

**REGULATORY PROBLEMS OF TRADING MATERIAL  
NONPUBLIC INFORMATION ON INTERNATIONAL  
STOCK MARKETS**

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## **ABSTRACT**

As national economies are linked together by the exchange of goods and services and by public and private communications networks, global securities markets develop. These securities markets, however, have increased the opportunity for transnational trading by an insider on the basis of material nonpublic corporate information. Today national regulation and enforcement regimes vary in their laws and enforcement of insider trading. A fundamental problem for national regulators of securities markets is how to apply purely national securities regulations and laws to international securities transactions that may involve foreign issuers, foreign managers, foreign investors, and foreign regulators. This thesis addresses that problem and sketches a possible solution to that problem.

What are the requirements of an effective regulatory regime in this area? The author will argue, first, the illegality of insider trading should be universally recognized. Second, there should be an international consensus on what constitutes insider trading. Third, the extraterritorial reach of insider trading law should be severely curtailed. Fourth, nations should join and share information about known violators and help its international trading partners collect information to determine whether violations have occurred. To that end, the thesis advocates that it is important to strengthen minimum standards for insider trading regulation. It concludes that each country should follow the approach taken in the EU Directive to combat international insider trading.

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