

## ACADEMIC SEMINAR

# Insider Trading and Innovation

This paper assesses whether legal systems that protect outside investors from corporate insiders increase or decrease the rate of technological innovation. Based on over 75,000 industry-country-year observations across 94 economies from 1976 to 2006, we find that enforcing insider trading laws spurs innovation—as measured by patent intensity, scope, impact, generality, and originality. Consistent with theories that insider trading slows innovation by impeding the valuation of innovative activities, the relationship between enforcing insider trading laws and innovation is much larger in industries that are naturally innovative and opaque, and equity issuances also rise much more in these industries after a country starts enforcing its insider trading laws.



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Ms. Lai WEI is a PhD candidate in Finance in the Faculty of Business and Economics at the University of Hong Kong. Before pursuing her doctoral study, she obtained the Bachelor's degree in Economics and Finance with First Class Honours from the University of Hong Kong in 2012, and had become a life-time member of Beta Gamma Sigma Society that provides the highest recognition of business students in the world during her undergraduate study. Her research interests include corporate finance, financial markets and regulations, innovation, financial reporting and voluntary disclosure. Her papers have been selected into top academic or field conferences such as American Finance Association (AFA) Annual Meeting, Review of Financial Studies (RFS) Entrepreneurial Finance and Innovation Conference, and Hoover Institute IP2 Conference, circulated as the National Bureau of Economic Research (NBER) working paper, and invited for post on the Harvard Law School Forum on Corporate Governance and Financial Regulation. She is co-Investigator of GRF grant supported by the Research Grant Council (RGC). She is also a research associate in the Centre for Financial Innovation and Development at the University of Hong Kong, where she has been providing consulting service to Hang Seng Bank and China Construction Bank (Asia).

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**Venue:** SEK206, Simon and Eleanor Kwok Building

**Language:** English