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Legal Insight Vol. October 2024

SET Launch a New Circular Notice Heightened Trading Supervision and Its Impact on Stock Trading

Over recent months, the Stock Exchange of Thailand ("SET") has identified 36 cases of suspicious trading orders, prompting significant preventive measures to deter potential manipulation. The newly issued SET guideline along with its detailed enclosure on improper trading practices, outlines enhanced supervisory measures aligned with regulatory requirements to address inappropriate trading behaviors and safeguard market integrity. This initiative follows the identification of questionable trading orders within a 2.5-month period. In response, the SET has pushed brokers to mitigate risks of stock manipulation by adjusting trading limits and, where necessary, closing investor accounts.

A key element of the SET's strategy is enhancing transparency among brokers. By sharing information on investors who submit inappropriate trading orders with all member firms, the SET equips brokers to monitor and control these activities more effectively. This system strengthens brokers' accountability, ensuring they act to prevent trading practices that could disrupt market fairness, particularly when inappropriate trades are placed by their own staff.

While inappropriate trading orders do not automatically constitute stock manipulation, they present a potential risk to market stability. The SET's updated guidelines emphasize that brokers must address these activities promptly to prevent broader harm. Brokers are expected to respond to initial infractions with verbal or written warnings; if violations persist, they may progressively reduce trading limits or, in severe cases, close the investor's trading account. Additionally, brokers face penalties if they fail to act against such orders, underscoring the importance of vigilant compliance with SET standards.

The SET also mandates that brokers prevent actions that might distort market perceptions, such as "layering" or "spoofing," where large buy or sell orders are placed and quickly withdrawn. These deceptive practices, intended to create a false impression of demand or supply, are explicitly categorized as market distortions under the new rules.

SET's measures provide brokers with a structured response to such irregularities, enabling them to issue warnings, reduce trading limits progressively, and, in severe cases, suspend accounts. Brokers are held accountable for identifying these behaviors—especially if facilitated by their marketing teams—and face potential penalties for non-compliance if they fail to address repeated offenses.

In addition to deterring unfair advantages, these guidelines underscore SET's commitment to a fair playing field in Thailand's stock market. By minimizing risks of price manipulation, SET aims to foster investor trust and ensure that brokers serve as vigilant guardians of market fairness.

Should you have any question, please do not hesitate to contact us via info@bgloballaw.com