

Independent Study Title	THE EFFECT OF TRADING HALTS EVIDENCE FROM STOCK EXCHANGE OF THAILAND
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Academic Years	2014

## **ABSTRACT**

Trading Halts policy has been widely used in many countries as a tool to reduce market volatility. Although the policy maker claims that it can reduce the stock volatility, the effect of trading halts is still disputed among literatures. Surprisingly, there is little evidence regarding the effect of trading halts from Stock Exchange of Thailand. This paper will study the effect of halts on the stock return, trading volume and stock volatiles through an event study methodology. Our results show that trading halts are associated with a significant release of new information. Trading halts affect to the stock return, trading volume and stock volatility. We find stock price adjust completely to the new information during halts announcement. And we also find increase in trading volume occur when trading resumes after halts period. However, we find that the median stock return variance of pre-halts period is not significantly different from that of the post-halts period. It means that trading halts did not increase the volatility of stock price. Overall, our results show the efficacy of trading halts in disseminating the new information. Hence, the policy maker or regulator success to use trading halts policy in forcing the firms to disclose new information.

**Keywords:** Trading halts, Stock return, Trading volume, Volatility