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SEC Seeks Greater Oversight of Audit Firms and Eases Margin Loan Rules

The Office of the Securities and Exchange Commission of Thailand (SEC) has proposed significant reforms aimed at strengthening market integrity and investor protection. Central to the proposals is the expansion of the SEC's supervisory powers over audit firms, addressing a long-standing regulatory gap. At present, the SEC can discipline individual auditors but lacks authority to impose sanctions directly on audit firms, even in cases where firms were implicated in misconduct or fraudulent practices.

According to Ms. Pornanong Budsaratragoon, SEC Secretary-General, proposed amendments to the Securities and Exchange Act have been submitted to the Ministry of Finance, with the goal of extending accountability to audit firms. The proposed amendments would require firms to obtain SEC authorisation, empowering the regulator to impose penalties on firms engaged in misconduct. Auditors of listed companies would also need to be affiliated with authorised firms that comply with the SEC's standards. If enacted, these changes would raise Thailand's regulatory framework closer to international benchmarks, ensuring that audit firms bear direct responsibility for financial reporting quality and corporate governance. The draft proposed Amendments are currently under review by the Council of State and could be expedited via an emergency decree.

In parallel, the SEC is seeking to modernise rules on margin loans. A public hearing has been launched on a proposal to allow securities companies to extend margin lending using shares from large initial public offerings (IPOs)—defined as those exceeding THB 10 billion—as collateral. Under current regulations, IPO shares are excluded due to their volatility and lack of trading history. The new framework would permit their use under strict exposure limits and haircut requirements, balancing investor flexibility with prudent risk management.

Together, these initiatives reflect the SEC's commitment to reinforcing market integrity, investor confidence, and competitiveness in Thailand's capital markets. By holding audit firms accountable and easing margin loan restrictions under a risk-based approach, the SEC seeks to align domestic regulations with global standards while promoting deeper and more resilient capital markets.