MEASURING MARKET INTEGRITY

Insights and metrics for Thailand’s capital market

Research and Data Department 2025

MARKET INTEGRITY
สำคัญอย่างไร ?

Market Integrity → **Trust & Confidence**

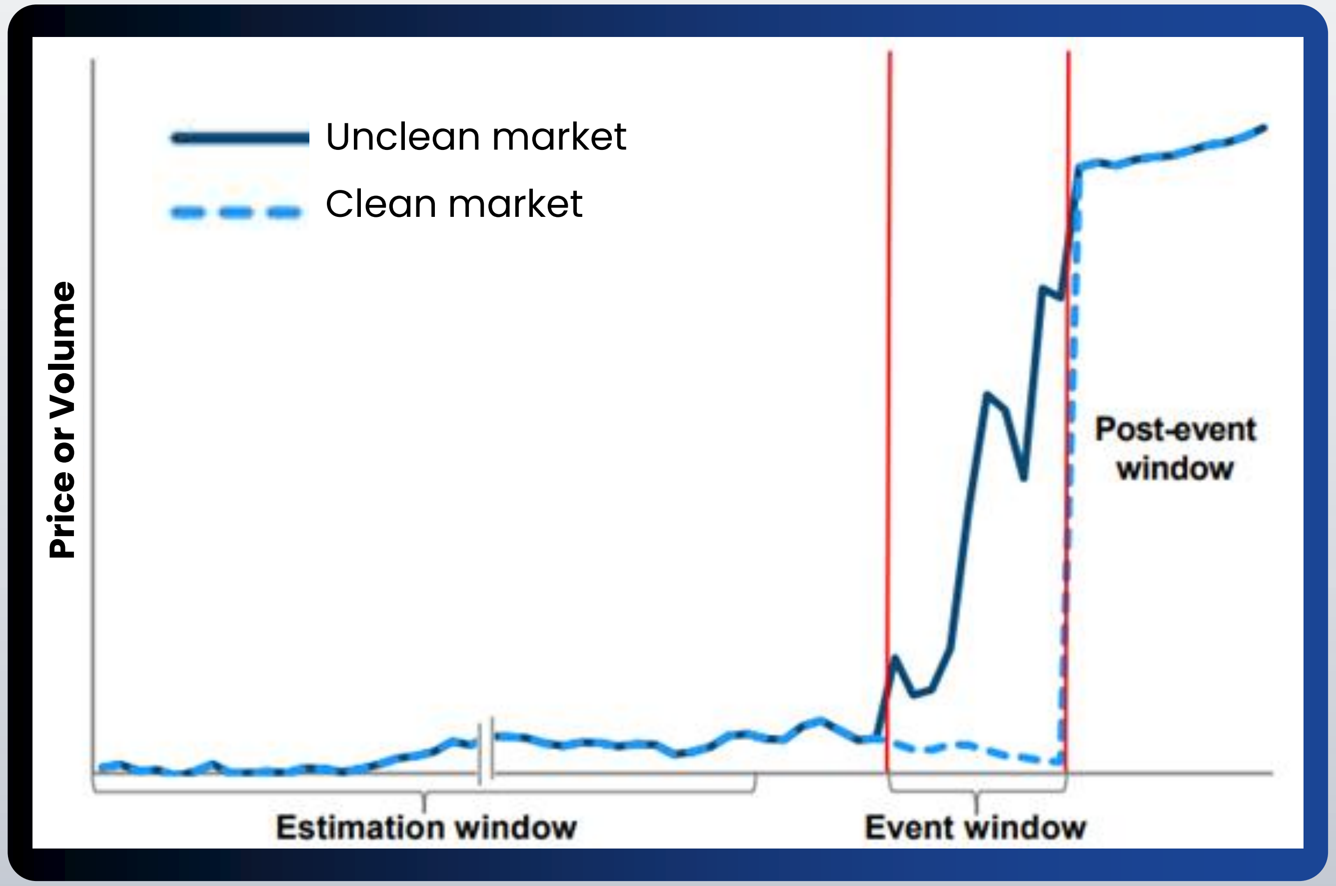
Market integrity *is the extent to which a market operates in a manner that is, and is* ***perceived to be, fair and orderly*** *and where* ***effective rules are in place and enforced by regulators*** *so that confidence and participation in the market is fostered.*

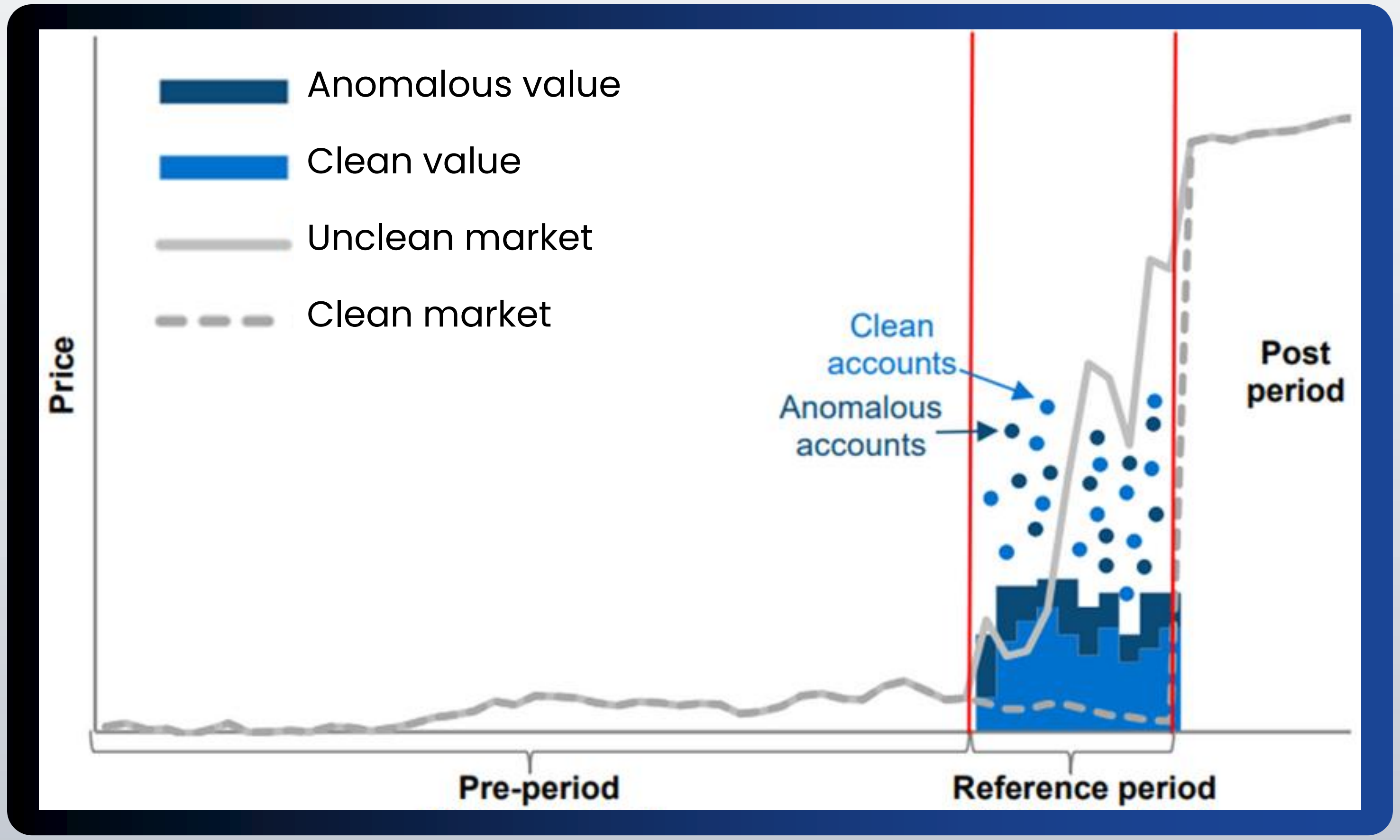
Source: IOSCO (2011)

Indicators for Measuring Market Integrity

A common feature is that abnormal price or volume movements ahead of a significant event.

Broad-based (event-level)		Behavior-based (account-level)
1 MCS	**2 ATVR**	**3 PATR**
Market Cleanliness Statistic	**Abnormal Trading Volume Ratio**	**Potentially Anomalous Trading Ratio**
Captures **price run-ups or drops** before announcements	Captures **unusual volume**, even when price doesn't move much	Captures **unusual trading behavior** in account-level
Source: FCA, 2006 & ASIC, 2016 & NZ FMA, 2018	Source: FCA, 2019 & NZ FMA, 2018	Source: FCA, 2020 & ASIC, 2016

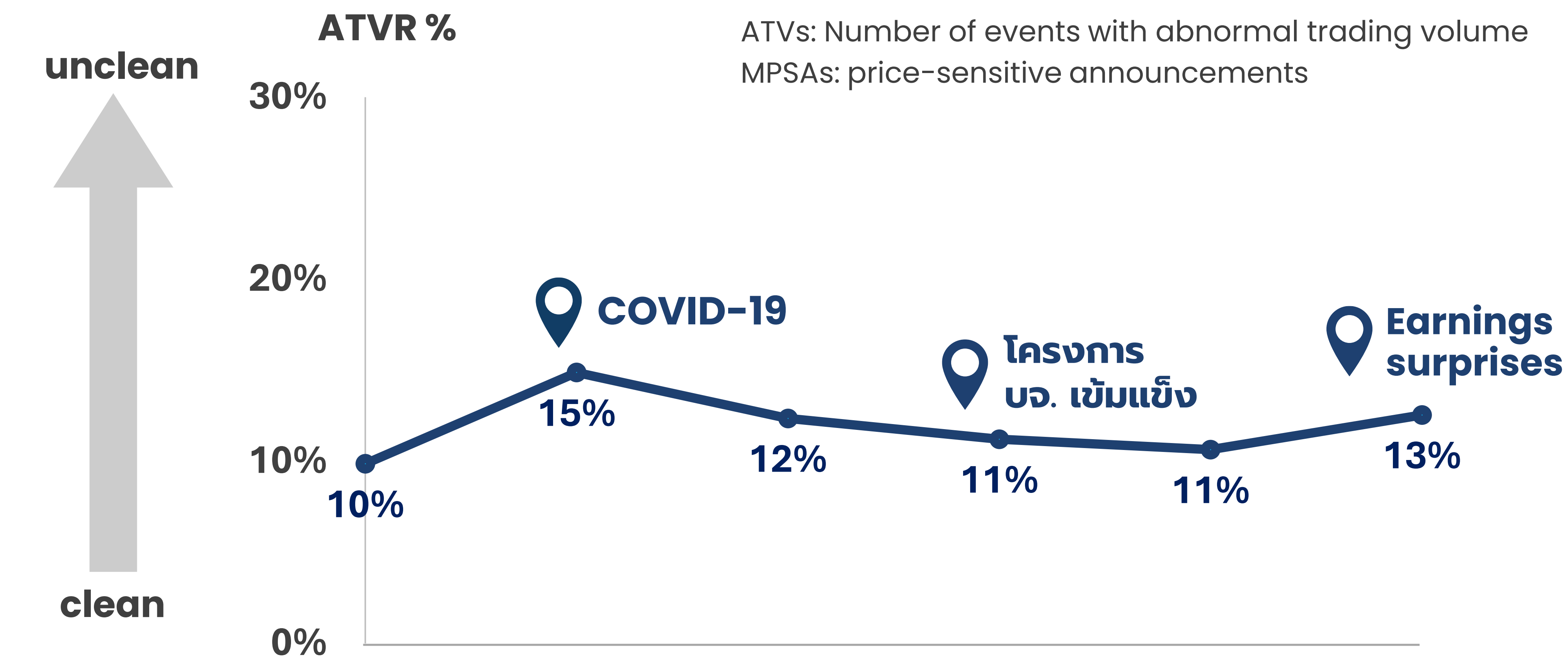




Trends and Insights from Market Integrity Indicators

Thai Equity Market Perspective, 2019 – 2024

ATVR



Announcements	2019	2020	2021	2022	2023	2024
ATVs	37	79	55	36	43	59
MPSAs	375	531	445	321	404	470

Source: Calculated by Research and Data Department (2025)

$$\text{ATVR (\%)} = \frac{\text{Number of events with abnormal trading volume (ATVs)}}{\text{Number of price-sensitive announcements (MPSAs)}}$$

The analysis results from **broad-based** indicators

- The long-term trend of market integrity has improved
- Market Cleanliness Statistic also supports these findings

Strategic actions

- Strengthening Good Governance of Listed Companies Project (โครงการ บจ. เข้มแข็ง)

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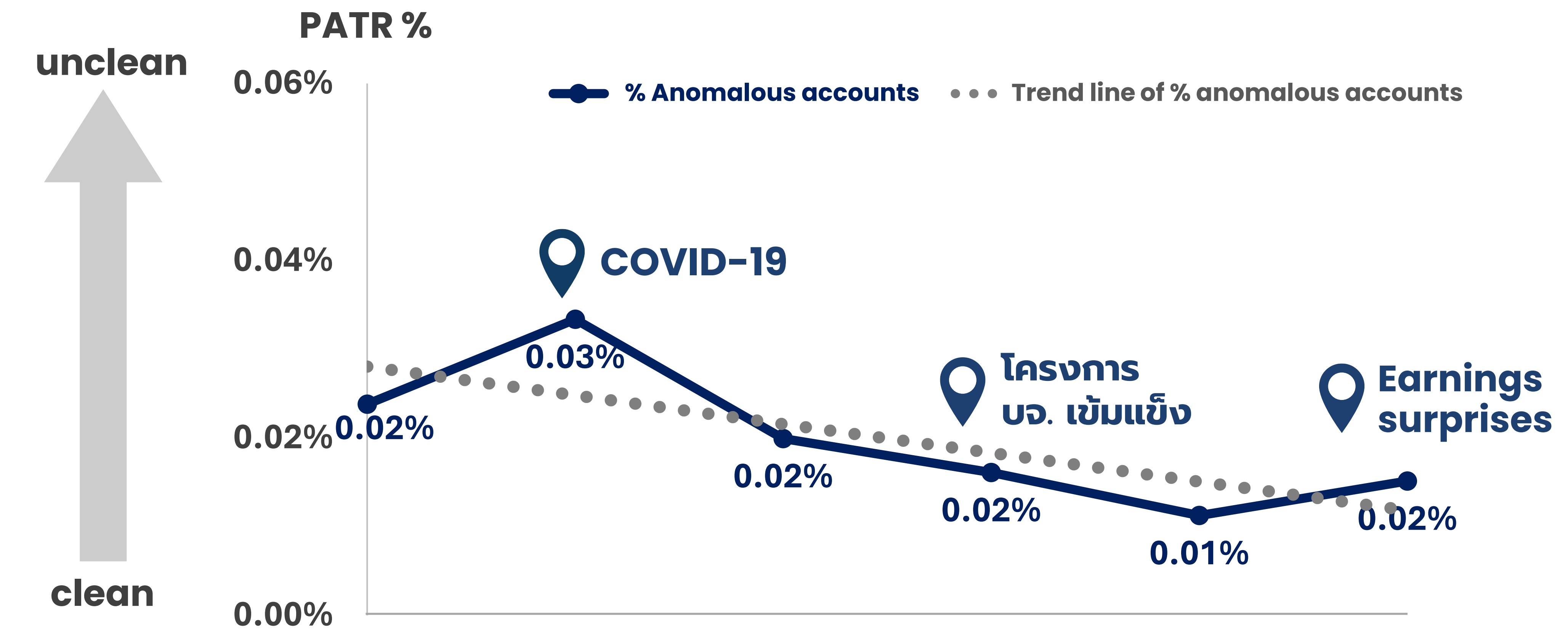
PATR



Accounts	2019	2020	2021	2022	2023	2024
Anomalous accounts	229	401	284	247	182	285
All accounts	960,907	1,200,675	1,424,024	1,533,272	1,615,945	1,880,363

Source: Calculated by Research and Data Department (2025)

$$\text{Anomalous accounts (\%)} = \frac{\text{Number of anomalous trading accounts ahead of MPSAs}}{\text{Total number of trading accounts ahead of MPSAs}}$$

MPSAs: price-sensitive announcements

Anomalous accounts identification

- Gaining benefits from the direction of post announcement price responses
- Abnormal volume trading direction
- Abnormal trading volume
- Portfolio concentration shifts

The analysis results from **behavior-based** indicators

% of anomalous accounts, confirming that market integrity has improved

Strategic actions

Abnormal trading behavior is just a red flag signal that requires further investigation

END

APPENDIX

Use Cases of Market Integrity Indicators by Regulators

ASIC

ASIC - Investor Confidence

Australians can be confident in the integrity of our equity markets: ASIC report

Published **24 July 2024** MEDIA RELEASE (24-162MR)

Source: 24-162MR Australians can be confident in the integrity of our equity markets: ASIC report | ASIC

ASIC - Public Disclosure

annual reports, statistics & research notes

Source: ASIC report (2024) REP 786 Equity market cleanliness snapshot report

FCA

FCA - Policy decision & monitoring

Outcome 3: **Financial firms and issuers are more resilient to market abuse, having robust systems and controls, high-quality reporting practices and a strong anti-market abuse culture.**

How you will know we are succeeding

By 2030, we will be able to report:

Improvements in our market cleanliness, and abnormal and anomalous trading statistics.

Source: Our strategy 2025 to 2030 & 6. Delivering assertive action on market abuse | FCA

FCA - KPI (Strategic outcome)

Market integrity and strategic approach

“This dynamic interaction across our own capabilities and harnessing the product of the market itself not only raises the integrity bar, it has significantly improved our radar for detecting market abuse”

Source: FCA News (2020) Market integrity and strategic approach | FCA

Trends and Insights from Market Integrity Indicators

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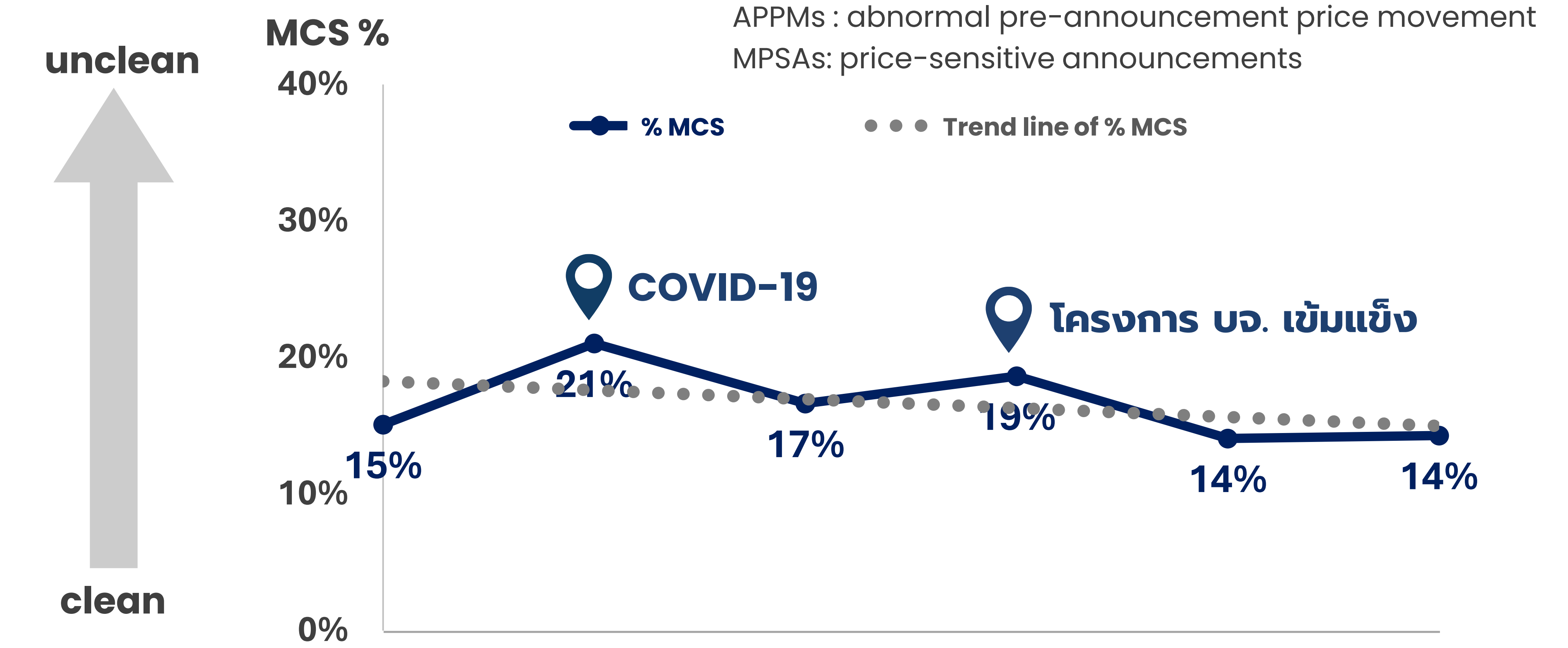
MCS



Announcements	2019	2020	2021	2022	2023	2024
APPMs	70	150	85	68	67	78
MPSAs	464	713	511	365	476	546

Source: Calculated by Research and Data Department (2025)

$$\text{MCS (\%)} = \frac{\text{Number of events with abnormal pre-announcement price movement (APPMs)}}{\text{Number of price-sensitive announcements (MPSAs)}}$$

The analysis results from broad-based indicators

- The long-term trend of market integrity has improved
- Abnormal Trading Volume Ratio also supports these findings

Strategic actions

- Strengthening Good Governance of Listed Companies Project (โครงการ บจ. เข้มแข็ง)

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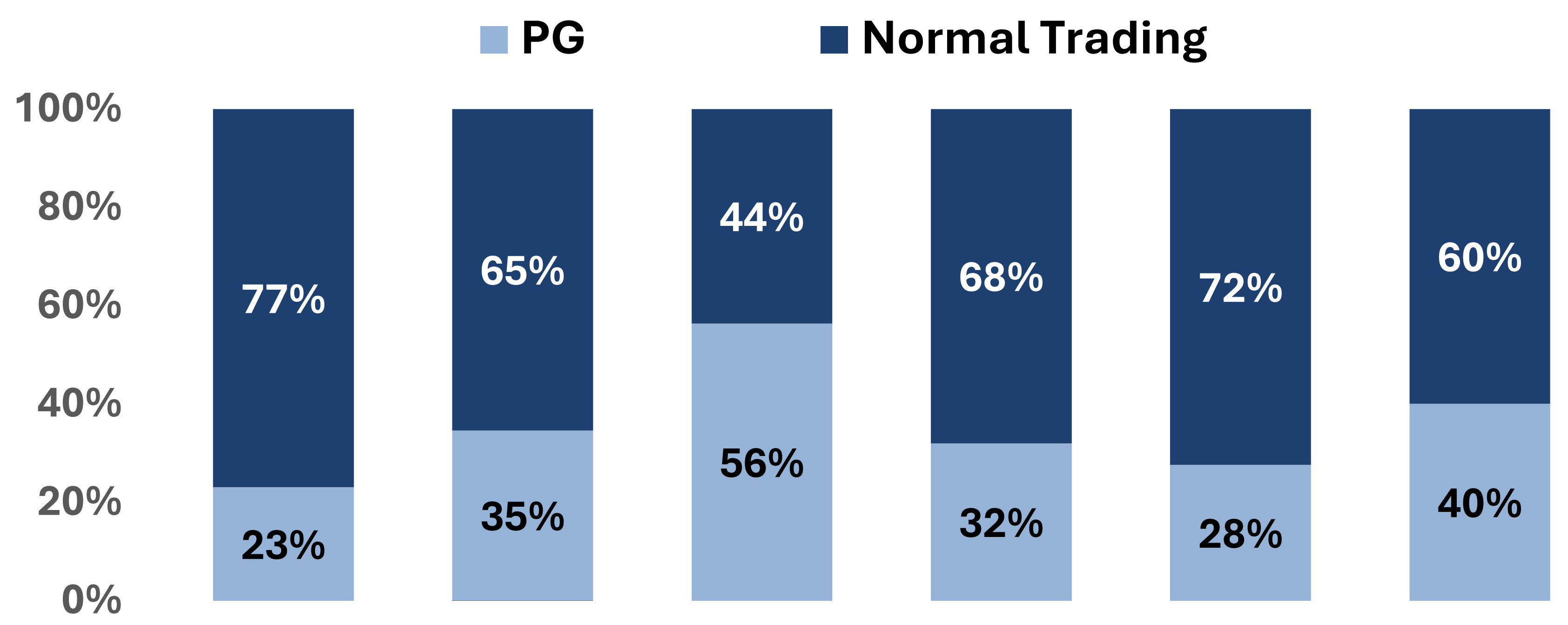

Anomalous value by investor types (million)	2019	2020	2021	2022	2023	2024
Normal Trading	7,541	6,093	3,371	3,727	5,220	4,466
PG	2,265	3,225	4,362	1,756	1,994	2,987
Anomalous value	9,806	9,324	7,733	5,483	7,214	7,452
Total value	227,702	407,381	195,110	216,382	228,343	199,754

HFT classification: Filtered for HFT based on assumed account characteristics and trading behavior.

Anomalous value by investor types

- **Normal trading dominates anomalous accounts**
- **Program trading having a larger share of value, while HFT activity was almost nonexistent**