# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>CONTENTS</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>DECLARATION</td>
<td>i</td>
</tr>
<tr>
<td>DEDICATION</td>
<td>ii</td>
</tr>
<tr>
<td>ACKNOWLEDGEMENTS</td>
<td>iii</td>
</tr>
<tr>
<td>ACRONYMS</td>
<td>iv</td>
</tr>
<tr>
<td>ABSTRACT</td>
<td>vi</td>
</tr>
<tr>
<td>KEY TERMS AND CONCEPTS</td>
<td>vii</td>
</tr>
<tr>
<td><strong>CHAPTER ONE</strong></td>
<td></td>
</tr>
<tr>
<td><strong>RESEARCH OUTLINE AND CONTEXT.</strong></td>
<td></td>
</tr>
<tr>
<td>1. INTRODUCTION AND BACKGROUND OF THE RESEARCH</td>
<td>1</td>
</tr>
<tr>
<td>1.1. Introduction</td>
<td>1</td>
</tr>
<tr>
<td>1.2. Background of the research</td>
<td>4</td>
</tr>
<tr>
<td>1.3. The regulation-deregulation debate</td>
<td>5</td>
</tr>
<tr>
<td>1.4. AIMS AND OBJECTIVES</td>
<td>10</td>
</tr>
</tbody>
</table>
CHAPTER TWO

HISTORICAL DEVELOPMENT OF THE REGULATION OF INSIDER TRADING IN SOUTH AFRICA PRIOR TO 1998.

2.1. INTRODUCTION.................................................................20

2.2. THE REGULATION OF INSIDER TRADING PRIOR TO 1998..............22

2.2.1. The law prior to 1973............................................................22
CHAPTER THREE

THE INSIDER TRADING ACT, 135 OF 1998: INTERPRETATION AND APPLICATION.

3.1. INTRODUCTION....................................................................................................41

3.2. DEFINITIONS OF CONCEPTS.............................................................................42

3.2.1. The concepts of insider trading and related activities...........................................42

3.2.2. Who was an insider in terms of the 1998 Act?.....................................................45

3.2.3. What constitutes inside information?....................................................................48

3.2.4. The meaning of “publication”...............................................................................51

3.2.5. The meaning of “securities” and “financial instruments”.....................................52

3.3. PROHIBITION OF INSIDER TRADING, CRIMINAL OFFENCES AND PENALTIES...........................................................................................................53
3.3.1. Prohibition on actual insider dealing in securities or financial instruments........53

3.3.2. Prohibition on encouraging or discouraging another person to use inside information when dealing in securities or financial instruments..........................55

3.3.3. Prohibition on disclosure of inside (confidential) information........................57

3.3.4. Criminal liability, penalties and effectiveness of the criminal sanction.............57

3.4. CIVIL LIABILITY, CIVIL REMEDIES AND CIVIL PENALTIES.......................60

3.4.1. Liability for actual dealing in securities or financial instruments for own account................................................................................................................60

3.4.2. Liability for disclosure of price-sensitive information..................................61

3.4.3. Liability for encouraging or causing another person to deal in securities or financial instruments........................................................................................................63

3.4.4. Liability for dealing in securities or financial instruments on another person’s account..................................................................................................................64

3.4.5. The requirement of knowledge as the basis of civil liability............................65

3.4.6. Liability for actual loss avoided or profit made..............................................66

3.4.7. Effectiveness of the civil remedy.......................................................................67

3.5. AVAILABLE DEFENCES AND EFFECTIVENESS THEREOF.........................69

3.6. CONCLUDING REMARKS...............................................................................71
CHAPTER FOUR


4.1. INTRODUCTION...........................................................................................................73

4.2. DEFINITIONS AND CONCEPTS.....................................................................................77

4.2.1. Who is an insider?.......................................................................................................77

4.2.2. What constitutes inside information and the requirement of knowledge thereof?...............................................................................................................................78

4.2.3. The meaning of “publication”....................................................................................79

4.3. PROHIBITION OF INSIDER TRADING, CRIMINAL OFFENCES AND PENALTIES.................................................................................................................................80

4.3.1. Prohibition on actual dealing in securities for personal benefit or for any other person........................................................................................................................................80

4.3.2. Prohibition on encouraging or discouraging other persons from dealing in securities.....................................................................................................................................................83

4.3.3. Prohibition on disclosure of inside information to other persons................................84

4.3.4. Criminal liability and penalties................................................................................87

4.4. CIVIL LIABILITY IN TERMS OF THE NEW ACT.........................................................88

4.5. DEFENCES AND ADEQUACY THEREOF......................................................................91

4.6. ENFORCEMENT OF THE INSIDER TRADING PROVISIONS.................................97
CHAPTER FIVE

THE REGULATION OF INSIDER TRADING IN UNITED STATES OF AMERICA: A COMPARATIVE PERSPECTIVE.

5.1. INTRODUCTION...................................................................................................104

5.2. REGULATORY FRAMEWORK REGARDING INSIDER TRADING IN THE UNITED STATES OF AMERICA..............................................................104

5.2.1. The scope and meaning of “insider trading”.........................................................107

5.2.2. The prohibition on “insider trading”.................................................................107

5.2.3. Adequacy of available defences........................................................................110

5.2.4. Reliance on both civil and criminal sanctions.................................................111

5.2.5. The enforcement and effectiveness of insider trading legislation..................113

5.3. CONCLUDING REMARKS..................................................................................117
CHAPTER SIX

THE REGULATION OF INSIDER TRADING IN CANADA: A COMPARATIVE PERSPECTIVE.

6.1. INTRODUCTION...................................................................................................119

6.2. OVERVIEW OF INSIDER TRADING LEGISLATION IN CANADA..............119

6.2.1. The scope and meaning of “insider trading”..................................................122

6.2.2. The prohibition on “insider trading”.................................................................123

6.2.3. Reliance on both civil and criminal sanctions....................................................125

6.2.4. The role and effectiveness of the Inter market Surveillance Group (ISG).........127

6.2.5. The role and effectiveness of Insider Trading Task Force (ITTF).................127

6.2.6. Establishment of competent courts to prosecute insider trading cases............129

6.2.7. The adequacy of available defences and exemptions.......................................130

6.2.8. The enforcement and effectiveness of insider trading legislation....................132

6.3. CONCLUDING REMARKS.................................................................................135
CHAPTER SEVEN

THE REGULATION OF INSIDER TRADING IN AUSTRALIA: A COMPARATIVE PERSPECTIVE.

7.1. INTRODUCTION...................................................................................................137

7.2. OVERVIEW OF INSIDER TRADING LEGISLATION IN AUSTRALIA........138

7.2.1. The scope and meaning of “insider trading”......................................................140

7.2.2. The prohibition on “insider trading”.................................................................141

7.2.3. The role and effectiveness of the Australian Securities and Investments
       Commission (ASIC)............................................................................................143

7.2.4. Establishment of competent courts to prosecute insider trading cases........146

7.2.5. Reliance on both civil and criminal sanctions..................................................148

7.2.6. The adequacy of available defences and exceptions.......................................152

7.2.7. The enforcement of insider trading legislation and the effectiveness of the
       Australian insider trading regulatory framework...........................................158

7.3. CONCLUDING REMARKS.................................................................................162
CHAPTER EIGHT

CONCLUSIONS AND RECOMMENDATIONS TO SOLVE THE INSIDER TRADING PROBLEM IN SOUTH AFRICA.

8.1. GENERAL OBSERVATIONS................................................................. 164

8.2. RECOMMENDATIONS...................................................................... 165

8.3. CONCLUDING REMARKS............................................................... 175

BIBLIOGRAPHY....................................................................................... 176