

This work deals with Czech and European law of insider trading and its enforcement in practice. Insider trading means trading of persons privy to not publicly known information which could have significant effect on price of an investment instrument admitted to trading on a regulated market. At the beginning, why to forbid such practice – economic and moral reasons are described, followed by brief summary with some comments of the legal development from the early beginning to present time in the USA, through development in Europe to the current situation in the Czech Republic. Chapter 2 contains interpretation of Czech and European definition of inside information with some common examples of inside information. Chapter 3 deals with insider trading ban (here you can also find description of a serious problem with necessity of proving using inside information instead of proving only trading after obtaining inside information) and its application in specific situations and exclusions given by national or EU legislation (e.g. take over bids). The next chapter refers to duties in connection with inside information, especially of issuers, insiders and regulated market providers. Chapter 5 and 6 deal with detection methods, specifics of administrative proceeding, sanctions, basic description of enforcement in USA, certain bigger EU countries and description of 3 cases detected and investigated in the Czech Republic so far. Conclusions in chapter 7 contain brief comparison of USA and EU legal framework, criticize ineffectiveness of enforcement, warn of problems in Czech legal framework and also at the European level and indicate possible improvements, especially the problem with necessity to prove using of inside information suggesting to change the law on the base of general trading ban with some necessary exceptions and problem with unreasonable complicated and misleading definition of insider suggesting to change it into simple precise definition of person possessing inside information.