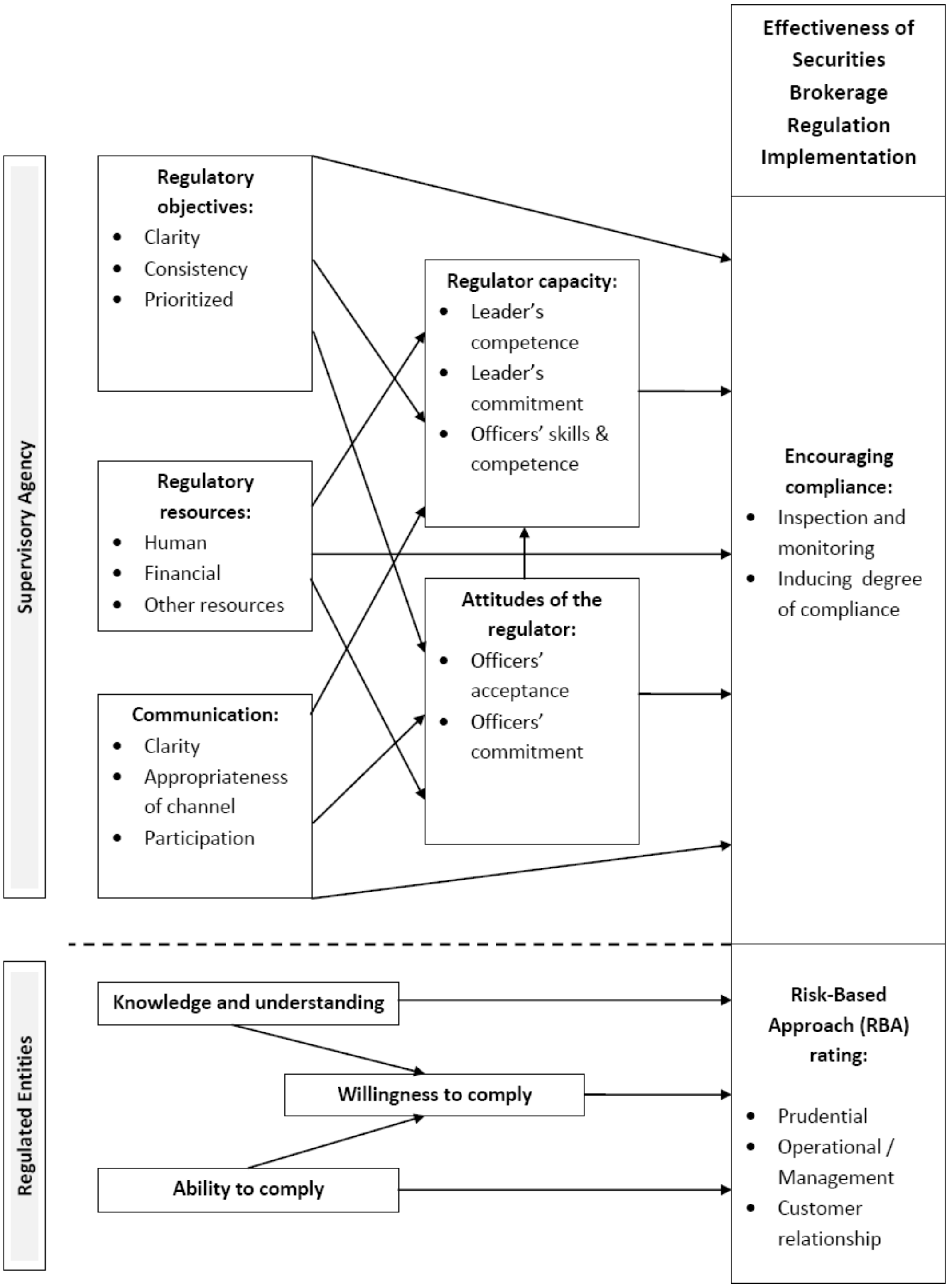

Figure 3.3 A Proposed Model for Analysis of the Variables Which have a Relationship with the Effectiveness of Securities Brokerage Regulation Implementation

3.12 Development of Hypothesis

Hypothesis:

3.12.1 Hypothesis I (a): Regulatory objectives, regulatory resources, communication, and attitudes of the regulator, all have a relationship with regulator capacity.

3.12.2 Hypothesis II (a): Regulatory objectives, regulatory resources, and communication, all have a relationship with attitudes of the regulator.

3.12.3 Hypothesis III (a): Regulatory objectives, regulatory resources, communication, attitudes of the regulator and regulator capacity, all have a relationship with the effectiveness of securities brokerage regulation implementation.

3.12.4 Hypothesis IV (b): Knowledge and understanding, and the ability to comply, all have a relationship with the willingness to comply on the part of the target group.

3.12.5 Hypothesis V (b): Knowledge and understanding, and the ability and willingness to comply, all have a relationship with the effectiveness of securities brokerage regulation implementation.

CHAPTER 4

RESEARCH METHODOLOGY

Within this chapter, the stages of research methodology are described. These stages include the research design, the unit of analysis, the research procedures, the data collection method, and verification of data. The research methodology chapter also discusses the appropriate approach for understanding the effectiveness of securities brokerage regulation implementation. Furthermore, this chapter also establishes the criteria in measuring the effectiveness of securities brokerage regulation implementation.

4.1 Research Design

The objective of the research is to identify the variables which have a relationship with the effectiveness of securities brokerage regulation implementation adopted by Thailand's Securities and Exchange Commission. Therefore, it is crucial to understand whether or not the implementation achieves the intended outcome. This chapter involves the design of the research approach as well as the gathering of information in order to understand the variables in relation to the effectiveness of securities brokerage regulation implementation. Both quantitative and qualitative methods can be considered as best alternative methods for this particular research. Patton (1987) described the advantage of the qualitative method in terms of it use of standardized measures that fit various experiences into predetermined response categories, as well as facilitating comparison and statistical aggregation of the data. In addition, the qualitative method provides deep and detailed through direct quotation and careful description of programs, events, people, interactions, and observed behaviors.

Even though this particular research is quantitatively oriented, it utilized the advantages of qualitative research. The research methodology can be divided into two parts: 1) qualitative research and 2) quantitative research. The qualitative research was conducted mainly during the earlier stage of the research on the management and officers of the Securities and Exchange Commission and securities brokerage firms. This first part of the research largely employed the method of in-depth interviews and observation in order to understand the relationships among the various variables and processes of securities brokerage regulation implementation. The second part of research involved mainly the quantitative research methodology. In the second part of the research, sets of research questionnaires were given to the individuals from both the supervisory agency and those that represented to each of the regulated securities brokerage firms in order to evaluate the effectiveness of securities brokerage regulations. The results from the questionnaires determined the factors that contributed to the effectiveness of the implementation of securities brokerage regulations.

4.2 The Qualitative Approach

Taschereau (1998) stated that the choice between the employment of qualitative and quantitative methods is a tradeoff between depth and breadth. Qualitative research is a field of inquiry in its own right. It crosscuts disciplines, fields, and subject matters. A complex, interconnected family of terms, concepts, and assumptions surround the term qualitative research. These include the traditions associated with foundationalism, positivism, postfoundationalism, postpositivism, poststructuralism, and the many qualitative research perspectives, and/or methods, connected to cultural and interpretive studies. There is separate and detailed literature on the many methods and approaches that fall under the category of qualitative research, such as case study, politics and ethics, participatory inquiry, interviewing, participant observation, visual methods, and interpretive analysis (Denzin and Lincoln, 1997)

An extensive literature has developed around the use of quantitative versus qualitative methods. As described earlier, the qualitative method is “a particular tradition in social science that fundamentally involves watching people in their own territory and interacting with them in their own language, and on their own terms” (Kirk and Miller, 1986). It includes in-depth, open-ended interviews, direct observation, the study of life and organizational histories, content analysis, computer and statistical manipulations. The advocates of the qualitative approach stress the need for information and knowledge from insiders. It allows the study of selected issues; cases or events in depth and in detail because data collection is not constrained by predetermined and standardized categories, such as the response choices that constitute to typical questionnaires. Therefore, it can capture the richness of people's experience in their own terms. The tradeoff in using this approach is that it is expensive in terms of the time spent on data collection and field expenses and may not lead to generalized conclusions.

In contrast, quantitative method concern primarily measurable and observable data. Quantitative methods originated in the natural sciences and involve measuring phenomena. Carmines and Zeller (1979) define measurement as a process of "linking abstract concepts to observable indicators," involving an explicit and organized plan for classifying (and often quantifying) data in terms of the general questions in the researcher's mind. The quantitative method is used extensively in survey research using standardized instruments. It permits statistical compilation, analysis, and comparison of responses across large numbers of respondents at a much lower cost than the qualitative approach. Researchers fit people's experiences and variables into standardized categories, to which numerical values are attached, thereby producing "hard" data that they can analyze statistically. Additionally, the quantitative method relies extensively on the quality of the questions, their clarity, and how respondents interpret them. The tradeoff in using the quantitative method is that it does not provide the depth of understanding that the qualitative methods can yield.

Regarding the objectives of the study, an appropriate methodology must be designed so that the qualitative and quantitative approaches complement each other. Quantitative approaches alone were considered inappropriate due to the objective of this study; that is, wanting to gain "inside" information on the implementation process of securities brokerage regulation. The deductive approach would require many assumptions made by the researcher. At this point, a heuristic or inductive approach would be more appropriate since the study requires primary investigation from the "inside," in which the categories and concepts would emerge from the research site. This approach is similar to Glaser and Strauss's process of grounded theory research, in which patterned actions and interactions of individuals are discovered over time (Glaser and Strauss, 1967).

Miles and Huberman (1994) elaborated on the aspects of qualitative method in the selection of the research site to include four aspects—setting, actors, event, and process:

1) Setting: Janesick (1998) described the first set of research design to involve the subject being studied, the circumstance, the duration, and the people. As the research objective is to examine the relationship between the variables which have a relationship with the effectiveness of securities brokerage regulation implementation, the setting for the qualitative method is set under the current securities brokerage firms' supervision regime of the Securities and Exchange Commission.

2) Actors: According to the topic of this study, the key informants are those individuals that are involved in the organizations under the supervision regime. Those are the management and officers of the two departments from the Securities and Exchange Commission, as well as those individuals in the regulated entities (securities brokerage firms), including the management and operating staff of the firms.

3) Event: The method of gaining the data included: 1) in-depth interviews and 2) observations. The data included the factors which are said to have a relationship with the effectiveness of securities brokerage regulation implementation.

4) Process: Miles and Huberman (1994) identified the process as "the evolving nature of events undertaken by the actors within the setting." According to this research, the process of supervision and the relationship between the supervisory agency and regulated entity was observed in gaining an understanding of the process of regulatory implementation.

4.2.1 In-depth Interview

Holloway and Wheeler (1996), Patton (2002) and Robson (2002) have suggested the homogeneous samples be chosen to give a detailed picture of the phenomenon, for example, individuals that belong to the same subculture or have the same characteristics. The selection process allows for detailed investigation of social processes in a specified context (Ritchie and Lewis, 2003). The in-depth interview process was conducted in order to gain information from the informants, as it is a method of data collection that provides face-to-face interaction; thus it creates opportunities for asking for clarification if a question is not clear. As for this research, in order to permit greater flexibility, standardized open-ended questions, in combination with an interview guide approach, were used. Consequently, the interview procedures could explore certain issues in greater depth or undertake new inquiries that did not originally exist in the interview instrument.

Patton (2002) includes four types of interviews as follows: firstly, the informal conversational interview, where the questions emerge from the immediate context and are asked in the natural course of things, with no predetermination of question topics or wording. The second type of interview is the general interview guide approach, where the topics and issues are specified in advance, in outline form. The interviewer in this type decides the sequences and wording of questions in the course of the interview. The next type of interview is the standardized open-ended interview, where the exact wording and sequence of questions is determined prior to the interview. All of the interviewees were asked the same basic questions in the same order, and questions were worded in a completely open-ended format. Lastly is the closed fixed-respond interview, where the questions and response categories were determined in advance. For this type of interview, the responses were fixed and the respondents could only choose from among those fixed responses.

There were seven stages in the complete interviewing process, which included: 1) themetizing, which was to clarify the purpose of the interviews and the concepts to be explored; 2) the design stage, by laying out the process in order to accomplish the purpose, including a consideration of the ethical dimension; 3) the interviewing process, which was doing the actual interview; 4) transcribing, which was to create a written text of the interview; 5) analyzing, as the process of determining the meaning of the gathered material in relation to the purpose of the study; 6) verifying, which was to check the reliability and validity of the material; and 7) reporting, which refers to the process of communication to others what information has been learned (Kvale, 2001).

In this research, in-depth interviews were conducted with the selected individual involved in securities business regulation regimes, including: the officers from the supervisory agency within the main departments responsible for implementing and enforcing the regulation, and the management and staff of the securities brokerage firms under the regulation of Securities and Exchange Commission. Moreover, none of the interviewees was required to disclose their identities (names or positions) or any interference that could lead to the identification of any interviewees, thus guaranteeing anonymity.

4.2.2 Observation

Adler and Alder (1994) outlined the significance of observation to the research as one of the fundamental methods of research in social and behavior science, as observation is particularly helpful in understanding the relationship between the two parties involved in the implementation process. Denzin (1989) and Flick (1998) had defined the observational data collection as the process of recording the units of interaction occurring in a defined social situation based on visual examination or inspection of the situation. The two dimensions of the observational research can include: 1) the structured-unstructured dimension, as determined by the protocol yield primarily structured or primarily unstructured data; and 2) the participant-observer dimension, as determined by the involvement of the observer as a part of the social situation.

4.3 Quantitative Approach

The quantitative approach emphasizes the measurement and analysis of the casual relationships among the variables, unlike the qualitative approach, which seeks to answer how the social experience is created and given meaning (Denzin and Lincoln, 1997). The term “positivism” is used to describe quantitative researchers with the view that social research should adopt the scientific method, which is the method that exemplifies and consists of the rigorous testing of hypotheses by means of data that take the form of quantitative measurement (Atkinson and Hammersley, 1994). In this particular research, the quantitative approach is set to be the main approach of the analysis. On the next section, the component of quantitative approach will be described in more detail.

4.3.1 Unit of Analysis

Due to the purpose of this research, which is to identify the variables which have a relationship regarding the effectiveness of securities brokerage regulation implementation adopted by Securities and Exchange Commission, the units of analysis include the key players in the supervisory regime. The units of analysis include the supervisory agency (SEC) as well as the securities brokerage firms under Securities and Exchange Act 1992 that are currently performing securities brokerage in Thailand.

According to the research topic, based on the study of the effectiveness of securities brokerage regulation implementation, the first group of informants involved in the research was comprised of the departments which are directly involved in the implementation of securities brokerage regulation. The research identified two departments, namely: 1) the Broker-dealer supervision department and 2) the Licensing department. There were 28 officers in the Broker-dealer supervision department and 27 officers in the Licensing department. Therefore, the total population selected for the first group of respondents was all of the officers in the department directly involved in the implementation of securities brokerage regulation implementation, which was 65 officers. According to Krejcie and Morgan (1970), who had provided the determination of a sample size from the given population, this number of respondent is considered to represent the whole population.

As for the second group of respondents, which was comprised of 41 securities brokerage firms with securities brokerage licenses, all of the 41 securities brokerage firms with securities brokerage licenses were included in the sample size of the research. The research questionnaire was distributed to all securities brokerage firms. The number of questionnaire distributed depended on the size and number of the staff members within the firms. Details on the 41 securities brokerage firms with securities brokerage licenses can be found in Appendix D.

4.3.2 Population and Sample Design

Vogt (2007) has stated that the degree of certainty of the generalizations from the sample to the population depends on two factors: 1) the size and 2) the representativeness of the sample. The sampling process involves selecting a small group of respondents from a large group (or the population) in order to examine the larger group. There are two main categories of sampling design: 1) the probability sample and 2) the non-probability sample. The first category of sampling is the probability sample, which is a method in which the researchers know which subjects will be chosen. The probability samples include the four main types of probability samples, including random sampling, stratified random sampling, systematic sampling, and cluster sampling. The second type is the non-probability sample, where the researchers do not know the probability of selecting the subjects or cases from a population. The two most common types of non-probability samples include convenience samples and purposive samples.

The method of the sample selection of this particular research study employed purposive samples, where the samples selected from both groups of respondents were non-probability samples. Shadish, Cook, and Campbell (2002) suggested that when the probability sample is not possible, the researchers can still take deliberate steps in order to try to make the selected samples represent in a purposive sense. The purposive sampling is often mentioned as the most common form of sampling in experiments and quasi-experiments, as well as being widely used in surveys. Therefore, the selection of sampling is in accordance with the purpose of the research where the effectiveness of securities brokerage regulation implementation was the main area to be investigated.

4.3.3 Operational Definitions and Measurement

The development of a research model involved an extensive review of existing literature regarding the implementation of securities brokerage regulation. Based on this review, hypotheses were developed in testable forms. Then operational definitions for all variables were provided and applied to the research model. It is very important to transfer the conceptual framework of the research to a valid measurement. There were three main processes: conceptualization, operationalization, and measurement. The process of conceptualization produces a specific agreed-upon meaning for a concept for the purposes of research. Then, operationalization is the next step, which produces an operational definition. An operational definition means a definition that will be operated or utilized for measurement purposes. Operationalization involves a process of assignment indicators for each definition, and each variable should possess different indicators or different aspects of the definition in the research context (Babbie, 2001).

4.3.3.1 Dependent Variables

According to the research, the dependent variable is the effectiveness of securities brokerage regulation implementation. In order to measure this effectiveness, it was critical to design various tools to measure the level of the effectiveness by finding out the operational definitions. The operational definition of the dependent variable can be defined as follows:

The effectiveness of securities brokerage regulation implementation refers to the effectiveness of the enforcement by the supervisory agency in relation to the degree of compliance by the industrial sector.

Securities brokerage regulation implementation effectiveness can be divided into two major categories: 1) encouraging compliance and 2) the degree of compliance achieved from the regulated entities.

1) Encouraging Compliance

Encouraging compliance in this particular research refers to the combination of actions by the supervisory agency to induce and encourage compliance. Tietenberg (1992) (quoted in Thawilwadee Bureekul, 1998) included effective enforcement in the ways and the means by which implementers attempt to ensure that resources are obtained and utilized in the most effective and efficient manner in pursuit of legitimate organizational objectives. Therefore, effectiveness can be defined according to the extent of the achievement for the following factors:

(1) Inspection and monitoring

(2) Inducing the degree of compliance

2) The Degree of Compliance from the Regulated Entities

The degree of compliance from the regulated entities (or the target group) refers to obedience by the regulated entities (or the target group) regarding the rules and regulations of the supervisory agency (OECD, 2002). Furthermore, Tietenberg

(1992) (quoted in Thawilwadee Bureekul, 1998) and Smith (1995) also included the lack of compliance by regulated entities in specific or lawful directives in the degree of compliance. In order to determine the degree of compliance with rules and regulations by the regulated entities, this research study considered the Risk-Based Approach (RBA) rating for each securities brokerage firm obtained from publicize sources via the SEC website. The Risk-Based Approach (RBA) rating can be divided into the following areas: a) prudential risk rating b) operational and management risk rating c) customer relationship risk rating

Table 4.1 Operational Measurement of Dependent Variables (a) and (b)

Dependent Variable	**Definition**	**Operationalization / Indicators**
Inspection and monitoring	The combination of actions by the supervisory agency to induce and encourage compliance, including the ways and the means by which the implementers attempt to ensure that resources are obtained and utilized in the most effective and efficient manner in pursuit of legitimate organizational objectives.	1) Ratio Scale 2) Inspection and monitoring rating score from questionnaire survey, **Indicators:** Information obtained from the inspection and monitoring. Perceived significance given to the system and process, Perceived significance given to compliance, Perceived level of compliance.
Inducing the degree of compliance		1) Ratio Scale 2) Inducing the degree of compliance rating score from questionnaire survey,

Table 4.1 (Continued)

Dependent Variable	Definition	Operationalization / Indicators
		Indicators: advice, feedback, and assistance given to the target group in order to encourage compliance.
The degree of compliance	The level of obedience (or the lack of) by regulated entities in specific or lawful directives by the regulated entities (or the target group).	1) Ratio Scale 2) Secondary data on the latest total score from 1 to 5 on the firm's overall perception of risks categorized under three categories; (1) Prudential risk (2) Operational and management risk (3) Customer relationship risk

4.3.3.2 Independent Variables

The objective of this study was to identify the factors affecting the securities brokerage supervision implementation. According to the conceptual framework in the earlier section, there were two levels of independent variables employed here. The sets of variables within the first tier are: regulatory objectives, regulatory resources, regulator capacity, attitudes of the regulator and communication. The second sets of variables within the second tier included: knowledge and understanding, ability to comply and willingness to comply. Each independent variable was applied to the research context and operationalized accordingly.

1) Independent Variables – Supervisory Agency

(1) Regulatory objectives refer to one of the variables which affect the effectiveness of securities brokerage regulation implementation. The regulatory objectives are related to how well the supervisory agency sets out its objectives and procedures in the supervisory regime. According to the research, the regulator's objectives and procedures include: 1) clarity of objectives, 2) consistency of objectives, and 3) prioritization of objectives

a. Clarity of objectives refers to the degree to which the objectives of the supervisory agency are set out clearly for the officers (or the implementers) to relate to their roles in the implementation.

b. Consistency of objectives refers to the extent to which each of the objectives is consistent with others.

c. Prioritization of objectives refers to the extent to which the priorities of each objective are set out by the supervisory agency.

(2) Regulator resources refer to the inputs which are available for the implementation programmes. This research includes the following as policy resources: 1) financial resources, 2) human resources, and 3) other resources

a. Human resources refer to the adequate number of staff used to carry out the task of securities brokerage regulation implementation.

b. Financial resources refer to the amount of money available in the implementation and the supervision of securities brokerage.

c. Other resources refer to the sufficient amount of other resources such as infrastructure or information technology available for the officers to carry out securities brokerage regulation implementation.

(3) Regulator capacity refers to the ability of the regulator to do what it is expected to do. In this research the regulator capacity includes the following: 1) leader's competence, 2) leader's commitment, and 3) implementer's skill and competence

a. Leader's competence refers to the leader's ability to carry out securities brokerage regulation implementation.

b. Leader's commitment refers to willingness of the leader to carry out securities brokerage regulation implementation.

c. Officer's skill and competence refer to the capability of the officers of the Securities and Exchange Commission to fulfill the objectives and carry out the task of securities brokerage regulation implementation.

(4) Attitudes of the regulator refer to the extent of the officers' willingness to carry out or resist the regulation implementation. The regulator's attitude includes: 1) the regulator's acceptance of the regulation's objectives, and 2) the regulator's commitment to the regulation implementation.

a. The regulator's acceptance of the regulation's objectives refers the level of satisfaction among the officers regarding securities brokerage regulation implementation.

b. The regulator's commitment to regulation implementation refers the willingness of the officers to carry out the securities brokerage regulation implementation.

(5) Communication refers to the extent of how the information, including supervisory objectives, supervisory procedures, or rules and regulations, is transferred among the parties involved in the securities brokerage regulation implementation. Communication includes: 1) clarity of information, 2) the appropriate channel of communication, and 3) participatory level of communication

a. Clarity of information refers to the extent to which the any crucial information is passed between the supervisory agency and the target group.

b. Appropriate channels of communication refer to the extent of the appropriateness of the channel of communication in passing on the information regarding the implementation.

c. The participatory level of communication refers to the extent to which the perception on the level of participation is allowed for the supervisory agency and the target group to be involved in the flow of communication.

2) Independent variables – Regulated entities (Target Group)

(1) Knowledge and understanding refers to the extent of the knowledge and understanding of the regulated entities (the target group) regarding the rules and regulation prescribed by the supervisory agency.

(2) Ability to comply refers to the extent of the abilities of the regulated entities (the target group) to comply with the rules and regulation prescribed by the supervisory agency.

(3) Willingness to comply refers to the extent of the firms' management and the staff's willingness to carry out or resist the rules and regulation prescribed by the supervisory agency.

Table 4.2 Operational Measurement of Independent Variables – Group (a) Respondents

Independent Variables (a)	Definition	Indicators
1. Regulatory objectives	Refer to one of the variables which affect the effectiveness of securities brokerage regulation implementation. The regulatory objectives are related to how well the supervisory agency sets out its objectives and procedures in the supervisory regime.	1) Ratio Scale 2) Perception of regulatory objectives rating score from questionnaire survey, **Indicators**: clear supervision and regulation objectives, clear roles of supervision, clear process of supervision. Ability to explain the rationale, the consistency of supervisory objectives, the consistency of supervisory objectives, the same standards of processes, and the prioritization given to the objectives.
2. Regulatory resources	Refer the inputs which are available for the implementation of	1) Ratio Scale 2) Perception of regulatory

Table 4.2 (Continued)

Independent Variables (a)	Definition	Indicators
	programmes. Regulatory resources can include funds or other incentives in the implementation program that might encourage or facilitate effective implementation.	resources rating score from questionnaire survey, **Indicators**: Sufficient number of supervisory officers, sufficient of time period given for supervision, adequate number of experienced supervisory officers, amount of budget available, adequacy of technical knowledge, and adequacy of technical assistance
3. Regulator capacity	Refers to the ability of the regulator to do what it is expected to do. Regulator capacity can also involve other factors such as overworked and incompetent staff, insufficient information, political support, financial resources, and time constraints.	1) Ratio Scale 2) Perception of regulatory capacity rating score from questionnaire survey, **Indicators**: ability to persuade the officers, ability to manage the implementation, problem-solving skills, commitment to the implementation, the ability to persuade the officers' to commit, ability to explain the rationality, ability to solve problems, ability to make decisions in the field, and

Table 4.2 (Continued)

Independent Variables (a)	Definition	Indicators
		cooperation among the supervisory agency officers
4. Attitudes of the regulator	Refers to the extent of the officers' willingness to carry out or resist to the regulation implementation and the variation in the resources and attitudes of constituency groups toward statutory objectives and the policy outputs of implementing institutions.	1) Ratio Scale 2) Perception of attitude of regulator rating score from questionnaire survey, **Indicators**: Perceived benefit, acceptance of regulatory process, relationship with others, commitment to the implementation, and perceived willingness
5. Communication	Refers to the extent of how the information, including supervisory objectives, supervisory procedures, or rules and regulations, are transferred among the parties involved in the securities brokerage regulation implementation.	1) Ratio Scale 2) Perception of communication rating score from questionnaire survey, **Indicators**: Perceived clarity of communication, clarity in the explanation of the regulation, clarity of the communication from the management, timeliness of communication, clarity of best practices examples, appropriateness of communicational channels,

Table 4.2 (Continued)

Independent Variables (a)	Definition	Indicators
		appropriateness of regulatory compliance and feedback, information feedback from the target group, and participation of the target group

Table 4.3 Operational Measurement of Independent Variables – Group (b) Respondents

Independent Variables (a)	Definition	Indicators
1. Knowledge and understanding	Refer to the extent of the knowledge and understanding of the regulated entities (the target group) regarding the rules and regulations prescribed by the supervisory agency.	1) Ratio Scale 2) Perception of knowledge and understanding rating score from questionnaire survey, **Indicators**: Clarity of the regulatory objectives, clarity of the regulatory process, consistency of the regulatory objectives, clarity of regulation received from officers, clarity of regulatory sanctions, understanding of the regulation, appropriateness of the language used, ability of the target group

Table 4.3 (Continued)

Independent Variables (b)	Definition	Indicators
		to gain regulatory information, extensiveness of the regulation, and the level of participation in improving knowledge and understanding
2. Ability to comply	Refers to the extent of the ability of the regulated entities (the target group) to comply with the rules and regulations prescribed by the supervisory agency.	1) Ratio Scale 2) Perception of the ability of the regulated entities to comply with the regulation rating score from questionnaire survey, **Indicators**: Ability to follow up with the regulation, assistance received from supervisory agency to comply, number of staff available to follow up with the regulation, budget available for complying with the regulation, availability of information technology, system in order to comply with the regulation, and perceived flexibility of the regulation

Table 4.3 (Continued)

Independent Variables (b)	Definition	Indicators
3. Willingness to comply	Refers to the extent of the firms' management and staff's willingness carry out or resist the rules and regulations prescribed by the supervisory agency.	1) Ratio Scale 2) Perception of knowledge and understanding rating score from questionnaire survey, **Indicators:** Satisfaction towards the supervisory agency, appropriateness of the frequency of information submission, understanding of the supervisory agency in business industry, willingness to "voluntarily comply," willingness to "compulsorily comply," benefit obtained from complying, appropriateness of the regulatory costs, benefit of complying towards the overall ability to manage risk, willingness to comply with the objectively-based regulation, benefit of complying with internal effectiveness, consistency of the regulation with the regulatory objectives, and consistency of the regulatory process with the regulatory objectives

4.3.4 Validity and Reliability

In order to ensure validity and reliability of the present study, before conducting surveys, pre-testing of the questionnaires was required and content validity was guaranteed by expert consideration. It has been suggested that validity and reliability are very important aspects of all research design and measurement techniques. Validity refers to the relevance of the design or measure of the question being investigated, or the appropriateness of the design or measure in order to come to an accurate conclusion. On the other hand, reliability refers to consistency, of either measurement or design, and is greatly assisted by "operational definition" (Vogt, 2007).

One of the distinctions between validity and reliability is that validity is often more related to judgment than statistics (Vogt, 2007). The table below is an illustration of the three major types of validity, which are: 1) content validity, 2) criterion-related validity, and 3) construct validity

Table 4.4 Types of Validity and Methods of Assessment

No.	Type of Validity	Question	Method
1.	Content validity	Is the instrument measuring what it is supposed to measure?	1) Obtain experts' opinions.
2.	Criterion-related validity	How closely is the measurement related to something that, were it valid, it ought to relate to (the criterion variable)?	2a) Predictive validity 2b) Concurrent validity
3.	Construct validity	How well does the measuring instrument measure the concept (construct) of interest?	3a) Convergent validity 3b) Discriminant validity

Source: Vogt, 2007.

Vogt (2007) has further suggested that the typical procedure for validity is the judgment of a panel of experts on the relevance of the test items to the content the test is meant to measure. Moreover, Cronbach (1971) (quoted in Lalida Chuayruk, 2006) stated the panel of experts should be reviewed by those that are in a field familiar to the content area being evaluated.

Vogt (2007) addressed the notion that there are many types of reliability testing; however, some of the most popular types of reliability are: 1) inter-rater reliability, 2) test-retest reliability, 3) internal consistency reliability, and 4) split-half reliability. Among the measurements of reliability is the “Cronbach’s Alpha,” which is measurement used to examine the correlation among the several items which measure the same thing. Cronbach’s Alpha, similarly to other types of measurement for reliability, ranges from 0 (inconsistent) to 1.0 (perfectly correlated).

1) Pre-testing

A pre-test procedure was conducted in order to ensure the reliability and validity of the questionnaires. Warangkana Jakawattanakul (2007) added that the principle of a pre-test (or pilot) procedure is to improve the reliability and to produce reliable measures. Van Teijlingen and Hundley (2001) identified several reasons why the pre-test procedure is crucial to a research study. The reasons include:

(1) Developing and testing adequacy of research instruments

(2) Assessing the feasibility of a full-scale research

(3) Designing a research protocol

(4) Assessing whether the research protocol is realistic and workable

(5) Establishing whether the sampling frame and technique are effective

(6) Assessing the likely success of the proposed recruitment approaches

(7) Identifying logical problems that might occur using the proposed methods

(8) Establishing variability in outcomes to help determine sample size

(9) Collecting preliminary data

(10) Determining which resources (financial or human resources) are needed

According to the several benefits described above, this research underwent the process of a pre-test as well as executive interview in order to provide responses to improve the reliability and validity of the questionnaires. The executive interviews, conducted on both the group of respondents together with approximately 35 questionnaires, were sent to the first group of respondents, and approximately 40 questionnaires were sent to the second group of respondents for the pre-testing procedure. The return rate on the pre-test for the first group was 85.7 percent (30 questionnaires return) and 80.0 percent (32 questionnaires returned) for the second group of respondents.

2) Validity test: Factor Analysis

Factor analysis has been used to explore the patterns among a set of correlated variables. Factor analysis has been described as the process used to find patterns in the correlations among variables. The patterns used to cluster the variables into groups are referred to as "factors" (Vogt, 2007).

There are two major types of factor analysis, including: 1) exploratory factor analysis (EFA) and 2) confirmatory factor analysis (CFA). Exploratory factor analysis (EFA) focuses on finding structures or patterns of correlations in the data. EFA is often used in the early stages of the research in order to construct measurement scales. On the other hand, confirmatory factor analysis (CFA) is used to help researchers to find patterns of correlations among the data and then to try to find ways of describing and explaining the item (Vogt, 2007). As the main objective of the analysis is to be able to link variables together into factors, those variables must be related to one another. It has also been suggested that the correlation coefficients should be larger than 0.3. has suggested that in social research "factor loading" of less than .50 is to be removed from further analysis. The rule of thumb threshold for the study usually permits a factor loading of .50 and above to be used for the analysis. It is further suggested that any variables which are not related with other variables should also be removed from the analysis. Furthermore, the researcher also wanted to be sure that the correlation matrix did not possess the highly undesirable properties of multicollinerearity or singularity. Multicollinerearity refers to the condition where the variables are very highly correlated, and "singularity" which refers to the event of some of the variables being exact linear. Moreover, "communality" can be explained as being related to reliability, which is the squared multiple correlation (R2) between the test and the factors emerging from the factor analysis (Kinnear and Gray, 2004).

Table 4.5 Result from Factor Analysis of Effectiveness of Securities Brokerage Regulation Implementation

Variable (a)	**Name of Composite Variable /Question No.**	**Communality**	**Varimax Solution**
Effectiveness of securities brokerage regulation implementation	(Alpha = **.7670**)		
1. Inspection and monitoring	1) Information obtained/Q84	.756	.789
(Alpha = .7681)	2) Significance to system and process/Q85	.635	.664
	3) Significance given to compliance/Q86	.642	.655
	4) Level of compliance/Q87	.632	.658
	5) Compliance encouragement by the firms' management/Q88	.567	.594
	6) Quality of internal audit and compliance/Q89	.607	.614
2. Inducing the degree of compliance	1) Advice given to encourage compliance/Q90	.585	.603

Table 4.5 (Continued)

Variable (a)	Name of Composite Variable /Question No.	Communality	Varimax Solution
(Alpha = .7027)	2) Feedback on non-compliance findings/Q91	.576	.598
	3) Assistance to overcome compliance obstacles/Q92	.647	.669
	4) Feedback to encourage compliance/Q93	.584	.618

Table 4.6 Result from Factor Analysis of Independent Variables (First Tier)

Variable (a)	Name of Composite Variable/Question No.	Communality	Varimax Solution
1. Regulatory objectives	(Alpha = **.8590**)		
1.1 Clarity	1) Clear objectives/Q9	.738	.806
	2) Clear roles/Q11	.723	.799
	3) Clear process/Q12	.751	.784
	4) Clear procedures/Q13	.760	.793
	5) Clear responsibility/Q14	.800	.812
	6) Clear understanding/Q17	.803	.869
	7) Clear understanding of responsibility/Q18	.757	.793
	8) Clear agreement with responsibility/Q19	.651	.708

Table 4.6 (Continued)

Variable (a)	Name of Composite Variable/Question No.	Communality	Varimax Solution
1.2 Consistency	1) Consistency within/Q15	.809	.846
	2) Consistency with outside/Q16	.764	.812
	3) Consistency of regulatory process/Q20	.811	.836
1.3 Prioritization	1) Clear priority/Q10	.747	.784
2. Regulatory resources	(Alpha = .8901)		
2.1 Human resources	1) Adequate staff/Q21	.690	.724
	2) Adequate time/Q22	.800	.835
	3) Adequate skilled officers/Q24	.720	.786
	4) Adequate officers with knowledge/Q25	.728	.794
	5) Adequate regulation/Q26	.712	.740
	6) Adequate officers with experience/Q27	.639	.684
	7) Adequate officers with technical skill/Q28	.854	.864
	8) Adequate experienced officers/Q33	.807	.836

Table 4.6 (Continued)

Variable (a)	**Name of Composite Variable/Question No.**	**Communality**	**Varimax Solution**
2.2 Financial resources	1) Adequate budget/Q23	.746	.777
2.3 Other resources	1) Adequate training/Q29	.751	.784
	2) Adequate number of computer & equipment/Q30	.951	.962
	3) Adequate technical support/Q31	.653	.667
	4) Staff retention/Q32	.926	.937
3. Regulator capacity	(Alpha = .9048)		
3.1 Leader’s competence	1) Leader’s ability for effective implementation/Q41	.715	.721
	2) Leader’s management ability/Q45	.619	.623
	3) Leader’s problem solving ability/Q46	.865	.884
	4) Leader’s ability to make the officers realize benefits/Q47	.732	.751
3.2 Leader’s commitment	1) Significance of the implementation to the leader/Q42	.845	.865
	2) The leader’s commitment to the implementation/Q43	.754	.786

Table 4.6 (Continued)

Variable (a)	Name of Composite Variable/Question No.	Communality	Varimax Solution
	3) The leader's encouragement/Q44	.851	.860
3.3 The officer's skills and competence	1) Time management skill/Q34	.865	.873
	2) Being rational/Q35	.883	.896
	3) Problem solving skill/Q36	.762	.791
	4) Commitment to supervision/Q37	.642	.665
	5) Decision making ability/Q38	.556	.564
	6) Cooperation/Q39	.749	.767
	7) Cause and effect thinking/Q40	.663	.687
	8) Frequent exchange of information/Q48	.765	.781
	9) Ability to consult experts/Q49	.830	.856
	10)Laws necessary to protect the officers from duties/Q50	.765	.782
	11) Cooperation from other organizations/Q51	.645	.651
	12) Officer's ability to provide consistent treatment/Q52	.867	.876

Table 4.6 (Continued)

Variable (a)	**Name of Composite Variable/Question No.**	**Communality**	**Varimax Solution**
	13)Ability to understand the rationale/Q53	.642	.664
	14)Ability to be rational/Q54	.880	.914
	15)Independency/Q55	.746	.768
4. Attitudes of the regulator	(Alpha = .8720)		
4.1 The supervisor agency's acceptance	1) Perceived benefits/Q56	.897	.902
	2) Officer's willingness/Q57	.735	.741
	3) Relationship within department/Q60	.776	.784
	4) Relationship outside department/Q61	.627	.654
4.2 The supervisor agency's commitment	1) Officer's commitment/Q58	.568	.582
	2) Officer's support/Q59	.846	.867
5. Communication	(Alpha = .9201)		
5.1 Clarity	1) Perceived understanding/Q62	.763	.786
	2) Clarity of new regulations/Q65	.827	.848

Table 4.6 (Continued)

Variable (a)	Name of Composite Variable/Question No.	Communality	Varimax Solution
5.1 Clarity (Continued)	3) Clarity of existing regulations/Q66	.745	.763
	4) Clarity of explanation of regulations /Q67	.532	.582
	5) Clarity of the communication from the leader/Q68	.809	.814
	6) Clarity of the communication to target group/Q69	.672	.701
	7) Sufficient communication/Q70	.573	.587
	8) Timeliness of communication/Q71	.532	.552
	9) Sufficiency of the information/Q72	.554	.568
	10) Clarity of the expectation/Q75	.663	.679
	11) Clarity of best practice/Q76	.641	.664
5.2 Appropriateness channels	1) Appropriateness of channels in departments/Q63	.809	.816
	2) Appropriateness of channels between departments/Q64	.756	.768

Table 4.6 (Continued)

Variable (a)	Name of Composite Variable/Question No.	Communality	Varimax Solution
	3) Appropriateness of channel of feedback and complaints/Q77	.632	.653
5.3 Participation	1) Participating comments/Q73	.549	.577
	2) Openness to participation/Q74	.623	.656

Table 4.7 Result from Factor Analysis of Independent Variables (Second Tier)

Variable (b)	Name of Composite Variable/Question No.	Communality	Varimax Solution
1. Knowledge and understanding	(Alpha = **.8284**)		
1.1 Clarity	1) Clear objectives/Q14	.641	.668
	2) Clear process/Q15	.573	.596
	3) Clear benefits/Q18	.587	.606
	4) Clear details/Q23	.609	.627
1.2 Understanding	1) Clear understanding of the regulation/Q13	.622	.642
	2) Consistent with Objective/Q16	.638	.663
	3) Ability of the regulator to explain/Q17	.586	.602

Table 4.7 (Continued)

Variable (b)	**Name of Composite Variable/Question No.**	**Communality**	**Varimax Solution**
	4) Understanding of new regulation/Q24	.558	.573
	5) English language used/Q25	.546	.569
	6) Legal language used/Q26	.627	.639
	7) Regulation complexity/Q27	.589	.599
1.3 Access information	Information accessibility/Q19	.605	.623
1.4 Participation	1)Participative level of the target group/Q21	.564	.571
	2)Information feedback/Q22	.512	.534
2. Ability to comply	(Alpha = **.**7831)		
2.1 The ability to comply	1) Ability to follow the regulation/Q28	.661	.682
2.2 Assistance	1) Perceived assistance received from the officers/Q33	.543	.567
	2) Assistance received from supervisory agency/Q46	.734	.741
2.3 The availability of resources	1) Adequate number of staffs/Q33	.729	.735
	2) Sufficient budget/Q34	.657	.681
	3) Adequate technical support/Q35	.532	.554

Table 4.7 (Continued)

Variable (b)	**Name of Composite Variable/Question No.**	**Communality**	**Varimax Solution**
2.4 Flexibility	1) Flexibility of the regulation in relation to business practice/Q31	.593	.603
3. Willingness to comply	(Alpha = .9350)		
3.1 Willingness	1) Satisfaction with regulation/Q36	.768	.794
	2) Frequency of regulation revision/Q37	.885	.893
	3) Appropriateness of onsite supervision/Q38	.704	.716
	4) Appropriateness of offsite supervision/Q39	.636	.659
	5) Regulator’s rationale/Q41	.582	.598
	6) Regulator’s understanding of business risks/Q42	.676	.701
	7) Agree with regulatory objective/Q47	.699	.728
	8) Regulator understands business’s problems/Q48	.659	.688
	9) Regulator understands changes/Q49	.724	.738
	10)Perceived “voluntary” willingness/Q50	.809	.816

Table 4.7 (Continued)

Variable (b)	**Name of Composite Variable/Question No.**	**Communality**	**Varimax Solution**
3.1 Willingness (Continued)	11) Perceived "compulsory" willingness/Q56	.655	.684
	12) Perception of objectively-based regulation/Q54	.555	.577
	13) Perceived compliance/Q55	.743	.759
	14) Perceived as minimum requirement/Q56	.756	.784
3.2 Benefits	1) Perceived benefit/Q29	.645	.667
	2) The cost of regulation/Q40	.569	.578
	3) Improvement in operational effectiveness/Q43	.554	.581
	4) Improvement in risk management/Q44	.728	.745
	5)Improvement in overall risk management ability/Q45	.714	.735
	6) Cost and benefit/Q51	.654	.665
3.3 Linkage with Substantive Purpose	1) Coverage of regulation /Q20	.689	.711
	2) Consistency with business practice/Q30	.595	619

Table 4.7 (Continued)

Variable (b)	Name of Composite Variable/Question No.	Communality	Varimax Solution
	3) Consistency with business environment/Q52	.638	..654
	4) Consistency with objectives/Q53	.567	.587

This study utilized the principal component extraction and varimax rotation technique used in factor analysis. The results of the factor analysis found both high and low loadings generated. Some of the initial variables were removed and some required to be re-grouped in order to ensure the validity of the factors which they represented. Additionally, Cronbach's Alpha was also used to ensure the reliability of the revised variables.

4.3.4.1 Effectiveness of Securities Brokerage Regulation Implementation

Initially regarding the constructed measurement for the measurement of the effectiveness of Securities Brokerage Regulation Implementation there were two factors (13 items). The initial two groups of factors remained after employing the factor analysis using principal component extraction and varimax rotation of all items. The two groups of factors remaining were Inspection and monitoring (6 items) and Inducing the degree of compliance (4 items). However, two items under Inspection and Monitoring, and one item for inducing the degree of compliance were deleted. As a result, the reliability of the summative scale of all ten items was at a satisfactory level, with a Cronbach alpha value of .7670.

4.3.4.2 Variables with the Relationship with Effectiveness of Securities Brokerage Regulation Implementation

There were 75 items and 46 items constructed to measure the factors, which were found to have a relationship with the effectiveness of the implementation of securities brokerage regulation under both the supervisory agency and regulated entities. After utilizing the factor analysis by grouping the items within the first tier or the supervisory agency tier into five factors, including regulatory objectives (12 items), regulatory resources (13 items), regulatory capacity (22 items), attitudes of the regulator (6 items), and communication (22 items), ten items were deleted. The items deleted included two items under regulatory objectives, two items under regulatory resources, three items under regulatory capacity, two items under attitudes of regulator, and one item under communication.

As for the second tier, a total of five items was deleted as from the results of the factor analysis. The items deleted in the second tier included three items from knowledge and understanding, one item from ability to comply, and one item from willingness to comply. To conclude, the alpha reliability of the factor extracted was at a satisfactory level, as indicated by a Cronbach'alpha value of .8590, .8901, .9048, .8720 and .9201 for the factors within the first tier, respectively. Cronbach's alpha values were .8284, .7831, and .9350 for the factors within the second tier.

Regarding the results of the factor analysis, Table 4.8 and Table 4.9 present the initial and revised factors of the effectiveness of securities brokerage regulation implementation and variables with its relationship with the effectiveness of securities brokerage regulation implementation of both tiers. All revised factors from the factor analysis were considered as having high reliability for this study.

Table 4.8 Initial and Revised Factor of Effectiveness of Securities Brokerage Regulation Implementation (First tier)

Initial Factors	**No. of Questions**	**Revised Factors**	**No. of Questions**
Effectiveness	13	Effectiveness	10
a. Inspection and monitoring	8	a. Inspection and monitoring	6
b. Inducing the degree of compliance	5	b. Inducing a degree of compliance	4

Table 4.8 (Continued)

Initial Factors	No. of Questions	Revised Factors	No. of Questions
1. Regulatory objectives	14	1. Regulatory objectives	12
1.1 Clarity	9	1.1 Clarity	8
1.2 Consistency	3	1.2 Consistency	3
1.3 Prioritization	2	1.3 Prioritization	1
2. Regulatory resources	15	2. Regulatory resources	13
2.1 Human resources	9	2.1 Human resources	8
2.2 Financial resources	2	2.2 Financial Resources	1
2.3 Other resources	4	2.3 Other resources	4
3. Regulator capacity	25	3. Regulator capacity	22
3.1 Leader's competence	6	3.1 Leader's competence	4
3.2 Leader's commitment	4	3.2 Leader's commitment	3
3.3 The officer's skills and competence	15	3.3 The Officer's skills and competence	15
4. Attitudes of the regulator	8	4. Attitudes of the regulator	6
4.1 The supervisor agency's acceptance	4	4.1 The supervisor agency's acceptance	4

Table 4.8 (Continued)

Initial Factors	No. of Questions	Revised Factors	No. of Questions
4.2 The supervisor agency's commitment	4	4.2 The supervisor agency's commitment	2
5. Communication	23	5. Communication	22
5.1 Clarity	11	5.1 Clarity	11
5.2 Appropriateness channels	3	5.2 Appropriateness channels	3
5.3 Participation	4	5.3 Participation	2

Table 4.9 Initial and Revised Factor of Effectiveness of Securities Brokerage Regulation Implementation (Second tier)

Initial Factors	No. of Questions	Revised Factors	No. of Questions
1. Knowledge and understanding	17	1. Knowledge and understanding	14
1.1 Clarity	5	1.1 Clarity	4
1.2 Understanding	7	1.2 Understanding	7
1.3 Access information	2	1.3 Access information	1
1.4 Participation	3	1.4 Participation	2
2. Ability to comply	8	2. Ability to comply	7

Table 4.9 (Continued)

Initial Factors	No. of Questions	Revised Factors	No. of Questions
2.1 The ability to comply	2	2.1 The ability to comply	1
2.2 Assistance	2	2.2 Assistance	2
2.3 The availability of resources	3	2.3 The availability of resources	3
2.4 Flexibility	1	2.4 Flexibility	1
3. Willingness to comply	25	3. Willingness to comply	24
3.1 Willingness	14	3.1 Willingness	14
3.2 Benefits	6	3.2 Benefits	6
3.3 Linkage with substantive purpose	5	3.3 Linkage with substantive purpose	4

4.4 Data Collection and Data Analysis

The quantitative data for this research were collected by using survey questionnaires and in-depth interviews. The following section reveals the details on the questionnaires used in the survey and the details of the in-depth interviews. The research question of this study required an adaptive research design with an initial exploration. The study was designed in research phases, moving from the stage of inductive inquiry to the deductive method of formulation stage and examination of hypotheses that were based on the results of the data gathering and analysis.

In the design of this research, the method of data collection was initially done via the one-shot questionnaire approach in order to verify the findings from the earlier stage and in order to establish general patterns in order to understand the factors affecting securities brokerage regulation implementation effectiveness. After gaining information from the quantitative method, the research then utilized the method of in-depth interviews, which are based on a phenomenological orientation in order to reach in-depth understanding of the effectiveness of securities brokerage regulation implementation (Kanokkan Anukansa, 2001).

4.4.1 Survey Methodology

The two sets of constructed questionnaires were delivered directly to each group of respondents. The first set of questionnaires was delivered to the major departments of the supervisory agency responsible for regulation implementation. The total number of the first set of questionnaires was 78. The second set of questionnaires delivered to the individual firms with securities brokerage licenses comprised 41 sets of questionnaires to 41 companies. The total number of questionnaires delivered to the second set of respondents was 354 questionnaires.

4.4.2 Data Collection Method

The survey took approximately 3 to 4 weeks from the initial submitting of the questionnaires to both of the supervisory agency and the securities brokerage firms. Employing the questionnaire method made it easier to gain information from both the key players in the securities brokerage industry and to impose uniformity by asking all respondents the same questions and to make data compilation and comparison among questionnaire respondents simpler. In order to ensure a good rate of return of the questionnaires and that the responses reflected true answers to the questionnaires, they were individually handed to the compliance staff of the firms. The attached cover letters introduced the study and its significance as well as instructions for answering the questionnaire. Attached was a pre-addressed envelope and stamp that facilitated the return of the questionnaires by the respondents.

4.4.3 Survey Questionnaires

In the initial period the method of survey questionnaires is crucial to the research process. Survey questionnaires are an appropriate mode of inquiry for making interferences from the population. As mentioned in the earlier section, questionnaires are the most common way to collect data in the quantitative research method. The basic aim is to describe and explain, statistically, the variability of certain features of the target population.

The survey questionnaires were divided for each group of respondents. The first set of questionnaires was distributed to the officers of the SEC who held the main responsibility of the supervision of the securities firms. The second set of questionnaires was distributed to securities firms which performed the function of securities brokerage under the SEA. Each of the questionnaires was self-administrated, which allowed the respondents to express their responses towards each of the statements. Each of the statements in section II in both of the questionnaires was rated by using a 5-point Likert-type rating scale ranging from strongly agree (rating 5) to strongly disagree (rating 1). In addition, as many previous researchers have recommended, as well as the opinion from experts, it is suggested that answers such as “neutral” or “uncertain” should be avoided in order to allow for a more reliable data analysis. This is particularly applied to research in the Thai context and with Thai respondents.

For both sets of survey questionnaires, the section within the questionnaire was divided into three major sections, including:

Section I: General information about the respondents

Section II: General view towards regulation implementation

Section III: Open-ended questions regarding the effectiveness of regulation implementation

4.4.4 Response Rate

The rate of returned questionnaires was at 70.5 percent or 55 respondents for the first group of respondents—supervisory regulator officers—and 65.5 percent or 231 respondents for the second group of respondents—regulated entity staff members. However, within the number of the returned questionnaires, some were found to be incomplete and therefore could not be used in terms of statistical analysis. These incomplete questionnaires therefore were excluded from the data analysis.

Once the incomplete questionnaires were removed from the analysis, there were 52 useable questionnaires from the first group of respondents—supervisory regulator officers, and 221 useable questionnaires from the second group of respondent—regulated entity staff members. As for the second group of respondents, the 221 useable questionnaires represented 22 securities brokerage firms or regulated entities under the supervision of the SEC. This return rate was at 70.5 percent and 65.5 percent, which was considered to represent the total population of both groups of respondents.

4.4.5 Data Analysis

Software program SPSS version 11.5 (Statistical Package for Social Science) was used for the quantitative data, with appropriate descriptive and inferential statistics in accordance with the objectives of the study. Most statistics used for the quantitative analysis were percentages and means (Kanokkan Anukansa, 2001). Each set of questionnaires was analyzed in accordance with the conceptual framework set out in the previous chapter. The descriptive statistics, including mean, standard deviation (SD), and minimum and maximum were used in order to describe the characteristics of both groups of respondents. The purpose of this was to end up with summary numbers that provides some representation (Burns and Burns, 2008). The statistical technique of Pearson Correlation Analysis was then used to measure and determine the relationship between the independent and dependent variables. The techniques of regression found to be very useful where the independent variables were correlated with one another and also correlated with the dependent variable to varying degrees (Tabachnick and Fidell, 2007). The tool of multiple regression allowed the researcher to identify the independent variables simultaneously associated with the dependent variable, and also to estimate the separate and distinct influence of each variable on the dependent variable (Nash and Carver, 2005). Therefore, in addition to the previous statistical techniques described, Multiple Regression Analysis (MRA) was also used to analyze the degree of the relationship between the independent and dependent variables.

Table 4.10 Summary of Research Methodology

Research Phases and procedures	**Objectives**	**Data Collecting Techniques**	**Samples and Sampling Techniques**	**Outputs**
Selecting Sampling	To investigate the nature, and characteristics of as well as variables related to the effectiveness of Securities Brokerage regulation implementation	Key informant Interviews and direct observation	Approximately 6 to 10 samples from both groups of respondents are selected for an in-depth interview	Findings from inductive inquiry
Survey	To generalize from the findings of the earlier stage	Questionnaires	Drawn samples adequately and representatively across official within the supervisory agency and the securities brokerage firms	Findings from deductive inquiry

CHAPRTER 5

RESULTS OF THE STUDY

Chapter five comprises the results of the study. The chapter is divided into three major parts. The first part will explain the main characteristics of the two groups of respondents. The next section concerns the data analysis and results of the study. The final section is the discussion of the research results.

5.1 Characteristics of the Respondents

According to the research's conceptual framework, the groups of respondents were divided into two major groups. The first group was the officers of the SEC represented under the characteristics of the respondents-the supervisory agency-and the second group was the management and staff of the securities brokerage firms, represented under the characteristics of the respondents-securities brokerage firms.

5.1.1 The Characteristics of the Respondents -Supervisory Agency

In this section, the main characteristic of the supervisory agency officer respondents will be explained in details in order to provide demographic information on the first group of respondents. In addition, the general perspectives for this particular research will be provided. The general characteristics of the first group of respondents are summarized and presented in the tables below. These general characteristics of the respondents include gender, age, educational level, field of study, position, level of position, experience in the current position, and their overall experience in financial industry.

Table 5.1 Characteristics of Respondent Group (a) – Gender (52 Questionnaires)

Gender	Frequency	Percent
Female	36	69.2
Male	16	30.8
Total	52	100.0

Table 5.2 Characteristics of Respondent Group (a) – Age (52 Questionnaires)

Age Group	Frequency	Percent
19-28	2	3.8
29-38	11	21.2
39-48	34	65.4
Over 49	5	9.6
Total	52	100.0

According to the first category of the general characteristics of the respondents, gender, 30.8 percent of the respondents were male and 69.2 percent of the respondents were made up of females. With reference to the results of the observations, it was found that the position of securities regulator was more appealing to women than men. Next in the category is age; the age of the respondents was divided into 4 categories. According to the results, the highest percentage of the respondents (65.4 percent) was aged between 39 and 48 years. This was followed by the second highest age group of 29 to 38 years at 21.2 percent of the respondents. This was followed by 9.6 percent of the respondents under the age of 49 years, and 3.8 percent between the ages of 19 and 28 years. The results show that the majority of supervisory agency officers were in the middle age group.

Table 5.3 Characteristics of Respondent Group (a) – Educational degree (52 Questionnaires)

Educational degree	**Frequency**	**Percent**
Bachelor Degree	2	3.8
Master Degree	49	94.2
Doctoral Degree	1	1.9
Total	52	100.0

Table 5.4 Characteristics of Respondent Group (a) – Educational Background (52 Questionnaires)

Educational background	**Frequency**	**Percent**
Accounting	15	28.8
Business Administration	8	15.4
Finance	17	32.7
Economic	9	17.3
Information Technology	3	5.8
Total	52	100.0

As for educational level, all of the respondents in the supervisory agencies mostly held at least one educational degree and most, or 94.2 percent, held a master degree. This result suggested that the task of regulating and supervising securities brokerage firms was performed by the officers with at least a bachelor degree. In addition, under the field of the study, a variety of educational backgrounds was seen, with 28.8 percent with an accounting degree, 32.7 percent with a business administration degree, 17.3 percent with a finance degree, 15.4 percent with an economic degree, and 5.8 percent with an information technology degree.

Table 5.5 Characteristics of Respondent Group (a) – Position (52 Questionnaires)

Position	Frequency	Percent
Management	12	23.1
Examiner	15	28.8
Analyst	25	48.1
Total	52	100.0

Table 5.6 Characteristics of Respondent Group (a) – Level of position (52 Questionnaires)

Level of position	Frequency	Percent
Director	1	1.9
Senior assistant director	5	9.6
Assistant director	5	9.6
Senior officer	33	63.5
Officer level 6	3	5.8
Officer level 5	5	9.6
Total	52	100.0

The next category was position and position level. The respondents were classified into three positions: management, analyst, and examiner. The respondents with a management position accounted for 23.1, the respondents with an examiner position accounted for 28.8 percent, and the majority, or 48.1 percent, of the respondents held an analyst position. As for position level, the securities regulator position levels were classified into five categories, including director, senior assistant director, assistant director, senior officer, officer level 6, and officer level 5. The results revealed that the respondents were in the following positions: 1.9 percent as director, 9.6 percent as senior assistant director, 9.6 percent as assistant director, 63.5 percent as senior officer, 5.8 percent at officer level 6, and 9.6 percent at officer level 5.

Table 5.7 Characteristics of Respondent Group (a) – Work Experience in Current Position (52 Questionnaires)

Work experience in current position	Frequency	Percent
Under 5 years	20	38.5
6 – 10 years	13	24.8
11 – 15 years	11	21.1
Over 15 years	18	15.3
Total	52	100.0

Table 5.8 Characteristic of Respondent Group (a) – Overall Work Experience (52 Questionnaires)

Overall work experience	Frequency	Percent
Under 5 years	6	11.4
6 – 10 years	11	21.2
11 – 15 years	16	30.7
Over 15 years	19	36.5
Total	52	100.0

In terms of work experience, 61.2 percent of the securities regulator officers had more than five years of experience in their current position. More than half of the securities regulator officers, or 67.2 percent, were found to have also more than 10 years of experience in the field of the overall securities business field. This suggested that the majority of officers that were performing the task of regulation implementation were equipped with experience in the field of finance.

In order to summarize the major characteristics of the respondents, it was found that the majority of respondents were female at 69.2 percent. The largest number of respondents were aged between 39 to 48 years, which accounted for 65.4 percent of the respondents. In terms of education level, it was found that most, or 94.2

percent, held a master degree. There was a variety of educational backgrounds, but the majority of respondents held a business administration degree. The results also suggested that most of the respondents were in a position of analyst, accounting for 48.1 percent of the respondents. A large number of respondents were in the position level of senior officer, which accounted for 63.5 percent. Under the experience category, the majority of the respondents, or 60.2 percent, were found to have at least five years of experience in their current position. Sixty-seven point two percent of the respondents were also found to have over 10 years of experience in the overall securities and financial field.

5.1.2 The Characteristics of the Respondents–Securities Brokerage Firms

The previous section described the major characteristics of the first group of respondents, which were the officers of the Securities and Exchange Commission. This section consists of a description of the major characteristics of the second group of the respondents—the management and staff of the securities brokerage firms. The categories of the major characteristics of the second group of respondents were divided into eight characteristics, including gender, age, educational level, field of study, work department, position level, experience in the current position, and overall experience in the financial industry.

Table 5.9 Characteristics of Respondent Group (b) – Gender (221 Questionnaires)

Gender	Frequency	Percent
Female	130	58.8
Male	91	41.2
Total	221	100.0

Table 5.10 Characteristics of Respondent Group (b) – Age (221 Questionnaires)

Age group	Frequency	Percent
19-28	21	9.5
29-38	63	28.5
39-48	99	44.8
49-58	36	16.3
Over 59	2	0.9
Total	221	100.0

Regarding the first characteristic, which is gender, the results showed that 58.8 percent of the respondents were female and 41.2 percent were male. Again similar to the fist group of respondents, females were found to be attracted to the financial business. Under the age categories, the respondents were divided into five age categories between 19 and 28 years, between 29 and 38 years, between 39 and 48 years, between 49 and 58 years, and 59 years or above. The results revealed that 9.5 percent of the respondents were of the age of between 19 to 28 years, 28.5 percent were between 29 and years, 44.8 percent were between 39 and 48 years, 16.3 percent were between 49 and 58 years, and 0.9 percent were 59 years or above.

Table 5.11 Characteristics of Respondent Group (b) – Educational Degree (221 Questionnaires)

Educational degree	Frequency	Percent
Diploma	3	1.4
Bachelor Degree	111	50.2
Master Degree	104	47.1
Doctoral Degree	2	0.9
Other	1	0.5
Total	221	100.0

Table 5.12 Characteristic of Respondent Group (b) – Educational Background (221 Questionnaires)

Educational background	**Frequency**	**Percent**
Accounting	67	30.3
Business Administration	55	24.9
Finance	31	14.0
Law	14	6.3
Economics	30	13.6
Engineering	2	0.9
Information Technology	8	3.6
Political Science	6	2.7
Other	8	3.6
Total	221	100.0

Similar to the first group of respondents, the second group of respondents were found to hold at least one degree: 1.4 percent graduated at the diploma level, 50.2 percent possessed a bachelor degree, 47.1 percent held a master degree, and 0.9 percent held a doctoral degree. The next categories looked at the educational background of the respondents, who were divided into nine categories, including accounting, business administration, finance, law, economic, engineering, information technology, political science, and others. It was found that 30.3 percent held an accounting degree, 24.9 percent a business administration degree, 14.0 percent a finance degree, 6.3 percent a law degree, 13.6 percent an economic degree, 0.9 percent an engineering degree, 3.6 percent an information technology degree, and 2.7 percent a political science degree.

Table 5.13 Characteristics of Respondent Group (b) – Working Departments (221 Questionnaires)

Working departments	Frequency	Percent
Management	17	7.7
Compliance	67	30.3
Front Office	28	12.7
Operational	25	11.3
Accounting and Finance	20	9.0
Investment Banking	6	2.7
Securities Analysts	12	5.4
Risk Management	17	7.7
Other	29	13.1
Total	221	100.0

Table 5.14 Characteristics of Respondent Group (b) – Position level (221 Questionnaires)

Position level	Frequency	Percent
Higher Management	32	14.5
Middle Management	61	27.6
Division Head	28	12.7
Senior Staff	58	26.2
Staff	38	17.2
Other	4	1.8
Total	221	100.0

The work departments of the respondents were divided in accordance with their specialty. These departments included eight different departments: management, compliance department, front office, operational, accounting and finance, investment banking, securities analysts, risk management, and other departments. The respondents were found to belong to various departments: 7.7 percent were in the management department, 30.3 percent were in the compliance department, 12.7 percent were in the front office department, 11.3 percent were in the operational department, 9.0 percent were in the accounting and finance department, 2.7 percent were in the investment banking department, 5.4 percent were in the securities analysts department, 7.7 percent were in risk the management department, and 13.1 percent were in other departments. The levels of position were also found as follows: 14.5 percent of the respondents were in higher management, including President, Vice-President, Chairman, Vice-Chairman, Managing Director, Deputy Managing Director, Director, Chief Executive Officer or General Manager; 27.6 percent of the respondents were in middle management, including Department Director or Division Manager; 12.7 percent of the respondents were Division head; 26.2 percent were at the senior staff level; and 17.2 percent of the respondents were at the staff level.

Table 5.15 Characteristics of Respondent Group (b) – Work Experience in Current Position (221 Questionnaires)

Work experience in current position	**Frequency**	**Percent**
Under 5 years	133	60.2
6 – 10 years	59	26.7
11 – 15 years	18	8.3
Over 15 years	11	5.2
Total	221	100.0

Table 5.16 Characteristics of Respondent Group (b) – Overall Work Experience (221 Questionnaires)

Overall work experience	Frequency	Percent
Under 5 years	41	20.0
6 – 10 years	61	27.6
11 – 15 years	39	17.8
Over 15 years	77	35.1
Total	221	100.0

Lastly, in the area of work experience, 40.2 percent of the securities brokerage firms' staff had less than five years' experience in their current position. Fifty-two point nine percent of securities brokerage staff were found to have more than 10 years of experience in the overall financial field. This suggested that, again, similar to group (a) respondents, the majority of people within the securities brokerage industry have been in the industry for a number of years.

To summarize the major characteristic of the second group of respondents, most or 58.8 percent were female. The majority of the respondents, or 44.8 percent, were aged between 39 and 48 years. As for educational level and educational background, the majority of respondents with at least bachelor degree accounted for 98.1 percent. Also, most of the respondents held at least one degree in order to perform the task within the securities brokerage firms, with 50.2 percent holding a bachelor degree. The majority of respondents were in the compliance department, which accounted for 30.3 percent, and most, or 27.6 percent of the respondents, were t the level of middle management. Finally, under the work experience category, the majority of respondents, or 40.2 percent, were found to have less than five years of experience in their current position. Fifty-two point nine percent were also found to have more than 10 years of experience in the overall financial field.

5.2 Data Analysis and Results of the Study

5.2.1 Correlation Matrix and Descriptive Statistics of Variables

The purpose of this section was to test the proposed model of the analysis in order to provide answers to the research questions. In order to do this, the computerized statistical package SPSS Version 11.5 was used to analyze the data. The analysis of the correlation coefficients among all variables was the first category to be investigated. The main intention was to find the magnitude of the correlations among the sets of variables. Moreover, the descriptive statistics of all variables are presented, including mean, standard deviation, minimum value, maximum value, and number of units of analysis. According to the conceptual framework of the study, the variables were categorized into the two major categories. The correlations among variables and descriptive statistics are presented in Table 5.17 and Table 5.18 below.

Table 5.17 Correlation Matrix, Mean and Standard Deviation of Independent Variables (Group a)

Variables	REGOBJ	REGRES	REGUCAP	REGATTI	COMMU
REGOBJ	1.000	.656	.607	.294	.543
REGRES		1.000	.786	.231	.702
REGUCAP			1.000	.393	.738
REGATTI				1.000	.394
COMMU					1.000
MEAN	3.4808	3.2367	3.4336	3.9455	3.4693
SD	.66924	.66988	.57259	.53497	.64589
MIN	2.00	2.00	2.09	2.00	2.06
MAX	4.92	4.62	4.50	5.00	5.00
N	52	52	52	52	52

Where:

REGOBJ	=	Regulatory Objectives
REGRES	=	Regulatory Resources
REGUCAP	=	Regulator Capacity
REGATTI	=	Attitudes of the Regulator
COMMU	=	Communication

Table 5.18 Correlation Matrix, Mean and Standard Deviation of Independent Variables (Group b)

Variables	**KNOUND**	**ABICOM**	**WILLCOM**
KNOUND	1.000	.693	.682
ABICOM		1.000	.692
WILLCOM			1.000
MEAN	3.2683	3.2586	3.4397
SD	.57488	.66464	.55898
MIN	1.00	1.14	1.38
MAX	4.71	4.71	4.63
N	221	221	221

Where:

KNOUND	=	Knowledge and Understanding
ABICOM	=	Ability to Comply
WILLCOM	=	Willingness to Comply

This research attempted to find out the variables with the ability to predict the outcome of the research. Warangkana Jakawattanakul (2007) has suggested that the ideal predictive situation is where there are low correlations among the independent variables. Moreover, Kerlinger (1973) has suggested that the more that the independent variables are inter-correlated, the more difficult it is to interpret the results. In addition, Suchart Praset-rathsint (2002 quoted in Warangkana Jakawattanakul, 2007) further suggested that the researcher should be cautious regarding potential problems which can caused by the high multicollinearity, where a sample correlation coefficient is greater than +.80 or less than -.80 for the two independent variables.

The results from the returned samples showed 52 respondents from the first group of respondents and 22 units of analysis (represented by 221 respondents). The correlations among variables were found to range from a low level of correlation to a high level of correlation. The results of the first tier were found to exhibit the lowest level of correlation at 0.231, which was the correlation between the attitudes of the regulator and regulatory resource. The highest level of correlation was at 0.786, which was the correlation between regulatory capacity and regulatory resource. The results of the second tier were found to be the lowest level of correlation at 0.682, which was the correlation between willingness to comply and knowledge and understanding of the regulation. The highest level of correlation was at 0.693, which was the correlation between ability to comply and knowledge and understanding of the regulation.

Table 5.17 shows that the perception of the respondents towards the factors which had a relationship with the effectiveness of securities brokerage regulation implementation were regulatory objectives, regulation resources, regulator capacity, attitudes of the regulator, and communication; these were at a moderately high level. The average score was 3.4808, 3.2367, 3.4336, 3.9455, and 3.4693, respectively. Moreover, Table 5.17 also shows that most of the respondents in group (a) differed in terms of regulatory resource, which exhibited a standard deviation of .66988. In addition, some of the respondents perceived low clarity in terms of regulatory objectives, a low level of regulatory resources, and a low level of attitudes, which revealed a score of 2.00. On the other hand, some of the respondents exhibited a high level of attitude and communication.

Table 5.18 shows that the perception of the respondents towards the factors which had a relationship with the effectiveness of securities brokerage regulation implementation were knowledge and understanding of the regulation, ability to comply with the regulation, and willingness to comply with the regulation; these were at a moderate level. The average score was 3.2683, 3.2586, and 3.4397 respectively. This indicated that some of the respondents perceived a low level of knowledge and understanding in the regulation with a score of 1.00, while some of the respondents perceived a high level of knowledge and understanding in the regulation and ability to comply with the regulation at the highest score of 4.71. Additionally, most of the respondents in group (b) differed in terms of the ability to comply with the regulation, which showed a standard deviation of .66464.

5.2.2 The Relationships Among Variables

Quantitative analysis was employed in order to analyze the data and information collected from the study. The quantitative techniques were used to analyze by the mean of Ordinary Least Square (OLS) through the SPSS software. The data accumulated were used to analyze the relationship between the independent and dependent variables and to test the earlier-established hypotheses.

5.2.2.1 Hypothesis I (a): Regulator Capacity

Hypothesis I (a) states that 1) regulatory objectives, 2) regulatory resources, 3) communication, and 4) the attitudes of the regulator each has a relationship with regulator capacity. The results indicated that regulator capacity had a positive relationship with regulatory objectives (Pearson Correlation = .607), regulatory resources (Pearson Correlation = .786), communication (Pearson Correlation = .783), and attitudes of the regulator (Pearson Correlation = .393). The results of the correlation showed that the regulator capacity will tend to increase when there are more regulatory resources available, better communication processes, the regulator has positive attitudes toward the implementation, and the regulatory objectives are clearly presented during the implementation process. Pearson Correlation was used to describe the relationships among the variables which had a relationship with regulator capacity, as summarized below:

Table 5.19 Correlation Matrix and Descriptive Statistics for Regulatory Objectives, Regulatory Resources, Communication, Attitudes of the Regulator, and Regulator Capacity

Correlations (n = 52)					
	REGUCAP	REGOBJ	REGRES	REGATTI	COMMU
REGUCAP	1.0				
REGOBJ	.607(**)	1.0			
REGRES	.786(**)	.656(**)	1.0		
REGATTI	.393(**)	.294(*)	.231	1.0	
COMMU	.738(**)	.543(**)	.702(**)	.394(**)	1.0
MEAN	3.4336	3.4808	3.2367	3.9455	3.4639
SD	.57259	.66924	.66988	.53497	.64589

Note: **Correlation is significant at the 0.01 level (2-tailed).
*Correlation is significant at the 0.05 level (2-tailed).

Where:

REGOBJ	=	Regulatory Objectives
REGRES	=	Regulatory Resources
REGUCAP	=	Regulator Capacity
REGATTI	=	Attitudes of the Regulator
COMMU	=	Communication

Table 5.20 Multiple Regression Analysis of Regulatory Objectives, Regulatory Resources, Communication, Attitudes of the Regulator, and Regulator Capacity

Variables	Unstandardized Coefficients b	Standardized Coefficients beta	t	Sig. (t)
(constant)	.845		3.258	.002
REGOBJ	.072	.084	.785	.436
REGRES	.451	.527	4.692	.000
REGATTI	.149	.139	1.603	.116
COMMU	.326	.368	3.273	.002

Note: R = .828 R^2 = .686 Adjusted R^2 = .673
SEE = .32734 F = 53.526 Sig.F = .000

Where:

REGOBJ	=	Regulatory Objectives
REGRES	=	Regulatory Resources
REGATTI	=	Attitudes of the Regulator
COMMU	=	Communication

Multiple Regression Analysis was applied in order to find out which of the variables were the predictors of the regulatory capacity. Table 5.20 indicated that the variations in regulator capacity were influenced by the availability of regulatory resources and communication process. As indicated above, a total of 67.3 percent of the variations in the regulator capacity could be explained by the variation in regulatory resource and communication.

In accordance with the statistical results in the Table 5.19, the capacity of the supervisory agency had a relationship with four variables; namely, regulatory resources, communication, attitudes of the regulator, and regulatory objectives. The results of the questionnaires and the early observations verified that in a situation when there are more (and of good quality) regulatory resources available, i.e. the availability of highly-experienced inspecting officers or comprehensive data management systems, the capacity of the supervisory agency's officer will tend to increase. Another issue was that of communication, defined to have a positive relationship towards the capacity of the supervisory agency; when the flow of communication was better, the capacity of the supervisory agency tended to increase. This was explained by the fact that improvement in communication will likely lead to better information flow (i.e. new regulations or non-compliance activities by some of the regulated entities) within the supervisory agency. As with regulatory resources and communication, the supervisory agency's officers' capacity will tend to increase when the officers have a positive attitude towards the regulation implementation. Lastly, the regulatory objectives were found to a have small relationship with the capacity of the supervisory agency. This can be explained by the fact that when the objectives of the supervision are clear (as well as consistence with other regulatory objectives), the supervisory agency's officers will tend to understand what is expected of them and in effect increase their own capacity in performing the supervisory tasks.

Understandably, the more regulatory resources that are available, the better is the capacity of the regulatory in implementing the regulation. Resources are very crucial for the implementation of securities brokerage regulation, as the task of the implementation can be resource intensive. The interviewees during the in-depth interviews expressed their feeling about the significance of the regulatory resources, such as the number of officers available to perform the task of both onsite inspection and offsite monitoring. Detecting (or deter) non-compliance matters requires resources to ensure that the firms are in accordance with the prescribed rules and regulations. Not only was the issue of resources mentioned during the interviews, but the issue of the quality of resource was also expressed by some of the officers. As mentioned earlier, not only is the number of officers crucial in performing the task, but these officers must also understand the business and processes of securities trading as well. Therefore, the implementation process of securities brokerage regulation also requires officers with experience and knowledge in the field.

A number of the interviewees' views on the financial resources available for the implementation program were that this was not the major issue under the current supervision regime. Currently, the interviewees believed that the SEC had sufficiently allocated a budget for the inspection and monitoring of the regulated entities. However, financial resources seemed to have a linkage with other resources and were deemed to be a ticket for acquiring other resources (i.e. sufficient budget to increase manpower, budget to purchase more computer equipment, budget allocated for comprehensive database management system, etc). Moreover, the sufficiency of the budget during the implementation process also meant that the supervisory agency could invest in more of its information technology resources (i.e. computer or systems in monitoring the firms' business activities) or improve the quality of the existing human resources (i.e. training and seminar sessions to improve the ability of the supervisory agency officers in performing their tasks).

The variable which had the second highest relationship with regulator capacity was communication. Again, as mentioned earlier, a better communication process will allow for better information exchange among the supervisory officers. During the in-depth interviews, some interviewees expressed their thought about communication as a variable which can accelerate the capacity of the supervisory agency. There were many components which were considered to be required during the implementation of securities brokerage regulation. For example, new rules and regulation needed to be first understood by the supervisory officers before they can apply those new rules or regulation or details of the inspection process can be shared by different inspection teams in order to deter any of the non-compliance practices among the regulated entities. A number of officer also confirmed that regular meeting sessions between the management of the department with the officers would allow the officers to know their requirements and therefore increase their capacity in performing their supervisory tasks. In addition, from the observations, it was found that the process of regulatory enforcement also involved various departments within the supervisory agency as well as organizations outside the organization. Therefore, in order for the officers to perform their tasks effectively, the communication throughout this process was perceived to be very important. The factor of communication not only was important to the supervisory agency but also to the regulated entities (target group) as well. The interviewees expressed their concerns over the variable of communication, as better communication will allow not only the officers to understand their own regulation but also allow the regulation to be understood by the target population.

The statistical results showed that regulatory objectives have a relationship with the regulator's capacity. This relationship can be explained in the sense that the clarity and consistence of the objective will allow the supervisory agency officers to understand their roles in the implementation of the regulation. The clarity and consistence of the objectives also allowed the officers to understand the requirement of their duties and therefore helped to increase their ability in performing the required tasks. During the in-depth interviews it was also found that a number of interviewed officers expressed their idea of the significance of the regulatory objective, which needed to be clarified in order for the officers to be able to perform their regulatory implementation tasks. In addition, a clear objective was not the only crucial variable; other objectives should also be consistent with the objectives of the supervisory agency. Moreover, many interviewed officers also expressed the notion concerning the priorities of each objective, as these priorities allowed them to realize which of the objectives were more important than the others. This allowed them to focus on what was perceived to be important to the supervisory agency. The officers could then focus all of their attention on the objectives which were perceived to be important to the supervisory agency. The issues of priority are more apparent when the supervisor's focuses need to change in accordance to the press or the public.

The attitudes of the regulator exhibited the least positive relationship with the capacity of the regulator. If the regulator has a positive attitude towards the implementation, the capacity of the regulator will tend to improve. The attitudes of the regulator was found to have an influence on capacity, along with other variables. Interestingly, a few interviewees expressed the idea that if they had a positive attitude towards the task, they would tend to put more effort into accomplishing it. In addition, some interviewees expressed their idea of the significance of the leadership of their immediate supervisors, which was said to influence their attitudes. The leader that provided a leading role in guidance and acted as a good mentor during the process of implementation was likely to be able to persuade the officer to have a positive attitude in that area. On the other hand, the leader with an autocratic style of leadership will tend to shift the attitude of the officers toward a negative end In addition, the supervisory agency officers that understood their roles and their expectations also were likely to have a positive attitude towards the implementation process.

5.2.2.2 Hypothesis II (a): Attitudes of the Regulator

Hypothesis II (a) states that 1) regulatory objectives, 2) regulatory resources, and 3) communication each has a relationship with the attitudes of the regulator. The results indicated that regulatory objectives (Pearson Correlation = .294) and communication (Pearson Correlation = .394) had a relationship with the attitudes of the regulator. On the other hand, regulatory resources were found to have no relationship with the attitudes of the regulator. The results of the correlation showed that the attitude of the regulator will tend to be positive when there is better communication and regulatory objectives are clear and consistent. On the other hand, regulatory resources were found to have no relationship with the attitude of the regulator. The results of the correlations among the variables which had a relationship with the attitude of the regulator are summarized below:

Table 5.21 Correlation Matrix and Descriptive Statistics for Regulatory Objectives, Regulatory Resources, Communication, and Attitudes of the Regulator.

Correlations (n = 52)			
	REGATTI	REGOBJ	COMMU
REGATTI	1.0		
REGOBJ	.294(*)	1.0	
COMMU	.394(**)	.543(**)	1.0
MEAN	3.9455	3.4808	3.4639
SD	.53497	.66924	.64589

Note: **Correlation is significant at the 0.01 level (2-tailed).
*Correlation is significant at the 0.05 level (2-tailed).

Where:

REGATTI	=	Attitudes of the Regulator
REGOBJ	=	Regulatory Objectives
COMMU	=	Communication

Table 5.22 Multiple Regression Analysis of Regulatory Objectives, Regulatory Resources, Communication and Attitudes of the Regulator.

Variables	Unstandardized Coefficients b	Standardized Coefficients beta	t	Sig. (t)
(Constant)	2.814		7.422	.000
REGOBJ	.151	.189	1.078	.286
REGRES	-.154	-.193	-.933	.356
COMMU	.327	.394	3.035	.004

Note: R = .394 R^2 = .156 Adjusted R^2 = .139
SEE = .49650 F = 9.209 Sig.F = .004

Where:
REGOBJ = Regulatory Objectives
REGRES = Regulatory Resources
COMMU = Communication

The statistical results, by applying the Multiple Regression Analysis to all of the variables with the relationship towards attitudes of the regulators in Table 5.22, show that 13.9 percent of the variation of the attitudes of the regulator can be explained by communication. The results of the research also revealed that communication was the only predicting variable regarding the attitudes of the regulator.

However, the statistical of the correlation of the relationship of each variable with the attitudes of the regulator in Table 5.21 found that each of the variables except regulatory resources had a positive relationship with the effectiveness of securities brokerage regulation. The in-depth interviews showed that the supervisory agency officers tended to have a positive attitude towards the implementation process once the objectives or the requirements had been clearly communicated to them. Better communication also meant that the officers could easily understand their requirements or the objectives which the supervisory agency was currently focused on. This variable therefore sent a positive signal regarding the attitude of the supervisory agency officer. The results from the in-depth interviews also revealed the significance of the communication process mentioned by a number of interviewed officers. Many interviewees thought that communication was crucial to the process of implementation, as the securities brokerage regulation process requires communication from all levels within the supervisory agency organization’s hierarchy in order to bring out the implementation process. The officers that were involved in the process tended to be more satisfied when they had the information necessary regarding the implementation, including feedback on their performance from their superiors. In summary, the attitudes of the officers tended to be more positive if there was better communication among them and the management of the supervisory agency.

The regulatory objectives was found to have a relationship with the attitude of the regulator, as clear, consistent, and prioritized objectives will tend to improve the attitude of the regulator towards the implementation process. As previously mentioned, if the supervisory agency officers have a clear understanding of what is required of them, they would be rather comfortable in performing their roles. The in-depth interview results show that the officer will have a positive attitude if he or she clearly understands the objectives and his or her roles in connection with the overall capital market supervision. On the other hand, those officers that execute or perform their tasks on a routine basis without clear objectives or clear requirements will tend to be more frustrated. These unclear objectives and requirements will tend to result in negatives attitude towards the task of regulation implementation.

The availability of resources in the implementation of regulation previously believed to have some relationship towards the attitude of the regulator. However, the statistical results revealed otherwise. A possible explanation for this can be explained by some of the information obtained from the interviewed supervisory agency officers, who expressed that in the implementation process of securities brokerage regulation, they believed that regulatory resources did not have a great significance in their attitudes. For example, regarding the number of officers available, the increase in the number of officers can lead to the possibility that some of their duties will overlap each other. In one instance, two officers expressed the idea that they were unaware of the similar tasks that they both were doing. With respect to other resources, most of the officers believed that more resources also meant the higher the capacity of both of the officers and the management in managing those resources. Therefore, the information obtained from the in-depth interviews validated the non-relationship between the regulatory resources and the attitudes of the regulators.

5.2.2.3 Hypothesis III (a): Effectiveness of Securities Brokerage Regulation Implementation

Hypothesis III (a) states that 1) regulatory objectives, 2) regulatory resources, 3) communication, 4) attitudes of the regulator, and 5) regulator capacity each has a relationship with the effectiveness of securities brokerage regulation implementation. The results indicated that regulatory objectives (Pearson Correlation = .328), communication (Pearson Correlation = .447), the attitudes of the regulator (Pearson Correlation = .259) and regulator capacity (Pearson Correlation = .429) had a relationship with the effectiveness of securities brokerage regulation implementation. However, the variable of regulatory resources again was shown to have no relationship with the effectiveness of securities brokerage regulation implementation. Among the five variables, communication was found to have the highest relationship with the effectiveness of securities brokerage regulation implementation, followed by regulatory capacity, which was the second highest relationship in the effectiveness of securities brokerage regulation implementation. The regulatory objectives had a greater relationship with the effectiveness of securities brokerage regulation implementation than the attitudes of the regulator, which were found to have the least relationship. The results of the correlation of the variables which had a relationship with the effectiveness of securities brokerage regulation implementation are summarized below:

Table 5.23 Correlation Matrix and Descriptive Statistics for Regulatory Objectives, Regulatory Resources, Attitudes of the Regulator, Communication, Regulator Capacity, and the Effectiveness of Securities Brokerage Regulation Implementation

Correlations (n = 52)					
	EFFREGIM	REGOBJ	REGUCAP	REGATTI	COMMU
EFFREGIM	1.0				
REGOBJ	.328(*)	1.0			
REGUCAP	.429(**)	.607(**)	1.0		
REGATTI	.259	.294(*)	.231	1.0	
COMMU	.447(**)	.543(**)	.702(**)	.394(**)	1.0
MEAN	3.5327	3.4808	3.4336	3.9455	3.4639
SD	.55084	.66924	.57259	.53497	.64589

Note: **Correlation is significant at the 0.01 level (2-tailed).
*Correlation is significant at the 0.05 level (2-tailed).

Where:

EFFREGIM	=	Effectiveness of Securities Brokerage Regulation Implementation
REGOBJ	=	Regulatory Objectives
REGUCAP	=	Regulator Capacity
REGATTI	=	Attitudes of the Regulator
COMMU	=	Communication

Table 5.24 Multiple Regression Analysis of Regulatory Objectives, Regulatory Resources, Attitudes of the Regulator, Communication, Regulator Capacity, and the Effectiveness of Securities Brokerage Regulation Implementation**.**

Variables	**Unstandardized Coefficients b**	**Standardized Coefficients beta**	**t**	**Sig. (t)**
(Constant)	2.211		5.819	.00
REGOBJ	.104	.127	.726	.471
REGRES	-.205	-.250	-1.060	.295
REGCAP	.288	.229	1.262	.213
REGATT	.037	.036	.249	.804
COMMU	.382	.447	3.537	.001

Note: R = .447 R^2 = .200 Adjusted R^2 = .184
SEE = .49754 F= 12.511 Sig.F = .001

Where:

REGOBJ	=	Regulatory Objectives
REGRES	=	Regulatory Resources
REGUCAP	=	Regulator Capacity
REGATTI	=	Attitudes of the Regulator
COMMU	=	Communication

Table 5.24 shows the results of the Multiple Regression Analysis of the variables which had an influence on the effectiveness of securities brokerage regulation implementation. The Multiple Regression Analysis was applied in the analysis in order to find out which of the five variables were predictive variables for the effectiveness of securities brokerage regulation implementation. The results revealed that only the variable of communication had a positive, significant influence over the effectiveness of securities brokerage regulation implementation, where 18.4 percent of the total of the variation in the effectiveness of securities brokerage regulation implementation can be explained by the variation in communication.

Out of all the variables, communication was found to have the highest relationship with the effectiveness of securities brokerage regulation implementation. The clarity, the appropriateness of the channel of communication, and the level of participation in communication was found to be among the factors which had a relationship with the effectiveness of the implementation. This finding is consistent with the information from the in-depth interviews and also supported the significant relationship of the communication variable in the implementation process. As mentioned in the previous section, the implementation process of the securities brokerage regulation requires many regulatory components. For example, part of the process of issuing of rules and regulation required the supervisory agency officers to corporate with the examiners in the inspection field, the management, other departments (i.e. legal department and market supervision department), other supervisory agencies (i.e. the Bank of Thailand or the Stock Exchange of Thailand) and the regulated entities (the target group). The information necessary to the drafted rules and regulations will be incorporated and move towards the drafting stage of the regulation. Then the process of hearing from the target group will be undertaken in order to push the particular regulation towards the final draft. Once the regulation is completed, the officers responsible for the particular regulation will then need to communicate the essence of the regulation to other officers in the areas of inspection and monitoring. This is to ensure that those officers understand the objectives and the essence of the regulation so that they can effectively apply and enforce the regulation. The process described above illustrates the requirement for the communication flow to be effective in order to effectively implement the regulation. Therefore, when the communication is clear and appropriate, the supervisory agency can expect the effectiveness of the outcome from the implementation to increase. The task of enforcement and inducing the level of compliance from the target group can also yield success when communication has taken into account of all the parties involved during the implementation process. Not only is the flow of communication within the supervisory agency expected to be enhanced, but this is also extended beyond to the communication process outside the supervisory agency as well. The supervisory agency must be able to effectively communicate its expected outcome of the securities brokerage regulation in order to ensure that the behavior of the target group is in accordance with the behavior as expected. Yet again, this process will not be effective if the communication process is not clear, if the communication channels are not appropriate, or if all of the parties involved have not taken into the communication process.

The variable found to have the second highest relationship with the effectiveness of securities brokerage regulation implementation was regulator capacity. The relationship between the two variables can be explained by the information obtained during the in-depth interview sessions. A number of interviewed officers expressed the idea that the capacity of the regulator can move both enforcing activities and compliance levels into an effective area. This issue of the leader's competence seems to be one of the important issues echoed among the interviewed officers. The process of the implementation of securities brokerage regulation is usually subjective regarding the perception of the securities brokerage firms toward the risk-to-objective criteria. Therefore, the leaders were found to have the major role in making the decision which will affect the firms' risk rating and the results of the enforcement and sanctions. The leaders with high competence and that understood both the process of implementation and business practices would likely be believed to influence the outcome of the regulatory implementation. The supervisory agency can then benefit both the ability to detect or deter any of the non-compliance matters, given the ability of the leader in making reasonable decisions. Furthermore, if the leaders are committed to the implementation program, they would also likely to be more encouraging and more dedicated to achieving the prescribed objectives and therefore increase the chance of success of the enforcement and the success of the enforcement or shape the behavior of the firms towards a higher level of compliance.

The regulatory objectives were found to be among the variables having a relationship with the effectiveness of securities brokerage regulation implementation. The information obtained from the in-depth interviews was consistent with the statistical results, as many officers interviewed expressed the idea that the regulatory objectives were crucial to the process of regulation implementation. Having clear objectives helps the officers to be able to have a clearer path towards the outcome. The clarity of objectives also helps the supervisory agency officers to be able to focus on the outcome of the regulation. For example, the regulation under the prudential requirement has the aim of ensuring that the securities brokerage firms are prudent and stable regarding the overall picture of the capital market. With this level of clarity, the supervisory agency officers would then understand that their tasks of implementation under the prudential requirement of the target group will have to ensure that the outcome can then be achieved. Therefore, they will likely be able to reduce their performance of any other tasks which are unnecessary or unrelated to the objectives. This causes a reduction in the number of tasks and therefore the officers be focused on the objectives and this can lead to a greater level of effectiveness of securities brokerage regulation implementation. On the other hand, if these objectives are not fully clarify, the supervisory agency officers may not have direction and may in turn perform unrelated and unnecessary tasks and eventually reduce the effectiveness of the securities brokerage regulation implementation. In addition, having clear objectives was not the only factor that influenced the effectiveness of securities brokerage regulation implementation—those objectives must be consistent with other objectives and prioritization must be given to each of the objectives also. Regarding the consistency of the objectives, a number of interviewed officers confirmed the significance of this. The implementation of securities brokerage regulation can yield greater effectiveness when the supervisory agency officers perceive that the objectives are consistence with each other. Furthermore, the management of the supervisory agency should also provide prioritization for each of the objectives. For example during a particular period, the management as well as the public and the press may focus on the issue of the firms' stability and prudential requirement. On other occasions, they may place greater priority on the customers' protection. Therefore, the priorities should be directed towards the particular issues which are currently being focused on. Being a risk-based approach to supervision, the supervisory agency can then direct more resources towards the particular issues. This process can then effectively lead to an increase in the effectiveness of securities brokerage regulation implementation.

The last variable was the attitudes of the regulator, which was found to have the least relationship with the effectiveness of securities brokerage regulation implementation. A possible explanation of the relationship is in the degree of the officers' willingness to perform the given tasks by the management, which can be categorized into two major groups: 1) regulator acceptance and 2) regulator commitment towards the implementation programme. The in-depth interview sessions provided an explanation of the regulator acceptance, as for example when the officers felt that the supervisory process should take into account business practices. If the regulation were in accordance with the business practice, they would be less likely to show resistance from the business industry and therefore the effectiveness of the implementation could then gradually increase. Regarding the commitment of the regulator, if the officers that are involved in the inspection of the particular regulated entity felt committed to the implementation of the regulation, they would likely try to ensure that the process of inspection would go according to the inspection plan. In addition, if they are committed to these plans they will likely exercise to the best of their ability in the investigation of any non-compliance matter or try to ensure that the regulated entity which is under their responsibility will comply according to the regulation.

Consistent with the results obtained from in-depth interviews, no relationship was found between the regulatory resources and the effectiveness of securities brokerage regulation implementation. The statistical results indicated that the increase in the regulatory resources, i.e. human resources, financial resources, or other regulatory resources, can have little impact or can be irrelevant to the effectiveness of securities brokerage regulation implementation. An explanation of this non-relationship between the regulatory resources and the effectiveness of securities brokerage regulation implementation was offered by some of the interviewed officers, who expressed the idea that the task of inspection, monitoring, and encouraging compliance level from the target group mostly require the officer to perform these tasks. Regulatory resources, on the other hand, can be seen as tools to improve the capacity of the officers; however, the real effectiveness of the tasks actually comes from the ability of the supervisory agency to mange those resources. Therefore, the increase in the quantity of those resources can be irrelevant to the outcome of the implementation.

5.2.2.4 Hypothesis IV (b): Willingness to Comply

Hypothesis IV (b) states that 1) knowledge and understanding, and 2) ability to comply, each has a relationship with the willingness to comply with the regulation. The statistical results indicated that the willingness to comply has a relationship with knowledge and understanding (Pearson Correlation = .682) and with the ability to comply (Pearson Correlation = .692). The results of the correlation on the variables found to have a relationship with the willingness to comply with the regulation can be summarized as below:

Table 5.25 Correlation Matrix and Descriptive Statistics for Knowledge and Understanding, Ability to Comply and Willingness to Comply.

Correlations (n = 221)			
	WILLCOM	KNOUND	ABICOM
WILLCOM	1.0		
KNOUND	.682(**)	1.0	
ABICOM	.692(**)	.693(**)	1.0
MEAN	3.4397	3.2683	3.2586
SD	.55898	.57488	.66464

Note: **Correlation is significant at the 0.01 level (2-tailed).
*Correlation is significant at the 0.05 level (2-tailed).

Where:

WILLCOM = Willingness to Comply

KNOUND = Knowledge and Understanding

ABICOM = Ability to Comply

Table 5.26 Multiple Regression Analysis of Knowledge and Understanding, Ability to Comply, and Willingness to Comply

Variables	**Unstandardized Coefficients b**	**Standardized Coefficients Beta**	**t**	**Sig. (t)**
(Constant)	1.046		7.010	.000
KNOUND	.378	.389	6.227	.000
ABICOM	.355	.422	6.750	.000

Note: R = .746 R^2 = .557 Adjusted R^2 = .553
SEE = .37369 F = 137.132 Sig.F = .000

Where:
KNOUND = Knowledge and Understanding
ABICOM = Ability to Comply

The Multiple Regression Analysis was applied into the analysis in order to find out which of the variables can predict the effectiveness of securities brokerage regulation implementation. The results showed that both of the variables, namely knowledge and understanding of the regulation and the variable of ability to comply with the regulation, had a positive, significant influence on the willingness to comply with the regulation. Table 5.26 shows that 55.3 percent of the variation of the willingness to comply with the regulation by the target group can be explained by the variations in the knowledge and understanding of the regulation and the ability to comply with the regulation.

The results from the in-depth interview with some of the respondents from the securities brokerage firms revealed a relationship between knowledge and understanding and the willingness for the securities brokerage firms to comply with the regulation. The interviewees suggested that if they understood the objectives of the regulation or were aware of the existing rules and regulations, their tendency or the willingness to comply would increase. A number of interviewees had suggested that the common cause of the unwillingness to comply was due to a lack of knowledge or because the operating staff did not have full comprehension of the rules or regulations.

Many interviewees also mentioned that a number of rules and regulation issued by the supervisory agency were in great detail and that this posed difficulty in achieving full comprehension of those rules and regulations. In order to comply, the firms must follow exactly as described in the regulations. However, if the firm does not understand exactly the requirements or is not aware that the regulation exists, this can result in non-compliance as well as reducing the willingness to comply with the regulations. Some of the interviewees suggested that their level of willingness to comply with rules and regulations can increase when they had full knowledge and full understanding of the regulations. Understanding or having knowledge of the regulations will allow them to understand exactly the requirements and the steps to follow from the supervisory agency, and this therefore increases the willingness to comply with the regulations.

Secondly, the in-depth interviews suggested the fact that the ability to comply can influence the target group's willingness to comply with the rules and regulations. Some of the interviewees mentioned that the firm should first be able to comply with the rules and regulations in order to avoid non-compliance matters. Resources such as human resources or financial resources were also mentioned by some of the interviewees as part of the critical resources regarding the staff's willingness to comply with the rules and regulations. A number of interviewees expressed the idea that the management of the firms was also a crucial factor regarding the resources utilized within the firm. If the management of the firms were fully aware of the benefits that the regulations would bring, they would tend to allocate the resources to ensure that the firm could comply with the prescribed rules and regulations. On the other hand, if the management is not aware of the benefits that regulations will bring, they may not allocate crucial resources in the compliance area. The limitation of these resources will in turn cause the staff of the firm to feel reluctant to perform their compliance tasks and this can reduce their level of willingness to comply. In sum, many staff members interviewed expressed the notion that a higher level of knowledge, understanding, and ability to comply with the rules and regulations will likely result in a higher level of willingness to comply with the regulation.

5.2.2.5 Hypothesis V (b): Effectiveness of Securities Brokerage Regulation Implementation

Hypothesis V (b) states that 1) knowledge and understanding, 2) the ability to comply, and 3) the willingness to comply each has a relationship with the effectiveness securities brokerage regulation implementation. The statistical results indicated that knowledge and understanding (Pearson Correlation = .164), ability to comply (Pearson Correlation = .169) and the willingness to comply (Pearson Correlation = .276) had a relationship with the effectiveness of securities brokerage regulation implementation. The results also indicated that the more willing the target group was to comply, the more effective the securities brokerage regulation implementation will be. Similarly, higher knowledge and understanding and greater the increase in the capacity to comply can result in the effectiveness of the implementation of securities brokerage regulation. The results of the correlation of the variables found to have a relationship with the effectiveness securities brokerage regulation implementation are summarized below:

Table 5.27 Correlation Matrix and Descriptive Statistics for Knowledge and Understanding, Ability to Comply, Willingness to Comply and the Effectiveness of Securities Brokerage Regulation Implementation.

Correlations (n = 221)				
	EFFREGIJM	KNOUND	ABICOM	WILLCOM
EFFREGIJM	1.0			
KNOUND	.164(*)	1.0		
ABICOM	.169(*)	.693(**)	1.0	
WILLCOM	.276(**)	.682(**)	.692(**)	1.0
MEAN	1.9636	3.2683	3.2586	3.4397
SD	.56684	.57488	.66464	.55898

Note: **Correlation is significant at the 0.01 level (2-tailed).
*Correlation is significant at the 0.05 level (2-tailed).

Where:

EFFREGIM	=	Effectiveness of Securities Brokerage Regulation Implementation
KNOUND	=	Knowledge and Understanding
ABICOM	=	Ability to Comply
WILLCOM	=	Willingness to Comply

Table 5.28 Multiple Regression Analysis of Knowledge and Understanding, Ability to Comply, Willingness to Comply and Effectiveness of Securities Brokerage Regulation Implementation.

Variables	**Unstandardized Coefficients b**	**Standardized Coefficients beta**	**t**	**Sig. (t)**
(Constant)	1.002		4.367	.000
KNOUND	-.100	-.034	-.344	.731
ABICOM	-.070	-.027	-.275	.783
WILLCOM	.965	.298	3.239	.001

Note: R = .276 R^2 = .076 Adjusted R^2 = .064
SEE = .54612 F= 18.004 Sig.F = .001

Where:

KNOUND	=	Knowledge and Understanding
ABICOM	=	Ability to Comply
WILLCOM	=	Willingness to Comply

As shown in the results of the Multiple Regression Analysis in Table 5.28, the only variable found to be a predictive variable for the effectiveness of securities brokerage regulation implementation was willingness to comply. The total of 6.4 percent of the variation in the effectiveness of securities brokerage regulation implementation can be explained by the variation in the willingness of the target group to comply.

Generally, if the regulated entities or the target group are willing to comply with the rules and regulations prescribed by the supervisory agency, the result of a higher level of compliance can then be expected. The higher level of compliance also means that it is less likely that the securities brokerage firm will consider non-compliance and hence the less the risk level of the firm will be. In addition, the information obtained during the in-depth interview sessions confirmed the relationship between the firms' willingness to comply with the rules and regulation and the effectiveness of the securities brokerage regulation implementation. A number of interviewees at the management and the operational level of the securities firms expressed the idea that if their level of willingness were high, they would likely try to comply with the rules and regulations of the supervisory agency. Furthermore, those individuals that exhibit a higher level of willingness to comply will tend to corporate with the officers of the supervisory agency and exchange information and this helps them to ensure their compliance with the rules and regulations. The management of the staff of the firms that believed that such rules and regulations would be for the benefit of the firms and their clients will also try to make sure that they can comply. In addition, the willingness of the firms to comply can be a result of regulatory enforcement and regulatory sanctions. The result of the interview showed that a number of management and staffs of the securities brokerage firms interviewed felt that their willingness to comply are resulted from the concern for being sanctioned by the supervisory agency. Other interviewees also expressed their opinions about the costs and the benefits, which were deemed to be an important aspect of the firm's willingness to comply. For instance, the cost of complying with the regulations can be high and excessive in terms of complying with the wording of the regulation; the firms may have to set up an additional department or employ additional staff or set up a new system which can amount to very high costs. However, if the firms also see fewer benefits from a particular regulation, the firm will likely have soaring resistance towards complying with that particular regulation. This will in turn decrease the level of the firm's willingness to comply and as a result the firm may increase its probability of non-compliance with the rules and regulation.

The ability to comply was found to have a positive relationship with the effectiveness of securities brokerage regulation implementation. An explanation of this relationship was obtained from the in-depth interview session where a number of interviewed management and staff expressed their concern about the ability to comply. In order to comply with the number of rules and regulations prescribed by the supervisory agency, the firm must have the available resources in order to ensure that all wording of the law has been fully adhered to. This required the firm to allocate its resources (i.e. human or information technology resources) to each of the areas in order to ensure compliance. Initial Public Offering (IPO) of securities subscription is one of the examples of the ability to comply, where each of the securities underwriters must ensure that each subscriber must be in accordance with the instruction outlined in the prospectus. This required the firm to employ staff or a computer system to ensure that it could comply with every single detail of the rules and regulations.

In terms of knowledge and understanding, these were found to have a relationship with the effectiveness of securities brokerage regulation implementation. The information obtained during in-depth interviews also confirm this relationship. As suggested earlier, the lack of knowledge and understanding was found as one of the causes of non-compliance with the rules and regulation for securities brokerage firms. Some of the interviewed management and staff shared some of their views on this variable as significant for them in terms of being able to meet regulation compliance. Some of the suggestions were made by new staff members that had just joined the securities brokerage industry, as these individuals may have less experience and may be unaware of the number of rules and regulation imposed in this industry. This lack of knowledge and understanding regarding the number of rules and regulation can cause a higher probability of non-compliance and effectively increase the risk level of the securities brokerage firm.

5.2.3 Further Analysis of Securities Brokerage Firms

Further analysis on the information gathered from securities brokerage firms employed the mean of the cross-tabulations to examine the characteristic of the securities brokerage firms and their level of compliance with the rules and regulations. The information gained from both the questionnaires and the publicly-available information. The purpose of this analysis was to examine the securities brokerage firms’ characteristics and their degree of compliance with laws and regulation, which in this research the degree of compliance is referring to the RBA risk rating given by the supervisory agency. The degree of compliance with the laws and regulation for each securities brokerage firm can be categorized according to three major categories: low risk, medium risk and high risk.

Table 5.29 shows that the majority of the securities brokerage firms were in the area of medium risk, accounting for 63.6 percent. The first relationship between the degree of compliance and securities brokerage main clients showed the securities brokerage firms with both retail and institutional clients as their main customers tended to be in a higher risk area than those with institutional clients only. Table 5.30 shows that both if the securities brokerage firms with low risk (or 100.0 percent) dealt with institutional clients only.

The information from Table 5.31 shows the degree of compliance and shared holding structures of securities brokerage companies and reveals that the firms with a shared holding structure of domestic financial institutions and domestic companies were among the firms that experienced high risk.

In the area of the size of the securities brokerage firms under paid-up capital, Table 5.32 shows that the firms with a medium-low level of paid-up capital were among the securities brokerage firms with high risk, including four firms or 44.4 percent. The market share in the Stock Exchange of Thailand (SET) shown in Table 5.33, shows that the firm with low to medium market shares in the SET were among the firms with high risk. The results of the cross-tabulations also show similar characteristics when compared to the relationship between the degree of compliance and market volume in the SET securities brokerage companies.

Overall, as indicated from the analysis, most of the securities brokerage firms were in the area of medium perception of risk by the supervisory agency. However, interestingly, two out of the four securities brokerage firms with a low overall risk rating were shown to transact with institutional clients only. The results of the observation and in-depth interviews with both the supervisory agency and the respondents from the business industry also indicated that these firms were perceived to be at a low level of risk due to the extensiveness of their securities transactions. Further investigation conducted on those securities brokerage firms perceived to have a low level of risk revealed that the knowledge and understanding of the regulations were associated with the competency of the officers, who were highly-experienced, to comply, as well as the ability to communicate their comprehensive knowledge and understanding of the regulations to their follow staff members and management. Regarding the ability to comply, this was coupled with the amount of transactions whereby if the business were less extensive this could increase the ability of the securities brokerage firms to comply. Interestingly, the in-depth interviews revealed that the willingness to comply was coupled with the good compliance culture of the management of the firm, as well as the consideration regarding the reputational risk of being perceived as high risk by the investors or the public.

Table 5.29 The Securities Brokerage's Degree of Compliance with Laws and Regulations – RBA Risk Rating

	Frequency	**Percent**	**Valid Percent**	**Cumulative Percent**
Low	4	18.2	18.2	18.2
Medium	14	63.6	63.6	81.8
High	4	18.2	18.2	100.0
Total	22	100.0	100.0	

Table 5.30 Relationship Between the Degree of Compliance and the Main Clients of Securities Brokerage

RBA Risk level	**Main clients**	
	Institutional Clients Only	Retail and Institutional Clients
Low	2 (100.0%)	2 (10.0%)
Medium	-	14 (70.0%)
High	-	4 (20.0%)
Total	2 (100.0%)	20 (100.0%)

Table 5.31 Relationship Between the Degree of Compliance and Share Holding Structures of Securities Brokerage Firms

RBA Risk level	Share Holding Structures					
	Foreign Banks	Domestic Banks	Foreign Financial Institutions	Domestic Financial Institutions	Domestic Companies	Others
Low	1 (50.0%)	1 (20.0%)	2 (33.3%)	-	-	-
Medium	0	4 (80.0%)	4 (66.6%)	1 (33.3%)	4 (80.0%)	1 (100.0%)
High	1 (50.0%)	-	-	2 (66.6%)	1 (20.0%)	-
Total	2 (100.0%)	5 (100.0%)	6 (100.0%)	3 (100.0%)	5 (100.0%)	1 (100.0%)

Table 5.32 Relationship Between the Degree of Compliance and Paid-up Capital of Securities Brokerage Firms

RBA Risk level	Paid-up Capital				
	Low	Medium Low	Medium	Medium High	High
Low	2 (28.57%)	1 (11.1%)	-	1 (50.0%)	-
Medium	5 (71.42%)	4 (44.4%)	1 (100.0%)	1 (50.0%)	3 (100.0%)
High	-	4 (44.4%)	-	-	-
Total	7 (100.0%)	9 (100.0%)	1 (100.0%)	2 (100.0%)	3 (100.0%)

Table 5.33 Relationship Between the Degree of Compliance and Market Share in the Stock Exchange of Thailand (SET)

RBA Risk level	**Market Share in SET**				
	Low	Medium Low	Medium	Medium High	High
Low	-	1 (25.0%)	2 (50.0%)	1 (16.6%)	-
Medium	5 (83.3%)	1 (25.0%)	2 (50.0%)	4 (66.6%)	2 (100.0%)
High	1 (16.6%)	2 (50.0%)	-	1 (16.6%)	-
Total	6 (100.0%)	4 (100.0%)	4 (100.0%)	6 (100.0%)	2 (100.0%)

Table 5.34 Relationship Between the Degree of Compliance and Market Volume in the Stock Exchange of Thailand (SET)

RBA Risk level	**Market Volume in SET**				
	Low	Medium Low	Medium	Medium High	High
Low	-	2 (40.0%)	1 (33.3%)	1 (16.6%)	-
Medium	5 (83.3%)	1 (20.0%)	2 (66.6%)	4 (66.6%)	2 (100.0%)
High	1 (16.6%)	2 (40.0%)	-	1 (16.6%)	-
Total	6 (100.0%)	5 (100.0%)	3 (100.0%)	6 (100.0%)	2 (100.0%)

5.2.4 Discussion of the Findings

The research hypothesis set out eight variables from the two tiers of analysis, where each variable mentioned was considered to have a relationship with the effectiveness of securities brokerage regulation implementation. The information obtained from both the statistical and in-depth interviews revealed that seven of the variables had a relationship with the effectiveness of securities brokerage regulation implementation, as hypothesized, with the exception of one variable, which was found to have no relationship with the effectiveness of securities brokerage regulation implementation. Further discussion of each of the variables regarding the effectiveness of securities brokerage regulation implement will be explained in accordance with its significance in relation to the dependent variable. The first set of variables found to have a positive relationship, namely, communication, regulatory objectives, regulator capacity, and attitudes of the regulator, will first be discussed. The discussion will be followed by the regulatory resources which were found to have no relationship with the effectiveness of securities brokerage regulation implementation.

In the second set of variables, willingness to comply was found to have the highest level of relationship with the dependent variable. This is followed by the discussion of knowledge and understanding of the regulation and the ability to comply with the regulation, which were found to have less of a relationship with the effectiveness of securities brokerage regulation implementation.

The relationship between the first set of independent variables and the dependent variable is discussed as follows:

5.2.4.1 The Relationship Between Communication and the Effectiveness of Securities Brokerage Regulation Implementation.

Communication was described by the statistical results as one of the crucial variables for the effectiveness of securities brokerage regulation implementation. As confirmed, this result by the information obtained during the in-depth interviews showed that if the supervisory agency believed that they had better communicated in terms of the regulatory objectives, regulation procedures, and the regulatory expectation, then they could have improved the effectiveness of the regulation implementation. A better process of communication can allow the supervisory agency officers to be better informed and hence they can better inform the target group and enhance the effectiveness of regulation implementation. In one instance an officer suggested that there were new regulations established and if the officer responsible for these new regulations had thoroughly informed the officers that conducted the inspection of the securities brokerage firms, the monitoring of non-compliance could then have been much more effective. Moreover, if the essence of those new regulation is not communicate properly, the implementing officers will not understand the requirement and this can cause them to be ineffective in terms of enforcing the regulation and in ensuring compliance from the regulated entities. In this regard, communication also highlights the significance of the flow of information within the organizational hierarchy. For the implementation to be effective, the communication process should not only be from the top level down but also from the bottom up and in between the hierarchy.

The significance of communication also extends to the target group, as if the implementing officers are better informs and communicates, they can then effectively assist the securities brokerage firms in ensuring compliance. The better the communication channels, the better the information can flow between the supervisory agency and its regulated entities. This information can be very crucial in the process of regulatory design and in ensuring that the element of regulatory compliance is embedded in the regulation. The in-depth interviews with the target group also suggested that if they had better communicated they could then have better knowledge and understanding of the requirement and hence obtain a better level of compliance with the regulation.

5.2.4.2 The Relationship Between Regulator Capacity and the Effectiveness of Securities Brokerage Regulation Implementation.

The statistical results showed that the regulator's capacity had the second highest relationship with the effectiveness of securities brokerage regulation implementation. The information gained during the in-depth interviews revealed and confirmed this relationship. This capacity involved the factors from both the leader and the implementing officers. The leader can influence the capacity in the form of the leader's competence and the leader's commitment. The results demonstrated that when the leaders are highly competent, they can provide the leading roles as well as allow the officers to be able to consult with the leaders. The leaders can then provide the guidelines necessary for the implementation of the regulations. Many interviewees suggested that if the leaders were higher competent, it would also mean the time period taken to perform the process work would be greatly reduced. Moreover, these leaders also played the role of decision makers regarding enforcement and sanctions; therefore, the more competence the leader, the greater is the ability of the supervisory agency to enforce and induce a level of compliance from the target group.

In addition, the leader's commitment also influences the effectiveness of securities brokerage regulation implementation. The supervisory agency officers interviewed suggested that if the leaders were committed to the implementation program, it would also mean that the leader could also play a leading role in the implementation. The leaders in this case will likely push the regulatory implementation forwards in order to try to achieve the outcome. This also means a greater chance of effective regulation implementation.

Another crucial variable was the skills and competence of the supervisory officers. As mentioned earlier, the officers were perceived as a critical variable in the implementation process. Therefore, the effectiveness of securities brokerage regulation implementation will depend on how effective is the supervisory officer in carrying out the task of implementation. The results of in-depth interviews also confirmed that if the supervisory agency possessed more skills and competence, there was a chance that the regulatory implementation would be more effective. This is because those skilled, competent officers can utilize their own knowledge and experience in the implementation tasks. Moreover, the result also showed that the longer the officers working with the supervisory agency, the more knowledge and experience that they will gain.

5.2.4.3 The Relationship Between Regulatory Objectives and the Effectiveness of Securities Brokerage Regulation Implementation.

The regulatory objective was shown to have a relationship with the effectiveness of securities brokerage regulation implementation. The associate factors included in the regulatory objectives were clarity, consistency, and prioritization of the regulatory objectives. Similar to policy implementation, the regulatory implementation required the supervisory agency to set out clear objectives of the supervision and regulations. The objectives which severed as the expectations and therefore the clarity of the objectives allowed the supervisory agency officers to understand the expectations and to be able to effectively move towards those expectations. The results from the in-depth interviews showed that the more the objectives are clarified, the more effective regulatory implementation will be. The results for the in-depth interviews also suggested that when the officers understand the objectives of the regulations, they will perform their supervisory tasks in order to ensure that the tasks are consistent with the objectives.

The results from the interviews also revealed the significance of the objective as not only to set out clear objectives but also to set out the priorities for each of the objective. During the process of securities brokerage regulations implementation, there were many instances where the supervisory agency officers were unsure about the significance of each regulatory objective. This caused them to fail to enforce the objective or to induce a level of compliance from the securities brokerage firms (target group). In order to enforce the regulations, the supervisory agency officers need to gather all of the available information regarding non-compliance matters and build cases against non-compliance. Therefore, understanding the priorities of the regulatory objectives or the areas they ought to focus their attention on will help them to perform their tasks more effectively. In addition, in the case when the priorities of each objective are constantly shifting, the supervisory agency officers may feel some kind of pressure in performing the supervisory tasks and therefore lose the focus on what is perceived to be important to the management of the supervisory agency. By the same token, the consistency of the objectives also influences the effectiveness of securities brokerage regulation implementation. The early investigation revealed that not only was the clarity of objectives important, but almost equally important was the consistency of those objectives. The information from in-depth interviews suggested that the supervisory agency officers can perform better implementation tasks when the regulatory objectives are consistent with other regulatory objectives from within and outside the supervisory agency. The consistency of the objectives will allow the supervisory agency officer to easily realize the overall picture of the securities brokerage supervision. This will in turn help the officer to perform his or her regulatory implementation tasks in a more effective way.

5.2.4.4 The Relationship Between Attitudes of the Regulator and the Effectiveness of Securities Brokerage Regulation Implementation.

The attitudes of the regulator were found to be related to the level of acceptance in performing the tasks of securities brokerage regulation implementation by the supervisory agency officers. These attitudes can broadly be divided into the supervisory agency officers' acceptance and the commitment of the supervisory agency officers. As prescribed earlier, the higher level of acceptance among the supervisory agency officers regarding the regulatory objectives, the more effective the implementation of the regulation will be. The statistical results were confirmed by the results of the in-depth interview sessions, as the supervisory agency officers were seen to play a crucial role in the implementation process. Therefore, the greater the acceptance of the regulatory objectives and implementation process, the more their effort in the regulation implementation process will be. Most of the supervisory agency officers interviewed mentioned that their level of acceptance was also related to their level of commitment to regulatory implementation. This commitment is a factor which can accelerate the effectiveness of regulatory implementation. A number of supervisory officers suggested that when they felt that they could see a benefit of the regulations, then they felt more accepting of the regulatory objectives. Furthermore, once the regulation is accepted, the commitment to the regulatory implementation will likely follow.

The significance of the supervisory agency officers' attitudes was important in terms of moving the regulation from the first stage towards the implementation and effectively regulating the regulated entities. In the case when the officers accepted and committed themselves to the regulatory implementation, they were likely to be able to focus on the outcomes of the implementation, whether regarding enforcement or inducing a level of compliance. This would then allow them to exercise their best knowledge and expertise in order to achieve the best results in the regulatory implementation.

5.2.4.5 The Relationship Between Regulatory Resources and the Effectiveness of Securities Brokerage Regulation Implementation.

The last variables found to have no relationship with the effectiveness of securities brokerage regulation implementation during the research study were the regulatory resources used for the implementation of securities brokerage regulation. This non-relationship can be described in the sense that the regulatory resources do not have a significant relation with the tasks of the implementation. As the statistical results indicated, an increase in the regulatory resources. i.e. human resources, financial resources, or other resources, can have little impact or can be irrelevant to the effectiveness of securities brokerage regulation implementation.

The relationship between the second set of independent variables and the dependent variable on the second tier of the research is discussed as follows:

5.2.4.6 The Relationship Between the Willingness to Comply and the Effectiveness of Securities Brokerage Regulation Implementation.

The variable of the willingness to comply directly influences the effectiveness of securities brokerage regulation implementation. The results from in-depth interviews showed that if the firms are more willing to comply with the rules and regulations, the greater the level of compliance with these rules and regulations will be. The information from the in-depth interviews found that the roles of management again were crucial to the willingness of the firm to comply with the rules and regulations, as management with a good compliance culture will likely encourage their fellow staff members and subordinates to comply with the rules and regulations. The observations and in-depth interviews with the management level also revealed the significance of the costs and benefits concept in the form of compliance culture. The willingness of the securities brokerage firm will tend to increase if the management sees the benefits of the rules and regulations. As the benefits are exposed, the firm can then allocate the resources needed to ensure compliance. On the other hand, if the management of the firm views the rules and regulations as having greater costs than perceived benefits, the firm’s willingness will likely decrease and therefore may cause the firm to ignore the rules and regulations as well as increase the firm’s non-compliance probability. The results also indicated that voluntary compliance will allow the supervisory agency to achieve a better compliance level if the staff and management have been communicated the expectations of the supervisory agency. Some interviewees suggested that their willingness to comply was likely to increase if they could consult with the officers from the supervisory agency and work together towards the insurance of compliance. In addition, there were some suggestions regarding the good relationship between the supervisory agency and the regulated entities as another factor that would encourage the willingness to comply on the part of the securities brokerage firms.

5.2.4.7 The Relationship Between Knowledge and Understanding and the Effectiveness of Securities Brokerage Regulation Implementation.

In order to understand the effectiveness of securities brokerage regulation implementation it is crucial to take into account the parties that are affected by the regulation. Therefore, the model for understanding the effectiveness of securities brokerage regulation took into account the regulated entities (or the target group). The variable which was found to have the second highest relationship with the effectiveness of securities brokerage regulation was the knowledge and understanding of the target group regarding the rules and regulation established by the supervisory agency. Moreover, the information obtained from the interviews also suggested that when the staff and the management of the securities brokerage firms fully apprehended the rules and regulations outlined by the supervisory agency, then they could better comply with the rules and regulations. The process of supervisory and regulation implementation does required the target group to comply with the regulations, and greater knowledge and understanding of the requirements are likely to result in a better level of compliance. Some of the interviewees suggested that the language used in the rules and regulation was very important, as many of the rules and regulations were found to be written in a highly legalistic language and this tended to lower the level of knowledge and understanding by the target group.

However, if the target group were required to make a lot of interpretations of the rules and regulation, the level of their knowledge and understanding would tend to be lowered. The results of the in-depth interviews also suggested that if the staff and management understood precisely what was required of them (i.e. exactly what the rules and regulation required were), they then had less vulnerability regarding non-compliance matters. In addition, the results of the in-depth interviews found that some of the rules and regulations of the supervisory agency were rigid and inflexible in practice. If the rules and regulations were prescribed in legalistic detail and were inflexible in practice, this might cause non-compliance for the securities brokerage firms. However, some of the interviewees from the securities brokerage firms also mentioned that there had been a recent move in the roles of the supervisory agency towards improvement of the level of flexibility and understandability of the rules and regulations.

5.2.4.8 The Relationship Between Ability to Comply and the Effectiveness of Securities Brokerage Regulation Implementation.

The ability to comply positively was related to the effectiveness of securities brokerage regulation implementation. As mentioned earlier, the ability of the securities brokerage firms to comply with the rules and regulations involved the available of the resources of the firms. If there were resources available (i.e. human resources or financial resources), this would in turn increase the firm's ability to comply. In order to comply with various rules and regulations, the firm requires experienced human resources to execute the business processes in accordance with the laws and regulations. These resources can enhance the firm's ability to comply with the rules and regulations from the supervisory agency. Examples are the availability of computer resources in the tape recording system to ensure that they can effectively comply with the tape recording requirements or experienced compliance personal to ensure that the firms can follow with the changes in the rules and regulations from the supervisory agencies. The results from the in-depth interviews also revealed that some of the regulated entities thought over the issue of the firms' ability. Some of the interviewees suggested that for the firm to be able to effectively comply with some of the rigid rules and regulations (i.e. tape recording requirement or the anti-money laundering requirement), it had to have a system and staff available to monitor and ensure compliance. Moreover, the roles of the firm's own management also play a vital role in the ability of the firm to comply. Some interviewees expressed the idea that if the management of the firm perceived that the compliance issue was very important to the firm, they were likely to allocate more resources to the compliance area. In this regard if the management can see the benefits of the rules and regulations, they tend to allocate more resources to the area where they are needed. Then if the firm can direct its attention towards regulatory compliance, the chance of non-compliance will likely to be reduced. In addition, the results of the in-depth interviews also found that the structure and extent of the business of the firms were crucial factors to the ability to comply. The securities brokerage firms with overseas holding structures tended to have greater ability to comply with the regulations by having the resources (including expertise from the headquarter countries), as well as a less extensive business structure, where they are limited to transactions with institutional clients only.

5.3 Conclusion

In conclusion, the results the statistical analysis revealed the variables which had a relationship with the effectiveness of securities brokerage regulation implementation. Within the first set of variables which had a relationship with the effectives of the implementation by the supervisory agency, it was found that communication had the highest direct relationship and was the only variable which could predict the variation in the effectiveness of securities brokerage regulation implementation, as the process of regulation implementation requires a high level of coordination among the departments within the supervisory agency, as well as the coordination with the target group that will be affected by the regulation. The second variable which was found to have a relationship in this regard was the regulatory objectives. That is, when the regulatory objectives are clear, consistent, and have been given priorities, the outcome of the securities brokerage regulation implementation can be expected to rise in effectiveness. The relationship between the regulator's capacity and the effectiveness of securities brokerage regulation implementation was also found in the relationship on the positive side. The effectiveness of securities brokerage regulation implementation can increase when the level of competence and commitment of the leaders from the supervisory agency increases. Similar results regarding the effectiveness of securities brokerage regulation implementation can be expected when the officer's skills and competence increase. The attitudes of the regulator were found to have the least relationship with the effectiveness of securities brokerage regulation implementation under the first set of variables. The conclusion reached was that when the attitudes of the regulator increase in a more positive way, a small portion of outcomes of the effectiveness of securities brokerage regulation implementation can be expected to improve. The last variable from the first set of variables was surprisingly found to have no relationship with the effectiveness of securities brokerage regulation implementation—regulatory resources. The reason for the conclusion reached lies in the quality of the regulatory resources management, which was deemed to be more significant regarding the effectiveness of securities brokerage regulation implementation rather than the quantity of the resources.

Within the second set of variable that attempted to measure the effectiveness of securities brokerage regulation implementation from the target group's perspective, as hypothesized, the willingness to comply was found to have the most direct relationship. The greater the increase in the willingness of the regulated entities (or target group) to comply with the rules and regulations, the higher the effectiveness of securities brokerage regulation implementation can be expected to be. In addition, both knowledge and understanding, and the ability to comply, were found to have a lower degree of relationship with the effectiveness of securities brokerage regulation implementation. In conclusion, in order to improve the effectiveness of securities brokerage regulation implementation, the supervisory agencies or the regulators should place the highest significance in the communication and in the process of gaining the willingness of the target population. Other variables such as the regulatory objectives, regulator capacity, attitudes of the regulator, knowledge and understanding of the regulation, and the ability to comply with the regulation, were also significant to the implementation but to a lesser extent than the two variables described above.

The subsequent chapter contains the conclusions, recommendations, and suggestions for future research.

CHAPTER 6

CONCLUSION AND RECOMMENDATIONS

The last chapter of this study comprises the conclusion and the recommendations of the study. The conclusion involves the analysis of the results of from the previous chapters. This chapter also provides the contributions of the research to both theoretical and practical areas of policy implementation. As well as the conclusion and the contributions of the research, the chapter also provides some of the recommendations in order to effectively implement securities brokerage regulation. Lastly, the future research section is the final part of the chapter, which is to provide future researchers with the limitations found during this research which should be explored in the future.

6.1 Conclusions

The objectives of this study were to investigate the effectiveness of securities brokerage regulation implementation and to understand and examine the factors affecting the effectiveness of securities brokerage regulation implementation under the Securities and Exchange Commission's supervision regime, and to provide recommendations for improving and effectively implementing securities brokerage regulation. In order to achieve these objectives, the study developed the proposed model, which was derived from public policy implementation and capital market regulation and the supervision literature review. The information gained from the initial interviews from both the supervisory agency officers and the regulated entities' staff was also combined to form the model of this particular research. The research methodology employed both qualitative and quantitative methods, which provided some insightful information into the relationships among the variables. The research results revealed that only three of the hypotheses were accepted. Within the first tier of the research, four of the variables, including communication, regulator capacity, regulatory objectives, and attitudes of the regulator, had a relationship with the effectiveness of securities brokerage regulation implementation. However, as for regulatory resources, they were found to have no relationship with the effectiveness of securities brokerage regulation implementation. In addition, communication was also found to be the only predicting variable concerning the effectiveness of securities brokerage regulation implementation when all of the variables were simultaneously analyzed according to Multiple Regression Analysis (MRA).

Out of all of the variables, communication was found to have the highest relationship with the effectiveness of securities brokerage regulation implementation. The clarity, appropriateness of the channel of communication, and the level of participation in communication was found to be among the factors that had a relationship with the effectiveness of the implementation. This finding is consistent with the information obtained from in-depth interviews, which also supported the significant relationship of communication variable with the implementation process. The implementation process of securities brokerage regulation requires many regulatory components. For example, the initial process of issuing of rules and regulation which required the supervisory agency officers to corporate with the examiners in the inspection field, the management, other departments (i.e. legal department and market supervision department), other supervisory agencies (i.e. the Bank of Thailand or the Stock Exchange of Thailand) and the regulated entities (the target group). The information necessary to the drafted rules and regulations will be incorporated and move towards the drafting stage of the regulation. Then the process of hearing from the target group will be undertaken in order to push the particular regulation towards the final draft. Once the regulation is completed, the officers responsible for the particular regulation will then need to communicate the essence of the regulations to other officers in the areas of inspection and monitoring.

The variable found to have the second highest relationship with the effectiveness of securities brokerage regulation implementation was the regulator’s capacity. The relationship between the two variables can be explained by the information obtained during the in-depth interview sessions. A number of interviewed officers expressed their feeling that the capacity of the regulator can move both enforcing activities and the compliance level into an effective area. This issue of the leader's competence seems to be one of the important issues echoed among the interviewed officers. The process of the implementation of securities brokerage regulation usually is subjective to the perception of the securities brokerage firms regarding risk-to-objective criteria. Therefore, the leaders were found to have a major role in making the decisions that will affect the firms' risk rating and the results of the enforcement and sanctions. The leaders with high competence that understood understand both the process of the implementation and business practices were likely to influence the outcome of the regulatory implementation. The supervisory agency can then benefit both the ability to detect or to deter any of the non-compliance matters, given the ability of the leader to make reasonable decisions.

The regulatory objectives were found to be among the variables with a relationship regarding the effectiveness of securities brokerage regulation implementation. The information obtained from in-depth interviews was consistent with the statistical results, as many officers interviewed expressed the notion that the regulatory objectives were crucial to the process of regulation implementation. Having clear objectives helped the officers to be able to have clearer paths toward the outcome. The clarity of the objectives also helps the supervisory agency officers to be able to focus on the outcome of the regulation. For example, the regulations under the prudential requirement have the aim regarding the objective of ensuring that the securities brokerage firms are prudent and ensuring the stability of the overall picture of the capital market. With this level of clarity, the supervisory agency officers would then understand that their tasks in relation to the implementation under the prudential requirement of the target group will have to ensure that the outcome can then be achieved. Therefore, they will likely be able to reduce their performance of other tasks which are unnecessary or unrelated to the objectives. This will causes a reduction in the number of tasks and in this way the officers can focus on the objectives and this will lead to a greater level of effectiveness of securities brokerage regulation implementation.

The last variable was the attitudes of the regulator, which were found to have the least relationship with the effectiveness of securities brokerage regulation implementation. A possible explanation for the relationship concerned the degree of the officers' willingness to perform the given tasks by the management, which can be categorized into the two major categories: the officers' acceptance of and commitment to the implementation programme. The in-depth interview sessions provided an explanation of the regulator's acceptance, as for example when the officers felt that the process of supervision should take into account business practices. If the regulation were in accordance with the business practice, there would be less likelihood of resistance from the business industry and therefore the effectiveness of the implementation could then gradually increase.

Surprisingly, the results obtained from in-depth interviews showed no relationship between the regulatory resources and the effectiveness of securities brokerage regulation implementation. Regulatory resources were found to be the tools to improve the capacity of the officers, but the real effectiveness of the tasks actually came from ability of the supervisory agency to manage those resources. For this reason, the increase in the quantity of those resources can be irrelevant to the outcome of the implementation.

The second tier of the research, as first hypothesized, found that all of the variables, namely, knowledge and understanding of the regulation, ability to comply with the regulation, and willingness to comply with the regulation, jad a relationship with the effectiveness of securities brokerage regulation implementation. Again, when all three variables in the second tier were simultaneously analyzed by means of Multiple Regression Analysis (MRA), only willingness to comply with the regulation was found to be the variable that was able to predict the effectiveness of securities brokerage regulation.

The higher level of compliance also means that it is less likely that the securities brokerage firm will consider non-compliance and hence the less the risk level of the firm will be. In addition, the information obtained during the in-depth interview sessions confirmed the relationship between the firms' willingness to comply with the rules and regulations and the effectiveness of the securities brokerage regulation implementation. A number of interviewees in the management and at the operational level of the securities firms expressed the idea that if their level of willingness was high, they would likely try to ensure that they would comply with the rules and regulations from the supervisory agency.

In terms of the relationship between ability to comply and the effectiveness of securities brokerage regulation implementation, this was found to be positive. An explanation of this relationship was obtained from the in-depth interview sessions, where a number of interviewed managers and staff expressed their concern about their ability to comply. In order to comply with the number of rules and regulation prescribed by the supervisory agency, the firm must have the available resources in order to ensure that all of the wording of the law has been fully adhered to. This required the firm to allocate its resources (i.e. human or information technology resources) to each of the areas in order to ensure compliance. The variable of knowledge and understanding also was found to have a relationship with the effectiveness of securities brokerage regulation implementation, and the information obtained during the in-depth interviews also confirmed this relationship. It was suggested that the lack of knowledge and understanding was found to be one of the causes of non-compliance with the rules and regulations of the securities brokerage firms.

6.2 Contribution

This research study was an attempt to utilize the theory of policy implementation to explain the effectiveness of regulation implementation for a single supervisory agency in the Thai context. The results of the research found some interesting knowledge regarding regulation implementation which can be applied to other agencies within the public organization. The contributions of this research can be viewed in terms of both theoretical and practical contributions. The theoretical contributions can be seen as a contribution to the earlier-described policy implementation model by various scholars. On the other hand, the practical contribution merely focuses on the contribution to policy implementation.

6.2.1 Contribution to Theory

This research on the effectiveness of securities brokerage regulation implementation was adapted from policy implementation theory. The results of the research added to and expanded the concept of policy implementation by a number of scholars, for example, the concepts of Van Meter and Van Horn (1975); Pressman and

Wildavsky (1973); Sabatier and Mazmanian (1979); Cheema and Rondinelli (1983); Hogwood and Gunn (1984) or Edwards and Sharkensky (1978) which were proposed in this research study. In addition, the study had included the target group as a crucial part of the conceptual framework as well as incorporated the regulation implementation literature by OECD and IOSCO. The empirical results of the study revealed and supported that seven of the variables, including communication, regulatory objectives, regulator capacity, attitudes of the regulator, and willingness to comply by the target group, had a positive direct effect on the effectiveness of regulatory implementation. Interestingly, the empirical results found regulatory resources to have no relationship with the effectiveness of securities brokerage regulation implementation. The results of the research did however find communication to be the only variable having the highest degree direct effect on the effectiveness of securities brokerage regulation implementation. In contrast, all other variables, namely regulator capacity, regulatory objectives, and attitudes of the regulator, were found to have no predictive influence when all of the five variables were simultaneously analyzed in relation to the effectiveness of securities brokerage regulation implementation. Nevertheless, to some extent, the results of the research found some unanticipated results as to what was first hypothesized or previously studied (i.e. the non-relationships between regulatory resources and the effectiveness of the implementation or only two of the variables from each research tier were found to have predictive abilities regarding the outcome of the dependent variable). An explanation of this can be seen in the difference in the characteristics of the stakeholders or in the differences in the contexts of the implementation.

6.2.2 Contribution to Policy Implication

The major objective of this research was to identify the variables which had an effect on the effectiveness of policy implementation by examining the variables found to have such a relationship. Furthermore, it was recognized that policy implementation is substantially different in each different context. As there are differences in context, stakeholders or characteristics, a single theory or a single model of policy implementation may not be sufficient to explain the phenomena. The international experiences and models which this study looked at might not be able to be fully applied to the Thai context. Regarding this point, it is therefore important for policy makers or policy implementers to adapt the different strategies to suit each of the characteristics or contexts.

The empirical results found communication to be the most important factor for effective implementation of policy. In this regard, the attention to the individual components in the communication should be given priority in order for the implementation to be effective. The following are the strategies that can be used to bring out the effectiveness of regulation implementation:

1) Enhance the communication process across the departments within the supervisory agency by including the elements of clarity, consistency, and participation in the communication

2) Allow more channels of communication among the officers of the supervisory agency, as the understanding of regulation objectives and processes are crucial during the implementation

Furthermore, the success of the implementation is not only embedded in the implementing agency, but it should take into account all other stakeholders. The variable of the willingness to comply with the rules and regulations among the target group was found to be another crucial variable in achieving the effectiveness of implementation. Therefore, in order to improve the target group's willingness to comply with the regulation, the following are recommend:

1) The attention should also be directed toward the initial design of the regulation, which should encompass the element of the willingness to comply by the target group.

2) Increase the participation level of the target group in the regulatory process.

3) The supervisory agency should aim toward the real benefits of the regulation and allow the target group to have full comprehension of those benefits.

Furthermore, this study also highlighted the important relationship between the supervisory agency and the target group. In order to be effective in the implementation, the government (or supervisory agency) must take into consideration the level of acceptance and participation of the target group. Additionally, the supervisory agency should aim towards a level of flexibility within its regulations in order to increase the level of voluntary compliance on the part of the target group.

To summarize, the supervisory agency and the implementers should consider the improvement of communication and the willingness of the target group to comply, as well as the attention towards the relationship between the supervisory agency and the target group. These will enhance the effectiveness of securities brokerage regulation implementation.

6.3 Recommendations

One of the objectives of this research as outlined in chapter one was to provide recommendations for improving and effectively implementing securities brokerage regulation in its regulatory regime. The last chapter presented the results of this study. This section then contains some of the recommendations for the improvement and effective implementation of securities brokerage regulation. These recommendations are not only derived from the results of this research study but also synthesized from the observations and interview processes during the research. Moreover, it also incorporates some of the findings in the area of policy implementation from international experience. The following are the recommendations for the improvement and effective implementation of securities brokerage regulation.

6.3.1 Enhancing of the Communication Process

The enhancing of the supervision process was suggested by both the regulator and the regulated entities during the process of the research. The findings regarding the communication process showed that the communication during the supervision process could be enhanced in order to effectively implement securities brokerage regulation. Information regarding the essence and objectives of regulation need to be communicated to every responsible supervisory agency officer. This recommendation highlights the significance of the intra-organization communication process. In order for the officers to have an overall conceptual view of the capital market supervision, they need to be aware of the regulation process within their own department, as well as outside their own department. In addition, the supervisory agency should establish guidelines or best practices which outline examples on how the firms can achieve the best risk rating. For examples, the international supervisory agencies provide the details of each risk area to the regulated entities as well as the methods on how to achieve the best possible risk rating. This is to ensure that the regulated entities can follow step-by-step of the regulatory requirement. Moreover, the rating system should also be the subject of regular review to ensure that the rating systems are in accordance with the changes in technology and business practices.

6.3.2 The Regulator's Capacity

One of the issues raised during this particular research was the issue of the regulator's capacity in the supervision of securities brokerage firms. The results of the study indicate that the capacity of the regulators is very crucial for the supervision of securities companies. Many of the suggestions from the interviews with the supervisory agency officers supported the capacity of the regulators to perform the tasks, comingled with their number of years of work experience as regulators. Many young officers with fewer years of work experience in the field found trouble in understanding some of the motives behind some of the supervisory tasks. There were many supervisory tasks that were performed in accordance with the "routine," but there was a lack of knowledge or underlying reasons that could be linked with the supervisory objectives. It was suggested that not only should the officers be trained in various skills in performing the supervisory tasks, but that this training should specify how these tasks relate to duties and supervisory objectives. Moreover, during the interview process it was also found that the older officers with many years of supervisory experience were very crucial for the training process of the next generation of officers. Therefore, it was suggested that the supervisory agency should ensure that more experienced officers can effectively pass on their knowledge and experience to the younger generation.

6.3.3 The Dynamic Change

The regulatory feedback suggested by the regulated entities related to the role of the supervisory agency itself. Many suggestions from the questionnaires, the interview process, and the international research showed that the regulatory regime of the regulator should be more dynamic. It was suggested that an effective regulator should not only understand all of the various functions of its regulated entities, but should also be involved in the changing process in accordance with the ever-changing business environment. This dynamic change process directly relates to the regulator's capacity in supervising the regulated entities. The regulator's capacity should also include the ability to adjust the regulation process to suit the target group's practices and business environment. With reference to dynamic change, it was suggested that the regulator should also play more of a proactive role in the supervision process. The regulator should try to encourage the target group to increase the level of voluntary compliance by allowing them to recognize the benefit of supervision. It was also suggested that the supervisory agency should try to lessen its rules-based supervision regime and move towards more of an objectively-based supervision regime.

6.3.4 The Cooperation within the Supervisory Agency and Outside the Supervisory Agencies.

There were some suggestions derived from the interview process with the officers of the supervisory agency, suggesting cooperation within the supervisory agency as well as cooperation with other supervisory agencies. The supervisory agency must first try to enhance its cooperation and coordination within the different departments in its own agency. The information suggested that there were some imbalances in the understanding of the some of the rules and regulations from the different officers within the same organization. Moreover, the methods of the interpretation of the some of the rules and regulations varied in accordance with each officer.

Secondly, the cooperation with other supervisory agencies can also enhance the effectiveness of supervision implementation. Many interviewees suggested that there was a need for the financial regulator to have a complete picture of the overall financial industry. The understanding of money and the financial system would help to improve the regulator's point of view regarding their target group and hence improve effective supervision implementation. Therefore, this would require an amount of cooperation not only within the same agency but also with other outside supervisory agencies. The cooperation between other independent supervisory agencies, i.e. the Bank of Thailand (BOT) or governmental department, i.e. the Revenue Department

(RD), the Royal Thai Police (RTP), or the Anti-Money Laundering Office (AMLO) can help to encourage better regulatory enforcement of wrongdoers in the financial industry.

6.3.5 The Relationship Between the Regulator and the Regulated Entities

A good relationship between the supervisory agency and the target group can encourage the enhancement of voluntary compliance of the target group regarding the rules and regulations. A good relationship among the supervisory agency and its regulated entities would allow for an open communication process from the two parties, hence enhance the willingness of the target group to comply with securities brokerage regulations. An information exchange between the two groups could help the supervisory agency to understand the process and the changes in the business environment that the target group is facing. A good relationship would also allow for better communication and the supervisory agency could better target its supervisory objectives. In addition, the results of the research also found that the regulatory requirements can be effectively communicated to the target group once there is an effective channel of communication. In terms of the relationship between the two groups, it was suggested that the regulator should allow for more channels of communication, including changing the supervisory agency's attitude towards the target group and holding more frequent sessions where the target groups are allowed to express their ideas and concerns.

6.3.6 The Involvement of Regulated Entities

The willingness of the target group to comply with securities brokerage regulations can be enhanced by the involvement of the target group in the regulatory process. The involvement of regulated entities (or target groups) in the supervisory process was another issue raised during the research process. The issue of this involvement has long been recognized by both the regulator and regulated entities through the self-regulatory organization. One of the important processes in enhancing the effectiveness of the supervisory implementation is to be able to gain voluntary compliance from the target group. In order to achieve this compliance level, the results suggested that the target group must have knowledge, ability, and be willing to comply with the rules and regulations. Those sets of rules and regulations were largely seen to affect the target group itself; therefore the involvement of the target group in those rules and regulations seemed to be essential. The interviews and observations suggested that the regulator has already recognized this involvement by establishing work groups from the Association of Securities Companies (ASCO). However, there is evidence to suggest that this should be enhanced and continued in the future. In addition, the supervisory agency should also encourage the participation of the representative of all securities brokerage firms in order to represent the industry as a whole. Some of the recommendations suggested that the supervisory agency should provide an incentive to those that actively participate.

6.4 Future Research

Even though this research has revealed some of the important issues of regulatory supervision, there were some limitations that the researcher did not explore during the research. Some of those limitations were largely due to the restrictions in the resources during the research process, including time and money.

As described earlier regarding the limitations of this research in the first chapter, the term “securities brokerage” only covers those firms with licenses to operate securities brokerage under Securities and Exchange Act 1992. However, this research left out those businesses which are licensed as securities brokerage under Derivatives Act 2003 and that perform the function of brokerage in the capital market. The reason was that most of the securities brokerages under this Act are already licensed under Securities and Exchange Act 1992. Also, those businesses licensed under Derivatives Act 2003 have been operating only recently (in which the first product, the SET50 Index Futures, only began to trade on 28 April 2006) (TFEX website). Therefore, this research excluded the businesses with licenses purely under Derivatives Act 2003. Future research can be carried out in this field by including those businesses licensed under the Derivatives Act 2003 in order to obtain a complete picture of the entire securities business industry. Another limitation of this research was due to the scope of the research itself, which did not include the individual investors as an integral part of the research. Therefore, further study can be done by including individual investors into the conceptual framework of the study.

In addition, the results of questionnaires and the interview process found some interesting issues regarding the satisfaction level of the regulator by the regulated entities or target groups. Further research can be done in this area by analyzing the various factors which affect the satisfaction level of the regulated entities or the satisfaction level of the investors in the supervision regime. Moreover, as this research only covered the field of the securities business or capital market intermediaries, future research can be done by including other governmental supervision agencies or other independent regulators.

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APPENDICES

APPENDIX A

QUESTIONNAIRE IN ENGLISH

Questionnaire

Securities and Exchange Commission

Title: Securities Brokerage Regulation: Effectiveness of Regulation Implementation

Part 1: Demographic Information

1. Gender: ☐ Male ☐ Female

2. Age: ☐ 19-28 ☐ 29-38 ☐ 39-48 ☐ 49-58 ☐ ≥ 59

3. Education: ☐ Bachelor Degree ☐ Master Degree ☐ Doctorate Degree ☐ Others (Please specify)

4. Area of study: ☐ Accounting ☐ Economics ☐ Business Administration ☐ Engineering ☐ Finance ☐ Information Technology ☐ Law ☐ Political Science ☐ Others (Please specify)

5. Position Field: ☐ Management ☐ Analyst ☐ Examiner

6. Position Level: ☐ Director ☐ Senior Assistance Director ☐ Assistance Director ☐ senior officer ☐ Officer level 6 ☐ Officer Level 5

7. Number of year (s) working in current position: _______years
8. Number of year (s) in working experience: ________years

Part 2: Opinion towards securities brokerage regulation implementation

Please indicate the level of your opinion by mark "☑" only in one block which best describes your opinion to each statement. Your answer in all of the questions will be highly appreciated.

		Very High	High	Low	Very Low
9.	The clarity of the objectives of securities brokerage which provided in written statement	☐	☐	☐	☐
10.	The clarity of priorities for each of the objectives of securities regulation	☐	☐	☐	☐
11.	The clarity in roles and responsibilities of the officers	☐	☐	☐	☐
12.	The clarity in the process of monitoring and supervising the securities business.	☐	☐	☐	☐
13.	The clarity of guidance to the business to be able to comply with the rules and regulation of the SEC.	☐	☐	☐	☐
14.	The clarity of the explanation for the securities firms regarding the penalties resulted from non-compliance with the rules and regulations.	☐	☐	☐	☐
15.	The consistency of the rules governing the securities business by the different departments within SEC	☐	☐	☐	☐
16.	The consistency of the rules governing securities brokerage firms by other agencies	☐	☐	☐	☐
17.	Understanding of the purpose of monitoring and supervision of the securities brokerage.	☐	☐	☐	☐
18.	Understanding of the roles and responsibilities of the officers.	☐	☐	☐	☐
19.	The officers agreed with their roles and responsibilities.	☐	☐	☐	☐
20.	The equality of measures to detect which apply to all securities brokerage firms.	☐	☐	☐	☐
21.	The numbers of officers are sufficient in monitoring or supervision of the operators in the securities business.	☐	☐	☐	☐

		Very High	High	Low	Very Low
22.	The appropriateness of time period used to monitor or supervise the securities brokerage firms.	☐	☐	☐	☐
23.	The adequacy of the budget allocated to the officers in monitoring or supervising the securities brokerage firms.	☐	☐	☐	☐
24.	The ability of the officers in monitoring or supervising of the securities brokerage firms.	☐	☐	☐	☐
25.	Knowledge of the officers on the securities brokerage business.	☐	☐	☐	☐
26.	Knowledge of the officers in the rules relating to the securities brokerage business.	☐	☐	☐	☐
27.	Experience in the inspection or supervision of the officers.	☐	☐	☐	☐
28.	Ability of the officers in inspection or the skills to supervise securities brokerage firms.	☐	☐	☐	☐
29.	Officers who monitor and supervise the securities brokerage firms, has been training regularly.	☐	☐	☐	☐
30.	There are tools and equipment (e.g. PC or laptop) to support the officers in monitor and supervise the securities brokerage firms.	☐	☐	☐	☐
31.	The officers receive technical support (e.g. monitoring of real-time trading) from the SEC or other related agencies (such as BOT or SET).	☐	☐	☐	☐
32.	SEC's ability to retain the officers with the knowledge and experience to remain working with SEC.	☐	☐	☐	☐
33.	The adequacy of the officers with knowledge and experience in audit or oversight of the securities brokerage firms.	☐	☐	☐	☐
34.	The ability of the officers to manage the time management.	☐	☐	☐	☐

		Very High	High	Low	Very Low
35.	The ability of the officers to explain to the securities brokerage firms in terms of cause and effect.	☐	☐	☐	☐
36.	Problems solving ability of the officers during the inspection or supervision of the securities brokerage firms.	☐	☐	☐	☐
37.	Commitment of the officers in monitoring or supervising the securities brokerage firms.	☐	☐	☐	☐
38.	The decisions making authority of the officers in the process of monitoring or supervision of the securities brokerage firms.	☐	☐	☐	☐
39.	The cooperation among the officers in the monitoring or supervising of the securities brokerage firms.	☐	☐	☐	☐
40.	Understanding of the officers towards the impact of regulation to the securities brokerage industry.	☐	☐	☐	☐
41.	The management in your department has the ability to convince the officers to be committed in the effective monitoring or supervising of the securities brokerage firms.	☐	☐	☐	☐
42.	The significant that of the management in your department give to the effective monitoring or supervising of the securities brokerage firms.	☐	☐	☐	☐
43.	The management in your department commits to effective monitoring or supervising of the securities brokerage firms	☐	☐	☐	☐
44.	The management in your department motivates and encourages the effectiveness in the monitoring or supervising of the securities brokerage firms.	☐	☐	☐	☐
45.	The ability of the management in your department in ensuring that the implementation of securities brokerage regulation is done in an effective manner.	☐	☐	☐	☐

		Very High	High	Low	Very Low
46.	The ability of the management in your department to solve problem arising from monitoring or supervising of the securities brokerage firms.	☐	☐	☐	☐
47.	The ability of the management in your departments to make the officers aware of the benefits of monitoring or supervision of the securities brokerage firms.	☐	☐	☐	☐
48.	The frequency of information requests from the securities brokerage firms on a regular basis to ensure the understanding of the business industry.	☐	☐	☐	☐
49.	The officers can consult the experts on how to perform the inspection or supervision of securities brokerage firms.	☐	☐	☐	☐
50.	The laws are adequate enough to protect the officers of SEC from performing their duties.	☐	☐	☐	☐
51.	The officers can cooperate with other agencies (such as the RTP, Crime Suppression Division. Crime, economic and technological, economic or legal offices, etc.).	☐	☐	☐	☐
52.	The officers provide justice for all securities brokerage firms.	☐	☐	☐	☐
53.	The ability of the officers to explain rationales of rules relating to inspection or supervision of securities brokerage firms.	☐	☐	☐	☐
54.	The ability of the officers to explain the rationale behind legal action against companies.	☐	☐	☐	☐
55.	The independence of the officers in performing of their duties.	☐	☐	☐	☐
56.	The officers can realize the benefits of monitoring or supervision of securities brokerage firms.	☐	☐	☐	☐
57.	The officers are happy and willing to follow the procedures of monitoring or supervision of the securities brokerage firms.	☐	☐	☐	☐

		Very High	High	Low	Very Low
58.	The officers have the commitment in monitoring or supervision of the securities brokerage firms.	☐	☐	☐	☐
59.	The officers are willing to support effective monitoring and supervision of the securities brokerage firms.	☐	☐	☐	☐
60.	The officers have good relationship with others in the department.	☐	☐	☐	☐
61.	The officers have good relationship with others outside the department.	☐	☐	☐	☐
62.	Understanding of the officers in the methods and procedures to monitor or supervise the securities brokerage firms.	☐	☐	☐	☐
63.	Appropriate in the channels of communication in the department in communicating methods and procedures in order to monitor or supervise the securities brokerage firms	☐	☐	☐	☐
64.	Appropriate in the channels of communication between different departments in communicating methods and procedures in order to monitor or supervise the securities brokerage firms	☐	☐	☐	☐
65.	The clarity in communication of rules and regulation governing securities brokerage firms to the officers.	☐	☐	☐	☐
66.	The clarity of the descriptions of rules and regulation.	☐	☐	☐	☐
67.	The clarity of the descriptions of rules and regulation by other departments	☐	☐	☐	☐
68.	The ability of the management in the department to make the officers understand the purposes, methods and procedures in monitoring or supervising the securities brokerage firms.	☐	☐	☐	☐
69.	The ability of the officers to convey their understanding of the regulation to the staffs of the firms.	☐	☐	☐	☐

		Very High	High	Low	Very Low
70.	The adequacy of communication of rules or methods of supervision that will affect the securities brokerage business.	☐	☐	☐	☐
71.	Communication in the above statement is done in timely matter.	☐	☐	☐	☐
72.	Communication in the above statement provides sufficient definitions to allow the firms to be easily understand.	☐	☐	☐	☐
73.	The opinions from the business industry are used in considering the regulation or supervision.	☐	☐	☐	☐
74.	Opportunity for the securities brokerage firms involvement in the formulation of regulation relating to the securities business.	☐	☐	☐	☐
75.	The clarity of the expectations from the Commission in supervising of the securities brokerage firms.	☐	☐	☐	☐
76.	The clarity of guidelines for the minimum criteria or best practice to the securities brokerage firms to use as the basis for practice.	☐	☐	☐	☐
77.	The appropriate in the channels to the securities brokerage firms to complain / questions regarding the regulation or supervision.	☐	☐	☐	☐

Part 3: The implementation of securities brokerage regulation implementation

Please indicate the level of your opinion by mark "☑" only in one block which best describes your opinion to each statement. Your answer in all of the questions will be highly appreciated.

	Over the past 12 months, from your duties in supervising your responsible securities brokerage firms you have.........	Very High	High	Low	Very Low
78.	...... Requested and received information from the firm for the benefit of on-site and off-site supervision.	☐	☐	☐	☐
79.	...... found that he firm pays attention on systems and procedures in managing risks that may arise within the company.	☐	☐	☐	☐
80.	...... found that the firm pays attention on systems and procedures in monitoring the implementation of SEC's regulation.	☐	☐	☐	☐
81.	...... found that management and staffs of firms complies with regulations of SEC	☐	☐	☐	☐
82.	...... found that the management of the firms encourages the staffs to comply with regulations of SEC	☐	☐	☐	☐
83.	...... The system and procedures in monitoring the company's operation of the firm are effective.	☐	☐	☐	☐
84.	...... advised the staffs of the firms on compliance issues with regulation of SEC.	☐	☐	☐	☐
85.	...... received reports from the firms where the firms has found their failure to comply with regulation of SEC.	☐	☐	☐	☐
86.	...... made contact with the firms to inquire regarding any problems or obstacles in the implementation of the regulation of SEC.	☐	☐	☐	☐
87.	...... made contact with the company for information to be useful to improve the processes and procedures to supervise the securities brokerage firms.	☐	☐	☐	☐

Suggestion towards the implementation of securities brokerage regulation

Please specify any of your suggestions or recommendations regarding the improvement on the effectiveness of securities brokerage regulation implementation.

88. Your opinions regarding the objectives, goals and necessary steps to perform oversight of the securities brokerage firms

89. Do you have any suggestions regarding important resources (such as budget, human resources, technical support or tools and equipment) to carry out the supervision of securities brokerage firms.

90. If you have comments regarding the ability of management and officers of SEC in the overseeing of the implementation in order to ensure its effectiveness.

91. What are your comments regarding the factors of communication which can result in the effectiveness of securities brokerage regulation?

92. Do you have any comments on how to improve the effectiveness of securities brokerage regulation implementation?

Thank you very much for your kind cooperation

If you have any questions or any queries you can contact the student Mr. Sid Suntrayuth
Doctor of Philosophy student, international course (NIDA) directly on 080-441 6796

Questionnaire

Securities Brokerage Firms

Title: Securities Brokerage Regulation: Effectiveness of Regulation Implementation

Part 1: Demographic Information

The information regarding yourself:

1. Department:
   - ☐ Management office
   - ☐ Operational (Back Office)
   - ☐ Compliance
   - ☐ Accounting and Finance
   - ☐ Marketing / Front Office
   - ☐ Securities Analyst
   - ☐ Investment Banking
   - ☐ Risk Management
   - ☐ Others (Please specify)______

2. Gender:
   - ☐ Male
   - ☐ Female

3. Age:
   - ☐ 19-28
   - ☐ 29-38
   - ☐ 39-48
   - ☐ 49-58
   - ☐ ≥ 59

4. Education:
   - ☐ Diploma or Higher Vocational Level
   - ☐ Bachelor Degree
   - ☐ Master Degree
   - ☐ Doctorate Degree
   - ☐ Others (Please specify)_______

5. Area of study:
   - ☐ Accounting
   - ☐ Economics
   - ☐ Business Administration
   - ☐ Engineering
   - ☐ Finance
   - ☐ Information Technology
   - ☐ Law
   - ☐ Political Science
   - ☐ Others (Please specify)______

6. Position Level:
- ☐ Top management level (President, Voice President, Chairman, Voice Chairman, Managing Director, Deputy Managing Director, Director, Chief Executive Officer or General Manager)
- ☐ Middle management level (Department Director or Division Manager)
- ☐ Management (Division Head)
- ☐ Senior operational level (Senior Staff)
- ☐ Operational level (Staff)
- ☐ Others (Please specify)______

7. Number of year (s) working in current position: ________years

8. Number of year (s) in working experience: _______years

<u>The information regarding your firm:</u>

9. Main clients:
- ☐ Retail clients
- ☐ Institutional clients only
- ☐ Both retail and institutional clients

10. Majority Share Holding structure:
- ☐ Foreign Banks
- ☐ Domestic Banks
- ☐ Foreign Financial Institutions
- ☐ Domestic Financial Institutions
- ☐ Foreign Companies
- ☐ Domestic Companies
- ☐ Others (Please specify)_____

11. Services provide:
- ☐ Securities Brokerage
- ☐ Securities Dealing
- ☐ Derivatives Agent
- ☐ Securities underwriting
- ☐ Derivatives Dealer
- ☐ Private Fund Management
- ☐ Financial Advisory
- ☐ Others (Please specify)_____

12. The number of compliance staffs _______

Part 2: Opinion towards securities brokerage regulation implementation

Please indicate the level of your opinion by mark "☑" only in one block which best describes your opinion to each statement. Your answer in all of the questions will be highly appreciated.

		Very High	High	Low	Very Low
13.	Understanding of the employees of the rules and procedures for the supervision of SEC	☐	☐	☐	☐
14.	The clarity of the purpose of supervising the securities business of the Commission	☐	☐	☐	☐
15.	Clarity in the guidelines of SEC to ensure the company can continue to meet the minimum prescribed.	☐	☐	☐	☐
16.	Consistency between the rules and procedures of SEC in governing the securities industry and its purpose of regulating the securities industry	☐	☐	☐	☐
17.	Staff of SEC can describe in detail the rules and procedures for overseeing the securities brokerage firms.	☐	☐	☐	☐
18.	Regulation and supervision of SEC cause burden on securities businesses.	☐	☐	☐	☐
19.	The ability of companies to find out details of SEC's rules and procedures for overseeing the company's business	☐	☐	☐	☐
20.	Comprehensiveness of SEC rules and supervision to a variety of transactions in the securities business.	☐	☐	☐	☐
21.	Participation of the firms in issuing rules governing the securities business.	☐	☐	☐	☐
22.	Comments from the companies that SEC uses to issue rules to implement and improve methods of monitoring the operators in the securities business.	☐	☐	☐	☐
23.	The clarity of detail of supervisory agency's rules and procedures for overseeing the securities business	☐	☐	☐	☐
24.	Communication of details changed in rules and regulations by SEC	☐	☐	☐	☐

		Very High	High	Low	Very Low
25.	Comprehensiveness of the rules and regulations of SEC in English language.	☐	☐	☐	☐
26.	The appropriateness of the language used in writing rules and regulations of SEC.	☐	☐	☐	☐
27.	The complexity of the rules and regulations of SEC	☐	☐	☐	☐
28.	The company's ability to pursue and follow the rules and regulations of SEC	☐	☐	☐	☐
29.	Worthiness and benefits of compliance with rules and regulations of SEC.	☐	☐	☐	☐
30.	The consistency of the rules and regulations to the extent of the business of the company.	☐	☐	☐	☐
31.	The flexibility of the rules and regulations.	☐	☐	☐	☐
32.	Support received from the SEC to enable the company to comply with the rules and regulations of the SEC	☐	☐	☐	☐
33.	The adequacy of the personnel of the company to track and follow the rules and regulations of the SEC	☐	☐	☐	☐
34.	The adequacy of the personnel of the company to track and follow the rules and regulations of the SEC	☐	☐	☐	☐
35.	Adequacy of equipment and tools (such as a computer or program to monitor trading) within the company to track and follow the rules and regulations of the SEC.	☐	☐	☐	☐
36.	The ability of the SEC to explain the rational of regulation and the steps to supervise securities companies in accordance with such regulation.	☐	☐	☐	☐
37.	Frequency of the SEC to review the reasons for the declaration and rules issued in the past.	☐	☐	☐	☐
38.	The appropriateness of the duration of the SEC used to make onsite inspection.	☐	☐	☐	☐

		Very High	High	Low	Very Low
39.	The appropriateness of the amount and frequency of information requested from the SEC to supervise offsite inspection.	☐	☐	☐	☐
40.	The appropriateness of the cost of the company arising from the supervision of the SEC	☐	☐	☐	☐
41.	The ability of the SEC to explain the legal action against companies.	☐	☐	☐	☐
42.	Understanding the firms' risks from compliance and oversight supervision by SEC	☐	☐	☐	☐
43.	The increase in the efficiency of the firms' operations compliance and supervision of SEC	☐	☐	☐	☐
44.	The increase in the overall effectiveness of risk management from compliance with the regulation.	☐	☐	☐	☐
45.	The increase in the overall effectiveness of risk management from supervision of SEC.	☐	☐	☐	☐
46.	The officers from the supervisory agency provide assistance to allow firm to comply the rules and regulation.	☐	☐	☐	☐
47.	Your agree with the objectives of supervision of securities brokerage firms by SEC	☐	☐	☐	☐
48.	Understanding of the SEC towards the issues in the securities business.	☐	☐	☐	☐
49.	Understanding of the SEC towards the changes in the securities business's business practices.	☐	☐	☐	☐
50.	You willing to abide by the rules and regulations of SEC	☐	☐	☐	☐
51.	Value created from complying with the regulation greater than of the costs incurred in complying with the regulation.	☐	☐	☐	☐
52.	The consistency of the rules and procedures for the supervision of SEC matched the regular changes in business practices.	☐	☐	☐	☐

		Very High	High	Low	Very Low
53.	The consistency of rules and procedures for the supervision with the objectives of supervision from SEC	☐	☐	☐	☐
54.	Rules and regulation of SEC are mostly objectively-based. Which enable the firms to find ways in order to comply.	☐	☐	☐	☐
55.	You believes that the firm has the obligation to comply with the rules and regulations specified by the SEC in all circumstance.	☐	☐	☐	☐
56.	You consider the penalty in case the firm fails to comply with the rules and regulations of SEC, therefore the firm will have to comply.	☐	☐	☐	☐
57.	Rules and regulation issued by SEC are there as a minimum requirement.	☐	☐	☐	☐

Part 3: Suggestion towards the implementation of securities brokerage regulation

Please specify any of your suggestions or recommendations regarding the improvement on the effectiveness of securities brokerage regulation implementation.

58. What factors do you think will help you to gain knowledge and understanding of the rules and regulation for the supervision of SEC?

59. Do you have any suggestions regarding the increase the firm's capacity in order to comply with the rules and regulation of SEC?

60. Do you have any suggestions regarding the encouragement for the firms' willingness companies to comply with the rules and regulation by SEC?

61. Any of the obstacles that lead to your non-compliance with the rules and regulation of SEC

62. Do you have any comments in order to enhance the effectiveness of the supervision of securities brokerage firms by SEC?

Thank you very much for your kind cooperation

If you have any questions or any queries you can contact the student Mr. Sid Suntrayuth
Doctor of Philosophy student, international course (NIDA) directly on 080-441 6796

APPENDIX B

QUESTIONNAIRE IN THAI

แบบสอบถาม

สำนักงานคณะกรรมการกำกับหลักทรัพย์และตลาดหลักทรัพย์

<u>หัวข้อวิทยานิพนธ์</u>: การกำกับดูแลการประกอบธุรกิจหลักทรัพย์: ประสิทธิผลของการนำการกำกับดูแลไปปฏิบัติ

ส่วนที่ 1: ข้อมูลทั่วไป

1. เพศ: ☐ ชาย ☐ หญิง

2. อายุ: ☐ 19-28 ☐ 29-38 ☐ 39-48 ☐ 49-58 ☐ ≥ 59

3. การศึกษา: ☐ ปริญญาตรี ☐ ปริญญาโท ☐ ปริญญาเอก ☐ อื่นๆ (โปรดระบุ) _____

4. สาขาวิชาที่ศึกษา: ☐ บัญชี ☐ เศรษฐศาสตร์ ☐ บริหารธุรกิจ ☐ วิศวกรรมศาสตร์ ☐ การเงิน ☐ เทคโนโลยีสารสนเทศ ☐ กฎหมาย ☐ รัฐศาสตร์ ☐ อื่นๆ (โปรดระบุ) ______

5. ชื่อตำแหน่ง: ☐ ผู้บริหาร ☐ ผู้ตรวจสอบ ☐ ผู้วิเคราะห์

6. ระดับตำแหน่ง: ☐ ผู้อำนวยการ ☐ ผู้ช่วยผู้อำนวยการอาวุโส ☐ ผู้ช่วยผู้อำนวยการอาวุโส ☐ เจ้าหน้าที่บริหาร ☐ เจ้าหน้าที่บริหารระดับ 6 ☐ เจ้าหน้าที่บริหารระดับ 5

7. ประสบการณ์ในการทำงานในตำแหน่งปัจจุบัน: ______ปี

8. ประสบการณ์ในการทำงานในธุรกิจหลักทรัพย์ (โดยรวม): ______ปี

ส่วนที่ 2: ความคิดเห็นเกี่ยวกับการกำกับดูแลธุรกิจหลักทรัพย์

โปรดทำเครื่องหมาย "☑" ในหนึ่งช่องว่างที่สามารถอธิบายถึงความคิดของท่านได้ดีที่สุดเพียงข้อเดียว โดยขอให้ท่านโปรดตอบทุกคำถาม

		มาก ที่สุด	มาก	น้อย	น้อย ที่สุด
9.	ความชัดเจนของวัตถุประสงค์ของการกำกับดูแลธุรกิจหลักทรัพย์ที่ระบุไว้อย่างเป็นลายลักษณ์อักษร	☐	☐	☐	☐
10.	ความชัดเจนของลำดับความสำคัญในแต่ละวัตถุประสงค์ของการกำกับดูแลธุรกิจหลักทรัพย์	☐	☐	☐	☐
11.	ความชัดเจนในบทบาทและหน้าที่รับผิดชอบของผู้ปฏิบัติงาน	☐	☐	☐	☐
12.	ความชัดเจนในขั้นตอนการตรวจสอบและวิธีการกำกับดูแลธุรกิจหลักทรัพย์	☐	☐	☐	☐
13.	ความชัดเจนของแนวทางปฏิบัติเพื่อให้ผู้ประกอบการในธุรกิจหลักทรัพย์สามารถปฏิบัติตามกฎเกณฑ์ของสำนักงาน ก.ล.ต.ได้	☐	☐	☐	☐
14.	ความชัดเจนของการชี้แจงต่อผู้ประกอบการในธุรกิจหลักทรัพย์เกี่ยวกับบทลงโทษกรณีที่ไม่สามารถปฏิบัติตามกฎเกณฑ์	☐	☐	☐	☐
15.	ความสอดคล้องของกฎเกณฑ์การกำกับดูแลธุรกิจหลักทรัพย์โดยฝ่ายงานต่างๆ ภายในสำนักงาน ก.ล.ต.	☐	☐	☐	☐
16.	ความสอดคล้องของกฎเกณฑ์การกำกับดูแลธุรกิจหลักทรัพย์โดยหน่วยงานอื่นๆ นอกเหนือจากสำนักงาน ก.ล.ต.	☐	☐	☐	☐
17.	ความเข้าใจในวัตถุประสงค์ของการตรวจสอบและการกำกับดูแลธุรกิจหลักทรัพย์ของผู้ปฏิบัติงาน	☐	☐	☐	☐
18.	ความเข้าใจในบทบาทและหน้าที่รับผิดชอบของผู้ปฏิบัติงาน	☐	☐	☐	☐
19.	ผู้ปฏิบัติงานเห็นด้วยกับบทบาทและหน้าที่รับผิดชอบของตนเอง	☐	☐	☐	☐
20.	ความเท่าเทียมกันของมาตราการในการตรวจสอบหรือวิธีการกำกับดูแลที่ใช้กับบริษัทหลักทรัพย์ทุกแห่ง	☐	☐	☐	☐
21.	จำนวนผู้ปฏิบัติงานของสำนักงาน ก.ล.ต. มีความเพียงพอต่อการตรวจสอบหรือการกำกับดูแลผู้ประกอบการในธุรกิจหลักทรัพย์	☐	☐	☐	☐
22.	ความเหมาะสมของระยะเวลาที่ผู้ปฏิบัติงานใช้ในการตรวจสอบหรือการกำกับดูแลผู้ประกอบการในธุรกิจหลักทรัพย์	☐	☐	☐	☐

		มาก ที่สุด	มาก	น้อย	น้อย ที่สุด
23.	ความเพียงพอของงบประมาณที่จัดสรรให้ผู้ปฏิบัติงานในการตรวจสอบหรือการกำกับดูแลผู้ประกอบการในธุรกิจหลักทรัพย์	☐	☐	☐	☐
24.	ความสามารถของผู้ปฏิบัติงานที่จะทำหน้าที่ตรวจสอบหรือการกำกับดูแลผู้ประกอบการในธุรกิจหลักทรัพย์	☐	☐	☐	☐
25.	ความรู้ที่เกี่ยวกับธุรกิจหลักทรัพย์ของผู้ปฏิบัติงาน	☐	☐	☐	☐
26.	ความรู้ด้านกฎเกณฑ์ที่เกี่ยวข้องกับการประกอบธุรกิจหลักทรัพย์ของผู้ปฏิบัติงาน	☐	☐	☐	☐
27.	ประสบการณ์ในการตรวจสอบหรือการกำกับดูแลผู้ประกอบการในธุรกิจหลักทรัพย์ของผู้ปฏิบัติงาน	☐	☐	☐	☐
28.	ทักษะในการตรวจสอบหรือทักษะในการกำกับดูแลผู้ประกอบการในธุรกิจหลักทรัพย์ของผู้ปฏิบัติงาน	☐	☐	☐	☐
29.	ผู้ปฏิบัติงานที่ทำหน้าที่ตรวจสอบหรือการกำกับดูแลผู้ประกอบการในธุรกิจหลักทรัพย์ได้รับการฝึกอบรบอย่างสม่ำเสมอ	☐	☐	☐	☐
30.	ผู้ปฏิบัติงานได้รับการสนับสนุนทางด้านเครื่องมือและอุปกรณ์ (เช่น เครื่องคอมพิวเตอร์หรือแล็ปท็อป) ในการตรวจสอบหรือการกำกับดูแลผู้ประกอบการในธุรกิจหลักทรัพย์	☐	☐	☐	☐
31.	ผู้ปฏิบัติงานได้รับการสนับสนุนทางด้านเทคนิค (เช่น ตรวจสอบการซื้อขายหลักทรัพย์ real-time) จากสำนักงาน ก.ล.ต. หรือหน่วยงานอื่นๆ ที่เกี่ยวข้อง (เช่น ธปท. หรือ ตลท.)	☐	☐	☐	☐
32.	ความสามารถของสำนักงาน ก.ล.ต. ในการดึงดูดให้ผู้ปฏิบัติงานที่มีความรู้และประสบการณ์ทำงานกับสำนักงาน ก.ล.ต.	☐	☐	☐	☐
33.	ความเพียงพอของผู้ปฏิบัติงานที่มีความรู้และประสบการณ์ในการตรวจสอบหรือการการกำกับดูแลผู้ประกอบการในธุรกิจหลักทรัพย์	☐	☐	☐	☐
34.	ความสามารถของผู้ปฏิบัติงานในการบริหารเวลาในการปฏิบัติหน้าที่	☐	☐	☐	☐
35.	ความสามารถของผู้ปฏิบัติงานในการอธิบายต่อผู้ประกอบการในธุรกิจหลักทรัพย์ในเชิงเหตุและผล	☐	☐	☐	☐
36.	ความสามารถของผู้ปฏิบัติงานในการแก้ปัญหาที่เกิดขึ้นในการตรวจสอบหรือการกำกับดูแลผู้ประกอบการในธุรกิจหลักทรัพย์	☐	☐	☐	☐
37.	ความมุ่งมั่นของผู้ปฏิบัติงานให้การตรวจสอบหรือการกำกับดูแลผู้ประกอบการในธุรกิจหลักทรัพย์ให้เป็นไปอย่างมีประสิทธิภาพ	☐	☐	☐	☐

		มาก ที่สุด	มาก	น้อย	น้อย ที่สุด
38.	อำนาจในการตัดสินใจของผู้ปฏิบัติงานในกระบวนการตรวจสอบหรือการกำกับดูแลผู้ประกอบการในธุรกิจหลักทรัพย์	☐	☐	☐	☐
39.	การให้ความร่วมมือระหว่างผู้ปฏิบัติงานในการตรวจสอบหรือการกำกับดูแลผู้ประกอบการในธุรกิจหลักทรัพย์	☐	☐	☐	☐
40.	ความเข้าใจของผู้ปฏิบัติงานเกี่ยวกับผลกระทบของการกำกับดูแล ต่อภาคธุรกิจหลักทรัพย์	☐	☐	☐	☐
41.	ผู้บริหารในฝ่ายงานของท่านมีความสามารถในการโน้มน้าวให้ผู้ปฏิบัติงานมีความมุ่งมั่นในการตรวจสอบหรือการกำกับดูแลผู้ประกอบการในธุรกิจหลักทรัพย์ให้เป็นไปได้อย่างมีประสิทธิภาพ	☐	☐	☐	☐
42.	ความสำคัญที่ผู้บริหารในฝ่ายงานของท่านให้กับการตรวจสอบหรือการกำกับดูแลผู้ประกอบการในธุรกิจหลักทรัพย์	☐	☐	☐	☐
43.	ผู้บริหารในฝ่ายงานของท่านมีพันธะผูกพัน (commitment) ต่อการตรวจสอบหรือการกำกับดูแลผู้ประกอบการในธุรกิจหลักทรัพย์ให้เป็นไปได้อย่างมีประสิทธิภาพ	☐	☐	☐	☐
44.	ผู้บริหารในฝ่ายงานของท่านมีการกระตุ้นและผลักดันให้ผู้ปฏิบัติงานเกิดพันธะผูกพันในการตรวจสอบหรือการกำกับดูแลผู้ประกอบการในธุรกิจหลักทรัพย์ให้เป็นไปได้อย่างมีประสิทธิภาพ	☐	☐	☐	☐
45.	ความสามารถของผู้บริหารในฝ่ายงานของท่านในการบริหารจัดการให้การตรวจสอบหรือการกำกับดูแลผู้ประกอบการในธุรกิจหลักทรัพย์ให้เป็นไปได้อย่างมีประสิทธิภาพ	☐	☐	☐	☐
46.	ความสามารถของผู้บริหารในฝ่ายงานของท่านในการแก้ปัญหาที่เกิดขึ้นจากการตรวจสอบหรือการกำกับดูแลผู้ประกอบการในธุรกิจหลักทรัพย์	☐	☐	☐	☐
47.	ความสามารถของผู้บริหารในฝ่ายงานของท่านในการทำให้ผู้ปฏิบัติงานตระหนักถึงประโยชน์ของการตรวจสอบหรือการกำกับดูแลผู้ประกอบการในธุรกิจหลักทรัพย์	☐	☐	☐	☐
48.	ความถี่ของการขอข้อมูลเกี่ยวกับการประกอบธุรกิจหลักทรัพย์จากผู้ประกอบการอย่างสม่ำเสมอเพื่อให้ผู้ปฏิบัติงานเข้าใจการประกอบธุรกิจ	☐	☐	☐	☐
49.	ผู้ปฏิบัติงานสามารถปรึกษาผู้ทรงคุณวุฒิ หรือผู้เชี่ยวชาญเกี่ยวกับวิธีการดำเนินการในการตรวจสอบหรือการกำกับดูแลบริษัทหลักทรัพย์	☐	☐	☐	☐

		มาก ที่สุด	มาก	น้อย	น้อย ที่สุด
50.	กฎหมายที่เกี่ยวข้องกับการปฏิบัติหน้าที่สามารถปกป้องเจ้าหน้าที่ของสำนักงาน ก.ล.ต. ต่อการถูกดำเนินคดีจากการปฏิบัติหน้าที่	☐	☐	☐	☐
51.	ผู้ปฏิบัติงานได้รับความร่วมมือจากหน่วยงานอื่นๆ (เช่น สำนักงานตำรวจแห่งชาติ กองบังคับการปราบปรามอาชญากรรมทางเศรษฐกิจและ เทคโนโลยี หรือสำนักงานคดีเศรษฐกิจ เป็นต้น) อย่างเพียงพอ	☐	☐	☐	☐
52.	ผู้ปฏิบัติงานให้ความยุติธรรมต่อทุกบริษัทหลักทรัพย์	☐	☐	☐	☐
53.	ความสามารถของผู้ปฏิบัติงานในการอธิบายถึงเหตุผลของแต่ละประกาศหรือกฎเกณฑ์ที่เกี่ยวข้องกับการตรวจสอบหรือการกำกับดูแลบริษัทหลักทรัพย์	☐	☐	☐	☐
54.	ความสามารถของผู้ปฏิบัติงานในการอธิบายถึงเหตุผลของดำเนินการทางกฎหมายกับบริษัทหลักทรัพย์	☐	☐	☐	☐
55.	ความเป็นอิสระของผู้ปฏิบัติงาน	☐	☐	☐	☐
56.	ผู้ปฏิบัติงานเล็งเห็นถึงผลประโยชน์ของการตรวจสอบหรือการกำกับดูแลผู้ประกอบการในธุรกิจหลักทรัพย์ที่มีประสิทธิภาพ	☐	☐	☐	☐
57.	ผู้ปฏิบัติงานยินดีและเต็มใจที่จะปฏิบัติตามขั้นตอนวิธีการในการตรวจสอบหรือการกำกับดูแลผู้ประกอบการในธุรกิจหลักทรัพย์	☐	☐	☐	☐
58.	ผู้ปฏิบัติงานมีพันธะผูกพัน (commitment) ต่อการตรวจสอบหรือการกำกับดูแลผู้ประกอบการในธุรกิจหลักทรัพย์	☐	☐	☐	☐
59.	ผู้ปฏิบัติงานมีความเต็มใจที่จะสนับสนุนให้การตรวจสอบหรือการกำกับดูแลบริษัทหลักทรัพย์เป็นไปได้อย่างมีประสิทธิภาพ	☐	☐	☐	☐
60.	ผู้ปฏิบัติงานมีความสัมพันธ์ที่ดีระหว่างผู้ปฏิบัติงานอื่นๆ ภายในฝ่ายงานของท่าน	☐	☐	☐	☐
61.	ผู้ปฏิบัติงานมีความสัมพันธ์ที่ดีระหว่างผู้ปฏิบัติงานคนอื่นๆ ภายนอกฝ่ายงานของท่าน	☐	☐	☐	☐
62.	ความเข้าใจของผู้ปฏิบัติงานในวิธีและขั้นตอนปฏิบัติในการตรวจสอบหรือการกำกับดูแลผู้ประกอบการในธุรกิจหลักทรัพย์	☐	☐	☐	☐
63.	ความเหมาะสมของช่องทางในการสื่อสารวิธีและขั้นตอนปฏิบัติในการตรวจสอบหรือกำกับดูแลผู้ประกอบการในธุรกิจหลักทรัพย์ภายในฝ่ายงาน	☐	☐	☐	☐
64.	ความเหมาะสมของช่องทางในการสื่อสารวิธีและขั้นตอนปฏิบัติในการตรวจสอบหรือกำกับดูแลผู้ประกอบการในธุรกิจหลักทรัพย์ระหว่างฝ่ายงานภายในสำนักงาน ก.ล.ต	☐	☐	☐	☐

		มาก ที่สุด	มาก	น้อย	น้อย ที่สุด
65.	ความชัดเจนของการสื่อสารกฎเกณฑ์การกำกับดูแลผู้ประกอบการในธุรกิจหลักทรัพย์ที่ออกใหม่กับเจ้าหน้าที่ผู้ปฏิบัติงาน	☐	☐	☐	☐
66.	ความชัดเจนของคำอธิบายในกฎเกณฑ์ภายในฝ่ายงานของท่าน	☐	☐	☐	☐
67.	ความชัดเจนของคำอธิบายในกฎเกณฑ์ต่างๆ ที่ออกโดยฝ่ายงานอื่นภายในสำนักงาน ก.ล.ต.	☐	☐	☐	☐
68.	ความสามารถของผู้บริหารของฝ่ายงานในการทำให้ผู้ปฏิบัติงานเข้าใจวัตถุประสงค์ วิธีและขั้นตอนปฏิบัติในการตรวจสอบหรือการกำกับดูแลผู้ประกอบการในธุรกิจหลักทรัพย์	☐	☐	☐	☐
69.	ความสามารถของผู้ปฏิบัติงานในการถ่ายทอดความเข้าใจในคำอธิบายของกฎเกณฑ์ต่างๆ แก่พนักงานของบริษัทหลักทรัพย์	☐	☐	☐	☐
70.	ความเพียงพอของการสื่อสารกฎเกณฑ์หรือวิธีในการกำกับดูแลที่จะมีผลกระทบต่อผู้ประกอบการในธุรกิจหลักทรัพย์ให้บริษัทผู้ประกอบการทราบ	☐	☐	☐	☐
71.	การสื่อสารในข้างต้นเป็นการสื่อสารในเวลาอันเหมาะสม	☐	☐	☐	☐
72.	การสื่อสารกฎเกณฑ์ในข้างต้นมีความละเอียดอย่างเพียงพอเพื่อให้บริษัทสามารถเข้าใจได้ง่าย	☐	☐	☐	☐
73.	การนำความเห็นของผู้ประกอบการในธุรกิจหลักทรัพย์มาประกอบการพิจารณากฎเกณฑ์หรือการกำกับดูแล	☐	☐	☐	☐
74.	การเปิดโอกาสให้ผู้ประกอบการในธุรกิจหลักทรัพย์มีส่วนร่วมในการกำหนดกฎเกณฑ์ต่างๆ ที่เกี่ยวข้องกับการดำเนินธุรกิจหลักทรัพย์	☐	☐	☐	☐
75.	การชัดเจนของความคาดหวังของสำนักงาน ก.ล.ต. ในการกำกับดูแลธุรกิจหลักทรัพย์แก่ผู้ประกอบการ	☐	☐	☐	☐
76.	ความชัดเจนของแนวทางในการปฏิบัติงานขั้นต่ำหรือแนวทางในการปฏิบัติงานที่ดี (Best practice) เพื่อให้ผู้ประกอบการในธุรกิจหลักทรัพย์ใช้เป็นแนวทางในการปฏิบัติ	☐	☐	☐	☐
77.	ความเหมาะสมของช่องทางที่ให้ผู้ประกอบการในธุรกิจหลักทรัพย์ร้องเรียน / สอบถามเกี่ยวกับกฎเกณฑ์หรือการกำกับดูแล	☐	☐	☐	☐

ส่วนที่ 3: การดำเนินงานของท่านในการกำกับดูแลธุรกิจหลักทรัพย์

โปรดทำเครื่องหมาย "☑" ในหนึ่งช่องว่างที่สามารถอธิบายถึงความคิดของท่านได้ดีที่สุดเพียงข้อเดียว โดยขอให้ท่านโปรดตอบทุกคำถาม

	จากการปฏิบัติหน้าที่ในการกำกับดูแลบริษัทหลักทรัพย์ที่ท่านรับผิดชอบ ในช่วง 12 เดือนที่ผ่านมา ท่าน........	มากที่สุด	มาก	น้อย	น้อยที่สุด
78.	......ได้ขอและรับข้อมูลจากบริษัทหลักทรัพย์เพื่อประโยชน์ของการกำกับดูแล on-site และ off-site	☐	☐	☐	☐
79.	......พบว่าบริษัทหลักทรัพย์ให้ความสำคัญกับระบบและขั้นตอนการปฏิบัติงานในการบริหารความเสี่ยงต่างๆ ที่อาจจะเกิดขึ้นภายในบริษัท	☐	☐	☐	☐
80.	......พบว่าบริษัทหลักทรัพย์ให้ความสำคัญกับระบบและขั้นตอนการปฏิบัติงานในการติดตามการปฏิบัติตามกฎเกณฑ์ของสำนักงาน ก.ล.ต.	☐	☐	☐	☐
81.	......พบว่าผู้บริหารและพนักงานของบริษัทหลักทรัพย์มีการปฏิบัติตามกฎเกณฑ์ของสำนักงาน ก.ล.ต.	☐	☐	☐	☐
82.	......พบว่าผู้บริหารของบริษัทหลักทรัพย์มีการส่งเสริมให้พนักงานของบริษัทปฏิบัติตามกฎเกณฑ์ของสำนักงาน ก.ล.ต.	☐	☐	☐	☐
83.	......พบว่าขั้นตอนและวิธีการในการกำกับดูแลการปฏิบัติงานของบริษัทมีประสิทธิภาพ	☐	☐	☐	☐
84.	......ได้ให้คำปรึกษาแก่พนักงานของบริษัทหลักทรัพย์เกี่ยวกับการปฏิบัติตามกฎระเบียบของสำนักงาน ก.ล.ต.	☐	☐	☐	☐
85.	......ได้รับรายงานจากบริษัทหลักทรัพย์ในกรณีที่บริษัทพบการไม่ปฏิบัติตามกฎระเบียบของสำนักงาน ก.ล.ต.	☐	☐	☐	☐
86.	......ได้ติดต่อกับบริษัทหลักทรัพย์เพื่อสอบถามถึงปัญหาหรืออุปสรรคในการปฏิบัติตามกฎระเบียบของสำนักงาน ก.ล.ต.	☐	☐	☐	☐
87.	......ได้ติดต่อกับบริษัทหลักทรัพย์เพื่อขอข้อมูลที่จะเป็นประโยชน์ต่อการปรับปรุงขั้นตอนและวิธีการในการกำกับดูแลผู้ประกอบการในธุรกิจหลักทรัพย์	☐	☐	☐	☐

ส่วนที่ 4: ข้อเสนอแนะเกี่ยวกับการกำกับดูแลธุรกิจหลักทรัพย์

โปรดให้คำแนะนำหรือข้อเสนอแนะของท่านเกี่ยวกับการปรับปรุงประสิทธิภาพของการกำกับดูแลผู้ประกอบการในธุรกิจหลักทรัพย์ให้มีประสิทธิภาพยิ่งขึ้น

88. ความคิดเห็นของท่านเกี่ยวกับ วัตถุประสงค์ เป้าหมายและขั้นตอนในการดำเนินการในการกำกับดูแลธุรกิจหลักทรัพย์

89. ท่านมีข้อเสนอแนะใดๆ เกี่ยวกับทรัพยากรที่สำคัญ (เช่น งบประมาณ ทรัพยากรมนุษย์ การสนับสนุนทางด้านเทคนิคหรือเครื่องมือและอุปกรณ์) ต่อการดำเนินการกำกับดูแลบริษัทหลักทรัพย์

90. ท่านมีความคิดเห็นอย่างไรเกี่ยวกับความสามารถของผู้บริหารและเจ้าหน้าที่ของสำนักงาน ก.ล.ต. เพื่อให้การดำเนินการกำกับดูแลบริษัทหลักทรัพย์เป็นไปได้อย่างมีประสิทธิภาพ

91. ท่านมีความคิดเห็นอย่างไรเกี่ยวกับปัจจัยที่เกี่ยวข้องกับการสื่อสารที่จะส่งผลให้การกำกับดูแลบริษัทหลักทรัพย์เป็นไปอย่างมีประสิทธิภาพยิ่งขึ้น

92. ท่านมีความคิดเห็นอย่างไรเกี่ยวกับการปรับปรุงการกำกับดูแลบริษัทหลักทรัพย์ให้มีประสิทธิภาพมากขึ้น

ขอขอบพระคุณอย่างสูงที่ท่านให้ความร่วมมือในการตอบแบบสอบถาม

หากท่านมีข้อสงสัยใดเกี่ยวกับแบบสอบถามท่านสามารถติดต่อ นายสิทธิ์ สุนทรายุทธ ที่ 080-441-6796
นักศึกษารัฐประศาสนศาสตรดุษฎีบัณฑิต หลักสูตรนานาชาติ สถาบันบัณฑิตพัฒนบริหารศาสตร์ (NIDA)

แบบสอบถาม

บริษัทหลักทรัพย์

<u>หัวข้อวิทยานิพนธ์</u>: การกำกับดูแลการประกอบธุรกิจหลักทรัพย์: ประสิทธิผลของการนำการกำกับดูแลไปปฏิบัติ

ส่วนที่ 1: ข้อมูลทั่วไป

<u>ข้อมูลเกี่ยวกับท่าน:</u>

1. ฝ่ายงาน: (Operational)
   - ☐ สำนักบริหารและผู้บริหาร
   - ☐ ปฏิบัติการหลักทรัพย์
   - ☐ กำกับและตรวจสอบ (Compliance)
   - ☐ บัญชีและการเงิน
   - ☐ การตลาด (Front Office)
   - ☐ วิเคราะห์หลักทรัพย์
   - ☐ วานิชธนกิจ (Investment Banking)
   - ☐ บริหารความเสี่ยง (Risk Management)
   - ☐ อื่นๆ (โปรดระบุ) _______

2. เพศ:
   - ☐ ชาย
   - ☐ หญิง

3. อายุ:
   - ☐ 19-28
   - ☐ 29-38
   - ☐ 39-48
   - ☐ 49-58
   - ☐ ≥ 59

4. การศึกษา:
   - ☐ ปวส. หรือ อนุปริญญา
   - ☐ ปริญญาตรี
   - ☐ ปริญญาโท
   - ☐ ปริญญาเอก
   - ☐ อื่นๆ (โปรดระบุ) ______

5. สาขาวิชาที่ศึกษา:
   - ☐ บัญชี
   - ☐ เศรษฐศาสตร์
   - ☐ บริหารธุรกิจ
   - ☐ วิศวกรรมศาสตร์
   - ☐ การเงิน
   - ☐ เทคโนโลยีสารสนเทศ
   - ☐ กฎหมาย
   - ☐ รัฐศาสตร์
   - ☐ อื่นๆ (โปรดระบุ) ______

6. ระดับตำแหน่ง
   - ☐ ผู้บริหารระดับสูง (President, Vice President, Chairman, Vice Chairman, Managing Director, Deputy Managing Director, Director, Chief Executive Officer or General Manager)

- [ ] ผู้บริหารระดับกลาง (Department Director or Division Manager)
- [ ] ผู้บริหาร (Division Head)
- [ ] ผู้ปฏิบัติงานอาวุโส (Senior Staff)
- [ ] ผู้ปฏิบัติงาน (Staff)
- [ ] อื่นๆ (โปรดระบุ) ______

7. ประสบการณ์ในการทำงานในตำแหน่งปัจจุบัน: ______ปี

8. ประสบการณ์ในการทำงานในธุรกิจหลักทรัพย์ (โดยรวม): ______ ปี

ข้อมูลเกี่ยวกับบริษัทของท่าน:

9. ลักษณะของฐานลูกค้าหลัก: ☐ รายย่อย ☐ สถาบันเท่านั้น ☐ รายย่อยและสถาบัน

10. ลักษณะของผู้ถือหุ้นใหญ่: ☐ ธนาคารในต่างประเทศ ☐ ธนาคารในประเทศ ☐ สถาบันการเงินต่างประเทศ ☐ สถาบันการเงินในประเทศ ☐ บริษัทจำกัดต่างประเทศ ☐ บริษัทจำกัดในประเทศ ☐ อื่นๆ (โปรดระบุ) _______

11. ประเภทการให้บริการ:
- [ ] นายหน้าซื้อขายหลักทรัพย์
- [ ] ค้าหลักทรัพย์
- [ ] ตัวแทนซื้อขายสัญญาซื้อขายล่วงหน้า
- [ ] จัดจำหน่ายหลักทรัพย์
- [ ] ผู้ค้าสัญญาซื้อขายล่วงหน้า
- [ ] จัดการกองทุนส่วนบุคคล
- [ ] ที่ปรึกษาการลงทุน
- [ ] อื่นๆ (โปรดระบุ) ______

12. จำนวนพนักงานฝ่ายกำกับและตรวจสอบ (Compliance) ________คน

ส่วนที่ 2: ความคิดเห็นต่อการกำกับดูแลธุรกิจหลักทรัพย์

โปรดทำเครื่องหมาย "☑" ในหนึ่งช่องว่างที่สามารถอธิบายถึงความคิดของท่านได้ดีที่สุดเพียงข้อเดียว โดยขอให้ท่านโปรดตอบทุกคำถาม

		มากที่สุด	มาก	น้อย	น้อยที่สุด
13.	ความเข้าใจของพนักงานบริษัทในกฎเกณฑ์และวิธีในการกำกับดูแลของสำนักงาน ก.ล.ต.	☐	☐	☐	☐
14.	ความชัดเจนของวัตถุประสงค์ในการกำกับดูแลการประกอบธุรกิจหลักทรัพย์ของสำนักงาน ก.ล.ต.	☐	☐	☐	☐
15.	ความชัดเจนในแนวทางปฏิบัติของสำนักงาน ก.ล.ต. เพื่อให้บริษัทสามารถดำเนินการให้เป็นไปตามขั้นต่ำที่ประกาศกำหนด	☐	☐	☐	☐
16.	ความสอดคล้องระหว่างกฎเกณฑ์และวิธีในการกำกับดูแลธุรกิจหลักทรัพย์ของสำนักงาน ก.ล.ต. ต่อวัตถุประสงค์ในการกำกับดูแลธุรกิจหลักทรัพย์ของสำนักงาน ก.ล.ต.	☐	☐	☐	☐
17.	เจ้าหน้าที่ของสำนักงาน ก.ล.ต. สามารถอธิบายในรายละเอียดของกฎเกณฑ์และขั้นตอนในการกำกับดูแลบริษัทหลักทรัพย์ได้	☐	☐	☐	☐
18.	กฎเกณฑ์และการกำกับดูแลของสำนักงาน ก.ล.ต. ก่อให้เกิดภาระในการประกอบธุรกิจ	☐	☐	☐	☐
19.	ความสามารถของบริษัทในการค้นหาข้อมูลรายละเอียดของกฎเกณฑ์และขั้นตอนในการกำกับดูแลบริษัทหลักทรัพย์ของสำนักงาน ก.ล.ต.	☐	☐	☐	☐
20.	ความครอบคลุมของกฎเกณฑ์และการกำกับดูแลของสำนักงาน ก.ล.ต. ต่อความหลากหลายของธุรกรรมในการประกอบธุรกิจหลักทรัพย์	☐	☐	☐	☐
21.	การมีส่วนร่วมของบริษัทหลักทรัพย์ในการออกกฎเกณฑ์การกำกับดูแลธุรกิจหลักทรัพย์	☐	☐	☐	☐
22.	ความคิดเห็นจากบริษัทหลักทรัพย์ที่สำนักงาน ก.ล.ต. นำไปใช้ในการออกกฎเกณฑ์และปรับปรุงวิธีในการกำกับดูแลผู้ประกอบการในธุรกิจหลักทรัพย์	☐	☐	☐	☐
23.	ความชัดเจนของในรายละเอียดเกี่ยวกับกฎเกณฑ์และขั้นตอนในการกำกับดูแลบริษัทหลักทรัพย์จากสำนักงาน ก.ล.ต.	☐	☐	☐	☐
24.	การสื่อสารรายละเอียดของกฎเกณฑ์และข้อบังคับที่มีการเพิ่มหรือเปลี่ยนแปลงโดยสำนักงาน ก.ล.ต.	☐	☐	☐	☐
25.	ความครอบคลุมของกฎเกณฑ์และข้อบังคับของสำนักงาน ก.ล.ต. ที่เป็นภาษาอังกฤษ	☐	☐	☐	☐

		มาก ที่สุด	มาก	น้อย	น้อย ที่สุด
26.	ความเหมาะสมของการใช้ภาษาในการเขียนกฎเกณฑ์และข้อบังคับของสำนักงาน ก.ล.ต. ที่ไม่เป็นภาษาทางด้านกฎหมายมากจนเกินไป	☐	☐	☐	☐
27.	ความซับซ้อนของกฎเกณฑ์และข้อบังคับของสำนักงาน ก.ล.ต.	☐	☐	☐	☐
28.	ความสามารถของบริษัทที่จะติดตามและปฏิบัติตามกฎเกณฑ์และข้อบังคับของสำนักงาน ก.ล.ต.	☐	☐	☐	☐
29.	ความคุ้มค่าและประโยชน์ที่ได้รับจากการปฏิบัติตามกฎเกณฑ์และข้อบังคับของสำนักงาน ก.ล.ต.	☐	☐	☐	☐
30.	ความสอดคล้องของกฎเกณฑ์และข้อบังคับของสำนักงาน ก.ล.ต. ต่อการประกอบธุรกิจของบริษัท	☐	☐	☐	☐
31.	ความยืดหยุ่นของกฎเกณฑ์และข้อบังคับของสำนักงาน ก.ล.ต.	☐	☐	☐	☐
32.	การสนับสนุนที่ได้รับจากสำนักงาน ก.ล.ต. ในการทำให้บริษัทสามารถปฏิบัติตามกฎเกณฑ์และข้อบังคับของสำนักงาน ก.ล.ต.	☐	☐	☐	☐
33.	ความเพียงพอของบุคคลากรของบริษัทในการติดตามและปฏิบัติตามกฎเกณฑ์และข้อบังคับของสำนักงาน ก.ล.ต.	☐	☐	☐	☐
34.	ความเพียงพอของงบประมาณภายในบริษัทในการติดตามและปฏิบัติตามกฎเกณฑ์และข้อบังคับของสำนักงาน ก.ล.ต.	☐	☐	☐	☐
35.	ความเพียงพอของอุปกรณ์และเครื่องมือ (เช่น คอมพิวเตอร์หรือ program การตรวจสอบการซื้อขาย ฯ) ภายในบริษัทที่จะติดตามและปฏิบัติตามกฎเกณฑ์และข้อบังคับของสำนักงาน ก.ล.ต.	☐	☐	☐	☐
36.	ความสามารถของสำนักงาน ก.ล.ต. ในการอธิบายถึงเหตุผลการออกประกาศและขั้นตอนในการกำกับดูแลบริษัทหลักทรัพย์	☐	☐	☐	☐
37.	ความถี่ของสำนักงาน ก.ล.ต. ในการทบทวนเหตุผลของประกาศและกฎเกณฑ์ที่ออกในอดีต	☐	☐	☐	☐
38.	ความเหมาะสมของระยะเวลาที่สำนักงาน ก.ล.ต. ใช้ในการเข้าตรวจ onsite	☐	☐	☐	☐
39.	ความเหมาะสมของปริมาณและความถี่ของข้อมูลจากธุรกิจหลักทรัพย์ที่สำนักงาน ก.ล.ต. เรียกขอ เพื่อการกำกับดูแล offsite	☐	☐	☐	☐
40.	ความเหมาะสมของค่าใช้จ่ายของบริษัทที่เกิดขึ้นจากการกำกับดูแลของสำนักงาน ก.ล.ต.	☐	☐	☐	☐

		มาก ที่สุด	มาก	น้อย	น้อย ที่สุด
41.	ความสามารถของสำนักงาน ก.ล.ต. ในการอธิบายถึงเหตุผลของการดำเนินการทางกฎหมายกับบริษัทหลักทรัพย์				
42.	ความเข้าใจถึงความเสี่ยงภายในบริษัทจากการปฏิบัติตามกฎเกณฑ์และจากการกำกับดูแลโดยสำนักงาน ก.ล.ต.				
43.	ประสิทธิภาพในการดำเนินงานภายในของบริษัทที่เพิ่มขึ้นจากการปฏิบัติตามกฎเกณฑ์และการกำกับดูแลของสำนักงาน ก.ล.ต.				
44.	ประสิทธิภาพของการบริหารความเสี่ยงจากการประกอบธุรกิจหลักทรัพย์ในทุกๆ ด้าน (ในภาพรวม) ที่เพิ่มขึ้นจากการที่บริษัทปฏิบัติตามกฎเกณฑ์				
45.	การกำกับดูแลของสำนักงาน ก.ล.ต. ที่ทำให้ประสิทธิภาพของการบริหารความเสี่ยงจากการประกอบธุรกิจหลักทรัพย์ในทุกๆ ด้าน (ในภาพรวม) เพิ่มขึ้น				
46.	เจ้าหน้าที่ของสำนักงาน ก.ล.ต. สามารถช่วยให้บริษัทหลักทรัพย์ปฏิบัติกฎเกณฑ์และข้อบังคับของสำนักงาน ก.ล.ต.				
47.	บริษัทท่านเห็นด้วยกับวัตถุประสงค์ของการกำกับดูแลการประกอบธุรกิจหลักทรัพย์ที่กำหนดของสำนักงาน ก.ล.ต.				
48.	ความเข้าใจของ สำนักงาน ก.ล.ต. ต่อปัญหาในการประกอบธุรกิจหลักทรัพย์				
49.	ความเข้าใจของ สำนักงาน ก.ล.ต. ต่อการเปลี่ยนแปลงในภาคธุรกิจหลักทรัพย์				
50.	บริษัทท่านยินดีที่จะปฏิบัติตามกฎเกณฑ์และข้อบังคับของสำนักงาน ก.ล.ต.				
51.	ความคุ้มค่าของค่าใช้จ่ายที่เกิดขึ้นในการที่บริษัทปฏิบัติตามกฎเกณฑ์และการกำกับดูแลโดยสำนักงาน ก.ล.ต.				
52.	ความสอดคล้องของกฎเกณฑ์และวิธีในการกำกับดูแลของสำนักงาน ก.ล.ต. ต่อการประกอบธุรกิจหลักทรัพย์ที่เปลี่ยนแปลงอย่างสม่ำเสมอ				
53.	ความสอดคล้องกฎเกณฑ์และและวิธีในการกำกับดูแลของสำนักงาน ก.ล.ต. ต่อวัตถุประสงค์ในการกำกับดูแลของสำนักงาน ก.ล.ต.				
54.	กฎเกณฑ์และข้อบังคับของสำนักงาน ก.ล.ต. ส่วนใหญ่มีลักษณะของ objectively-based ทำให้บริษัทสามารถหาวิธีในการที่จะปฏิบัติตามได้				

		มาก ที่สุด	มาก	น้อย	น้อย ที่สุด
55.	ท่านเชื่อว่าบริษัทมีหน้าที่ที่จะต้องปฏิบัติตามกฎเกณฑ์และข้อบังคับที่ระบุโดยสำนักงาน ก.ล.ต. ในทุกกรณี	☐	☐	☐	☐
56.	บริษัทท่านคำนึงถึงบทลงโทษในกรณีที่บริษัทไม่ปฏิบัติตามกฎเกณฑ์และข้อบังคับของสำนักงาน ก.ล.ต. ดังนั้น ท่านจึงต้องปฏิบัติตาม	☐	☐	☐	☐
57.	กฎเกณฑ์และข้อบังคับที่ออกโดยสำนักงาน ก.ล.ต. เขียนไว้เพื่อเป็นขั้นต่ำให้บริษัทได้ปฏิบัติตามเท่านั้น	☐	☐	☐	☐

ส่วนที่ 3: ข้อเสนอแนะเกี่ยวกับการกำกับดูแลธุรกิจหลักทรัพย์

โปรดให้คำแนะนำหรือข้อเสนอแนะของท่านเกี่ยวกับการปรับปรุงประสิทธิภาพของการกำกับดูแลธุรกิจหลักทรัพย์ให้มีประสิทธิภาพยิ่งขึ้น

58. ท่านคิดว่าปัจจัยอะไรที่จะทำให้ท่านเพิ่มความรู้และความเข้าใจของในกฎเกณฑ์และวิธีในการกำกับดูแลของสำนักงาน ก.ล.ต.

59. ท่านมีคำแนะนำใดๆ ในการเพิ่มขีดความสามารถของบริษัทท่านในการที่จะปฏิบัติตามกฎเกณฑ์และระเบียบของสำนักงาน ก.ล.ต.

60. ท่านมีมีคำแนะนำใดๆ เกี่ยวกับการจูงใจให้บริษัทท่านปฏิบัติตามกฎเกณฑ์และระเบียบของสำนักงาน ก.ล.ต.

61. อุปสรรคใดที่ทำให้ท่านไม่สามารถปฏิบัติตามกฎเกณฑ์และระเบียบของสำนักงาน ก.ล.ต.

62. ท่านมีความคิดเห็นใดๆ เกี่ยวกับการเพิ่มประสิทธิภาพในการกำกับดูแลการประกอบธุรกิจหลักทรัพย์ของสำนักงาน ก.ล.ต.

ขอขอบพระคุณอย่างสูงที่ท่านให้ความร่วมมือในการตอบแบบสอบถาม

หากท่านมีข้อสงสัยใดเกี่ยวกับแบบสอบถามท่านสามารถติดต่อ นายสิทธิ์ สุนทรายุทธ ที่ 080-441-6796
นักศึกษารัฐประศาสนศาสตรดุษฎีบัณฑิต หลักสูตรนานาชาติ สถาบันบัณฑิตพัฒนบริหารศาสตร์ (NIDA)

APPENDIX C

IN-DEPTH INTERVIEW GUIDELINE

Guidelines for In-depth Interview

The types of the respondents – Supervisory Agency

1. Management level of the Department:
   a) Department directors
   b) Assistance directors of the department
2. Operational level of the Department:
   a) Senior executive officer
   b) Executive officer

Questions for In-depth Interview:

1. Management level of the Department

a) Do you think that the implementation of securities brokerage regulation is successful? To what extent of how successful of the implementation.

b) What are some of the indicators of the success of the implementation of securities brokerage regulation?

c) In your opinion, what are the factors affecting the effectiveness of securities brokerage regulation implementation?

d) How well do you understand the objectives of securities brokerage regulation?

e) Do you think that SEC provide the clear outline of the objectives of the implementation of securities brokerage regulation for the officers within the organization?

f) What are some of the resources which deem to be significant toward the implementation of securities brokerage regulation?

g) Do you think that the budget is important in the implementation of securities brokerage regulation? Do you think that SEC provided sufficient fund to carry out effective securities brokerage regulation implementation?

h) What would be the most effective method in order to monitor the effectiveness of securities brokerage regulation implementation?

i) What are some of the difficulties in carrying out the implementation of securities brokerage regulation?

2. Operational level of the Department

a) Do you think this the implementation of securities brokerage regulation is successful? To what extent of how successful of the implementation.

b) What are the indicators of the success of the implementation of securities brokerage regulation?

c) In your opinion, what are the factors affecting the effectiveness of securities brokerage regulation implementation?

d) How well do you understand the objectives of the securities brokerage regulation implementation?

e) Do you think that securities brokerage regulation improves the ability for the supervisory in monitoring and ensure the compliance from the target group?

f) Are the resources for example budget, human resource or information technology infrastructure sufficient in carrying out the implementation of securities brokerage regulation?

g) How much do your supervisors understand the objectives of the implementation of securities brokerage regulation? And how well do they communicate these objectives to you?

h) Does your roles in carrying out the implementation of securities brokerage regulation made clear by your supervisor?

i) What are the levels of your commitment towards the implementation of risk-based regulation? (high commitment to low commitment)

j) What are some of your comments towards the effectiveness of securities brokerage regulation implementation?

Guidelines for In-depth Interview

The types of the respondents – Securities brokerage firms

1. Management level of the Department
2. Operational level of the Department

Questions for In-depth Interview:

1. Management level of the Department

a) Can the implementation of securities brokerage regulation allow your company to reduce the risk of non-compliance?

b) The implementation of securities brokerage regulation by the regulator can identify and target the high risk areas of the firm.

c) Can you prescribe some of the benefits from the implementation of securities brokerage regulation?

d) The implementation of securities brokerage regulation helps the firm to reduce the amount of effort and time spends in assuring the compliance to the regulation.

e) The numbers of incidents of non-compliance are lower under the implementation of securities brokerage regulation.

f) The implementation of securities brokerage regulation allows the firm to better target at risks and can provide more effort to other important areas such as sales and marketing.

g) Please provide some of your comment towards the management and staffs' knowledge and understanding in the regulation?

h) Do you think that the supervisory agency does a good job in allowing the firm to understand and the ability to comply with the regulation?

i) How much attention does the management pays to the compliance issue?

j) Please describe how the firm has integrated the compliance functions into every aspect of the company for example investment banking, marketing, securities dealing and research.

k) What are the factors which contributed to the capacity of the firm to comply with the rules and regulation imposed by the supervisory agency?

l) Do you believe that most of the rules and regulations pose no burden to the implementation Risk Based Approach to supervision?

m) In your opinion what are some of the factor that contribution to your willingness in comply with the regulations?

n) Do you think that the implementation of securities brokerage regulation by the supervisory agency has been a success?

o) What are some of you comment toward the effectiveness of securities brokerage regulation implementation?

2. Operational level of the Department

a) Can the implementation of securities brokerage regulation allow your company to reduce the risk of non-compliance?

b) The implementation of securities brokerage regulation by the regulator can identify and target the high risk areas of the firm.

c) Can you prescribe some of the benefits from the implementation of securities brokerage regulation?

d) The numbers of incidents of non-compliance are lower under the implementation of securities brokerage regulation.

e) Please provide some of your comment towards the management and staffs' knowledge and understanding in the regulation?

f) Do you think that the supervisory agency does a good job in allowing the firm to understand and the ability to comply with the regulation?

g) How much attention does the management pays to the compliance issue?

h) What are the factors which contributed to the capacity of the firm to comply with the rules and regulation imposed by the supervisory agency?

i) Do you believe that most of the rules and regulations pose no burden to the implementation Risk Based Approach to supervision?

j) In your opinion what are some of the factor that contribution to your willingness in comply with the regulations?

k) Do you think that the implementation of securities brokerage regulation by the supervisory agency has been a success?

l) What are some of you comment toward the effectiveness of securities brokerage regulation implementation?

APPENDIX D

LIST OF SECURITIES BROKERAGE FIRMS

List of Company Licensed Securities Brokerage

Company	Head office
1. ACL SECURITIES COMPANY LIMITED	Tel. 0-2611-3500 Fax. 0-2611-3551
2. AIRA SECURITIES PUBLIC COMPANY LIMITED	Tel. 0-2684-8888 Fax. 0-2256-0284
3. ASIA PLUS SECURITIES PUBLIC COMPANY LIMITED	175, 3/1 Floor, Sathorn City Tower, South Sathorn,Thungmahamek, Sathorn, Bangkok Tel. 0-2285-1666, 0-2285-1777, 0-2285-1888 Fax. 0-2285-1900-1
4. AYUDHYA SECURITIES PUBLIC COMPANY LIMITED	Tel. 0-2659-7000 Fax. 0-2646-1111
5. BARCLAYS CAPITAL SECURITIES (THAILAND) LIMITED	87/2 CRC Tower-All Season Place 21st Floor, Wireless Rd., Lumpini, Patumwan, Bangkok 10330 Tel. 0-2686-1900 Fax. 0-2686-1901
6. BFIT SECURITIES PUBLIC COMPANY LIMITED	Tel. 0-2200-2000 Fax.
7. BUALUANG SECURITIES PUBLIC COMPANY LIMITED	29/F, Silom Complex Off. Bldg., 191 Silom Road, Bangrak, Bangkok 10500 Tel. 0-2231-3777 , 0--2618-1000 Fax. 0-2231-3951
8. CAPITAL NOMURA SECURITIES PUBLIC COMPANY LIMITED	25 Bangkok Insurance Building, 15th -17th Floor, South Sathorn Road, Sathorn, Bangkok 10120 Tel. 0-2638-5000, 0-2287-6000 Fax. 0-2287-6001
9. CIMB SECURITIES (THAILAND) CO.LTD.	Tel. 0-2657-9000 Fax. 0-2657-9111
10. CIMB-GK SECURITIES (THAILAND) LTD.	Tel. 0-2657-9254 Fax.
11. CITICORP SECURITIES (THAILAND) LIMITED	Tel. 0-2788-2200 Fax. 0-2788-4718-9
12. CLSA SECURITIES (THAILAND) LIMITED	16/F, M.Thai Tower, All Seasons Place, 87 Wireless Road, Pathumwan, Bangkok 10330 Tel. 0-2257-4600, 0-2257-4604 Fax. 0-2253-0472

Company	Head office
13. COUNTRY GROUP SECURITIES PUBLIC COMPANY LIMITED	132 Sindhorn Building ,2nd Floor,Wireless Rd., Lumpini, Pathumwan, Bangkok 10330 Tel. 0-2255-0970,0-2205-7000 Fax. 0-2254-4032
14. CREDIT SUISSE SECURITIES (THAILAND) LIMITED	990 Abdulrahim Place Building, 27/F, Rama IV Road, Silom, Bangkok Tel. 0-2614-6000 Fax. 0-2614-6362
15. DBS VICKERS SECURITIES (THAILAND) COMPANY LIMITED	989 Siam Tower, 14th - 15th Floor, Rama 1 Road, Pathunwan, Bangkok 10330 Tel. 0-2657-7000 Fax. 0-2657-7777
16. FAR EAST SECURITIES COMPANY LIMITED	18,38,39 Th Floor, CRC Tower, All Seasons Place , 87/2 Wireless Road, Lumpini, Pathumwan, Bangkok 10330 Tel. 0-2648-1111 Fax. 0-2648-1000
17. FINANSA SECURITIES LIMITED	48/22-23 12Ath Floor, 48/45-46 20th floor Tisco Tower building North Sathorn Road Silom Bangrak Bangkok 10500 Tel. 0-2697-3800 Fax. 0-2697-3760
18. FINANSIA SYRUS SECURITIES PUBLIC COMPANY LIMITED	Tel. 0-2658-9500 Fax. 0-2658-9149
19. GLOBLEX SECURITIES COMPANY LIMITED	87/2 CRC Tower, All Seasons Place, 12th Floor, Wireless Road, Lumpini, Pathumwan, Bangkok 10330 Tel. 0-2672-5999 Fax. 0-2672-5888
20. I V GLOBAL SECURITIES PUBLIC COMPANY LIMITED	17th Fl., MERCURY TOWER, 540 PLOENCHIT ROAD, LUMPINI, PATHUMWAN, BANGKOK 10330 Tel. 0-2658-5800 Fax. 0-2658-5799
21. JPMORGAN SECURITIES (THAILAND) LIMITED	20 North Sathorn Road, 3rd Floor, Silom, Bangrak, Bangkok 10500 Tel. 0-2684-2600 Fax. 0-2684-2610
22. KASIKORN SECURITIES PUBLIC COMPANY LIMITED	400/22 19th floor, Kasikornbank Building, Phahon Yothin Avenue, Phaya Thai, Bangkok 10400 Tel. 0-2696-0000 Fax. 0-2696-0099

Company	Head office
23. KGI SECURITIES (THAILAND) PUBLIC COMPANY LIMITED	173 Asia Centre Building, Flr. 8-11 South Sathorn Road, Thungmahamek Sub-District, Sathorn District, Bangkok, 10120, Thailand Tel. 0-2658-8888 Fax. 0-2658-8000
24. KIATNAKIN SECURITIES COMPANY LIMITED	7th Floor, Amarin Tower, 500 Ploenchit Road, Pathumwan, Bangkok 10330 Tel. 0-2680-2222 , Etrade 0-2680-2244 Fax. 0-2680-2233
25. KIM ENG SECURITIES (THAILAND) PUBLIC COMPANY LIMITED	THE OFFICES AT CENTRAL WORLD, 20th- 21st FLOOR, 999/9 RAMA 1 ROAD, PATHUM WAN Bangkok 10330 Tel. 0-2658-6300 Fax. 0-2658-6301
26. KT ZMICO SECURITIES COMPANY LIMITED	Tel. 0-2695-5000 Fax. 0-2631-1704
27. MACQUARIE SECURITIES (THAILAND) LIMITED.	28th Floor CRC Tower, All Seasons Place, 87/2 Wireless road, Lumpini, Patumwan, Bankok 10330. Tel. 0-2694-7999 Fax. 0-2694-7878
28. MERCHANT PARTNERS SECURITIES PUBLIC COMPANY LIMITED	1/F & 5/F Sethiwan Tower, 139 Pan Road, Silom, Bangrak, Bangkok 10500 Tel. 0-2231-8555 Fax. 0-2231-8550
29. MERRILL LYNCH SECURITIES (THAILAND) LIMITED)	Tel. 0-2680-4200 Fax. 0-2680-4214
30. PHATRA SECURITIES PUBLIC COMPANY LIMITED	6, 8-11/F Muang Thai-Phatra Office Tower 1 252/6 Ratchadapisek Road Huaykwang Bangkok 10310 Tel. 0-2275-0888, 0-2693-2000 Fax. 0-2275-3666
31. PHILLIP SECURITIES (THAILAND) PUBLIC COMPANY LIMITED	11st Fl., unit 1102, 14th Fl., unit 1404 and 15th Fl., Vorawat Bldg., 849 Silom Rd. Silom, Bangrak, Bangkok 10500 Tel. 0-2635-1700, 0-2268-0999 Fax. 0-2635-1615
32. SCB SECURITIES COMPANY LIMITED	Tel. 0-2949-1000 Fax. 0-2949-1001
33. SEAMICO SECURITIES PUBLIC COMPANY LIMITED	8-9th, 15th-17th, 20th-21st Floor, Liberty Square Bldg., 287 Silom Road, Bangrak, Bangkok 10500 Tel. 0-2695-5000 Fax. 0-2631-1709

Company	Head office
34. SIAM CITY SECURITIES COMPANY LIMITED	-
35. SICCO SECURITIES PUBLIC COMPANY LIMITED	130 - 132, 1st – 2nd, 6th Floor, Sindhorn Tower 2 and 12th Floor, Sindhorn Tower 3 Wireless Road, Lumpini, Patumwan, Bangkok 10330 Tel. 0-2627-3100 Fax. 0-2263-3889
36. THANACHART SECURITIES PUBLIC COMPANY LIMITED	14th, 18th and 19th Floor, MBK Tower, 444 Phayathai Rd., Wangmai, Pathumwan, Bangkok 10330 Tel. 0-2217-9622, 0-2217-9595, 0-2217-9822 Fax. 0-2217-9642
37. TISCO SECURITIES COMPANY LIMITED	48/8 4th Floor, TISCO Tower, North Sathorn Road, Bangrak, Bangkok 10500 Tel. 0-2633-6000 Fax. 0-2633-6900
38. TRINITY SECURITIES CO.LTD.	25th Fl., Bangkok City Tower 179/109-110 South Sathorn Rd., Sathorn, Bangkok 10120 Tel. 0-2670-9100 Fax. 0-2286-4555
39. UBS SECURITIES (THAILAND) LIMITED	93/1 Diethelm Tower A, 2nd Floor, Wireless Road, Lumpini, Pathumwan, Bangkok 10330 Tel. 0-2651-5700-9 Fax. 0-2651-5730
40. UNITED SECURITES PUBLIC COMPANY LIMITED	1550 Thanpoom Tower, 4-6 Fl.,New Petchburi Rd., Markkasan,Rajthavee,Bangkok 10400 Tel. 0-2207-0038 Fax. 0-2207-0505
41. UOB KAY HIAN SECURITIES (THAILAND) PUBLIC COMPANY LIMITED	130-132 Sindhorn Bldg.,Tower 1,3rd Flr.,Wireless Rd.,Lumpini,Pathumwan,Bangkok 10330 Tel. 0-2659-8000 Fax. 0-2263-2306

BIOGRAPHY

NAME	Mr. Sid Suntrayuth
ACEDEMIC BACKGROUND	Master of Financial Planning (Financial Planning) 2003 Griffith University, Brisbane, Australia
	Bachelor of International Business (International Economics and International Management) 2002 Griffith University, Brisbane, Australia
POSITION & OFFICE	Managing Director Sunsynergy Trading Company Limited
	Lecturer: Silpakorn University International College Burapha University International College
EXPERIENCE	Executive Officer Broker-dealer Supervision Department Securities and Exchange Commission
	Field Manager Restore Brisbane Australia