



## Trading under the Corporate Governance

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### Abstract

**Introduction:** Trading under corporate governance is an important interconnection between finance, law, and management that directly influences market fairness and investor confidence in the stock market. This study investigates how trading is shaped by corporate governance and how the governance framework regulates transparency, accountability, and fairness in the market. This study addresses the problem of how a weak governance framework results in insider trading, violates shareholder rights, and creates discrepancies in cross-border trading regulations. Real examples of corporate scandals and reforms are discussed to show how weak governance directly affects trading and market trust.

**Methodology:** Using doctrinal and comparative research methodology, the paper examines statutory regulations, judicial precedents, case laws, and corporate governance codes in both developed and emerging economies.

**Findings:** The study finds that a strong government system, such as an independent board of directors, clear disclosure of information, active involvement of shareholders, and proper governance, helps in reducing unethical practices. These findings also improve transparency, protect minority investors, and build trust in the markets.

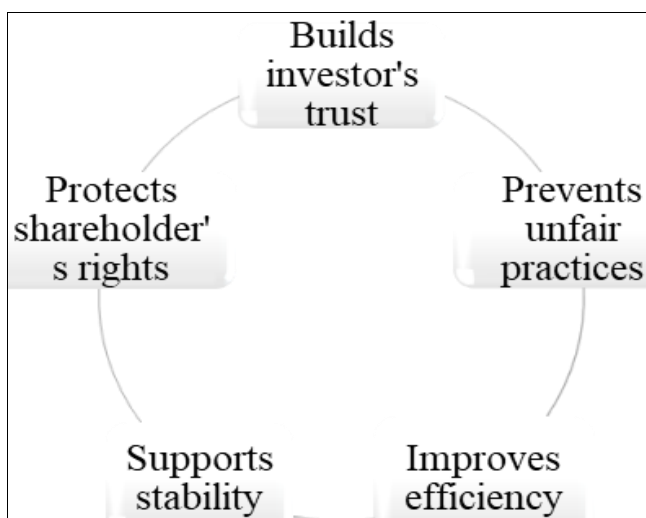
**Conclusion:** This study concludes that strong corporate governance is crucial for fair and transparent trading. By preventing illegal practices such as insider trading, protecting the rights of shareholders, and reducing the gaps in cross-border markets, investor confidence is built, and long-term corporate growth is supported. A strong governance framework not only protects the rights of stakeholders but also strengthens financial markets, making them more stable and trustworthy.

**Keywords:** Corporate Governance, trading, insider trading, transparency, accountability, shareholders' rights

### Introduction

Corporate governance is about how companies are controlled and managed to ensure fairness, accountability, and transparency. It provides the structure to companies on how they should be managed and how they should work. Trading is a crucial activity in financial markets and is directly influenced by the effectiveness of strong and good governance. Strong governance reduces the risk of unethical practices such as insider trading and market manipulation, whereas weak governance harms investor confidence and market stability.

### Importance of corporate governance



Good corporate governance results in successful corporate models.

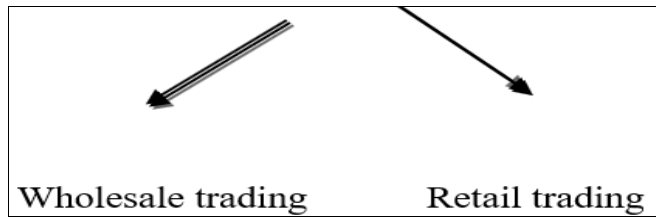
### Some Indian models of corporate governance are as follows:

**Tata models:** The Tata group is often seen as a benchmark for good governance in India. Their approach focuses strongly on ethics, integrity, and accountability. Tata believed that businesses should not only aim for profits but also care for society and the environment. By adhering to ethical practices and long-term sustainability, Tata has become a role model for other companies.

**Mahindra model:** Their model highlights the importance of empowering employees and stakeholders. Mahindra has built a culture that makes it a leader in corporate governance in India.

- 1. Meaning of Trading:** Trading is the act of buying and selling financial assets such as shares, bonds, commodities, and currencies in different markets. Traders aim to earn profits by taking advantage of short-term price movements.
- 2. Advantages of Trading:** Traders can either work within a financial institution, using the company's resources or credit for their trading activities, or they can trade independently, utilizing their own credit or capital. In the latter scenario, they keep the profits for reinvestment or to meet their financial goals.
- 3. Types of Trading:** The stock market features two main types of trading, which are outlined below:
  - a. Domestic Trading:** Domestic trading involves the exchange of assets within a single country. Here, both the sellers and buyers are from the same nation, participating in the trade of goods. Also known as the internal market, domestic trading outcomes are heavily influenced by national market changes.

**This type of trading can be divided into two categories**



- **Wholesale Trading:** Wholesale trading is carried out by wholesalers who serve as intermediaries between stock issuers and brokers. Companies sell their shares in bulk to wholesale traders, who then distribute them to retail brokers. These brokers, in turn, sell the shares to individual investors.
  - **Retail Trading:** Retail Trading is conducted by retailers who act as intermediaries between wholesalers and individual investors. Wholesalers supply stocks in large quantities to retail brokers, who then sell them to individual customers interested in investing in shares.
- b. **Foreign Trading:** Foreign trading involves the exchange of assets across international borders. Due to differences in currency values between countries, investors in foreign assets often experience higher returns compared to domestic trading. In many economies, foreign trades make up a significant portion of the Gross Domestic Product (GDP). Foreign trading can also be divided into two categories:
    - c. **Import Trading:** Import trading involves acquiring assets from foreign markets, with the buyer acting as the recipient in the transaction. For instance, when an Indian investor buys an asset in a foreign market, it is considered an import trade, where the buyer pays for the acquired asset.
    - d. **Export Trading:** Export trading takes place when an asset holder sells an asset to a buyer in another country.
  4. **Insider Trading:** Insider trading refers to the buying and selling of the securities of a publicly listed company by individual who possess material, non-public information.

Material information is the information that affect an investor’s decision to buy or sell a security such as financial performance reports or regulatory approvals. Non-public information means that the data which has not been lawfully

disclosed in the public and that information can only be used by limited group of people. Insider trading is generally considered unlawful as it challenges market fairness and weakens the investor’s confidence. For example, in 1992 Harshad Mehta a stockbroker used unpublished information of the banking system to manipulate the stock market. This results in gaining huge profits but massive loss to the investors.

**5. Who is an Insider?**

An insider is a person who knows the important information of the company before its publication. If that information is used then it can result in taking unfair advantage by the investors while buying the shares. These are the people inside the company such as director, employees or lawyers who knows the secret information of the company.

**History of Trading in India**

India's trade history is long and complex, spanning thousands of years and involving many global interactions. Trade has been vital to India's economy, connecting it with local and international networks. India's location and long coastline have helped it engage in cross-cultural exchanges since ancient times. For example, trade routes linked India to China and Southeast Asia, showing India's important role in global trade. India traded spices, silks, and other goods, making Asia a key player in the world economy before European imperialism (Mckay & Junker, 2001) [4]. European traders, like the Portuguese, arrived in India in the late 15th century. Later, the English and Dutch East India Companies also traded with India, marking a significant period in its trade history. These companies exported goods to Europe and other parts of Asia, gradually integrating India into the global economy. Over three centuries, this interaction changed India's market place until it was closely tied to Britain (Prakash, 1998) [1]. The interaction between Indian and foreign traders greatly affected India's economy. For instance, in the 16th and early 17th centuries, southern India had significant international interactions, shaping its political and economic structures (Subrahmanyam, 1990) [2]. In the context of globalization, India's trade has been crucial for economic policy and development. Throughout history, India has been a major player in the world economy due to its trade of textiles, military technology, and other goods. The patterns of Indian trade have influenced economic policies, politics, and ideologies in the country. Since the early 1990s, India has moved towards a free-market economy, opening new opportunities for international trade (Roy, 2012) [3]. Thus, India's trade history is rich with diverse cultural and economic exchanges, influencing and being influenced by both internal and global trends.

Period	Key Features of Trade	Examples / Impact
Ancient Period (Before 15th Century)	India traded extensively with Rome, China, Southeast Asia, and the Middle East. The country was famous for its spices, silk, and textiles.	Helped India emerge as a major center of the world economy; spread Indian culture, art, and goods across regions, influencing trade routes and civilizations.
Medieval Period (15th–17th Century)	Arrival of European traders such as the Portuguese (1498), followed by the Dutch and the English East India Companies.	Expanded exports of spices, cotton, indigo, and silk; promoted closer integration with the global economy and maritime trade networks.
Colonial Period (17th–20th Century)	Trade was dominated by the British East India Company. India became deeply tied to Britain’s economy.	India exported cotton, indigo, and tea, while importing British manufactured goods; became part of the global division of labor under colonial rule.
Post-Independence Period (1947–1990s)	Focus on economic self-sufficiency (autarky) and protectionist trade policies to rebuild the national economy.	India restricted imports, promoted domestic industries, and adopted centralized planning; resulted in slower integration with global markets.
Liberalization Era (1991–Present)	Economic reforms introduced free-market	Rapid expansion of exports and foreign investments;

	policies, globalization, and liberal trade regulations.	India became a major player in global trade and financial markets, emphasizing transparency and governance.
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## Literature Review

Corporate governance has become a central element in the control of business operations, ensuring disclosure and protecting investors' interests. Trading operations in financial markets where shares, bonds, commodities, or derivatives are traded significantly depend on governance frameworks. Good governance ensures ethical behavior, market efficiency, and investor confidence in the long run, while poor governance contributes to insider trading, market manipulation, and risk (Shleifer & Vishny, 1997)<sup>[5]</sup>. This review of literature seeks to critically analyze the connection between trading and corporate governance through theoretical framework, global and Indian case studies, empirical research, and arising challenges. By evaluating current academic research contributions, this discussion highlights the pivotal role of corporate governance in governing ethical and effective trading practices.

### 1. Theoretical Frameworks Connecting Corporate Governance and Trading

#### Agency Theory

Agency theory has been the most widely referenced framework in corporate governance research, dealing with conflicts between managers (agents) and shareholders (principals). In trading situations, managers can use insider information for their benefit, and this causes insider trading and information asymmetry (Jensen & Meckling, 1976). These conflicts require governance mechanisms like disclosure norms and audit committees to be installed.

#### Stakeholder Theory

Stakeholder theory extends governance from shareholders to responsibility toward employees, customers, creditors, and society (Freeman, 1984). In trading, this theory is based on protecting investors as well as ensuring market integrity and economic stability.

#### Market Efficiency Hypothesis

Governance is also linked to market efficiency. When governance structures impose transparency and disclosure, markets are more efficient because securities are properly priced and investors make informed decisions on equitable information (Fama, 1970).

### 2. Corporate Governance and Market Transparency

Transparency is among the most significant governance tools influencing trading. Researchers agree that high disclosure standards minimize information asymmetry and maximize investor confidence (Bushman & Smith, 2001). Empirical Evidence: Research from the U.S. and European markets indicates that companies with superior disclosure policies experience higher trading liquidity and lower volatility (Healy & Palepu, 2001). Indian Context: SEBI's reforms, particularly Clause 49 of the Listing Agreement, have been instrumental in improving transparency and accountability, thereby boosting the confidence of both institutional and retail investors (Balasubramanian et al., 2010). Without the openness of information, trading systems

can be manipulated, as is shown by numerous market frauds globally.

### 3. Insider Trading and Governance Failures

One of the most widely talked-about interlinks between trading and governance is insider trading. Insider trading entails buying or selling securities through people who have non-public, material information. Lack of proper governance offers avenues for such transactions. Global. The Galleon Group Rajaratnam case was a case in point that showed how insider networks had used privileged information to make profits, thus undermining market integrity (Sorkin, 2010). The Enron scandal of 2001 is an example case of how governance loopholes warped trading activities and undermined investor confidence globally. The Harshad Mehta scam of 1992 exposed weaknesses in India's trading infrastructure, underlining the need for more stringent governance and regulation (Varma, 1997). The Ketan Parekh scam in 2001 further revealed collusion and insider manipulation, illustrating how market inefficiencies can arise with a lack of proper control. Researchers like Bhattacharya & Daouk (2002) argue that insider trading has a lot to do with raising the cost of equity in weak governance enforcement markets.

### 4. Trading Efficiency and Governance Mechanisms

Strong governance increases trading efficiency through reducing risk and generating international capital flows.

- **Independent Boards:** It has been shown through research that independent and diversified boards enhance monitoring and discourage unethical trading (Adams & Ferreira, 2007).
- **Audit Committees:** Effective audit systems identify abnormalities and strengthen investor confidence.
- **Shareholder Activism:** Investors in recent times have increasingly been seeking ethical trading and governance change.

**Case Example:** Infosys in India is often cited as a governance leader. Its open disclosures, ethical trading and shareholder value emphasis set the standard for emerging markets' corporate governance (Krishnan, 2011).

### 5. Cross-Country Perspectives on Trading and Governance

#### ▪ Anglo-American Model (US/UK)

This model is shareholder-oriented, with legislation like the Sarbanes-Oxley Act of 2002 providing for strict monitoring of corporate disclosures and trading. Litigation and enforcement are highlighted.

#### ▪ Continental European Model

Germany, among others, follows a stakeholder philosophy that prioritizes overall economic stability. Trading is interlinked with the banks and institutional investors' role (Coffee, 2007)<sup>[16]</sup>. Asian and Emerging Economies Governance in Asia frequently includes family businesses with controlling shareholders that determine trading patterns (Claessens & Yurtoglu, 2013).

## Insider Trading Regulations in India

### ▪ Development and Framework

Insider trading, or the utilization of unpublished, material, non-public information (UPSI) to gain an advantage in the dealing of securities, is considered a serious threat that taints market integrity and decreases investor confidence everywhere. SEBI, the leading regulative body, regulates this industry in India.

The SEBI (Prohibition of Insider Trading) Regulation, 2015, which came into effect on the recommendation of the Justice N.K. Sodhi Committee, replaced the erstwhile existing 1992 regime and established a strong and comprehensive regulatory scheme. The framework is designed to avoid insider trading and institute fairness and transparency in the market.

### Principal Provisions of the 2015 Regulations

**Prohibition:** Insiders are prohibited from trading in securities based on UPSI. UPSI includes information related to financial performance, dividends, mergers, acquisitions, and shifts in key managerial personnel.

**Definition of Insider:** Definition is broad and includes directors, employees, officers, associated persons, and anyone who has or has access to UPSI, regardless of how it was received.

**Mechanisms for Compliance:** Companies listed on the exchanges are mandatorily required to have a Compliance Officer (typically the Company Secretary, or CS), draft an Insider Trading Code of Conduct, have Trading Windows and Blackout Periods, and have extremely strict disclosure norms.

**Structured Digital Database (SDD):** The listed companies must maintain an SDD to monitor those with whom UPSI is shared, detailing the nature, date, and time of communication and creating a vital digital trail.

**Penalties and Enforcement:** The contraventions are penalized with stringent sanctions, such as fines in cash (stretchable up to ₹25 crore or three times the profit made, whichever is higher), disgorgement of profits, trading prohibition, and potential criminal prosecution (up to one year's imprisonment under the SEBI Act). Dignitary enforcement cases have been imposed on the likes of Reliance Petro Investments Ltd (RPIL) (ordered to disgorge ₹513 crore), Sun Pharma, HDFC Bank, and Fortis Healthcare.

### 1. Indian Regime Challenges and Anomalies

India boasts one of the most rigorous insider trading regimes globally, yet there are significant challenges to effective enforcement.

**Detection and Investigation:** The challenge lies in the sophistication of illegal trading schemes, the inability to detect transactions through the use of obscurity structures or offshore accounts, and the unavailability of requisite resources (SEBI has around 800 employees).

**The Motive/Penalty Dichotomy:** A striking disparity exists between charging provisions of the PIT Regulations and the penal provision of the SEBI Act. Existing PIT Regulations prohibit dealing "when in possession of" UPSI (Regulation

4) suggesting a strict liability offense where motive becomes immaterial. But the provision of penalty, Section 15G of the SEBI Act, uses the phrase dealing "on the basis of" UPSI. Judicial pronouncements (e.g., *Rajiv B. Gandhi v. SEBI*) have held that in order to impose a penalty, it has to be shown that the dealing was actuated by the UPSI. This inconsistency suggests that a violation in regulation can be established without ill motive, while penalty cannot be imposed without evidence of ill motive.

**Ambiguities:** The legislation is made complex by ambiguities regarding the definition of 'unpublished price-sensitive information' and the identification of who are 'connected persons'. The *Shruti Vora v. SEBI* case highlighted the issue of interpreting the knowledge requirement where information is imparted informally (e.g., on WhatsApp).

### 2. Corporate Governance and Prevention

▪ Corporate governance (CG) is an important factor in ethical and transparent market operation and a strong tool against opportunistic insider trading. CG describes the mechanism by which companies are directed and controlled.

▪ **Role of the Company Secretary (CS):** The CS is highlighted as an ethical gatekeeper and Compliance Officer for prevention, detection, and culture-building against insider dealing. The CS implements the Code of Conduct, manages the trading window, hosts the Structured Digital Database (SDD), advises the Board on fair disclosure, and facilitates whistleblower frameworks.

### 3. Insider Trading in the Digital Age (Comparative Analysis)

The rapid expansion of electronic finance—algorithmic trading, social media "finfluencers," and crypto markets—challenges enduring insider trading paradigms in fundamental ways.

▪ **Algorithmic Trading:** Insider trading laws apply when algorithms use insider knowledge to trade. Risks include models being incidentally or intentionally trained on insider data sets (leakage of data) and privileged access to non-public market data streams. EU Market Abuse Regulation (MAR) and updated sectoral law like REMIT II are currently actively addressing algorithmic-generated suspicious transactions.

▪ **Social Media Tipping ("Finfluencers"):** social media is enabling "tipping" (inadvertent or deliberate disclosure of confidential information) and "touting" (issue promotion on an undisclosed revenue basis).

**India (SEBI):** SEBI is investigating finfluencers, crafting rules for greater transparency, disclosure, and shared responsibility with financial intermediaries.

**UK/EU (FCA):** The UK Financial Conduct Authority (FCA) issued FG24/1, placing strict financial promotion rules on social media to make content fair, clear, and not misleading.

- **Cryptocurrency and NFTs:** Enforcement of insider trading is hindered by the legally ambiguous status of crypto assets—whether to treat them as securities, commodities, or unregulated assets.

**US:** The SEC has enforced (e.g., SEC v. Wahi for listing data on Coinbase) by applying the assets as "crypto asset securities". However, the 2025 overruling in U.S. v. Chastain (an NFT case) illustrates the doctrinal vulnerability of applying insider trading theories to these markets.

**India:** SEBI lacks wide jurisdiction over offshore digital asset trading and must decide if it should impose PIT obligations directly upon digital asset traders.

#### 4. Improvement Recommendations in India

To strengthen India's system of regulation, the sources recommend some significant reforms:

- **Eliminate Legal Contradiction:** Introduce a legislative amendment to the SEBI Act to align the penal provision (Section 15G) with the charging provisions under the PIT Regulations so as to clarify the role of motive and provide certainty to the law.
- **Enhance Enforcement:** Strengthen surveillance and investigation capabilities by employing advanced technologies like data analytics and Artificial Intelligence.
- **Deter More:** Enhance penalties and make them adequate for breaches. This entails criminalizing serious infractions, which are currently only civil.
- **Encourage Incentives:** Institute a reward system for whistle-blowers to economically incentivize people to report breaches, as done by the US SEC program.
- **Clarify and Harmonize:** Periodically check the PIT Regulation, 2015, to remove questionable provisions and align with international best practices.
- **Increase Coordination:** Promote greater coordination and exchange of information between regulators, exchanges, and market intermediaries.

These sources provide a multi-jurisdictional analysis of corporate governance and insider trading laws, particularly emphasizing the differing and developing frameworks of India and the United States, with comparisons to the European Union and the United Kingdom. They then look into universal corporate governance principles, referencing landmark documents such as the Sarbanes-Oxley Act (2002) and the OECD Principles, and comparing and contrasting India's poor enforcement with the more stringent regulatory ethos in the US. Most of the analysis focuses on the conflicting laws inherent within India's SEBI laws against insider trading, where charging provisions mandate strict liability but penal provisions usually mandate proof of motive or intention for fining. Lastly, the sources mention the contemporary challenges to these paradigms from algorithmic trading, social media "finfluencers," and the uncertain legal standing of cryptocurrency markets, delineating how regulators such as the SEC, SEBI, FCA,

and ESMA are grappling to incorporate conventional notions of "inside information" in the age of technology.

#### Methodology

- **Research Design:** The research is grounded on qualitative and descriptive design, making use of secondary data and accessible scholarly literature to analyze trading practices and interrelation of corporate governance structures. It places theories, laws, and cases into context in order to establish key trends and conceptual relations.
- **Study Type:** The review is done employing a systematic literature review (SLR) methodology, combining academic, legal, and policy sources. It combines theoretical frameworks such as agency theory and stakeholder theory with real governance paradigms and legislation.
- **Sources of Data:** The information is derived from academic journals, regulatory reports (SEBI, OECD), and case studies of international and Indian firms. Important acts and reforms like the Sarbanes-Oxley Act, Dodd-Frank Act, and SEBI (PIT) Regulations, 2015 were examined as well.
- **Data Collection Process:** Sources were gathered from databases including Google Scholar, JSTOR, and SSRN using the keywords "corporate governance," "insider trading," "market transparency," and "AI in trading." The review holds pieces published between 1990 and 2025.
- **Inclusion and Exclusion Criteria:** Peer-reviewed journals, official reports, and law documents were included, while non-academic and opinion-based sources were excluded to ensure reliability.
- **Analytical Framework:** The thematic analysis was used to categorize findings into overarching themes: theoretical foundations, transparency, insider trading, comparative governance models, technology impact, and legal reforms.
- **Methodological Limitations:** The review lacks primary data and is limited to secondary literature accessible. Developing themes like algorithmic and crypto trading may not be extensively covered. Hence, this methodological framework integrates qualitative, analytical, and comparative research to observe how the mechanisms of governance influence ethical trading practice in India and globally.

#### Findings

- **Corporate Governance Increases Market Transparency**

Effective governance structures play a crucial role in promoting transparency in trading. Firms that have transparent disclosure strategies and independent audit committees have fewer cases of insider trading and market manipulation. This transparency inspires investor confidence, thus increasing market participation and liquidity.

#### ▪ **Governance Reduces Insider Trading and Fraud**

Empirical evidence time and again suggests that nations with strong governance legislation, like the Sarbanes–Oxley Act (2002) in the United States or the SEBI (PIT) Regulations, 2015 in India, have fewer instances of insider trading. Internal whistleblowing mechanisms and corporate codes of ethics are also sound deterrents to unethical behavior.

#### ▪ **Moral Governance Promotes Investor Protection**

Sound governance practices protect not just shareholders, but also retail investors, who usually have limited straightforward access to internal company information. When firms follow good trading practices, investor confidence is supported, leading to consistent investment flows.

#### ▪ **Valuation and Corporate Reputation Gain from Good Governance**

Studies demonstrate a positive correlation between stock market performance and corporate governance ratings. Companies such as Infosys and Tata Group exemplify how transparent and ethical governance can enhance brand reputation and attract long-term investors.

#### ▪ **Technological Advancements Necessitate Governance Evolution**

The emergence of algorithmic and AI-based trading requires the establishment of new governance standards to promote algorithmic fairness, data security, and accountability. Existing frameworks must be updated by regulators to efficiently regulate digital and high-frequency trading platforms.

#### ▪ **ESG and Sustainability as Essential Elements of Contemporary Governance**

Modern governance combines Environmental, Social, and Governance (ESG) criteria. Investors increasingly demand businesses with profit-making complemented by social, ethical, and environmental responsibility and, thus, create new trends in responsible trading.

#### ▪ **Implementation Challenges in Emerging Markets**

Even with the existence of regulatory frameworks, compliance and enforcement are lax in most emerging markets. The case of the Satyam fiasco in India and the IL&FS debacle demonstrates that poor governance can cause huge losses to investors even if there are rules on paper.

#### ▪ **Globalization as a Competitive Advantage in Governance**

With a globalized financial environment, companies with sound governance receive greater foreign investment. Corporate governance has emerged as the differentiating factor in cross-border trade, mergers, and foreign alliances. In sum, this study highlights the critical function of corporate governance in facilitating ethical and transparent trade. Effective governance eliminates corruption, makes organizations accountable, and contributes to economic sustainability. There are still challenges, however, especially with the onset of digital trade, calling for responsive, tech-enabled, and internationally harmonized frameworks of governance.

### **Discussions and Conclusions**

- Strengthening Governance Structures for Ethical Trading
- There is a need for effective governance mechanisms to ensure ethical trading practices, the report underlines.
- To suppress fraud and insider trading, companies need to enhance internal control processes and independent monitoring through boards.
- Name audit and risk management committees with reasonable freedom.
- Require periodic review of disclosures and external audits for transparency.
- Embedding ethics and compliance in boardroom culture enables corporations to minimize trading risks arising from governance lapses.

#### **1. Balancing Provisions under SEBI Laws**

Of the significant inconsistencies seen is the inconsistency between Regulation 4 of the SEBI (Prohibition of Insider Trading) Regulations, 2015 ("when in possession of UPSI") and Section 15G of the SEBI Act ("on the basis of UPSI"). The latter creates interpretational difficulties to enforcement and judicial review. It is therefore suggested that:

The SEBI Act is modified to identify the element of intent in cases of insider trading.

A harmonized definition be established to align the procedural and penal provisions. This will bring clarity, certainty, and fairness in the enforcement process, reducing prolonged litigation and regulatory ambiguity.

#### **2. Enhancing SEBI's Surveillance and Enforcement Capacity**

SEBI has a large manpower and technological deficit in tracking sophisticated trading networks and overseas accounts. Hence, SEBI needs to introduce AI-powered surveillance systems for monitoring suspicious trades in real-time. Establish cross-border collaboration models with international regulators like the SEC (U.S.), FCA (U.K.), and ESMA (EU). Augment its power and technical training in forensic accounting and data analysis. Institutional strength will be increased to enable SEBI to detect and prevent advanced trading malpractices.

#### **3. Incentivization and Whistleblower Mechanisms**

Drawing a lesson from the U.S. SEC's Whistleblower Program, India can learn to adopt an incentive scheme to motivate reporting of insider trading and market irregularities. Suggested recommendations are: Offering monetary reward to the person who furnishes reliable information resulting in enforcement action. Offering anonymity and protection against company retaliation. Creating a Whistleblower Protection Office in SEBI for complaint handling in a transparent manner. These steps would establish a culture of fair trade and make workers and investors stewards of fair-trade practices.

#### **4. Managing Digital and Algorithmic Trading Risks**

As trade evolves to be more technology-driven, AI and algorithmic models pose threats of exploitation of data and manipulative trading. Apply Algorithmic Governance Codes that mandate design transparency, data use, and audit trails for models. Mandate certification or licensing requirements for the creators of automated trading systems. Enact laws on data privacy and insider information leakage online. These

actions ensure technology improves market integrity instead of compromising it.

### 5. Encouraging ESG (Environmental, Social, and Governance) Integration

The inclusion of ESG norms into the governance framework is an international move towards ethical capitalism. India needs to shift from compliance governance to values governance, in which business objectives are aligned with sustainability. Suggestions include: Making ESG disclosure mandatory for all listed companies. Connecting executive compensation with ESG performance measures. Improving corporate reputation by green and ethical investment within financial markets. It not only improves corporate image but also includes global ESG-themed investors.

### 6. Enhancing the Role of Company Secretaries (CS)

Company Secretaries are the backbone of governance and compliance. They must be empowered to: Act as gatekeepers to compliance, ensuring compliance with insider trading and disclosure regulations. Provide Structured Digital Databases (SDDs) for all data pertaining to UPSI. Act as corporate ethics, fair disclosure, and risk governance board consultants. Identification of the CS as a keystone of governance will improve accountability at the operational level.

### 7. Facilitating Cross-Border Governance Harmonization

Variation of standards of governance between jurisdictions within a global trading landscape opens avenues for malpractice. Therefore: India needs to establish bilateral and multilateral agreements with other regulating agencies to exchange information and standardize enforcement practices. Set international standards of governance, similar to OECD and G20 directions, specific to digital and emerging economies. Standardization will allow a common set of governance expectations on international trading platforms.

### 8. Investor Education and Market Ethics is reinforced

Along with regulatory transformation, long-term governance success is on the shoulders of an educated and responsible class of investors. It is recommended that: SEBI, stock exchanges, and financial institutions design investor education programs in ethical trading and governance. Universities and business schools include corporate ethics modules in finance and management courses. This will increasingly establish a generation of ethical professionals and investors who comprehend the virtues of honesty in trading.

### 9. The Dynamic Nature of Corporate Governance

The thesis emerging out of this research is that corporate governance is no longer a static notion—it is changing ever more dynamically with market technology, investor sentiment, and cross-border regulation.

**Governance in the present times must:** Go beyond box-ticking rule-making and emphasis on ethical stewardship. Move forward to make space for AI, ESG, and online trading. Place human judgment, openness, and equity above pure profitability. In reality, the future of corporate governance trading will be underpinned by the nexus of law, technology, and ethics—a trinity that characterizes

contemporary corporate responsibility. Overall, this research suggests a four-pronged governance reform agenda embracing legal simplicity, institution overhaul, technological adjustment, and moral accountability. Through the application of these tenets, India and other rising powers can establish a strong, transparent, and globally respectable trading climate that fosters economic development based on sustainability and investor confidence.

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