# Advancing Thai Capital Market Competitiveness & Attractiveness

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## Setting the Scene

- **Market sizes:** Thailand's market capitalization to GDP has expanded significantly compared to ASEAN peers (from ~20% in 2000 to ~100% in 2024), before declining to ~75% in H1 2025.
- **Regional ranking:** Thai equities are ranked in the top tier of regional sustainability indices, yet MSCI Asia ex Japan weighting dropped 44% and constituents fell from 42 to 19 in three years.
- **Capital raised:** IPO activity slowed in the past two years, especially large-cap and technology IPOs.
- **Liquidity:** Thailand's turnover ratio is among ASEAN's highest (second to Singapore), but the 10-year average return remains low at 1.2%.
- **Listed company performance:** Thailand's payout ratio (66%) is among the highest in the region, but Price-to-Book low (1.1 times) and ROE moderate (6.8%).
- **Investors:** Retail investors' trading values remain high compared to the region but declining, while household savings grow 7.4% vs. 9% in APAC.

## Challenges

- **Economic Volatility:** Driven by both domestic and external factors.
- **Capital Market Competition**: Intensified by foreign markets and alternative investment.
- **Industry concentration:** Dominated by traditional industry (80% market cap.)
- **Investor Confidence:** Undermined by past misconduct of market participants
- **Intermediary Services:** Financial products and service offerings remain limited.
- **Technological and Digital Transformation**

# Advancing Thai Capital Market Competitiveness & Attractiveness

## 1. Quality Demand

D1. Cultivate Long-term investment culture through Individual Investment Account

D2. Enhance institutional investors' role (PVD/pension/insurance) to increase Thai equity allocation

## 2. Attractive Supply

S1. Attract quality listing (new economy/ foreign) to drive new growth

S2. Scale up listed firms' quality to enhance value (Jump+ & Value Up programs)

S3. Streamline IPO & foreign listing process to boost fundraising & competitiveness

S4. Facilitate funding and strengthen the potential of SMEs and the new economy

S5. Drive ESG performance and unify ESG reporting standards

## 3. Trusted Market

T1. Strengthen CG of listed firms

T2. Elevate standards for gatekeepers' supervision

T3. Leverage technology to broaden access to financial information of small-medium listed firms and reduce the burden in preparing information in English report

## 4. Supportive Ecosystem

E1. Enhance capacities of domestic professional players

E2. Tokenize bonds & investment units to promote public investment

E3. Review market microstructure to align with trading behavior and ensure fairness across investor types

E4. Encourage listed firms to facilitate the use of e-proxy voting by foreign investors to reduce barriers

## 1. Quality Demand

| Recent Measures & Achievements | Way Forward | Intended Outcome |
|---|---|---|
| ▪ **ThaiESG Fund**<br>**>** Encourage investment in ESG-focused companies via tax incentives<br><br>▪ **Vayupak Fund**<br>**>** Boost demand and stabilize domestic market via government fund with minimum-return waterfall structure<br><br>▪ **Leveraged & Inverse ETFs**<br>**>** Broaden range of active funds | **D1. Cultivate Long-term investment culture through Individual Investment Account** | ▪ Enabling investors to convert savings into long-term investments and diversify across a wide range of asset classes<br>▪ Expanding the investor base to new segments<br>▪ Enhancing investment services in the equity market and broker-offered products<br>▪ Establishing investor data hub (wealth aggregator) |
| | **D2. Enhance institutional investors' role** (PVD/pension/insurance) | ▪ Growing professional investor base<br>▪ Boosting long-term investment to reduce volatility<br>▪ Adjusting the allocation between risky and risk-free assets to ensure sufficient long-term returns |

# 2. Attractive Supply

## Recent Measures & Achievements

- **Value Up Program**
  > Mechanism to elevate CG in listed companies
- **Jump+**
  > Promotes listed firms to disclose value & profit-enhancement plans for investor decisions
- **Tighten backdoor listing criteria**
  > Consistent with IPO standards

| Way Forward | Intended Outcome |
|---|---|
| **S1. Attract quality listing** (new economy/foreign) to drive new growth | ▪ Promoting quality listings through a diverse range of products<br>▪ Attracting quality firms that contribute to market growth |
| **S2. Scale up listed firms' quality to enhance value** (Jump+ & Value Up Program) | ▪ Promoting the growth and visibility of listed companies to enhance their overall firm value |
| **S3. Streamline IPO & foreign listing process** to boost fundraising & competitiveness | ▪ Fundraising with quality and optimal timing<br>▪ Boosting attractiveness & competitiveness of Thai capital market |
| **S4. Facilitate funding and strengthen the potential of SMEs and the new economy** | ▪ Facilitating capital access for SMEs and startups<br>▪ Enhancing market liquidity on LiVEx |
| **S5. Drive ESG performance and unify ESG reporting standards** | ▪ Setting ESG performance targets & culture for listed firms<br>▪ Providing material of ESG disclosure with independent assurance<br>▪ Standardizing ESG reporting (ISSB) |

# 3. Trusted Market

## Recent Measures & Achievements

- **Legal amendments to enhance corporate governance and enforcement**
- **Strong securities issuers projects**
  - > **Elevate Interim MD&A reporting** to support investment decisions
  - > **Revise Material Transaction - Related Party Transaction guidelines** to strengthen investor protection
  - > **Propose legal amendments on share pledging** to require disclosure of executives' and directors' securities obligations
  - > **Develop Internal Audit profession** by communicating and promoting effective role execution
  - > **Tighten Financial Advisory oversight** by requiring factsheet disclosure and e-approval system
  - > **Monitor/oversight audit quality, take action against underperforming auditors** by providing training on ESG assurance & IT

| Way Forward | Intended Outcome |
|---|---|
| **T1. Strengthen Corporate Governance of listed firms** to prevent and detect misconduct | ▪ Enhancing internal control mechanisms to help detect and prevent fraud<br>▪ Raising awareness and developing essential knowledge for directors to safeguard against corporate misconduct |
| **T2. Elevate standards for gatekeepers' supervision** to deter misconduct | ▪ Empowering corporate control mechanisms to curb inappropriate actions |
| **T3. Leverage technology to broaden access to SMEs' financial information** and enhance investor capabilities | ▪ Providing decision-making information to investors and enhancing access to information on small-medium size firms<br>▪ Reducing the reporting burden on listed companies in preparing information in English |

# 4. Supportive Ecosystem

## Recent Measures & Achievements

- **Tokenized government loans**
  > Pilot tech-driven fundraising infrastructure to raise awareness and broaden retail investor access
- **Securities Bureau**
  > Sharing investors' collateral information across securities firms to strengthen risk management
- **Open data**
  > Establish framework and use cases to enable effective utilization of investor data (e.g., financial planning)
- **Upgrade ESG rating to align with global standards**

| Way Forward | Intended Outcome |
|---|---|
| **E1. Enhance capacities of domestic professional players** | ▪ Strengthening the role of intermediaries in creating a wider variety of investment products and leveraging advanced technology |
| **E2. Tokenize bonds & investment units** to promote public investment | ▪ Enhancing efficiency in capital market transactions<br>▪ Fostering fair & inclusive investment opportunities<br>▪ Driving the transition towards a fully digital capital market |
| **E3. Review market microstructure** to align with trading behavior and ensure fairness across investor types | ▪ Reviewing market microstructure to align with trading behavior<br>▪ Facilitating retail investment with reduced board lot |
| **E4. Encourage listed firms to facilitate the use of e-proxy voting by foreign investors** to reduce barriers | ▪ Enabling shareholders to choose e-proxy or paper for AGM participation |