

DECLARATION.

I, Howard Chitimira, do hereby declare that except for references specifically indicated as such in the text, and any other help as I have acknowledged, this dissertation is wholly a product of my own research, opinions, analysis and industry and has not been submitted in fulfilment of the requirements for degree purposes or for academic examination towards any qualification at any University.

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Alice

To My Parents and My Lovely Sister

TYMON, DIANA AND VIOLAH

You have been and still are my constant source of inspiration

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ABSTRACT.

Insider trading is one of the practices that (directly or indirectly) lead to a host of problems for example inaccurate stock market prices, high inflation, reduced public investor confidence, misrepresentation and non disclosure of material facts relating to securities and financial instruments. Again it reduces efficiency in the affected companies and eventually leads to economic underperformance. The researcher observed that the South African insider trading regulatory framework has some gaps and flaws which need to be adequately addressed to ensure efficient and stable financial markets. Therefore, the aim of this research is to provide a clear roadmap for an effective, efficient, adequate and internationally competitive insider trading regulatory framework in South Africa.

In order to achieve the above stated aim, the historical development of the regulation insider trading is critically analyzed. The effectiveness and adequacy of the Insider Trading Act, 135 of 1998 is also discussed. Furthermore, the prohibition of insider trading under Securities Services Act, 36 of 2004 is explored and analyzed to investigate its adequacy. The role of the Financial Services Board, the Courts and the Directorate for Market Abuse is also scrutinized extensively. Moreover, a comparative analysis is undertaken of the regulation of insider trading in other jurisdictions of United States of America, Canada and Australia. This is done to investigate any lessons that can be learnt or adopted from these jurisdictions. The researcher strongly contends that having the best insider trading laws on paper alone will not cure the insider trading problem. What is required are adequate laws that are enforced effectively in South African courts. Therefore an adequate insider trading regulatory framework must be put in place to improve the efficiency of South African financial markets, to maintain a stable economy, combat misrepresentation and non disclosure of material facts in transactions relating to securities.

The researcher has attempted to state the law as at 31 August 2007.