

Abstract: *The Equity and Efficiency of the Australian Share Market with respect to Director Trading.*

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Thirteen (7) percent of own-company trades by directors do not meet the ASX (Corporations Act) requirement of reporting within 5 (14) business days. Such breaches of reporting regulations are particularly important given that directors tend to purchase (sell) shares when the price is low (high), thereby achieving abnormal returns. These abnormal returns are highest for sales in resource companies. Ignoring transaction costs and when trading shares in non-resource companies, outsiders can achieve some of the abnormal returns by imitating director's trades. However, in large part the abnormal returns earned by directors are not earned by outsiders.