



## Legal Alert | Capital Markets

### Thailand Capital Markets: Legal Framework and Investor Regulations

Thailand's capital markets have evolved into one of Southeast Asia's most sophisticated financial ecosystems—serving as vital engines for economic growth, corporate fundraising, and cross-border investment. Anchored by a strong legal and regulatory foundation, the Thai capital markets offer a wide spectrum of opportunities for both local and foreign investors.

However, navigating this landscape requires more than commercial instinct—it demands a thorough understanding of the underlying legal framework, regulatory compliance obligations, and evolving policy trends. This article provides a high-level overview of Thailand's capital markets regulatory regime, highlights key legal considerations for investors, and underscores the importance of legal preparedness in making informed and strategic investment decisions.

#### Overview of Thailand's Capital Markets

Thailand's capital markets are broad and multifaceted, offering a wide range of investment vehicles across equity, debt, and derivatives instruments. The primary components include:

**Equity Markets:** Thailand's equity markets are structured under the Stock Exchange of Thailand (SET), with three distinct platforms catering to different stages of corporate development:

- **SET:** The main securities trading platform for well-established, large-cap corporations that adhere to rigorous financial and corporate governance standards.
- **mai (Market for Alternative Investment):** Tailored for growth-oriented SMEs, offering more flexible listing requirements while maintaining strong investor protections.
- **LiVE Exchange (LiVEx):** Launched in July 2022, LiVEx targets startups and early-stage companies by providing a regulated but proportionate environment. Operating under SET's oversight, LiVEx is designed to bridge the gap between private fundraising

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and full public listing, supporting innovation-driven enterprises at their critical growth phase.

**Debt Market:** This market facilitates the issuance and trading of both government and corporate bonds, playing a vital role in public and private sector financing.

**Derivatives Market:** The Thailand Futures Exchange (TFEX) administers and provides a platform for trading a variety of futures and options on a variety of underlyings such as equities, debt instruments, commodities, and currencies under the Derivatives Act B.E. 2546 (2003).

These markets operate under the regulatory supervision of the Securities and Exchange Commission (SEC), Thailand's primary regulator, tasked with ensuring market integrity, transparency, and investor protection. Both SET and SEC work together to uphold a well-regulated and efficient market.

### Economic Landscape and Strategic Considerations for Investors

Investment decisions in Thailand's capital markets are inextricably linked to the country's broader economic fundamentals. While global headwinds continue to test investor confidence, Thailand has demonstrated relative resilience, with GDP growth stabilizing between 2.5% and 3.5% in recent years. This modest but consistent trajectory is underpinned by a range of structural and policy-driven factors that contribute to a generally favourable investment climate.

Notably, the government has made significant investments in infrastructure, including transportation, logistics, and energy systems, which are designed to position Thailand as a regional connectivity hub. Parallel to this, strategic initiatives to accelerate the country's digital transformation—including the Thailand 4.0 agenda—have spurred innovation across key sectors. Additionally, Thailand's active participation in ASEAN trade agreements and regional supply chain integration continues to enhance its appeal as an investment destination for both regional and global capital.

### Emerging Market Trends and Regulatory Responses

Thailand's capital markets are undergoing a period of transformation, shaped by global trends and evolving investor expectations. The regulatory authorities, most notably the Securities and Exchange Commission (SEC), have demonstrated a willingness to adapt, issuing new rules and policy guidance aimed at aligning the capital markets with international best practices and future-facing investment themes. Key developments include:

**ESG Integration:** Environmental, Social, and Governance (ESG) considerations are now part of Thailand's capital market landscape. There

## About Us

### Capital Markets Practice Group

Praised by our clients for providing cutting-edge advice on complex securities and regulatory matters, our capital markets practice continues to represent many companies in their IPO transaction covering various sectors. We advise our clients on pre- and post-issue matters such as corporate restructurings, debt refinancing and liability management including a complete solution for evaluating capital market issues ensuring the correct set up for tax optimization through pre-IPO strategies.

is a growing suite of ESG-focused mutual funds and Exchange Traded Funds (ETFs) that have emerged to meet investor demand. These initiatives reflect a broader regulatory and market consensus that long-term value creation must be aligned with responsible business conduct.

**Digital Asset Regulation:** Recognizing global momentum in digital assets, the SEC enacted the Digital Asset Businesses Decree B.E. 2561 (2018) followed by the Emergency Decree on Digital Asset Businesses (No. 2) B.E. 2568 (2025) (Digital Asset Business Law) and the Emergency Decree on Measures for the Prevention and Suppression of Cybercrimes (No. 2) B.E. 2568 (2025) (Cybercrime Law), elevating restrictions on foreign digital asset platforms engaging in solicitation or advertising services to investors in Thailand. These reforms intend to incorporate digital assets into the supervised capital market framework to enhance investor safeguards by mandating licensing, consumer protections, and cybersecurity standards.

### Legal & Regulatory Framework

At the heart of Thailand's capital markets lies a comprehensive legal framework designed to ensure accountability, fairness, and investor confidence. As mentioned above, the Securities and Exchange Commission (SEC) acts as the main supervisory authority, responsible for formulating policies, licensing market participants (such as brokers and advisors), overseeing securities offerings, and enforcing regulations. Its mandate is to ensure market integrity, promote fairness, and protect investors.

The Securities and Exchange Act B.E. 2535 (1992) is the cornerstone legislation of Thailand's capital markets. It governs the issuance and trading of securities, the operations of securities businesses, and the prevention of unfair trading activities, such as insider trading and market manipulation. The Act also establishes the powers and responsibilities of the SEC, including the authority to issue subordinate regulations, grant and revoke licenses, conduct investigations, and impose administrative sanctions. Notably, the Act includes provisions on mandatory tender offers, disclosure obligations for listed companies and major shareholders, and corporate governance requirements aimed at enhancing transparency and investor protection.

While foreign investment in Thai capital market is encouraged, general limitations on foreign ownership can exist in certain sectors (often around a 49% threshold). However, exceptions and specific rules may apply, particularly for investments promoted by the Board of Investment. In the capital market context, foreign investors typically access the Thai capital markets through licensed brokers or by utilizing instruments such as Non-Voting Depositary Receipts (NVDRs), which allow them to enjoy investment benefits (e.g., dividends, capital gains) without direct voting rights. Additionally, the Foreign Limit Monitoring System maintained by

the Stock Exchange of Thailand (SET) provides transparency on foreign ownership levels in listed companies.

### Legal Considerations for Capital Market Investors

Participating in Thailand's capital markets—whether as a foreign or domestic investor—requires more than financial acumen. Understanding and complying with key legal and procedural frameworks is vital to navigating the market effectively and managing risk. The following considerations are essential:

- **Legal Due Diligence**

Comprehensive due diligence is a critical first step before placing any of your investment into it. This includes evaluating the target's corporate governance practices, regulatory compliance status, financial position, and any history of disputes or litigation.

- **Regulatory Compliance**

Investors must adhere to disclosure and reporting obligations set by the Securities and Exchange Commission (SEC), along with foreign exchange rules overseen by the Bank of Thailand. With increasing scrutiny on data protection, compliance with the Personal Data Protection Act (PDPA) is particularly relevant when investor or customer data is involved.

- **Contractual Protections**

All investment agreements, brokerage contracts, and partnership agreements should be thoroughly studied. It is highly recommended to have a legal advice company go over such documents to lower your risks and safeguard your interests, especially for investments in real estate law related areas or renewable energy projects.

Investment agreements not limited to shareholders, joint ventures, and brokerage contracts should be carefully studied. A capable legal advisor can go over such contracts to lower the risks and safeguard investor interests, especially for investments that include real estate law related areas or renewable energy projects.

- **Tax Considerations**

Tax planning should be integrated early in the investment process. Key issues include withholding taxes on dividends and interest, capital gains tax exposure (which may vary based on residency and tax treaties), and transfer pricing compliance. For multinational investors, Thailand's adoption of the OECD's global minimum tax regime—effective January 2025—adds another layer of strategic planning.

Investing in Thailand's capital markets provides significant prospects, but it demands a deep grasp of the fundamental legal frameworks and rigorous adherence to compliance responsibilities supervised by the SEC. The necessity of receiving adequate legal assistance cannot be emphasized, particularly when negotiating restrictions affecting foreign investment in Thai capital markets, completing extensive due diligence, and ensuring the right execution of all transactions.

### **How Kudun & Partners' Capital Markets Practice Can Help**

Kudun & Partners stands at the forefront of Thai capital markets legal advisory, guiding clients through complex issues—ranging from IPOs and bond offerings to ESG, crypto regulation, and cross-border investment.

As one of the full services top law firms in Thailand, we advise clients through regulatory compliance, IPO procedures, public offerings, private placements, and securities legislation. Contact us now to see how our corporate law firm can help you reach your capital market goals.

For more information, please get in touch with our capital market advice, or alternatively, please contact the authors at [thitawan.t@kap.co.th](mailto:thitawan.t@kap.co.th) or [rujisaya.b@kap.co.th](mailto:rujisaya.b@kap.co.th) or visit [www.kap.co.th](http://www.kap.co.th)

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