A Study On Insider Trading With Special Reference To Indian Market

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Abstract

Insider trading means dealing in the share and securities of a company by the insiders who has secret and confidential information which is not known to the public in order to make personal profits or to avoid losses. Such an activities are very rampant nowadays in a developing country like India due to lack of stringent laws in this regard. Insider is a person who has access to or has otherwise received any unpublished price sensitive information by virtue of his dominant position in a company. This kind of activities on the part of insiders are the breach of their fiduciary duty towards the company. Insider trading is morally and legally not acceptable because it will adversely affect the economy of the country. It will lose the trust of the general public and will also be detrimental to the integrity and sanctity of stock market. Insider trading is in fact an economic offence which need to be checked on a serious note because it has tendency of hampering the healthy growth of stock market and will also slow down the capital flow and foreign investment.

This research paper will review the insider trading provisions in India and compare the Indian laws with the laws of the other developed countries in this respect. The study will also try to find out possible solutions in order to diminish this kind of practices in India. Doctrinal method will be adopted to achieve the goal.

Keywords: *Insider Trading, Indian Market, Regulation, Prohibition.*

Introduction

Insider trading is a controversial practice in the stock market all around the world that has long dismayed investors, authorities, and the general public. It is a kind of malpractice which gives opportunity to the insider people associated with the public company to utilize the unpublished price sensitive information about stocks for their personal gain and to avoid their personal losses. This kind of illegal activity includes buying and selling of company's share based on secret, material and confidential information about the company at the cost of the interest of shareholders and general public. Insider trading is considered to be unfair to the other investors who generally have no access to such information like insiders and also have less chances of making larger profits.

Insider trading – Meaning: Insider trading means trading of stocks and other securities of a listed company by the insiders of the company like employee, director, promoter and executives etc. They use the material information relating to the company that can affect the stock price which has not yet disclosed in the public domain. The use of strategic information relating to company by the key managerial personnel for their personal benefit is highly prohibited by the Security Exchange Board of India for promoting the growth of stock market and protecting the interest of innocent investors. SEBI considers insider trading as an economic offence because other investors are at a great disadvantage dues to non-access of unpublic insider information.

Insider- meaning:

As per SEBI (Prohibition of Insider Trading) Regulations, 2015, Insider means any person who is:**(i)** a connected person or**(ii)** In possession of or having access to unpublished price sensitive information.[1]

According to Regulation 2(d**)**Connected person means –

[1] Regulation 2(g) SEBI (Prohibition of Insider Trading) Regulations, 2015

Any person who is or has during the 6 months prior to the concerned act been associated with a company, directly or indirectly, in any capacity including by reason of frequent communication with its officers or by being in any contractual, fiduciary or employment relationship or by being a director, officer or an employee of the company or holds any position including a professional or business relationship between himself and the company whether temporary or permanent, that allows such person, directly or indirectly, access to unpublished price sensitive information or is reasonably expected to allow such access.[2]

History of Insider Trading in India:

India is a fastest growing economy of the world therefore it is obvious that along with its economic development the possibility of financial crime cannot be avoided. Insider trading is also a kind of financial crime which is associated with the stock market. Insider trading is practiced in India long back since 1940s. Some of the cases of insider trading by the directors, promoters and other insider employees were reported at that time. It was the time when companies were not disclosing its financial status, issue of bonus share and other information regarding dividends.

Due to this it became easy for the insiders to make personal profit by using such sensitive information and investors of that time was also ignorant of the term insider trading and illegal profits made by the insiders by hiding such material information. Consequently, the government constituted *Thomas Committee* in 1948 under the chairmanship of P.J. Thomas. In its report the committee mentioned cases of directors, agents, officers, auditors possessing material information regarding economic conditions of the company regarding the size of the dividends to be declared, or of the issue of bonus shares or the awaiting conclusion of a favourable contract prior to public disclosure.[3]

[2] Ibid Regulation 2(d)
[3] *See*, At paragraph 63 of Chapter VI titled 'The Indian Security Market as It Is' of Report on the Regulation of the Stock Exchanges in India – 1948 (P J Thomas), available at http://www.sebi.gov.in/History/HistoryReport1948.pdf/, last seen on 04/07/2023.

After that in order to curb insider trading in India, Secs 307 and 308 were incorporated in Companies Act 1956, on the recommendation of the Company Law Committee[4], which required the directors and managers of the company to disclose their shareholding.

1970s was the era when insider trading was recognised as an undesirable practice. The first insider trading case was reported in Indian in the year 1972 which is also known as Garware Nylon case.[5] In this case the price of the security increased a lot due to the rumour in the market that company is going to propose a bonus issue. But after few days the company's chairperson denied the fact which resulted in the considerable decrease in the price of the Company shares. The management of the company bought a bulk amount of share after that the company announced the bonus issue of share. This announcement resulted in heavy losses to the public investor, but the insiders of the company made a huge profit.

Since the provisions prohibiting insider trading in India were inadequate, a series of committees recommended constitution of separate statute regulating insider trading in India. Some of the committees are as follows:

Sachar Committee (1979): The committee its report recommended that insider employees of the companies like company director, statutory auditor, accountant, tax and management consultant or advisor and legal advisor etc. might have certain price sensitive information which they can use for their own benefit and could affect the market sentiments therefore all public companies are required to maintain a register disclosing dealings in shares of the company by the above persons including dealings by their spouses and dependent children and also of those persons who are in full time employment of the company and drawing a salary of three thousand rupees or more per month.[6]

[4] Report of the Company Law Committee, 1952.
[5] 1980 CENCUS 256 D, 1980 (6) ELT 249 Bom
[6] Sachar Committee Recommendations, No-18.104 (iv)

Patel Committee (1987): The chairman of the committee G. S. Patel made a comprehensive review of the functioning of the stock market and for the first time gave a suitable definition of Insider Trading in their report. He stated that there is absence of specific legislation in India curbing misuse of insider information and recommended *to amend the* Securities Contract (Regulation) Act ("SCRA"), 1956 in order to allow the exchanges to make stringent policies to curb insider trading. It is evident from his report that rampant insider trading in exchanges is one of the principal causes of excessive speculative activity in the country.[7]

Abid Hussein Committee (1989): The committee recommended in its report that civil and criminal liability should also be imposed on persons found guilty of committing insider trading. The committee also suggested that SEBI should formulate strict guidelines and regulations to curb inside trading in India.

Consequently, on the basis of recommendation of all the committees SEBI (Prohibition of Insider Trading) Regulations, 1992were formed which were subsequently amended in 2002. All the listed companies now come under the purview of such regulations.

Laws Prohibiting Insider Trading: By the passing of the time insider trading considerably increased with the growth of stock market. Offenders now becoming more and more smarter leaving behind no footprints to be identified. So, it became indispensable for the SEBI to explore new strategies to bring the offenders of insider trading under control. The report of SEBI reveals that in the financial year 18-19 there was 70 reported cases of insider trading as compared to the financial year 17-18 which was only 15. Among them only investigation of 6 cases were complete during the financial year 17-18 while the investigation for 19 cases were solved during the financial year 18-19.

As per the annual reports of SEBI the number of cases related to insider trading whose investigation was taken during the previous financial year 18-19 was 70 as compared to the number of cases taken up during financial year 17-18 was only 15.

[7] Patel Committee Recommendations, No-7.26

Also, the investigation was completed for only 6 cases during the financial year 17-18, whereas investigation for 19 cases were solved during the previous financial year 18-19.

Role of SEBI in Striking Insider Trading: The regulatory authority for curbing insider trading in India is Security Exchange Board of India gets power to form the regulations for insider trading under the SEBI Act, 1992. The object behind the constitution of SEBI is to protect the interest of investors and promote the development of the stock market. It monitors the insider trading of securities and imposes punishment for committing such offence. In order to keep insider trading under control SEBI has formed the SEBI (Prohibition of Insider Trading) Regulations, 2015 which prescribe the rules of prohibition and restriction of Insider Trading in India.

SEBI Prohibition of Insider Trading Regulations 2015:

The new regulation was introduced with the objective of strengthening the legal framework on insider trading and its execution, as well as to implement the international practices into Indian stock market. The regulation also puts emphasis to clarify the definitions and concepts and regulate the legally valid transactions. It has five chapters, two schedules and 12 regulations.

SEBI rule 15 strictly forbids the transmission of any unpublished price sensitive information unless authorized. It reads as *"No insider shall communicate, provide, or allow access to any unpublished price sensitive information, relating to a company or securities listed or proposed to be listed, to any person including other insiders except where such communication is in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.*[8]

The Regulation of 2015 also prohibits insiders to trade in securities if they are in possession of any unpublished information relating to that security. It reads as "Insider *shall not trade in securities that are listed or proposed to be listed on a stock exchange when in possession of unpublished price sensitive information.*

[8] SEBI (Prohibition of Insider Trading) Regulations, 2015, Rule 3(i)

When a person who has traded in securities has been in possession of unpublished price sensitive information, his trades would be presumed to have been motivated by the knowledge and awareness of such information in his possession."[9]

SEBI (Prohibition of Insider Trading) (Amendments) Regulations, 2018: These Regulations are only applicable to the exchange of listed securities. It is related to "dealing in securities" which involves "buying, selling or agreeing to buy, sell or deal in any securities by any person either as principal or agent, by insiders on the basis of any private confidential information." It prohibits the communication or dissemination of any confidential information, by an insider. However, the communicated or disseminated of information must be unauthorized. The information can be used by the person himself or any other person on his behalf. The contravention of the offence amounts to an offence under the Act and is punishable with imprisonment up to 10 years or a fine up to 25 crores, whichever is higher. The adjudicating officer under the regulation may impose a penalty on any person who contravenes with the provisions of the regulations except for the offence committed under section 24 of the Act. SEBI is also empowered to investigate the cases of insider trading and other related matters.

Penalty for Committing Insider Trading:

As per SEBI Act 1992, insider trading is punishable with a penalty which shall not be less than 10 lakh rupees, but which may extend to twenty-five crore rupees or three times the amounts of profits made out of insider trading, whichever is higher.[10]

The Act also imposes penalties on those found to indulge in fraudulent and unfair trade practices relating to securities. The penalty in such case shall not be less than five lakh rupees but which may extend to twenty-five crore rupees or three times the amount of profits made out of such practices, whichever is higher.[11]

[9] SEBI (Prohibition of Insider Trading) Regulations, 2015, Rule 4
[10] Sec 15G SEBI Act, 1992.
[11] *Ibid* Sec 15HA

Not only that any person who fails to comply with any provision of this Act, the rules or the regulations made, or directions issued by the Board thereunder for which no separate penalty has been provided, shall be liable to a penalty which shall not be less than one lakh rupees, but which may extend to one crore rupees.[12]

Insider trading is also restricted under the Companies Act 2013. It prohibit the director or other key managerial personnel of a company from involving themselves in insider trading.[13] Insider trading was defined under the Act as an act of subscribing, buying, selling, dealing, or agreeing to buy, sell or deal in any securities by any director or key managerial personnel or any other officer of the company either as a principal or agent if he is reasonably expected to have access to any non-public price sensitive information in respect of securities of company.[14]

Laws on Insider Trading in Other Developed Countries:

USA

In United State it is prohibited for a corporate fiduciary to trade generally in the securities of his or her own company on the basis of unpublished material information.[15] Insider trading is regulated in United States according to the provisions of Security and Exchange Commission Rules (SEC) Rule 10 b-5 (anti-fraud rule), Rule 14 e-3 (relating to tender offers) and Section 16 (b) (recovery of short-swing profits) of the Exchange Act.

Rule 10 b-5[16]: The Rule was drawn in consonance with Section 10(b) of the Securities Exchange Act, 1934 which is also known as the anti-fraud rule. It empowers the Securities and Exchange Commission (SEC) to impose restrictions on insider trading. However, these rules do not explicitly prohibit insider trading rather rule 10b 5 makes illegal if any person's act or business practice that amounts to fraud or deceit in relation to the sale or purchase of securities. The U.S. courts have laid down the basis for determining fraud or deceit by an insider.

[12] Ibid Sec 15 HB
[13] Sec 195 Companies Act 2013.
[14] Explanation, Sec 195 Companies Act 2013.
[15] Chiarella v. United States, 445 U.S. 222 (1980)
[16] SEC rule 10b-5, 17 C.F.R § 240.10B-5 (1976)

The court has outlined the principle of fiduciary duty on the part of the person acting as an insider towards the company or the shareholders. If the insider commits a breach of any established fiduciary duty such a person would be considered to be an insider liable for fraud under this Rule. However, the burden of proving that any fiduciary duty existed lies with the Regulator.

Rule 14 e-3[17]:

Rule 14e-3 of the Securities Exchange Act prohibits insider trading during tender offers. This rule states that any person who has direct or indirect access to material non-public information about the start of a tender offer, whether it be from the bidder company or the target company, is prohibited from trading in the target company's securities. Since there is no requirement to demonstrate the existence of a fiduciary duty, this clause differs from Rule 10b-5 in that it outright prohibits insider trading. The Rule does, however, have several exceptions. Rule 14e-3's subsection (1) prohibits purchase made on behalf of an offering person by a broker or an agent. The rule is set up in such a way that bidders are permitted to use outside brokers to make open market open market purchases prior to the filing requirement.

Section 16 (b)[18]:

Section 16(b) of the Securities Exchange Act of 1934, which enables the issuers of securities to recover short-swing profits from an insider, is another significant law with regard to insider trading in the United States. The Securities Exchange Act's Section 16(b) governs corporate insider trading in the United States. According to this clause, insiders are not allowed to make short swing profits (earnings from buy and sell transactions within a period of six (6) months). Whether the perpetrator is in possession of sensitive information is irrelevant. Liability is only assessed if the purchase and sale transactions happened within the legally required six-month window.

[17] 17 C.F.R. § 240.14E-3 (1981)
[18] Securities Exchange Act of 1934, Section 16(b)

United Kingdom:

The Financial Securities and Markets Act of 2000 (the "FSMA") and section 52 of the Criminal Justice Act of 1993 (the "CJA") include the essential provisions relating to insider trading or insider dealing. In line with the European Community Insider Dealing Directive, which views insider trading as a misuse of the market rather than a violation of the insider's fiduciary duties to the company, the CJA of 1993 took a same approach. Instead of company law, insider trading is governed in the UK under securities regulation. The following three offences are included in Section 52 of the CJA, 1993's definition of "insider dealing": (a) dealing, (b) encouraging, and (c) disclosure. These provisions are similar to that of Rule 10b-5 of the U.S. Securities and Exchange Act that regulate and control insider trading in US. Moreover section 119 of FSMA needs Financial Services Authority to publish a Code of Market Conduct (the 'Code'), which offers guidelines for identifying behaviours that constitute market abuse. The Code, notwithstanding its limitations, has the effect of codifying the laws against market abuse.[19]

Cases of Insider Trading in India: The last two decades has witnessed a remarkable growth in insider trading cases in India. Some of the landmark cases are as follows:

[19] https://www.mondaq.com/india/white-collar-crime-anti-corruption--fraud/691054/insider-trading-laws-in-india-vis-%C3%A0-vis-the-us--the-uk, last visited on 20th July 2023

Hindustan Lever Ltd versus SEBI[20]*:* In this case on March 25, 1996, Hindustan Lever Ltd. bought 80,000 shares of BBLIL from the Unit Trust of India. The transaction was made two weeks before the anticipated merger of HLL and BBLIL announce. These two companies are subsidiary of the Unilever corporation and are under the same management in London. Directors of Hindustan Lever Ltd were aware of the transaction and had already purchased BBLIL shares two weeks prior to the announcement. On August 4, 1997, SEBI sent Hindustan Lever Ltd. a show-cause notice requesting an explanation of the purchase of BBLIL shares. According to SEBI, Hindustan Lever Ltd. insiders knew the exact swap ratio before anyone else. Using the knowledge, they bought eight lakh shares at a price of Rs. 320; however, after the merger announcement, the price rose to Rs. 410. Insider trading caused the buyer's significant profit. R Gopalakrishnan, vice chairman of Hindustan Lever Ltd, was found guilty of insider trading by SEBI. Additionally, SEBI ordered HLL to pay three crores in compensation and ordered the Chairman of Hindustan Lever Ltd. to face legal action. The Supreme Court of India is still deliberating on the case.Again, in case *of Rakesh Agarwal versus SEBI*[21] 2003, the managing director of ABS business Private Limited was Rakesh Agarwal. The German business Bayer AG agreed to purchase ABS. *Rakesh Agarwal* was also the negotiator from the side of ABS in negotiations with BAYER company. The brother-in-law of Rakesh Agarwal has been informed about Bayer's acquisition of the ABS company. Rakesh Agarwal directed Mr. IP Kedia his brother-in-law, and he bought 1,82,500 shares for which Rakesh Agarwal also provided funding. Since Rakesh Sharma leaked this unpublished price sensitive information, he was held guilty for insider trading and was directed by SEBI to pay 34 lakhs rupees and also held liable for criminal proceedings under section 24 of the SEBI Act. However, securities appellate Tribunal in appeal Set aside the order on the ground that Rakesh Agarwal did this to security interests of the company.

[20] (818 SCL 311 MOF) 1996
[21] Rakesh Agarwal Vs SEBI. Before SAT 2004, SCL 351.

Another was the case of *Dilip Pendse versus SEBI*[22] 2001, in this case Dilip Pendse was the managing director of Tata finance Ltd. Another company called NishKalpa was listed Co and the subsidiary of Tata finance Ltd. NishKalpa was suffering from huge loss of 80,00,00,000 rupees which was going to affect the profit of Tata finance Ltd also. Dilip Pendse gave this unpublished information to his wife, and she sold over 3 lakh shares of Tata Finance Ltd. that were registered in her name as well as the names of the company owned by her relatives. Following the receipt of a complaint from Tata Finance for engaging in insider trading, SEBI found Dilip Pendse guilty, and he was fired as the head of Tata Finance in 2001. Criminal cases were also lodged against him consequently he was imprisoned. However, the case was dismissed by security appellate Tribunal due to lack of proper evidence against him.

In case *of NDTV vs SEBI 2008*[23], Radhika Roy and Prannoy Roy were the chairman and managing director of NDTV. In 2007 the MD and the chairman of NDTV having knowledge of unpublished price sensitive information bought 48,35,850 shares and within 24 hours of public disclosure of that UPSI they sold the entire share in the stock market. Thus, they made a profit of 16,97,38,335 rupees in this dealing. SEBI upon investigation discovered that they had broken the PIT regulations with SEBI Act of 1992, Regulation 12 of the SEBI Regulations 2015, and the NDTV Code of Conduct. SEBI ordered NDTV's chairman and managing director to deposit the aforementioned sum with interest at a rate of 6% annually and also prohibited them from buying, selling or otherwise dealing in securities, directly or indirectly.

However, the legal philosophy dealing with 'Insider Trading' has developed significantly over the years, and the recent judgements of the Hon'ble Supreme Court in case of *SEBI vs Abhijit Rajan*[24] has liberally interpreted the regulation.

In this case, Gammon Infra Projects Limited's ("GIPL") managing director was the Respondent. The National Highway Authority of India granted GIPL a contract of 648 crores. The NHAI also granted another company, Simplex Infrastructure Ltd ("SIL"), a contract totalling 940 crores. Both businesses had established SPVs on their own to carry out the tasks. In a shareholder agreement, each company agreed to own 49% of the SPV of the other. Later, these agreements were cancelled.

[22] Dilip Pendse Vs SEBI in SAT. Appeal No.62 of 2017
[23] NDTV Pramoters vs SEBI. WP 3581 of 2019, HC of Bombay.
[24] Civil Appeal No.563 of 2020

Rajan sold nearly 70% of his stake in GIPL after the termination but before the information about the termination was made public. Rajan traded while in possession of UPSI, and the regulator determined that this transaction was against the insider trading regulations. Before the SAT, Rajan contested this WTM order. The Tribunal dismissed the AO's order and accepted the appeal. The SAT order was contested by SEBI before the Supreme Court.

The Hon'ble Supreme Court in this case rejected SEBI's appeal on a somewhat different basis while also rejecting all the arguments used to support the SAT judgement and held that "the motive of the insider to make an unlawful gain, the direction of the trade made by the insider and the reason for which such trade was carried out, are all relevant factors which should be taken into consideration to prove an insider trading charge under the SEBI (Prohibition of Insider Trading) Regulations, 1992 (**1992 PIT Regulations**)".

The court said that Gammon had a larger contract, the news of its termination would have a positive UPSI. Thus, the Respondent's trading pattern of selling his shares just as the share price was set to soar shows that there was no malicious intent to profit from or exploit the knowledge.

In another case of *Balram Garg vs SEBI*[25] on Insider Trading, the supreme court held that "the decision of selling the shares and the timings thereof were purely a personal and commercial decision undertaken by the Appellant and nothing more could be read into those decisions. Hence, solely a pattern of trading could not determine the fact that there was the communication of UPSI".

Shortcomings in Contemporary Legal Framework Governing Insider Trading: -

The management and regulation of the Indian market has proven to be an extremely challenging and demanding task due to the significant difficulty of insider trading legislation. There are certain gaps in the laws that have been designed to control the Indian securities market which prevents the offenders from being thoroughly examined. The inquiry into insider trading has proven to be extremely difficult for a number of reasons. In most of the cases they don't get investigated or if investigated the rate of punishment is very low. The following lists the gaps in the Indian trade laws:

1. SEBI Lacking in technological expertise: The offender of Insider trading can not be prosecuted in contemporary scenario as they use modern and technologically advance technique whereas SEBI lacks the advanced technological expertise thus making the legislation helpless to curb the issue.[26]

2. **Excessive reliance on circumstantial evidence**: In most of the insider trading cases telephone records and the transcripts plays a crucial role for proving the connection between the parties involved in insider trading. SEBI has no power to tap phone call it can only request call records data. Therefore, over dependence on circumstantial evidence makes the process of prosecution very difficult.[27]
3. **Limited Jurisdiction:** Foreign offenders of insider trading are outside the ambit of Indian legislation for insider trading. Since Indian legislation does not apply over cross boarder offenders, they can not be investigated and penalty cannot be imposed on them which hampers the intertest of domestic market.[28]
4. **Protection during acquisitions and mergers**: When a merger or acquisition between companies is about to occur, insider trading is a highly common practice. To control this US has a plan under Rule 14e-3 of the Securities Exchange Rules of 1942 which provides that anyone who has access to any significant non-public information about the start of the tender offer—directly or indirectly—from the bidder or the target company is not allowed to trade that information in the securities of the target company. Such a provision does not exist in India.
5. **Absence of private right of action**: Investors who are the victims of insider trading do not have the right to bring a civil action privately before any court; the power of enforcement rests solely with SEBI. Section 26 of the SEBI Act states that no court shall take cognizance of any offence punishable under the SEBI Act or the rules and regulations made thereunder, except on the complaints filed by the SEBI.
6. **Overload resulting in inadequate regulation**: For the proper regulation of stock market SEBI has to perform threefold of responsibilities. These are legislative function, executive function and judicial function. It is challenging for SEBI as a single organization to focus on all the three because it is overworked to accomplish all of these duties.
7. **Insufficient resources and equipped manpower**: The low success rate of Indian insider trading prosecutions can be attributed to the insufficient resources and equipped manpower needed for a successful prosecution. Insufficient infrastructure and equipped

[27] *Ibid* of insider trading are outside the ambit of
[28] Abhirami B & Arya Kuttan, *Insider trading laws in india - Pertinence And Problems,* 4 INTERNATIONAL JOURNAL OF LEGAL DEVELOPMENTS AND ALLIED ISSUES 443, 454 (2018).

manpower cause the investigation into the offense to move slowly, which benefits the offender.

Conclusion and Suggestions:

Insider trading has been an immoral and unethical practice that has caused significant problems for a nation's financial markets. The goal of this activity has always been to profit from non-public, sensitive information. Such practice not only hampers the interest of innocent investor and image of a company but also the economy of the country. Though SEBI has power to initiate criminal prosecution under section 24 of SEBI Act 1992 there was no specific provision in the Indian Companies Act or Income Tax Act to combat insider trading in India. However, Sachar Committee (1979), Patel Committee (1987) and Abid Hussein Committee (1989) have made various recommendations to curb insider trading in India. After enactment of the SEBI Act in 1992, insider trading regulations has been framed by SEBI which is called SEBI (Insider Trading) Regulations. The SEBI has strengthened the anti-insider trading laws by the amendment introduced in the year 2002. Despite such enactments the offenders of insider trading have manged to fulfil their ill motives.

The laws that have been passed for the preservation of price-sensitive information and for the prevention of insider trading contain several gaps that prevent the provisions from being successfully executed. Insider trading has a profound effect on the market, causing trust to erode, market distortion, and liquidity to decrease. Some recommendations, such as the introduction of strict legislation, a private right of action, and technological advancements, are necessary to eradicate the practice of insider trading. It is also the duty and responsibility of the people in possession of the price sensitive information and other trade details to ensure that this information is not leaked or are not used for making undue profits. The people holding the relevant positions, such as directors, officers, and other company members, should take voluntary actions and set high standards of ethical behavior in order to stop the threat of insider trading and to preserve price-sensitive information.