

Insider Stock Trading

Vocabulary

Repeat each vocabulary word and definition after the teacher.

- **Insider trading** Insider trading is the trading of a public company's stocks, bonds or stock options by people with access to nonpublic information about the company.
- **Stocks / Shares** Money raised by a corporation through the sales of shares of the company
- **Bonds** Debts which are sold
- **Debt** When you owe money to something, like a bank or credit card company
- **Stock options** Stocks which are sold at lower prices because you work for the company
- **Nonpublic information** Information which isn't known to the news, other companies or society in general; insider information
- **Investor** Someone who buys stocks or bonds with the expectation of a profit in the future
- **Corporate officers** CEO, CFO, company president, company vice-president; top management
- **Key _____** Very important _____
- **Jurisdiction** Legal power or rights that an organization has to enforce its laws or authority over someone, a subject, or a territory
- **Regulator** A person or a government agency which makes rules and enforces the rules
- **Muss'be** "Must be" (pronounced quickly)
- **Wit'da** "With the" (pronounced quickly)

Passage

Read the passage with the teacher, asking questions about content, and then answer the questions on the next page.

Insider trading is the trading of a public company's **stocks, bonds** or **stock options** by people with access to **nonpublic information** about the company. In various countries, some kinds of trading based on **insider information** is illegal. This is because it is seen as unfair to other **investors** who do not have access to the information, as the **investor** with **insider information** could potentially make far larger profits than a typical **investor** could make. In the United States and several other **jurisdictions**, trading conducted by **corporate officers, key** employees, directors, or significant shareholders **must be** reported to the **regulator** or publicly disclosed, usually within a few business days of the trade. In these cases, **insiders** in the United States are required to file **with the** U.S. Securities and Exchange Commission (SEC) when buying or selling **shares** of their own companies. A person who becomes aware of **non-public information** and trades on that basis may be guilty.

Courtesy of Wikipedia: [https://en.wikipedia.org/Insider trading](https://en.wikipedia.org/Insider_trading)

Checking Understanding

1. What is insider trading?
2. Why is insider trading seen as unfair?
3. In the U.S., what do important employees in a large company have to do after buying or selling shares of their own company?
4. What is SEC short for?
5. What happens if you trade based on nonpublic information?
6. How to pronounce “Must be” quickly?
7. How to pronounce “With the” quickly?

Conversation Questions

Take turns asking the questions with your teacher, and if there's any time left over you can free chat

- Have you ever heard any news about insider stock trading?
- What comes to mind when you think of the word “stock market”?
- Do you invest in the stock markets?
- Which companies or industries would you invest in?
- What do you know about how the stock market works?
- What's the difference between saving and investing?
- Would you invest all your money in one company or in many different companies?
- Do your parents invest in the stock market?
- Do you think the stock market is like the movies “The Wolf of Wall Street” or “Wall Street”?
- How do investors choose which companies to invest in?
- Does your country have a healthy stock market?
- How important are stock markets to national economies?
- What causes stock markets to crash?
- Do you remember the stock market crash of 2008? What caused it?
- Would you prefer to invest in the New York stock market? Or London? Berlin? Hong Kong? Shanghai? Singapore?