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# Insider Trading according to the EU Law

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## Stock market and criminal law

- Traditional market and the stock exchange
- Two basic types
  - ➔ stock exchange or market
  - ➔ commodity exchange
- Contrary to the regular market
- Investor ➔ the anticipated future yield and the risk
- Information (guaranteed by strict rules)
- Definition of the Insider trading, insider trading in the practice (typical example)

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## The concept of the economic criminal law

- Definition of the economic criminal law
- Conclusions on the basis of the above definition:
  - ➔ economic criminal law is a sub-area of criminal law
  - ➔ economic criminal law is constituted by criminal law (primary) norms and legal norms outside criminal law (secondary)
  - ➔ the Hungarian economic criminal law is primary, that is, its criminal law norms can be divided into at least two parts

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## The concept of the economic criminal law 2.

- Hungary joined the European Union on 1 May 2004
- Serious challenges in the legal system
  - For example: in the jurisdiction, effect on economic criminal law
- The EU cannot create criminal law norms yet, that could be directly applicable in the member states
- The main EU background norm is the new **2003/6/EC**
- 2003/124/EC, 2003/125/E

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## The current Hungarian regulation on insider trading

*299/A. § (1) Someone who transacts operation referring to a financial mean by using insider information, commits a crime, and can be punished by maximum 3 years of imprisonment.*

*(2) It also falls under the (1) paragraph if someone*

*a) regarding to the insider information in his/her possession assigns an other to transact operation referring to a financial mean,*

*b) due to benefit snatching gives insider information away to an unauthorised person.*

- The history of the insider trading, in international regard
- State Supervision of Financial Organisations (PSZÁF)
- Market Controlling Department

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## The current Hungarian regulation on insider trading 2.

- Financial instrument
- Usual perpetrational behaviour
  - “Sealing a transaction”
- Broker or commission merchant
- Insider information
- Insider person
- The crime can only be committed intentionally, in the first two phrase with *dolus eventualis*, in the third – according to the aim- only with *douls directus*.

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## Some unsolved problems

- Some important theoretical question, which are important in the practice aren't specified perfect
- Few criminal process in insider transaction
- The definition of the benefit ←
- The count of the crime ←
- Determine insider information definition ←
- Criminal investigation authorities
- Relative problems ➤ to analyze and to prove
- Resume

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**Thank you for your attention!**

