



Applied Financial Economics >

Volume 17, 2007 - [Issue 9](#)

92 | 2  
Views | CrossRef citations to date | Altmetric

Original Articles

# Does market maker competition affect the response to insider trading?

Katherine Gleason

Pages 691-700 | Published online: 05 Jun 2007

Cite this article <https://doi.org/10.1080/09603100600722185>

Sample our  
Economics, Finance,  
Business & Industry Journals  
 >> [Sign in here](#) to start your access  
to the latest two volumes for 14 days

Full Article

Figures & data

References

Citations

Metrics

Reprints & Permissions

Read this article

Share

## Abstract

This study investigates the impact of market maker competition on the relationship between equity bid-ask spreads and informed trading risk from reported insider purchases. It is the first study to provide evidence that the relationship between inside spreads and insider purchases is stronger when there are fewer market makers or more concentrated market making shares. No evidence is found of a relationship between inside ask depth and reported insider purchases. The results are consistent with theoretical expectations that spreads will respond more to informed trading risk under less competitive market making conditions. However, the results are contrary to the DuPont (2000) prediction that market makers alter depth more than spread in response to informed trading risk.

## Acknowledgements

I would like to thank Timothy McCormick of NASDAQ for providing the NASDAQ and NASTRAQ data used in this study. I would like to thank Bill Baber, Pat Fishe, John Glascock, Mark Klock, Peter Locke, Timothy McCormick, Michel Robe and Chris Snyder for their comments and suggestions.

---

### Related research

People also read

Recommended articles

Cited by  
2

## Information for

Authors

R&D professionals

Editors

Librarians

Societies

## Opportunities

Reprints and e-prints

Advertising solutions

Accelerated publication

Corporate access solutions

## Open access

Overview

Open journals

Open Select

Dove Medical Press

F1000Research

## Help and information

Help and contact

Newsroom

All journals

Books

## Keep up to date

Register to receive personalised research and resources  
by email

 Sign me up

  

  

Copyright © 2026 Informa UK Limited Privacy policy Cookies Terms & conditions

Accessibility



Registered in England & Wales No. 01072954  
5 Howick Place | London | SW1P 1WG