



Thailand Moves to Give the SEC More Investigative Muscle

Thailand's Cabinet has approved in principle amendments to four major capital-market laws aimed at modernising regulation and strengthening enforcement against serious market misconduct. The proposed changes cover the Securities and Exchange Act, the Derivatives Act, the Trust for Transactions in the Capital Market Act, and the Emergency Decree on Digital Asset Businesses. A central feature would allow the Securities and Exchange Commission (SEC) to participate as a joint investigating authority with the police or the Department of Special Investigation (DSI) in significant cases involving matters such as stock manipulation, fraud or substantial financial damage. The draft legislation will proceed to the Council of State and the government whip before being submitted to Parliament, with the authorities targeting implementation next year.

The proposed joint-investigation mechanism is intended to address a longstanding enforcement bottleneck. Under the current process described by the SEC, the regulator gathers evidence and files a complaint before handing the case to the police, who then conduct their own investigation. This duplication has contributed to an average police investigation period of more than two years before cases reach prosecutors. Allowing SEC officials to participate directly in qualifying investigations would combine the regulator's specialist ability to analyse financial statements and trace capital-market fund flows with the broader investigative powers and capabilities of law-enforcement agencies.

Importantly, the reform would not make every securities offence a joint investigation. The amended framework would empower the SEC board to establish criteria for determining which cases warrant the enhanced procedure. Relevant factors could include the amount of financial damage, the seriousness or nature of the alleged misconduct, and the broader impact on confidence in the capital market. This means a case involving a relatively modest financial amount could still qualify where the alleged conduct has particularly serious implications for investors or the integrity and credibility of the market.

The Cabinet approved package also reflects a wider effort to strengthen regulatory oversight beyond enforcement procedure alone, including expanded supervision relating to audit firms. Taken together, the reforms indicate a policy shift toward reducing fragmentation between specialist financial regulators and criminal-investigation authorities. Faster investigations may improve the prospect of timely enforcement in complex cases, while closer scrutiny of the professional and institutional infrastructure supporting listed companies could help identify governance and reporting risks before they develop into larger market failures.

From a legal and business perspective, the amendments could materially increase enforcement exposure for listed companies, directors, executives, intermediaries and other market participants involved in serious misconduct. Faster coordination between the SEC and criminal investigators may reduce the procedural distance between regulatory detection and criminal prosecution, making internal controls, financial reporting, transaction documentation and investigation-readiness increasingly important. However, the proposed amendments remain draft legislation and their final scope will depend on review by the Council of State and Parliament. Market participants should therefore monitor both the legislative process and the SEC's eventual criteria for determining which cases will be subject to joint investigation.

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

