Insider dealing and market manipulation legislation and regulation have been considered necessary to promote the efficient pricing of securities and to enhance the integrity of the capital markets. Insider dealing is not a victimless crime; it is both a manifestation of inefficient markets and a considerable corporate governance problem. Market manipulation involves deliberate acts or statements intended to create false or misleading impressions about a particular issuer(s) of securities or to engage in behaviour that would distort the functioning of the market that could lead to unusual and sharp price swings in securities and related volatility which can undermine investor confidence and financial stability. Both insider dealing and market manipulation have been recognized as criminal offences in all European Economic Area (EEA) countries and in most other jurisdictions with developed financial markets. Moreover, the European Union Directive on Insider Dealing and Market Manipulation requires EU member states to create a civil offence for insider dealing and market manipulation known as the 'Market Abuse' offence.
The concept of market abuse typically consists of insider dealing, unlawful disclosure of inside information, and market manipulation. Its objective is to create a level playing field for all economic operators in the Member States as part of the effort to combat market abuse by:

- reinforcing market integrity; contributing to the harmonisation of the rules for market abuse throughout Europe;
- establishing a strong commitment to transparency and equal treatment of market participants;
- requiring closer co-operation and a higher degree of exchange of information between national authorities, thus ensuring the same framework for enforcement throughout the EU and reducing potential inconsistencies, confusion and loopholes.

Insider dealing covers allegations of dealing whilst in possession of inside information, encouraging others to deal in such circumstances and disclosure of information other than in the proper performance of one’s employment. The Financial Conduct Authority (FCA) is the main agency responsible for taking criminal or regulatory enforcement action against those accused of these offences. Frequently asked questions relating to insider dealing.

What is insider dealing?

It can also be dealt with as a regulatory matter under Article 14 of the Market Abuse Regulation for which the penalties include a fine and/or a ban from working in financial services. Find out the differences between criminal and regulatory proceedings.

The Market Abuse Regulation (MAR) aims to increase market integrity and investor protection, enhancing the attractiveness of securities markets for capital raising. It contains prohibitions of insider dealing, unlawful disclosure of inside information and market manipulation, and provisions to prevent and detect these. As part of its work to make financial markets more sound and transparent, the EU enacted new rules against market abuse which strengthened and replaced the original Market Abuse Directive (MAD). MAR broadened the scope of the market abuse framework, extending the regime to new m...

Individuals who commit market abuse may end up being under market abuse and insider dealing investigation. What is Market Manipulation. Marketing manipulation takes place when someone intentionally discloses false or misleading information with the intention to influence the price of shares for their own personal benefit. Examples of market manipulation include, but are not limited to: Churning – Where a stockbroker attempts to increase activity in a client’s account by buying and selling orders at the same price with the intention to drive up the price, thereby deceptively attracting more inv