Summary of Consultation Results

Revision of Measures to Enhance Confidence

SET
ตลาดหลักทรัพย์แห่งประเทศไทย

The Stock Exchange of Thailand ("SET") would like to express gratitude to all respondents for providing feedback on the revision of measures to enhance confidence. SET will consider the opinions and recommendations received from this market consultation for the subsequent refinement of the applicable regulations.

SET hereby summarizes the feedback received from respondents through the website during May 13-29, 2026. There were 71 respondents in total, consisting of 36 member companies; 33 respondents comprising employees of securities companies, retail investors and institutional investors[1]; the Association of Thai Securities Companies; and the Asia Securities Industry and Financial Market Association (ASIFMA[2]). The details of the opinions and recommendations are provided in this document.

[1] Including comments of foreign institutional clients submitted through Securities Finance Association Asia Pacific.

[2] ASIFMA, *About ASIFMA*, https://www.asifma.org/about/

Part 2: Market Consultation Topics

For this revision of measures to enhance confidence, SET conducted a market consultation on the approach to reviewing the current trading regulatory measures. The measures are categorized into three groups as follows:

Group 1: New Measures (2 measures)

1.1 Adjustment of Tick Size

1.2 Extra Charge on High OTR (Order to Trade Ratio) to Reflect System Capacity Costs

Group 2: Revised Measures (3 measures)

2.1 Revision of the Uptick Rule for Short Selling

2.2 Revision of Short Selling Eligible Securities

2.3 Revision of HFT Criteria and HFT Registration

Group 3: Cancelled Measures (3 measures)

3.1 Cancellation of the HFT Eligible Securities Restriction

3.2 Cancellation of Dynamic Price Band

3.3 Cancellation of Minimum Resting Time

The summary of feedback for each group is detailed below:

Group 1	New Measures

The new measures consist of 2 measures, as follows:

Measure 1.1 : Adjustment of Tick Size

Summary of Key Consultation Points

SET proposed adjusting the Tick Size as follows:

- Price range of $5 \leq$ Price < 10 Baht: reduce Tick Size from 0.05 Baht to 0.02 Baht
- Price range of $10 \leq$ Price < 25 Baht: reduce Tick Size from 0.10 Baht to 0.05 Baht
- Price range of $25 \leq$ Price < 50 Baht: reduce Tick Size from 0.25 Baht to 0.10 Baht

Summary of Feedback Received

82% of respondents agreed with SET's proposal, with additional suggestions summarized as follows:

- There should be a study on the impact of adjusting the Tick Size to determine if it will lead to more stocks being subject to trading regulatory measures due to increased trading volume and turnover rate (%Turnover).

- Observations were raised regarding the impact on Market Makers. For example, the Tick Size adjustment may affect Market Makers since the Bid-Ask Spread will narrow; members and Market Makers should be given time to adjust their systems and conduct testing before actual implementation; and the conditions for Market Maker obligations during the transition to the new Tick Size should be reviewed as Market Makers need to update the relevant programs.

In addition, some respondents provided suggestions on adjusting other Tick Size parameters, with diverse proposals. For example, the Tick Size should be set in only four bands, 0.01 Baht, 0.05 Baht, 0.25 Baht and 0.50 Baht, according to stock price levels; Alternatively, stocks at all price levels should have the same Tick Size of 0.01 Baht, or a Tick Size of 0.01 Baht should be set for securities priced below 5 Baht or below 100 Baht, etc.

For respondents who disagreed, the feedback can be summarized as follows:

- Trading fees for retail investors are higher than those for large investors, making it more difficult for retail investors to make profits.
- A smaller Tick Size may cause stock prices to move up and down more easily and quickly, resulting in greater price volatility.
- Bid and offer volume at each price level may become thinner due to more granular Tick Size intervals, making liquidity appear lower.
- The investor structure and trading behaviors in the Thai capital market differ from those in foreign stock markets and may not be directly comparable.

Measure 1.2 : Extra Charge on High OTR (Order to Trade Ratio) to Reflect System Capacity Costs

Summary of Key Consultation Points

SET proposed introducing the Extra Charge on High OTR (Order to Trade Ratio) measure by imposing an Extra Charge on member companies for trading accounts that submit orders with high utilization of SET's systemic capacity. This aims to reflect system usage costs and help prevent the submission of orders without a genuine intention to execute trades. SET will consider orders with the following characteristics:

(1) Order frequency exceeding 50 times per Active Minute; AND

(2) An Order to Trade Ratio (OTR) exceeding 100 times.

If a trading account meets the above criteria, that account will be subject to an Extra Charge only for the portion exceeding 30,000 orders per day at a rate of 0.15 Baht (15 Satang) per order. This measure will not apply to orders placed by registered Market Makers.

Summary of Feedback Received

69% of respondents agreed with SET's proposal, with additional suggestions summarized as follows:

- The details and calculation method should be clearly specified.
- The Extra Charge should be collected only on orders that are submitted and cancelled rapidly.
- Parameters and the Extra Charge should be adjusted differently from SET's proposal. For example, the Extra Charge should be imposed on a progressive-rate basis, with OTR exceeding 50 times charged at 0.15 Baht and OTR exceeding 100 times charged at 0.30 Baht. Alternatively, the Extra Charge should be increased, such as charging 1 Baht for orders exceeding 10,000 orders. SET should also consider imposing the Extra Charge if an account has an impact on system capacity even if it does not meet the specified conditions, etc.

For respondents who disagreed, the feedback can be summarized as follows:

- The imposition of an Extra Charge may affect Institutional Omnibus Accounts and may cause trading volume from such investors to decrease, thereby affecting trading liquidity.
- The imposition of an Extra Charge overlaps with the Throttle Fee charged to member companies.
- The structure of the Thai capital market differs from foreign markets that impose OTR Fees (UK, India, Germany). Therefore, further study should be conducted by comparing SET with other exchanges in Asian Markets.

Group 2	Revised Measures

The revised measures consist of 3 measures, as follows:

Measure 2.1 : Revision of the Uptick Rule for Short Selling

Summary of Key Consultation Points

SET proposed revising the short selling price criteria on a per-security basis as follows:

- Current criteria: Short sell orders must be priced higher than the last traded price (Uptick).
- Proposed criteria: Short sell orders must be priced higher than or equal to the last traded price (Zero-Plus Tick). However, if a security's closing price declines by 10% or more compared to the previous business day's closing price (Close-to-Close), short sell orders on the following business day must be priced higher than the last traded price (Uptick).

This revised measure will not apply to registered Market Makers, who will continue to receive exemptions under the current criteria.

Summary of Feedback Received

91% of respondents agreed with SET's proposal, with various additional suggestions summarized as follows:

- There should be a channel to inform investors of securities that meet the conditions requiring short sell orders to be placed at Uptick prices.
- SET's trading system should reject short sell orders submitted at prices that do not comply with the criteria in order to reduce the system adjustment burden on members.[3]
- SET should consider additional factors when determining the use of the Uptick Rule when a security price declines, such as considering a continuous downward price trend (e.g., when a stock price declines for more than X consecutive days by more than -Y%) or an increase in Short Selling volume, etc.
- The Uptick criteria should be applied intraday and should not wait until the following day to take effect.
- Only the Zero Plus Tick criteria should be applied; the Uptick criteria should not be used.

For respondents who disagreed, the feedback can be summarized as follows:

- The current criteria should be maintained as revising the criteria may increase price volatility.
- The price criteria for short sell orders should be cancelled to allow the market mechanism to discover an appropriate price (Price Discovery).
- SET should focus on developing systems to detect Naked Short Selling more effectively rather than imposing price-related measures for short sell orders.
- Market liquidity depends more on credibility and transparency than on revising the short selling price criteria.

Measure 2.2 : Revision of Short Selling Eligible Securities

Summary of Key Consultation Points

SET proposed revising the types of securities eligible for short selling, divided into 2 groups as follows:

Group 1 Common stocks: short selling would be allowed only for large-cap, highly liquid securities, specifically (1) constituents of the SET100 Index and (2) underlying assets of Single Stock Futures.

Group 2 Other types of securities: which are (1) ETF and (2) DR.

[3] Currently, SET's trading system already validates short selling prices. If an order does not comply with the criteria, the trading system will reject that order.

SET proposed cancelling short selling eligibility for underlying assets of ETFs and underlying assets of DWs as these are mid-to-small-cap securities that may lack sufficient liquidity for short selling and may adversely affect the trading prices of such stocks.

This revised measure will not apply to registered Market Makers.

Summary of Feedback Received

77% of respondents agreed with SET's proposal, with an additional suggestion that SET's trading system should be able to reject short sell orders in securities that do not comply with the criteria.[4]

For respondents who disagreed, the feedback can be summarized as follows:

- The types of securities eligible for short selling should not be restricted and should be left to the market mechanism, as short selling is an essential risk management tool.
- The scope of short selling eligibility should also be extended to underlying assets of DWs and ETFs to prevent negative impacts. Prohibiting short selling in underlying assets of DWs and ETFs may reduce the attractiveness of those securities, reduce market liquidity, affect hedging, and may lead to price distortion.
- The scope of short selling eligibility should be further narrowed by limiting the eligible securities to SET100 stocks only. Stocks that are underlying assets of Single Stock Futures but are no longer in the SET100 should also not be allowed.

Measure 2.3 : Revision of HFT Criteria and HFT Registration

Summary of Key Consultation Points

SET proposed revising the criteria relating to the definition and registration of investors with High Frequency Trading ("HFT") characteristics to align with international standard practices and appropriately monitor the trading behaviors of this investor group. The details are as follows:

	Current	Proposed
Approach	Pre-Defined	Post-Audit
Criteria	Investors with the following characteristics: 1. Utilizing computer algorithms (Algorithmic	Investors with the following characteristics: 1. Utilizing a dedicated order-routing channel for specific investors (Dedicated API user); OR

[4] Currently, SET's trading system already validates securities eligible for short selling. If an order does not comply with the criteria, the trading system will reject that order.

	Current	Proposed
	Trading) for automated trading; AND 2. Operating through computer equipment for order routing installed at locations specified by SET (Co-Location).	2. Exhibiting trading behaviors that meet all of the following conditions[5]: 2.1 Frequent: Submitting more than 50 orders per Active Minute per account. 2.2 Flat: Having an End of Day Position of less than 50%. 2.3 Active: Trading on more than 80% of the available trading days per account, and having a daily trading value exceeding 30 million Baht.
HFT Investor Registration	• Member companies must register clients who are HFT investors with SET prior to the commencement of trading.	• If an investor account exhibits characteristics or trading behaviors that meet the specified criteria, the member company is obligated to have the client register with SET (by signing an Undertaking Letter) in the format and within the timeframe specified by SET. • For investor accounts exhibiting trading behaviors that meet the aforementioned criteria, SET will notify the member company of the list of names, enabling the member company to coordinate with the client regarding registration with SET. • However, in the event that the member company is unable to have the client register with SET in the format and within the timeframe specified by SET, the member company is obligated to suspend trading for that client account. Furthermore, if the member company fails to comply with these regulations, SET will consider taking disciplinary action against the member company.

This revised measure will not apply to registered Market Makers.

[5] SET may adjust the parameters used for consideration.

Summary of Feedback Received

81% of respondents agreed with SET's proposal, with additional suggestions summarized as follows:

- SET should clearly specify details, criteria for consideration, and other information so that members can monitor clients and arrange for registration within the specified timeframe, thereby avoiding cases where trading in client accounts must be suspended, which may affect member-client relationships.
- Parameters used to consider trading behaviors should be adjusted differently from SET's proposal, such as calculating the Active condition based on 50-60% of trading days, etc.
- SET should consider HFT characteristics based on the investor's overall trading behavior (Behavior-based Approach), rather than relying solely on account-level thresholds, so that HFT registration can more appropriately reflect actual trading characteristics and help make supervision effective and consistent with current market conditions.
- Institutional Omnibus Accounts should not be included in determining HFT conditions.

For respondents who disagreed, they commented that the specified criteria may not truly reflect the behaviors of HFT investors. In addition, the criteria based on investors using Dedicated API may affect Dedicated API Users or institutional clients who trade in large volumes but are not HFT.

Group 3 Cancelled Measures

The cancelled measures consist of 3 measures, as follows:

Measure 3.1 : Cancellation of the HFT Eligible Securities Restriction

Summary of Key Consultation Points

Currently, SET allows investors with HFT trading characteristics to trade only the following securities:

- Common stocks that are constituents of the SET100 Index
- Common stocks which are underlying assets of DWs and underlying assets of Single Stock Futures
- ETF, DW and DR

To align with international standards and increase opportunities to boost liquidity for mid-to-low liquidity securities, SET proposed cancelling the restriction. As a result, HFT investors would be able to trade all securities similarly to general investors.

Summary of Feedback Received

77% of respondents agreed with SET's proposal, noting that cancelling this measure would help increase liquidity for Non-SET100 stocks. Some respondents also provided observations, suggesting that HFT investors should be prohibited from trading DWs since DWs are products with specific characteristics and market-making costs, which may place retail investors at a disadvantage. They also suggested that SET should consider other approaches. For example, if HFT investors are allowed to trade all securities, short selling of stocks outside the SET100 should require actual borrowing of shares before order submission, and the use of Locate should not be allowed.

For respondents who disagreed, the feedback can be summarized as follows:

- HFT investors should be limited to trading only large-cap stocks or highly liquid stocks.
- HFT investors may engage in price chasing, potentially increasing volatility in small-cap stocks or low-liquidity stocks.

Measure 3.2 : Dynamic Price Band Cancellation of Dynamic Price Band

Summary of Key Consultation Points

Currently, SET enforces a Dynamic Price Band (DPB) at ±10% from the latest trading price of a security. If an order would result in a match outside the DPB, the system halts trading for that security for 2 minutes.

To reduce trading obstacles and allow securities trading to proceed according to the market mechanism in a free and efficient manner, SET proposed cancelling the DPB measure.

Summary of Feedback Received

92% of respondents agreed with SET's proposal, with additional suggestions that the DPB measure may not be appropriate for illiquid stocks. However, SET should closely monitor the impact of cancelling DPB, such as volatility during unstable market conditions and risks to securities companies arising from stock price volatility in margin accounts, etc. SET may consider reintroducing DPB if necessary, such as:

- Setting DPB measures differently and flexibly by security group, such as separate criteria for SET100 and Non-SET100 stocks.
- Applying the DPB measure to stocks eligible for short selling.

For respondents who disagreed, they commented that the existing DPB measure is already appropriate, does not cause damage, and gives investors an opportunity to consider information in cases where erroneous orders are submitted in low-liquidity stocks.

Measure 3.3 : Cancellation of Minimum Resting Time

Summary of Key Consultation Points

Currently, SET enforces the Minimum Resting Time (MRT) measure, requiring orders to remain in the system for at least 250 milliseconds before member companies can amend or cancel them.

To increase the operational efficiency of member companies' systems and reduce obstacles to securities trading, SET proposed cancelling the MRT measure.

Summary of Feedback Received

76% of respondents agreed with SET's proposal, with additional suggestions that cancelling MRT would increase flexibility in order management and risk management to keep pace with market conditions, and would also reduce the system-related burden on member companies.

For respondents who disagreed, the feedback can be summarized as follows:

- The MRT measure helps slow the submission and cancellation of orders at high frequency within a short period and helps prevent inappropriate order submission.
- The MRT parameter should be adjusted to an appropriate level instead of cancelling the MRT measure.

Other Suggestions

Respondents provided additional suggestions that SET should consider the impact of the various measures comprehensively across all relevant parties, such as foreign clients using omnibus accounts, domestic institutional investors, Market Makers and retail investors, etc.

SET's Actions

SET will proceed with implementation based on the proposed principles. The additional suggestions will be further studied and considered for their suitability.
