

Research Topic: Analysis of the Forms and Constituents of Illegal Insider Trading in the
Context of Article 107 of the Futures Trading Act

Research Date: 2015/05/01 – 2016/04/30

Abstract:

The objective of this study was to assess legislation and cases from abroad (e.g. the US, the EU, the UK and Singapore), explore constituents of insider trading, examine the legal means of addressing the issue, and discuss directions of which the relevant provisions of Article 107 of the Futures Trading Act would be amended to prevent insider trading in the future.

The study recommended that Article 107 could be amended in two areas. The first should address the constituents of insider trading, including persons and products involved prohibited behaviors, and “material information” and “public disclosure,” with reference to the Securities and Exchange Act and, where appropriate, drawing on international legislation, to, for example, broaden the definition of the persons subject to insider trading. The second should address the law’s effects. The study noted that the criminal liabilities enumerated in the Futures Trading Act were less severe than those in the Securities and Exchange Act, likely created a regulatory arbitrage issue. The lawmakers were suggested considering the imposition of administrative fines and civil liabilities (depending on investor damage, the perpetrator’s profits, or the loss avoidance).