

Market Consultation

Revision of Rules Related to SET Member Punishment Framework

Consultation period ends on
18 June 2025

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Part 1: Introduction

The Stock Exchange of Thailand (“SET”) has implemented the revised punishment framework governing monetary penalties for SET members to enhance the effectiveness of member supervision and the proportionality of punishments to the severity of misconduct and violations. The latest revised rules have been in effect since 1 November 2024.

In early 2025, SET proceeded with additional regulatory enhancements in relation to member supervision and trading and conducted comprehensive research regarding the punishment framework on applicable laws and regulations adopted by relevant authorities in Thailand and other countries. To ensure that the member penalty framework remains robust, appropriately reflects the severity of offenses, consequential impacts, and associated damages, and align with broader domestic and international practices, SET therefore proposes revisions to the current punishment framework in three key areas as follows:

1) Expansion of penalty coverage to comprehensively include all offenses by incorporating fine punishments for members’ violations of or non-compliance with the revised rules on securities trading in cash which have been in effect since early 2025.

2) Adoption of penalty ceiling structure by transitioning from the fixed penalty rate system to the maximum penalty rate structure across all offense categories.

3) Non-punishment or punishment mitigation where appropriate punishments have been imposed by other authorities for the same offenses in order to avoid excessive punishments as SET members may operate under supervision of multiple regulators in addition to SET.

In this connection, SET is seeking market consultation on the proposed revision of SET member punishment framework to support the rule finalization process. Stakeholders are invited to submit opinions or suggestions to SET from today until 18 June 2025 via <https://forms.gle/UycAdc7s2XdXgDSs6>

For further inquiries, please contact the Regulations and Disciplinary Enforcement Department by telephone at 02-009-9956 or 02-009-9958, or by e-mail at RegulationsandDisciplinaryEnforcementDepartment@set.or.th

Part 2: Proposals

2.1) Expansion of penalty coverage to include all offenses

To enhance trading supervision, SET has revised regulations on securities trading in cash, mandating members to determine securities trading limits for customers, calculate the buying power of customers, and monitor customers' purchase orders in accordance with the rules of the Association of Thai Securities Companies (ASCO). As the current regulatory framework does not prescribe monetary penalties to be imposed against members for their violation of or non-compliance with these provisions, SET hereby proposes that the following revisions be made to enhance the monetary penalty framework for comprehensive coverage.

Proposed revision: To add provisions on monetary penalties to be imposed against members for offenses related to the determination of customers' securities trading limits and the calculation of customers' buying powers based on the regulations on securities trading in cash, and to refine the provisions on monetary penalties for clarity.

(Proposed changes are marked in blue.)

Violation/Non-compliance	Penalty (Proposed)
<ul style="list-style-type: none"> Failure to establish securities trading limits for customers or failure to calculate buying power of customers in accordance with applicable rules 	Not more than Baht 150,000 per customer, but not more than Baht 3,000,000
<ul style="list-style-type: none"> Failure to oversee that the purchase order of securities by its customer is at any time not defined buying power or greater than the prescribed ceiling 	Not more than Baht 150,000 per purchasing transaction resulting in excess, but not more than Baht 3,000,000
<ul style="list-style-type: none"> Failure to implement with customer collateral in accordance with the rules relating thereto 	Not more than Baht 150,000 per time to implement, but not more than Baht 3,000,000
<ul style="list-style-type: none"> Failure to have the customers to comply with the measures prescribed by the Exchange. Examples of such measures are as follows: <ul style="list-style-type: none"> - Trading through cash balance account the securities under measure in case of events that may affect the listed companies' financial position and business operation - Trading through cash balance account the securities temporarily allowed to trading before the effective date of delisting - Trading through cash balance account the securities under control measures due to their high turnover rates 	Not more than Baht 300,000 per security

Violation/Non-compliance	Penalty (Proposed)
<ul style="list-style-type: none"> ● Failure to have customer pay the purchase price of securities and <u>failure</u> to make report in accordance with the Exchange rules 	Not more than Baht 30,000 per day for <u>each delayed reporting</u> , but not more than Baht 3,000,000

2.2) Adoption of penalty ceiling structure

Under the current monetary penalty framework, certain offenses are subject to “fixed penalty rates,” thereby restricting the exercise of discretion in determining proportionate punishments against members in accordance with the specific circumstances of each violation.

Proposed revision: To modify the monetary penalty structure by inserting the phrase “not exceeding” in each category of offense that has a fixed penalty rate in order to transition from the fixed penalty rate system to the maximum penalty rate structure. The penalty rates remain unchanged.

2.3) Non-punishment or punishment mitigation where appropriate punishments have been imposed by other authorities for the same offenses

Under the current regulatory framework, offenses committed by members may simultaneously contravene regulations established by various authorities, such as the Securities and Exchange Commission (SEC), Thailand Clearing House Company Limited (TCH), and Thailand Futures Exchange Public Company Limited (TFEX). This regulatory structure can result in a single offense triggering multiple punishments from different authorities.

Therefore, to ensure that punishments imposed by SET against its members are appropriate and align with the SET’s disciplinary objectives, SET will incorporate punishments imposed against members by other authorities for the same offenses into consideration when ruling on offenses and punishments. SET may order non-punishment or punishment mitigation upon a conclusion that members have received appropriate punishments from other authorities for the same offenses.

Proposed revision: To add provisions regarding non-punishment or punishment mitigation where appropriate punishments have been imposed by other authorities for the same offenses.

Part 3: Opinion Form

Please fill in this form or visit the link <https://forms.gle/UycAdc7s2XdXgDSs6>

1. General information

Name-surname

Company name (Symbol:)

Position

Telephone

E-mail address

Status of respondent (Please select all that apply)

- ☐ Securities company ☐ Individual investor
- ☐ Securities company employee ☐ Institutional investor
- ☐ Other (please specify)

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SET will collect, use, and disclose your personal information for the purposes of gathering opinions, contact, and other necessary activities related to this market consultation. Your personal information will be protected under the SET Group Privacy Notice which is available at <https://www.set.or.th/th/privacy-notice>.

2. Opinion (Please provide details and reasons if you select “Disagree,” or “Agree but with alternative proposal.”)**2.1 Do you agree with the proposed addition of the member penalty provisions governing offenses related trading of securities in cash for greater comprehensiveness and rephrasing of the penalty provisions for clarity?**

<input type="checkbox"/> Agree	
<input type="checkbox"/> Agree but with alternative proposal	(Please specify details and reasons)
<input type="checkbox"/> Disagree	(Please specify details and reasons)
<u>Suggestions:</u>	

2.2 Do you agree with the proposed adoption of penalty ceiling structure by inserting the phrase “not exceeding” in each category of offense that has a fixed penalty rate? (The penalty rates remain unchanged.)

<input type="checkbox"/> Agree	
<input type="checkbox"/> Agree but with alternative proposal	(Please specify details and reasons.)
<input type="checkbox"/> Disagree	(Please specify details and reasons.)
<u>Suggestions:</u>	

2.3 Do you agree with the proposed addition of provisions regarding non-punishment or punishment mitigation where appropriate punishments have been imposed by other authorities for the same offenses?

<input type="checkbox"/> Agree	
<input type="checkbox"/> Agree but with alternative proposal	(Please specify details and reasons.)
<input type="checkbox"/> Disagree	(Please specify details and reasons.)
<u>Suggestions:</u>	

Additional suggestions

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Please send your responses to RegulationsandDisciplinaryEnforcementDepartment@set.or.th by 18 June 2025.

Your kind cooperation in providing us with valuable opinions and suggestions is highly appreciated.

The Stock Exchange of Thailand (SET)