

Improper Trading Practices and Types of Trading Behaviors

The nature of improper trading practices and examples of trading behaviors outlined in this document are merely types of securities trading regularly found. However, the submission of orders in other forms which may be considered as intentionally causing the securities or the overall trading conditions to change or not to change in deviation from the normal conditions of the market may be deemed to constitute violation of the regulations, which may then lead to violation of the Securities and Exchange Act B.E. 2535 (1992).

Nature of Order	Purpose	Example of improper orders	Note
1. Mark the Opening-Closing Price	to control securities price/ Index at pre-open and pre-close session	-Occur in the pre-open or pre-close session, in particular random session between 9.55 am -10.00 am and also 4.35 pm - 4.40pm. -Placing buy or sell trading orders at the higher or lower than an ought to be market price. For example, placing a price higher or lower than the last execution price; approximately ± 10 spread/ 10%. -Placing buy or sell trading orders that significantly affect to projected Index or Index. -Continually repeated the above behavior for several times	Example 1
2. Wash Sale / Matched order	to mislead other investors with regard to the price or trading volume in that security	-Trading orders are placed by the same client or the same client group and the end beneficiary of the accounts is the same person. -Place a bid or an offer at the price and volume, which getting matched or likely to be matched with the whole or in significant part.	Example 2
3. Price affected up /Leading the price of securities	to mislead other investors that there is a significant change in the price of securities at a particular time	-Place bids or offers (ex: around 10 times) in the behavior as an aggressive buy (sell) or continually matched with the total best offer(bid) volume in either order book. -Afterward, the execution price significantly changes from the last trade, approximately ± 10 spread/ 10%.	Example 3.1 and 3.2

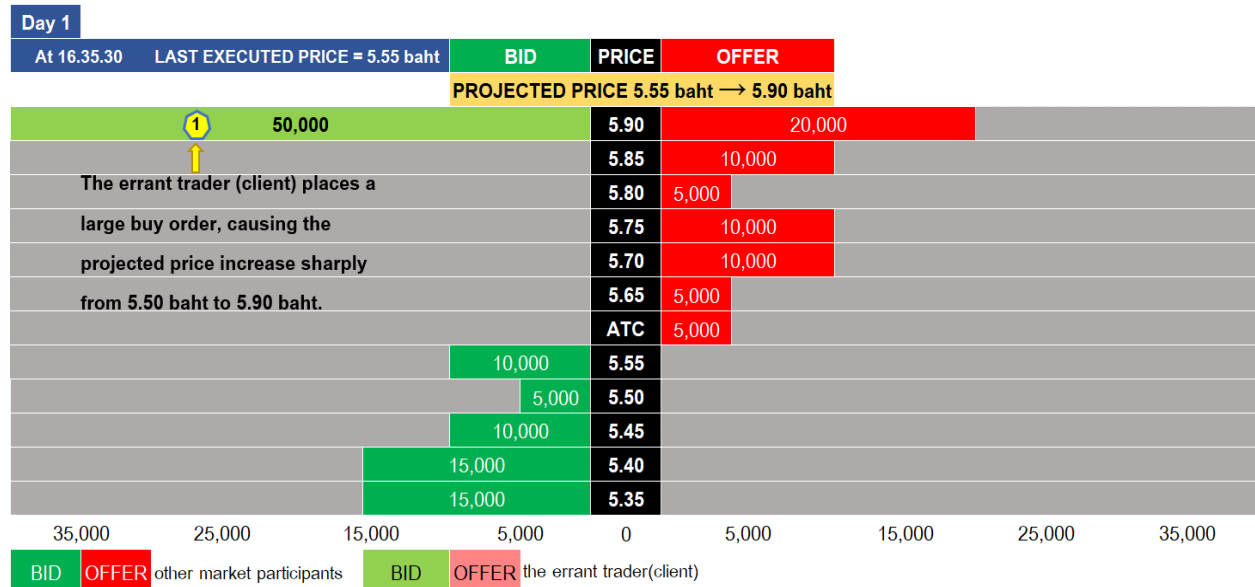
Nature of Order	Purpose	Example of improper orders	Note
4. Spoofing/Layering	to mislead other investors to understand that there is a substantial bid (offer) volume in a particular time and/or to trick other participants for buying and selling in the target security and/or to cause the securities price or trading volume to deviate from the normal conditions of the market.	-Repeatedly place a substantial volume in bid (offer) orders and then cancel within the short period without genuine intention to buy or sell in that security. -Place the bid or offer orders that affect the price or which are anticipated to be matched (Projected Price) and then quickly cancel such orders repeatedly and continuously within a short period of time.	Example 4.1, 4.2, 4.3 Add Examples 4.4 and 4.5
5. Maintain the price of securities; split orders	to control the price of securities	-Splitting order with the intention to control the price of the securities. For example, aggressive buy with a small order once the last executed price reduced.	Example 5
6. Placing an irrational trading orders which not likely to be matched in the normal market condition	to make the unreasonable price	-Place any bid (offer) orders at the irrational price which likely not to be matched in the normal market condition. -These orders have been regularly found in the first trading day or in the securities, which have no daily price limit (Ceiling and Floor).	Example 6.1 and 6.2

Remarks: In order to consider whether any cases could be clarified as improper trading practice, SET will consider the frequency of the behavior or the errant trader (client) know or should have known that their trading orders may affect the overall trading or particular securities trading. Furthermore, the trading behavior which may indicate the intention to avoid the rules and the examples given.

1. Mark the Opening-Closing Price

Case Illustration: At the nearly pre-close session, the last executed price is at 5.55 Baht and the projected price remains at 5.55 Baht. Next, the errant trader (client) places a substantial bid volume at 5.90 Baht. (+6.31% or +7 spreads from the last executed price) which lead to a significant change in projected closing price from 5.55 Baht to 5.90 Baht.

Note: pre-close session refers to the session for calculating the closing price at 4.30 pm. - market closed.



2. Matched Order

Case Illustration: The last executed price is 5.60 Baht prior to the entrance of the errant trader (client). Next, the errant trader (client) submits a passive sell order at 5.75 Baht for 20,000 shares (this order represents the genuine intention on sell-side at that price) and then the trader (client) places more sell orders at 5.65, 5.70 Baht respectively. After the short period, the errant (client) places an aggressive buy order that will be matched against themselves orders resting on the other side of the order book at 5.65 and 5.70 Baht. Alternatively, the last executed price increases from 5.60 Baht to 5.70 Baht. Moreover, the excessive unmatched buy volume will exist at the best bid level.



The change in price and volume in particular security induce other investors to participate by following the errant trader (client). Therefore, the other market participants will place an aggressive buy order at 5.75 Baht which traded against the genuine existing the errant trader (client)'s sell order. In other words, matched order activity is occurred to encourage other participants to fulfill the genuine intention of the errant trader.



3. Price affected up/ Leading the price

Case Illustration 3.1: At the normal market condition, last executed price is 5.50 Baht. The errant trader (client) places a passive sell order at 5.90 Baht for 30,000 shares. In other words, the errant trader (client) is willing to sell shares at this price. In the meantime, the errant trader (client) delivers an aggressive bid order at the significantly higher than the last executed price; placing bid order at 5.70 Baht (+4 spread from last executed price). Therefore, this aggressive bid order will be promptly matched against the multiple levels of the order book and then lead to the last price affected up to 5.70 Baht.



The other market participants then follow by forming bid layers within the price ranging 5.55 to 5.70 Baht. Next, the errant trader(client) places an immediately aggressive bid order at the price 5.90 Baht with the excessive volume that getting matched against multiple order book at sell-side (from 5.75 Baht to 5.85 Baht). Lastly, the last price could be matched is at 5.90 Baht (+4 spread).



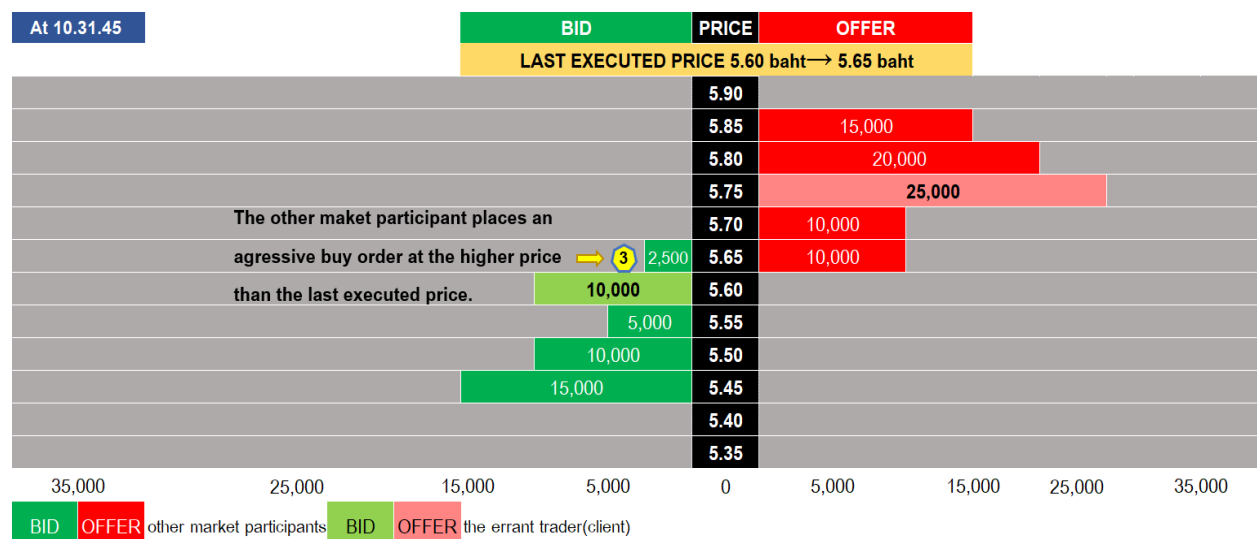
With the abruptly price changed in a short period, the other investors are mistaken and then they will participate by placing several buy orders which be matched against the genuine sell orders of the errant trader (client).



Case Illustration 3.2: At a particular time, the last executed price is 5.60 Baht. The errant trader (client) places a passive sell order at 5.75 Baht for 25,000 shares and then followed by submitting a large aggressive bid order at 5.60 Baht. (the last executed price remains unchanged at 5.60 Baht). However, the excess unmatched bid volume is left as a layer in the order book.



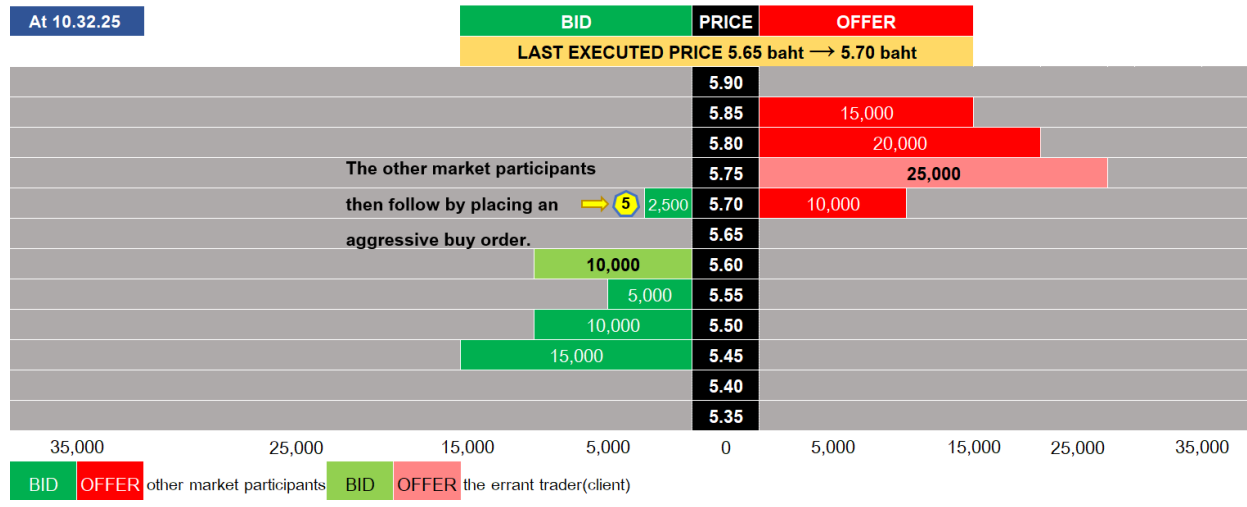
For the next steps, the other investor places an aggressive bid order and then matched against the other side of the order book at a higher price than the last executed price; represented by the price at 5.65 Baht.



Following the price changed due to other participant's transaction, the errant trader (client) will place a substantial bid volume at 5.65 Baht that be matched against the resting sell order at first level of the order book.



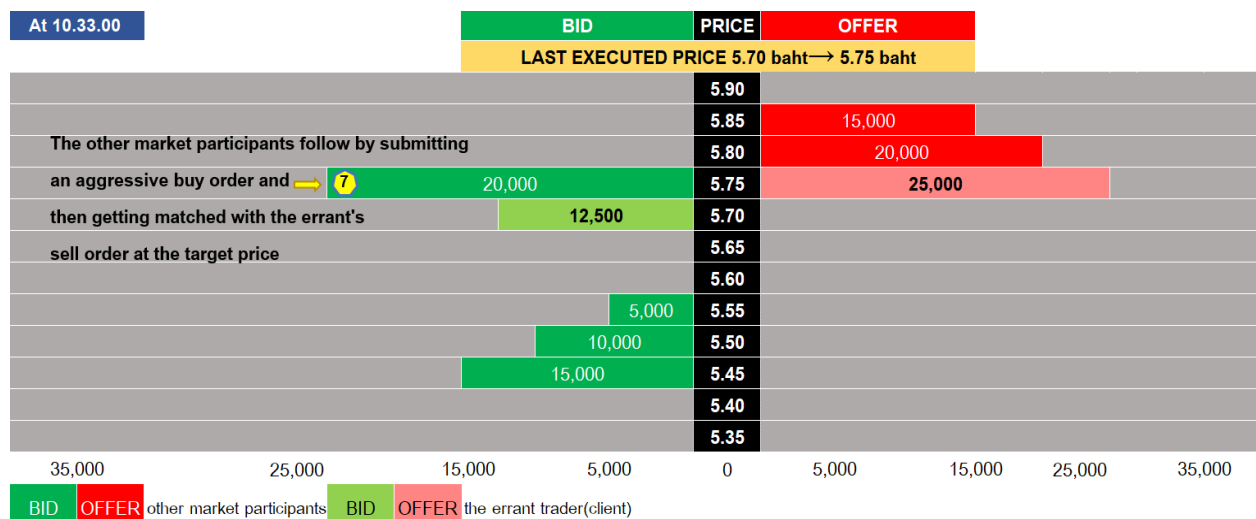
Next, when best offer moves to 5.70 Baht from 5.65 Baht (with the large bid volume), the other market participants will deliver an aggressive bid at the higher price and then lead to the increase in last executed price from 5.65 Baht to 5.70 Baht.



With the support that the price affected up, the errant trader (client) follows by instantly placing an aggressive bid order at 5.70 Baht with the large volume. As a result, the unmatched bid order will be remained at the best bid level.

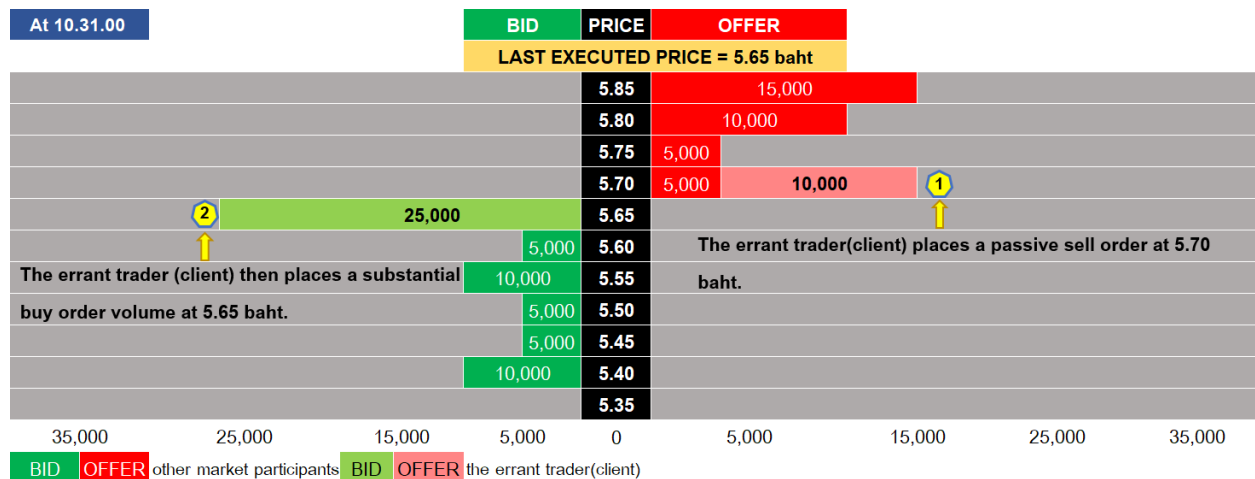


With reference to the price change abruptly from 5.60 Baht to 5.70 Baht, the other investors then participate by placing an aggressive bid order with a higher price at 5.75 Baht. Therefore, the other participant's order will be matched against the passive offer order, which is previously placed by the errant trader (client) at 5.75 Baht.



4. Placing and Canceling

Case Illustration 4.1 (place-cancel-place): At the normal trading condition, last executed price is 5.65 Baht. The errant trader (client) submits a passive sell order at 5.70 Baht for 10,000 shares and then followed by submitting a passive fictitious bid order at 5.65 Baht with 25,000 shares, represented by the light green bar. This large fictitious bid volume with 25,000 shares is dramatically more than the bid volume at each top 5 disclosed to the public, which be seen by the other market participants.



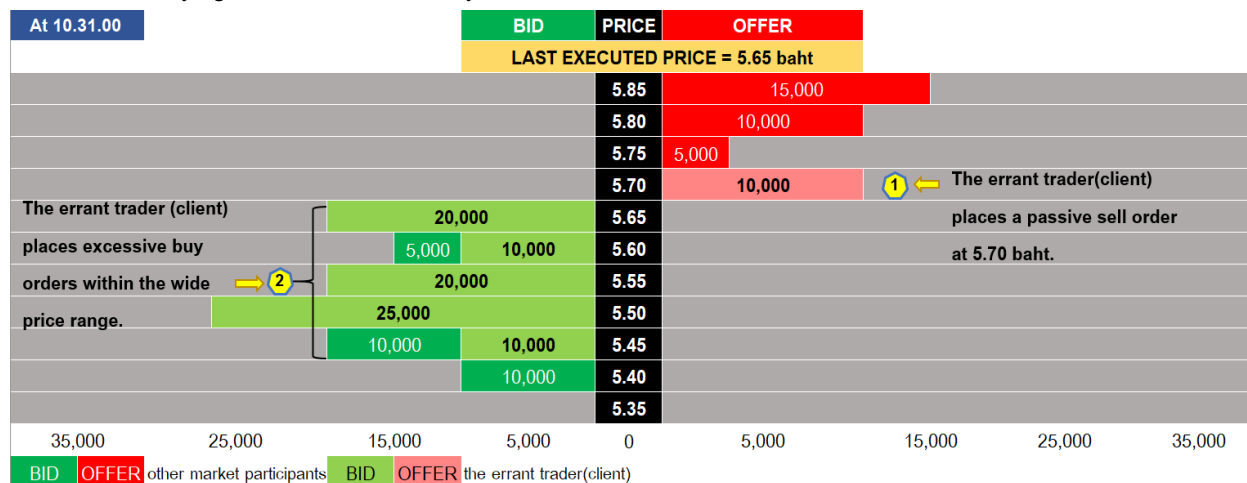
This substantial fictitious bid volume could draw the other market participants into believing that there is a high demand in particular shares at 5.65 Baht and then they try to attend by following place the genuine bid order at the same price 5.65 Baht. Upon the following action at the market participant's order, without intention to buy a particular share, the errant trader (client) will cancel the previously fictitious bid volume and simultaneously place the new bid volume at the same price and volume.



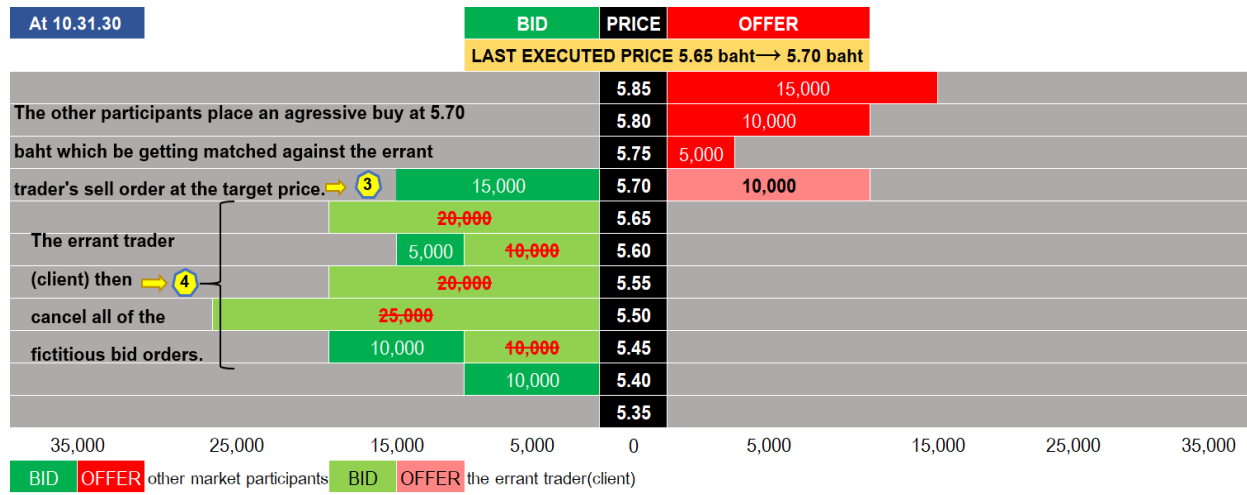
Due to the large existing bid volume at 5.65 Baht, the other investors deliver an aggressive bid order at the higher price with 5.70 Baht and then their orders are matched against the errant's trader genuine sell order resting on the other side of the order book. Besides, the last executed price promptly increases to 5.70 Baht.



Case Illustration 4.2 (Layering): Before the errant trader (client)'s order is submitted to the system, At the normal market condition the last executed price is currently 5.65 Baht. Next, the errant trader (client) submits a genuine passive sell order at 5.70 Baht for 10,000 shares. At the same time, the errant trader (client) forms several layers of fictitious bid orders with a substantial cumulative volume within the price ranging from 5.45 to 5.65 Baht. The cumulative bid orders that the errant person has placed may have induced the other investors of increased buying interest in the security.



With the supporting that there is a high demand in that security, the other market participants then place an aggressive bid order at 5.70 Baht, which will be matched against the existing sell order for 10,000 shares placed by the errant trader (client). Following the successful intention of selling at the target price, the errant trader (client) then delete all several fictitious bid orders ranging 5.45 to 5.65 Baht.



Case Illustration 4.3 (Layering Bid with Aggressive Sell):

The current trading condition indicates the last executed price at 5.65 Baht. The errant trader (client) places several large bid orders at the top second bid level with the price 5.65 and 5.60 Baht respectively.



Based on the substantial cumulative bid orders, it can also provide a misleading impression of increased buying interest. The other investors then follow by submitting bid order price ranging from 5.60 to 5.65 Baht. With the successfully induce other participants, the errant trader (client) will cancel the fictitious bid order and promptly places an aggressive sell order.



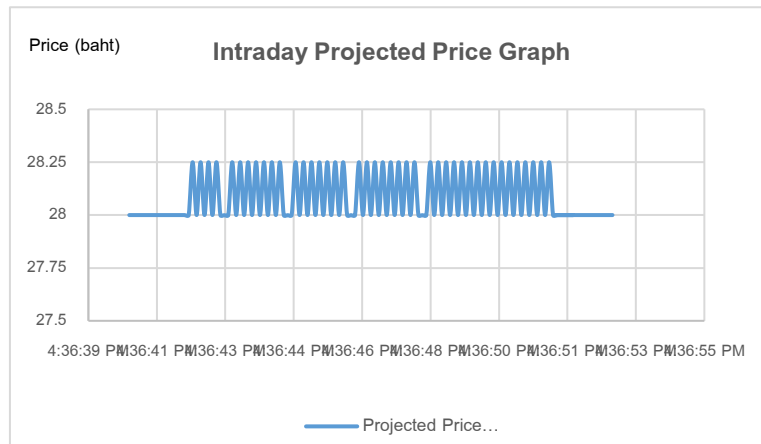
Case Illustration 4.4 (Submit the orders which affect the trading volume): The last executed price is at 32.75 Baht. The errant trader (client) places the offer orders at several price levels from 33.00 to 34.00 Baht in the amount of 6,000,000 shares at the first 5 levels that are visible to other investors constituting a significantly large volume compared to the volume of bid/offer orders during the previous sessions or the Paid-up Share.



When the last executed price changes from 32.75 Baht to 32.50 Baht, the errant trader (client) then cancels the offer order at 34.00 Baht and place the new pending offer orders in the same volume at 32.75 Baht so that the offer order remains in the first 5 levels that are visible to other investors. Afterwards, the errant trader (client) will cancel the orders at 32.75 to 33.75 Baht showing the intention not to actually trade such securities.



Case Illustration 4.5 (spoofing/layering at auction): The errant trader (client) places a bid order at 28.25 Baht in the amount of 10,000 shares thereby causing the projected price to increase from 28 Baht to 28.25 Baht, and then quickly cancel such bid order thereby causing the projected price to return to 28 Baht. The errant trader (client) then repeatedly places orders of such nature continuously within a period of 1 minute causing the projected price to constantly fluctuate.



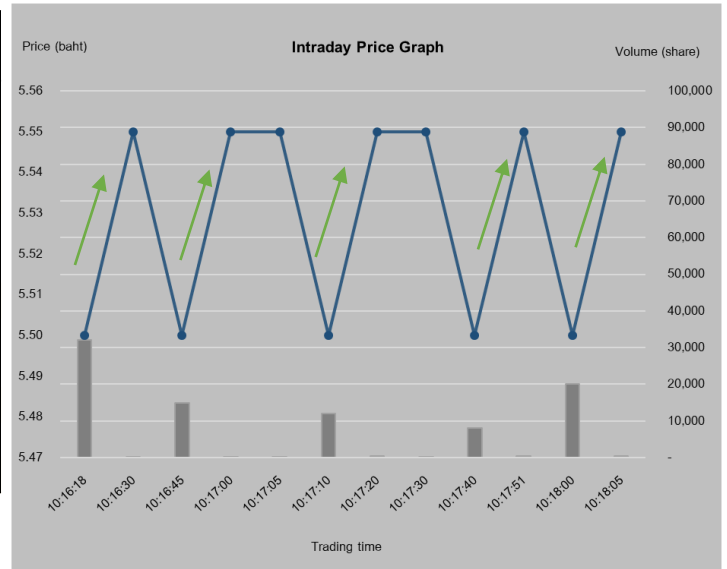
Cient	Time	Type	Buy/Sell	Price	Volume (Share)	Projected Price (Baht)
A	16:36:41.800	ENTER	Buy	28.25	10,000	28.25
A	16:36:41.900	DELETE	Buy	28.25	10,000	28.00
A	16:36:42.000	ENTER	Buy	28.25	10,000	28.25
A	16:36:42.100	DELETE	Buy	28.25	10,000	28.00
A	16:36:42.200	ENTER	Buy	28.25	10,000	28.25
A	16:36:42.300	DELETE	Buy	28.25	10,000	28.00
A	16:36:42.400	ENTER	Buy	28.25	10,000	28.25
A	16:36:42.500	DELETE	Buy	28.25	10,000	28.00
Other Participant	16:36:42.600	ENTER	Buy	28.00	1,000	28
Other Participant	16:36:42.700	ENTER	Buy	28.00	50,000	28
A	16:36:42.800	ENTER	Buy	28.25	10,000	28.25
A	16:36:42.900	DELETE	Buy	28.25	10,000	28.00
A	16:36:43.000	ENTER	Buy	28.25	10,000	28.25
A	16:36:43.100	DELETE	Buy	28.25	10,000	28.00
A	16:36:43.200	ENTER	Buy	28.25	10,000	28.25
A	16:36:43.300	DELETE	Buy	28.25	10,000	28.00
A	16:36:43.400	ENTER	Buy	28.25	10,000	28.25
A	16:36:43.500	DELETE	Buy	28.25	10,000	28.00
A	16:36:43.600	ENTER	Buy	28.25	10,000	28.25
A	16:36:43.700	DELETE	Buy	28.25	10,000	28.00
A	16:36:43.800	ENTER	Buy	28.25	10,000	28.25
A	16:36:43.900	DELETE	Buy	28.25	10,000	28.00
A	16:36:44.000	ENTER	Buy	28.25	10,000	28.25
A	16:36:44.100	DELETE	Buy	28.25	10,000	28.00

5. Maintain the price (Split orders)

Case Illustration: The errant trader (client) has an outstanding in a particular share that costs 5.55 Baht.

When the price dropped to 5.50 Baht, the errant trader (client) then try to maintain the price by trading with a small proportion in volume at 5.55 Baht. The sequence may be repeated multiple times.

Cient	Buy/Sell	Time	Last Executed Price	Order Price	Trade Volume	Bid Change (spreads)
Other Participant	Sell	10:16:18	5.55	↓ 5.50	32,000	-1
A	Buy	10:16:30	5.50	↑ 5.55	200	1
Other Participant	Sell	10:16:45	5.55	↓ 5.50	15,000	-1
A	Buy	10:17:00	5.50	↑ 5.55	200	1
Other Participant	Buy	10:17:05	5.55	→ 5.55	200	0
Other Participant	Sell	10:17:10	5.55	↓ 5.50	12,000	-1
A	Buy	10:17:20	5.50	↑ 5.55	400	1
Other Participant	Buy	10:17:30	5.55	→ 5.55	200	0
Other Participant	Sell	10:17:40	5.55	↓ 5.50	8,000	-1
A	Buy	10:17:51	5.50	↑ 5.55	400	1
Other Participant	Sell	10:18:00	5.55	↓ 5.50	20,000	-1
A	Buy	10:18:05	5.50	↑ 5.55	400	1

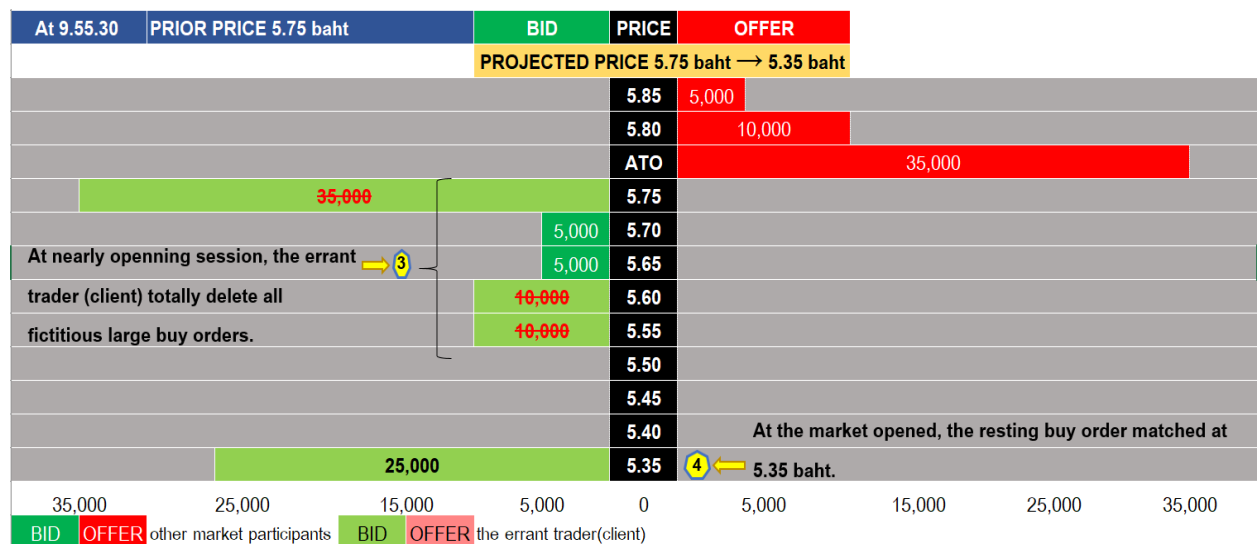


6. Placing an irrational order with the price that not likely to be matched

Case Illustration 6.1: At the current market condition, the projected price is equivalent at 5.55 Baht. The errant trader (client) delivers a fictitious substantial bid order volume within the price ranging 5.55 to 5.75 Baht (top 5 bid volumes that are revealed to the public). Because of a cumulative large bid orders, the projected price increase from 5.55 to 5.75 Baht. Following the projected price has been changed; the errant trader (client) will place a genuine bid order at the lower price (5.35 Baht) than the projected price, which equals to 5.75 Baht.



At the nearly opening session, the errant trader (client) deletes all the fictitious bid orders, which have been previously placed. Upon the exit of the errant trader, the projected price will drop to 5.35 Baht and then the errant's genuine bid order is being matched at this price.



Case Illustration 6.2 (First Trading Day): At the present market condition, the last executed price is equivalent at 10 Baht (at the IPO price), the errant trader (client) will place an irrational bid order at 0.01 Baht.

At 10.31.00		IPO PRICE 10 baht.		BID	PRICE	OFFER
LAST EXECUTED PRICE = 10 baht						
					10.40	5,000
					10.30	10,000
					10.20	5,000
					10.10	10,000
					10.00	10,000
				10,000	9.95	
				5,000	9.90	
				10,000	9.85	
				5,000	9.80	
				5,000	9.75	
The errant trader (client) places a passive buy order at the					9.70	
irrational price, which could not be seen by others.					9.65	
					9.60	
				15,000	0.01	
35,000	25,000	15,000	5,000	0	5,000	15,000
BID		OFFER		other market participants		
BID		OFFER		the errant trader(client)		

The other participants form the substantial offer volume at the market price (MP) for 40,000 shares, subsequently, the projected price will be dropped to 0.01 Baht and then an irrational errant's bid order at 0.01 Baht will be partially matched at this price.

At 10.40.00		IPO PRICE 10 baht		BID	PRICE	OFFER
LAST EXECUTED PRICE = 0.01 baht						
					10.40	5,000
					10.30	10,000
					10.20	5,000
					10.10	10,000
					10.00	10,000
					MP	40,000
				10,000	9.95	
				5,000	9.90	
				10,000	9.85	
				5,000	9.80	
				5,000	9.75	
					9.70	
The errant trader's genuine buy order at 0.01 baht					9.65	
partially be matched.					9.60	
				15,000	0.01	
35,000	25,000	15,000	5,000	0	5,000	15,000
BID		OFFER		other market participants		
BID		OFFER		the errant trader(client)		

