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“Market integrity” is a key component in strengthening investor confidence and supporting the sustainable development of the capital market. A transparent capital market, supported by effective regulatory mechanisms and equal investor access to information, helps reduce the likelihood of the misuse of inside information or inappropriate trading behavior—an important factor in the investment decisions of both domestic and foreign investors.

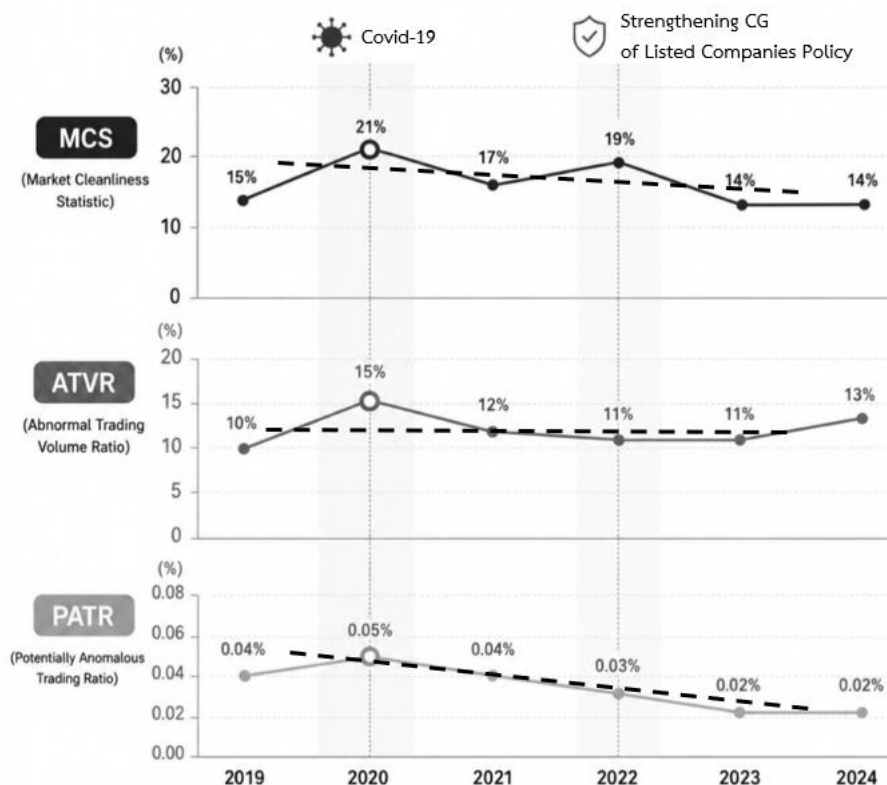
According to international practice, capital market integrity can be assessed through various indicators. The generally accepted approaches can be classified into two main dimensions: an assessment at the market level and an assessment based on investors’ trading behavior.

For **the assessment at the market level**, the key indicators include: 1) Market Cleanliness Statistic (MCS), which analyzes market integrity based on the ratio of the number of events involving abnormal securities price movements before the disclosure of material information to the total number of material information disclosure events; and 2) Abnormal Trading Volume Ratio (ATVR), which analyzes market integrity based on the ratio of the number of events involving abnormal changes in securities trading volume before the disclosure of material information to the total number of material information disclosure events. Meanwhile, **the assessment based on investors’ trading behavior** uses the Potentially Anomalous Trading Ratio (PATR) to examine trading behavior patterns that may be anomalous in investor accounts* before the disclosure of material information. It is calculated as the ratio of the number of accounts with anomalous trading before the disclosure of material information to the total number of accounts that traded before such disclosure.

These three indicators vary according to market conditions and trading behavior in each period. An increase in all three indicators reflects a higher risk of trading behavior based on inside information before disclosure and, accordingly, a higher level of market integrity risk. Such information serves as an important input for regulatory authorities in their ongoing monitoring and analysis of capital market conditions.

In this regard, the SEC’s Research and Data Department conducted a research study titled “Measuring Market Integrity: Insights and Metrics for Thailand’s Capital Market,” which was presented at the SEC Capital Market Symposium 2025. The study examined trading data in the Thai stock market during 2019–2024 using the aforementioned market integrity indicators.

Chart 1: Market integrity measurement statistics



Source: SEC research study, “Measuring Market Integrity: Insights and Metrics for Thailand’s Capital Market”

The study found that in 2020, during the COVID-19 pandemic, ATVR increased to approximately 15% from approximately 10% in the previous year. This indicates that, during periods of high market volatility and substantial information flow, the risk of abnormal trading may increase. This trend is consistent with studies of the capital markets in several countries, including the United Kingdom and Australia.

However, during 2022–2023, ATVR declined to approximately 11%, reflecting an improving trend in market integrity. This was consistent with the period in which measures were implemented to strengthen the supervision of listed companies, including the enhancement of internal control systems and corporate governance in the business sector.

For 2024, although ATVR increased slightly due to stock price volatility before the announcement of operating results that differed from market expectations, the study, when viewed from a long-term perspective, continued to reflect an ongoing improvement in the transparency and integrity of the Thai capital market.

When considered together with the accompanying figure, the key indicators—MCS, ATVR, and PATR—can be seen to have moved in the same direction. They increased markedly in 2020 before gradually declining in subsequent years and stabilizing at lower levels in later periods. This reflects

improvements in the integrity of the Thai capital market, despite some volatility during certain periods.

Thailand's capital market shows an improving trend in market integrity, while new challenges continue to emerge. Market integrity therefore serves as an indicator that provides an overview of the capital market and enables changes to be monitored in a concrete manner. This allows regulatory authorities and capital market business operators to further study and apply the findings in formulating policies for capital market development and supervision, while promoting corporate governance standards in the capital market, thereby helping to strengthen investor confidence effectively over the long term.

Note:

* Accounts that bought securities before the announcement in the case of positive news, or sold securities before the announcement in the case of negative news, where such accounts exhibited trading behavior that changed significantly from the past and were also able to generate profits from price movements after the announcement. Therefore, PATR focuses on analysis from the individual investor account dimension, unlike MCS and ATVR, which analyze from the securities dimension.