5. The Insider Dealing case

A, a member of the Board of Directors of X plc., which is listed on the Helsinki Stock Exchange, bought 1.000 X plc shares from B, a shareholder with no position in X's organization, at a price of 112 FIM per share. The transaction was a direct one and took place outside the public trade on the market. Afterwards it was found that before the buy A - but not B - knew about a tender offer concerning X's shares. After the tender offer was made public the price of the shares rose to FIM 750.

a) Consider the possible legal remedies available to B to get
   aa) compensation for the "loss" he suffered in the transaction or
   ab) other kind of improvement to his situation (e.g. declaring the trade transaction void).

   Especially as for ab): consider the significance of B:s motivation to the transaction:
   1) to get profit to the investment (the investment market aspect)
   or
   2) to influence the control of the company (the market for corporate control aspect).

b) Compare the situation in a) to the same kind of transaction within the public trade on the market. Assume the buyer A and the seller B both with the same qualifications as above in a). Remember that in the public trade there are brokers involved and the parties are in no connection with each other.

Notice that a situation like that in a) was considered by the Finnish Supreme Court (KKO) in 1985 (KKO 1985 II 58).