

Insider Trading and Its Implications for Corporate Governance and Market

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Abstract

Corporate governance has been at the forefront of the policy agenda in developed market economies for the better part of a decade, and it is slowly but surely making its way to the top of the policy agenda in India. The most important stock exchanges in India are known as the NSE and the BSE. The Online Trading System, which has been operational in India for the past many years, is used for all trading activities. The primary purpose of this research was to investigate the impact that corporate governance has on insider trading, with the following sub-goals in mind as a framework for the investigation: to investigate the intricate relationship between insider trading, corporate governance, and market dynamics as a whole; to provide a thorough comprehension of its implications for corporate governance, market fairness, and investor confidence; to investigate the ethical, legal, and economic aspects of insider trading, casting light on its impact on various stakeholders, regulatory measures, and the role of corporate governance in preventing such practices. The researcher used a descriptive research design in their investigation. Trading on inside information has significant repercussions not only for the administration of corporations but also for the market as a whole. It calls into doubt the ethical standards that should be followed, it destroys trust, and it can disrupt the normal operation of financial markets. In order to solve these concerns, businesses need to place a primary emphasis on preserving a healthy ethical culture, rigorous governance standards, and efficient mechanisms to prevent and identify instances of insider trading. Additionally, regulators play an essential part in the enforcement of laws and regulations to preserve the integrity of the market and safeguard investor interests. According to the findings of the study, publicly traded corporations should adopt a corporate governance strategy known as strong corporate governance. This strategy has as its primary objective the elimination of illegal insider trading by isolating the firm's principals and agents from its management and board of directors.

Keywords : Insider Trading, Corporate Governance, Market, Stock Exchange, Investors, Governance Standards

Introduction

The practice of insider trading, which refers to the purchasing or selling of a company's stocks by persons who have access to confidential, non-public information, has important repercussions for both the governance of corporations and the market as a whole. This activity, which confers unfair benefits on individuals who are in possession of sensitive information, has the potential to undermine market integrity, erode investor trust, and challenge the ideals of transparency and fairness that underpin modern financial institutions.

According to Abor (2007), "corporate governance" refers to the structure that determines how businesses are directed and managed. It also refers to the manner in which corporate boards and officers direct the operations of their respective corporations. One of the concepts that is used the most frequently in modern corporations is "corporate governance," which has gained popularity in recent years. Corporate governance contributes to the process of defining the relationship between a corporation and its broader environment, including the social and political structures within which it functions. There is a correlation between good corporate governance and strong economic performance. Both the performance of the business and its ability to remain competitive in the long run are impacted by the structure of its

management and control systems. According to Brownbridge (2007), it is the factor that decides the criteria for access to the stock market and the degree of confidence investors have. Buying or selling stocks, options, or other financial instruments based on knowledge that is not readily available to the general public is an example of insider trading.

In other words, insider trading refers to the practice of trading with the stocks of one's own company. The trade may be considered "insider" if individuals engaged have any beneficial stake in the shares or options, regardless of whose name is actually on the paperwork. This is true even if the person's name is not on the paperwork. According to Perry (1991), "tipping" is considered to be a kind of insider trading if inside information is supplied to outside parties with the intention of allowing those individuals to trade in the shares based on information that has not been made public & a duty owed to another person during the process of acquiring material non-public knowledge that led to a transaction in securities. According to Perry (1991), the violation of the duty must have been accompanied by some form of deception or manipulation.

Insider Trading

When persons who are in possession of non-public, substantial information about a company engage in the purchasing or selling of the firm's securities (such as stocks, bonds, or options), this behavior is referred to as "insider trading." This information is normally withheld from the general public, but it has the potential to have a major impact on the stock price of the company once it becomes widely known. Insider trading might involve firm insiders such as executives, employees, or board members who have access to sensitive information about the company's financial performance, operations, or other factors that could affect investor decisions. Examples of insiders include executives, employees, and members of the board. To obtain an unfair advantage in the securities market through the use of privileged information to make trades is the crux of the practice known as "insider trading." Traders who participate in insider trading do so with the intention of making a profit off of the anticipated price movement of the company's securities based on knowledge that is not publicly known to be available to them. Because it contradicts the values of fairness, openness, and equal access to information in financial markets, this activity is deemed immoral and unlawful in many jurisdictions. Trading stocks while in knowledge of material non-public information of insider trading in legal terms. Another disclosure of such information to others who subsequently trade based on that information. The intricacies of what knowledge is considered "material" and who might be considered a "insider" can differ from jurisdiction to jurisdiction depending on the legal framework that governs that particular area of law. The practice of engaging in insider trading can result in a variety of punishments, including fines, jail time, the return of profits, and civil penalties.

The basic goal of preventing insider trading is to ensure that all investors have access to a level playing field and that stock prices appropriately represent the information that is readily available to the public. This is in contrast to the situation in which stock prices are impacted by information that is kept secret or that is confidential. This fosters confidence among investors, maintains the integrity of the market, and encourages fair competition within the financial markets.

Corporate Governance

A company's operations, as well as its direction and level of control, are governed by a specific set of rules, customs, and procedures known as "corporate governance." It involves a set of mechanisms, relationships, and structures that determine how a company is managed and overseen, with the goal of achieving a balance between the interests of various stakeholders. These stakeholders include shareholders, management, customers, employees, suppliers, financiers, the government, and the broader community.

The primary goals of corporate governance are to ensure openness, accountability, and justice in the operations of a corporation, the processes through which decisions are made, and the interactions with its stakeholders. The achievement of sustainable company success, the reduction of risks, and the establishment of investor and public trust are all facilitated by effective corporate governance.

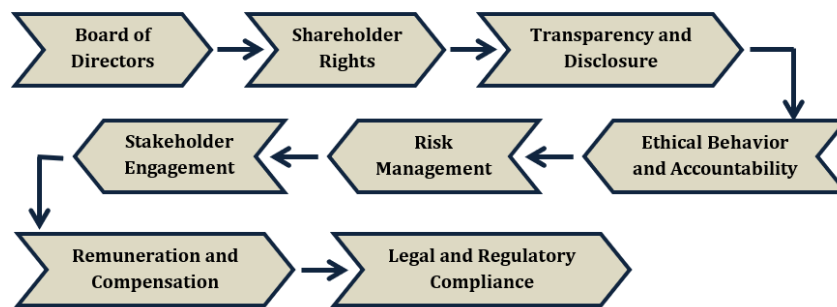


Figure 1: Key Components of Corporate Governance

- The board of directors is accountable for determining the company's overall strategic direction, making important decisions, and supervising the operations of management. Important characteristics of good corporate governance include the makeup and structure of the board, as well as its independence and diversity.
- Corporate governance ensures that the rights of shareholders are safeguarded and honored in all situations. This includes the right to vote on important issues, access information that is pertinent to those issues, and participate in the decision-making process of the company.
- Shareholders, government regulators, and the general public have the right to expect businesses to give information that is current, accurate, and comprehensive regarding the company's financial performance, operations, and governance procedures.
- A robust framework for corporate governance places an emphasis on ethical behavior and ensures that firm leaders and directors are held accountable for the acts they take. This involves avoiding conflicts of interest and conforming to the standards set forth by the law and regulatory agencies.
- Having good corporate governance means being able to identify and effectively manage the risks that could have an effect on the operations, reputation, and financial performance of the firm. This includes the implementation of internal controls as well as mechanisms for risk management.
- Corporate governance places an emphasis on engaging with a diverse group of stakeholders, such as employees, customers, and suppliers, as well as the community at large, in order to gain an understanding of these groups' problems and to include their points of view into decision-making.
- The practice of corporate governance guarantees that CEO compensation is equitable, open to public scrutiny, and proportionate to the level of success achieved by the organization. Its goal is to prevent excessive pay that may not be in accordance with the interests of shareholders.
- The compliance of companies with all laws, rules, and industry standards that are currently in effect is expected of them. Corporate governance is the process of ensuring that businesses have systems in place to monitor and ensure compliance with relevant regulations.
- Maintaining the confidence of investors, recruiting new money, and supporting long-term growth all require strong corporate governance practices to be successful. It aids in the prevention of corporate scandals, poor management, and unethical behaviors, all of which have the potential to damage a company's reputation as well as its financial stability.
- There are many different legislation, codes of best practices, and guidelines that can be found all around the world to help encourage good corporate governance. "Legislation such as the Sarbanes-Oxley Act in the United States, the Corporate Governance Code in the United Kingdom, and the OECD Principles of Corporate Governance are a few examples".

Review Literature

Michael S. Weisbach (2007) goes into the complex relationship between executive salary and management control within firms in his study. Weisbach investigates how compensation arrangements are meant to align executive interests with those of shareholders, while also addressing the possible influence of management authority. The article's primary goal is to examine the relationship between CEO salary and management power. Weisbach investigates the

economic incentives underlying executive pay packages and how they might be arranged to motivate executives to make decisions that maximize shareholder value. He delves into the complexity of creating compensation contracts that successfully relate executive performance to corporate performance, ensuring that executives operate in the best interests of shareholders. Weisbach also looks into the concept of management power and how it can influence compensation systems. The ability of executives to influence their own remuneration conditions or other corporate decisions to their advantage, frequently at the expense of shareholders, is referred to as managerial power. The essay investigates how corporate governance structures might lessen the impact of potential conflicts of interest that can occur as a result of managerial power. Weisbach adds to the current discussion of CEO remuneration and corporate governance by shedding light on the difficulties of developing compensation packages that find a balance between motivating executives and preventing managerial power abuses. The paper provides a detailed view of the intricate interplay of incentive systems, managerial behavior, and company performance. Weisbach's (2007) article "Optimal Executive Compensation versus Managerial Power" sheds insight on the complex link between executive salary, managerial authority, and corporate governance. The author's work adds important insights into how compensation systems might be improved to balance the interests of executives and shareholders while also addressing the possible hazards associated with managerial power.

Joseph Piotroski and Darren Roulstone (2007) conducted research into the reasons behind insider trading activities and how those reasons relate to a company's potential future cash flow realizations. The purpose of the paper is to investigate whether or not insider trading activities may be linked to two distinct causes, namely, contrarian opinions and superior knowledge regarding future cash flow possibilities. The primary premise of the article is to explore whether or not this is the case. The term "contrarian beliefs" refers to the practice of corporate insiders trading against the prevalent market sentiment on the basis of their own evaluations of a firm's performance. On the other hand, superior knowledge suggested that individuals have access to information that has not yet been made available to the general public, providing them with an informational advantage.

Piotroski and Roulstone investigated these two aspects by studying the patterns of insider trading and the correlations that emerged between those patterns and the realizations of actual cash flow. Their research seeks to determine whether or not insider transactions primarily represent insiders' contrarian ideas or whether or not they also reveal the insider's possession of non-public, superior knowledge about the company's future financial performance. By carrying out a comprehensive empirical investigation, the authors made a significant contribution to our understanding of the dynamics of insider trading. They investigate whether or not insider trading results in stock returns that are in line with either contrarian opinions or better information, and they investigate whether or not the scale of these returns fluctuates over time or in reaction to changes in market conditions. Piotroski and Roulstone's (2007) studied to shed light on the motivating forces that underlie insider trading operations. The authors contribute to the larger body of research on market efficiency, insider information, and the role of insiders in affecting stock returns through their investigation of the relationship between insider trades and subsequent cash flow realizations.

When insiders use their knowledge to make trades, they put themselves in direct competition with the interests of other stakeholders. The goal of this study is to determine if and how company governance influences insider trading. As the fundamental corporate governance structure, the board of directors is given primary responsibility for overseeing insider trading. In particular, it affects the ability to restrict insider trading motivated by non-public knowledge. Poor corporate governance has been linked to insider trading in multiple academic studies. For instance, Elder and Kim (2010) looked into how attributes of corporate governance connected to transparency affected stock market liquidity in the United States. They found that less insider trading occurred when corporate governance was strengthened because more information was made public about the company's finances and operations. Their research shows that companies with strong governance frameworks are less likely to engage in insider trading and have tighter spreads.

The effects of "Tunisian Stock Market from 1998 to 2007" were further demonstrated by Loukill and Yousfi (2010). Stock liquidity was found to be improved by the presence of corporate governance features such as an efficient directors and a dispersed ownership structure. This was because the lack of these features discouraged insider trading, which is fueled by a lack of transparency. For companies listed on the Singapore Stock Exchange between 1991 and 1995, researchers "Eng and Mak (2003)" analyzed the impact of ownership structure. Both of these considerations are associated with good company governance. Voluntary disclosure was found to be positively correlated with government ownership, while disclosure behavior was negatively correlated with the no. of external directors & managerial ownership.

The knowledge asymmetry that might lead to insider trading was studied by “Kanagaretnam et al. (2007)”, who looked at the effects of various CG measures such board independence, board based structure, and board based activities as well as ownership. His findings suggested that corporate governance elements such as board independence, board structure (size), and shareholder ownership level all played a role in influencing insider trading. Charoenwong et al. (2010) found that insider trading was connected to poor corporate governance, which they described as a lack of discipline, and social awareness.

Problem Statement

This paper examines the intricate relationship between insider trading, corporate governance, and market dynamics in general. It examines the moral, legal, and economic aspects of insider trading, casting light on its impact on various stakeholders, regulatory measures, and the role of corporate governance in preventing such practices. In addition, the research assesses the potential repercussions of failing to effectively address insider trading and stresses the significance of maintaining a level playing field in the investment landscape. This study seeks to provide a comprehensive comprehension of insider trading's implications for corporate governance, market fairness, and investor confidence by examining it from multiple perspectives. Through a critical analysis of real-world cases, regulatory frameworks, and the responsibilities of key market participants, this essay aims to demonstrate the importance of vigilant supervision, robust regulations, and ethical behavior in maintaining the integrity of financial markets. A descriptive research design has used by taking only secondary sources. It's a review based theoretical study and all sources has taken from websites, published articles, thesis, books etc.

Objective of the Study

- To investigate the intricate relationship between insider trading, corporate governance, and market dynamics as a whole
- To provide a thorough comprehension of its implications for corporate governance, market fairness, and investor confidence.
- To investigate the ethical, legal, and economic aspects of insider trading, casting light on its impact on various stakeholders, regulatory measures, and the role of corporate governance in preventing such practices.

How Insider Trading Implications Impact on Corporate Governance and Market

Insider trading has significant effects on both corporate governance and the market as a whole. Let's examine the impact of insider trading on these two areas:

Impact on Corporate Governance:



- The practice of insider trading erodes the trust that stakeholders have in the leadership and governance practices of a firm, which in turn hurts the organization's reputation. The erosion of confidence in the board of directors

and senior management that results from insiders abusing their privileged access to information for the purpose of obtaining personal advantage raises doubts about the integrity of decision-making and ethical standards.

- The practice of insider trading can lead to concerns regarding the efficiency of a company's board of directors in terms of monitoring and preventing unethical behavior. If insiders are engaged in such tactics, it may be an indication that the board is failing in its function as an overseer and in its ability to hold executives accountable for their actions.
- Insider trading is one behavior that may be indicative of a lack of a strong ethical culture within a corporation. Culture and Tone at the Top. It gives the impression that the "tone at the top" does not prioritize ethical behavior and transparency. This may have an effect on the reputation of the organization, the morale of its employees, and its long-term viability.
- Violations of insider trading laws sometimes entail the use of non-public information. This identifies potential vulnerabilities in the disclosure practices of a corporation. It is an indication that sensitive information is not being regulated sufficiently or disseminated to all stakeholders in a manner that is fair and timely.
- Insider trading presents a danger that must be managed by businesses on a daily basis. If the company is unable to detect or prevent such acts, it may put itself at risk legally, financially, and in terms of its reputation. Strong risk management processes should be used as part of good corporate governance in order to identify and reduce the dangers of insider trading.

Impact on the Market:



- The practice of insider trading undermines the integrity of the financial markets because it gives some market participants an unfair edge over other players. The concepts of transparency, equal access to information, and fair competition are all undermined as a result of this.
- Investors need to have faith that they are participating in markets where information is given in a manner that is both fair and unbiased. The practice of insider trading undermines the confidence of investors because it gives the impression that certain market participants have an unfair advantage and that competition is not being conducted on an equal playing field.
- Both the efficiency and the liquidity of the market are susceptible to being distorted when insider trading occurs. It is possible for the market to have mispricing of securities and inefficient resource allocation if insiders frequently trade based on non-public information. This situation can lead to insider trading.
- The widespread belief that the markets are manipulated as a result of insider trading tactics can discourage individual investors and other smaller market players from engaging in trading activities. Because of this, the market's liquidity and diversity of players may suffer as a result.
- Instances of insider trading provoke regulatory authorities to step up their monitoring and enforcement activities, which leads to increased regulatory scrutiny. This may result in greater expenses of compliance for businesses as well as a heightened emphasis on responsibility and transparency.

Discussion & Interpretation

#Objective 1: To investigate the intricate relationship between insider trading, corporate governance, and market dynamics as a whole

The goal of investigating the complicated relationship between insider trading, corporate governance, and broader market dynamics is to gain a thorough understanding of how insider trading practices intersect with the principles of effective corporate governance and the overall functioning of financial markets. This investigation digs into the complex web of interactions, ethical concerns, regulatory obstacles, and economic repercussions that result from insider trading activities. We may learn about the varied impact of insider trading on many stakeholders and the larger market ecology by investigating this link.

Agrawal, A., and S. Chadha (2005) addressed the relationship between corporate governance policies and accounting scandals, which are frequently associated with insider trading. It preventing such immoral behavior. This study, conducted by Bhattacharya, U., Daouk, H., and Welker, M. (2003), investigates the global impact of insider trading on stock prices and market dynamics. It emphasizes the “relationship between insider trading and market efficiency”. Coffee's book delves into the function of gatekeepers such as auditors and legal counsel in ensuring successful corporate governance. It covers Coffee Jr, J. C. (2006)'s proposal for their roles in combating insider trading and financial malfeasance. B. E. Hermalin and M. S. Weisbach (2003) investigated the economic literature on boards of directors and their impact on corporate governance. It mentions the connection between board effectiveness and insider trading prevention. R (2001) explored the market's reaction to insider trading, adding to our understanding of how insider trading affects market dynamics and investor trust. The SEC's official website contains information on insider trading regulations and enforcement operations. It describes the legislative environment in the United States and underlines the significance of fair and transparent markets (Securities and Exchange Commission (SEC), 2021). Trading on the inside). This detailed survey delves into corporate governance techniques and their consequences. It addresses different areas of corporate governance, such as insider trading prevention (Shleifer, A., & Vishny, R. W. (1997).

By referring to these scholarly works and regulatory sources, one can engage on an in-depth investigation of the complex relationship between insider trading, company governance, and larger market dynamics. This investigation is critical for gaining a comprehensive knowledge of how these variables interact and determine the integrity of financial markets.

#Objective 2: To provide a thorough comprehension of its implications for corporate governance, market fairness, and investor confidence.

The goal of this research is to provide a full and exhaustive analysis of a given topic, with an emphasis on the consequences for three crucial areas: corporate governance, market fairness, and investor trust. The goal of researching these dimensions is to provide a full understanding of the subject's broader impact on the business environment, regulatory frameworks, and stakeholders' perspectives. Corporate governance is the set of systems, policies, and institutions that guide and control a firm. The impact of the chosen issue on corporate governance will be investigated in terms of how it affects decision-making processes, board structures, transparency, and accountability within firms. The research intends to provide light on whether this component helps to boosting or damaging successful corporate governance procedures by investigating this element (Cadbury, A., 1992).

Market fairness is a key notion that emphasizes treating all market participants fairly and justly. The study will look into how the chosen topic influences competition, knowledge distribution, and market resource access. It will investigate if the subject provides aspects that skew market fairness, perhaps favoring certain players over others, or whether it supports a level playing field that fosters healthy competition (Stiglitz, J. E., 2000). Investor confidence indicates investors' opinion in the market's stability, transparency, and prospective profits (Barber, B. M., & Odean, T., 2008). This portion of the research will look at how the subject affects investor moods, risk perception, and investment decisions. The study's goal is to assess whether the subject increases investor confidence by providing clear information, predictable outcomes, and reduced uncertainty, or whether it introduces characteristics that undermine trust and discourage investment. This study seeks to contribute valuable insights to academia, practitioners, policymakers, and other stakeholders concerned with maintaining a robust and ethical business environment by conducting an in-depth examination of the selected subject's implications on corporate governance, market fairness, and investor confidence.

#Objective 3: To investigate the ethical, legal, and economic aspects of insider trading, casting light on its impact on various stakeholders, regulatory measures, and the role of corporate governance in preventing such practices.

The primary goal of this research is to perform a thorough examination of insider trading, concentrating on its ethical, legal, and economic elements. The study's goal is to provide a thorough understanding of how insider trading affects various stakeholders, the legal framework around it, and the role of corporate governance in reducing and avoiding such unethical practices. Insider trading, according to Moore, G. (2005), involves trading stocks based on non-public, material information, which can result in unfair benefits for those with privileged information. This study will investigate the ethical consequences of insider trading, focusing on questions of justice, integrity, and trust in financial markets. The study intends to emphasize the broader societal challenges raised by such behaviors by studying the ethical dimension. The legal part is examining the regulatory structure governing insider trading, including the rules, regulations, and enforcement mechanisms in place to discourage and punish such behavior. The study will look at the growth of insider trading rules, historic judicial cases, and enforcement issues. The purpose is to present a thorough review of the legal landscape surrounding insider trading (Coffee, J. C., 2006).

Insider trading can have serious economic consequences for financial markets, such as price distortions, diminished market efficiency, and loss of investor trust (Seyhun, H. N., 1998). This study will look into the economic implications of insider trading, such as how it affects market integrity, liquidity, and capital allocation. The study intends to assess the broader costs connected with insider trading by studying the economic dimension. Hermalin, B. E., & Weisbach, M. S. (2003), the study will investigate how insider trading affects different stakeholders, including investors, market participants, employees, and the general public. By examining these impacts, the research aims to highlight the uneven distribution of benefits and harms resulting from insider trading, and how it can erode trust and confidence in financial markets.

Corporate governance mechanisms, such as board oversight, transparency, and accountability, play a crucial role in preventing insider trading. The research will analyze how effective corporate governance practices can deter insider trading, foster a culture of compliance, and ensure that companies uphold ethical standards (Gillan, S. L., & Starks, L. T., 2000). By investigating the ethical, legal, and economic dimensions of insider trading and examining its impact on stakeholders, regulatory measures, and the role of corporate governance, this study aims to contribute valuable insights to the ongoing discourse on market integrity and ethical conduct in financial markets.

Findings of the study

- The study revealed that insider trading is influenced not only by internal corporate dynamics, but also by market conditions in general. It was discovered that lax corporate governance practices may enable insiders to engage in illicit trading. In addition, market volatility and information asymmetries may have influenced the timing and magnitude of insider transactions.
- The findings revealed that covert trading undermines investor confidence and market integrity. This unethical behavior may be attributable to weaknesses in corporate governance practices. In contrast, robust corporate governance practices could serve as a deterrent, thereby fostering market integrity and investor confidence.
- The research revealed that insider trading has ethical implications, which raises concerns about the fairness and integrity of financial markets. A legal analysis could disclose how regulatory measures are intended to deter and punish insider trading, and how this impacts both individual insiders and the market as a whole. Economically, insider trading distorts market efficacy and misallocates resources, according to the study.
- According to the research, insider trading has negative effects on stakeholders such as investors, rivals, and the broader public. It emphasized the significance of regulatory measures designed to detect, prevent, and punish insider trading. In addition, it emphasized the importance of transparency and reporting requirements for minimizing insiders' information advantage.

- Effective corporate governance practices, such as independent committees, transparent decision-making, and ethical cultures, play a crucial role in preventing insider trading, according to the findings. Effective governance mechanisms could restrict managerial authority and foster a culture of compliance.

These prospective findings align with the objectives and demonstrate how the study could have contributed to a comprehensive understanding of insider trading's multifaceted impact on corporate governance, market dynamics, and various stakeholders.

Conclusion

Corporate governance and the market as a whole are significantly impacted by insider trading. It raises ethical concerns, erodes confidence, and can distort the functioning of financial markets. To address these issues, businesses must maintain a strong ethical culture, robust governance practices, and effective insider trading detection and prevention mechanisms. Additionally, regulators play a crucial role in enforcing laws and regulations to preserve market integrity and safeguard investor interests. The fundamental purpose of securities regulations is to ensure that all investors have equal access to the benefits of participating in securities transactions. In other words, the investing public as a whole should be subject to the same market hazards. Inequities resulting from unequal access to information should not be accepted as inevitable in our culture. It is crucial, therefore, that markets are free of all forms of fraud, and in particular insider trading, which disillusiones the average investor by making him feel like he is being invited to play craps with loaded dice. Even though India is not unique in this regard, the concept of corporate good governance has been lost as a result of the exposure of massive frauds. As a consequence, the government has resorted to excessive regulation and micromanagement by codifying good governance practices into statutes. We have a tendency to neglect that fraudulent activity cannot be eradicated through micromanagement; it can only be reduced through the effective enforcement of laws that prohibit blatant illegalities. It should not be forgotten that the target of the investigation is criminal activity, and treating all insiders with a presumption of unjust dealing should be avoided. The standards of corporate governance should be left in the hands of the company's managers. The regulator should include in the regulations' Schedule a list of optional procedures for 18 that limit the potential for insider trading. What should be required instead is a statement in the annual report regarding the level of compliance with the standards outlined in the Schedule. Consequently, shareholders would penalize corporations that do not adhere to corporate governance guidelines in substance. An author has also proposed the introduction of corporate governance ratings, similar to credit ratings, which would exert pressure on management to adhere to such measures. This could be the missing link, offering a plain number that can be understood by the masses and indicating the processes a company has implemented for the benefit of its non-insider shareholders.

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