

Since the stage of the ESG ratings and ESG data providers in Emerging markets tend to be in the early stage. Similar to other Emerging markets, the ESG ratings and data providers in Thailand are in the nascent stage. There are still no established regulatory frameworks and market players.

Recently, we have issued the regulations on sustainability-linked bond (SLBs) that can use the performance of the ESG ratings as the KPIs for the SLBs. The first SLB in Thailand was issued in July this year with one of the KPIs linking to the ESG ratings (Dow Jones Sustainability Indices (DJSI)). Thus, it might probably need some time to develop these kinds of services and may need to take into consideration if regulating these service providers at this stage might result in limiting the growth of potential new entry / niche players.

In addition to the proposed recommendations and actions outlined in the consultation paper, the following factors or actions might be taken into consideration:

- Given the nascent stage of the development and size of the industry in some jurisdictions, the process to determine the phasing of the development to support the growth of the industry may should be considered.
- In a balanced regulatory ecosystem that prevents greenwashing and yet supports sufficient innovations from providers that allow growth and more competitive market, financial support from the regulator to local service provider should be considered.
- In a jurisdiction with few numbers of local service provider, this might provide opportunities for some global/international players to enter the market. In such case, this could be a barrier for some listed companies to be included in the service providers' analysis, especially those with data available only in local language.
- If the industry were to be regulated, an independent supervisory body or the securities regulator could be considered assumed the responsibilities. The professional practice standards for the providers should also be taken into consideration. This may be led by exploring success example from a jurisdiction that regulates this industry.

In spite of the early stage of the market in our jurisdiction, there seems to be an increasing trend of listed companies and institutional investors who want to use the data provided from them. Therefore, these recommendations in accordance with this consultation paper could be an appropriate guideline for establishing regulatory framework for both ESG rating and data providers as well as for investment management companies and other institutional investors to consider selecting and engaging the providers.