

The Crime of Disseminating False or Misleading Information in the Stock Market under Iraqi, Egyptian, and Algerian Law

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Abstract

This study examines the crime of disseminating false or misleading information in the stock market and analyses the comparative legal frameworks of Iraq, Egypt, and Algeria, with particular emphasis on the legal, material, and mental elements of the offence and the mechanisms used to address it through criminal and administrative sanctions and preventive measures. The significance of the study lies in strengthening investor protection, preserving the integrity of financial markets, and identifying legislative gaps in Iraqi law in comparison with the Egyptian and Algerian models, thereby contributing to the development of an effective legal framework for regulating securities trading. The study adopts descriptive-analytical and comparative methods by examining national legal provisions in the three jurisdictions and analysing similarities and differences in the definition of the offence, the penalties prescribed, and the administrative and preventive mechanisms available to secure market compliance. The findings indicate that Iraqi legislation lacks an autonomous provision defining this offence and prescribing its sanctions, unlike Egyptian and Algerian legislation, which articulates clearer material and mental elements and provides graduated criminal and administrative sanctions alongside preventive measures. The study further identifies the need to strengthen regulatory oversight, establish mechanisms for compensating investors, and enhance legal awareness among intermediaries and investors in order to promote a transparent and secure financial market.

Keywords: false information; misleading information; securities market; Iraqi law; Egyptian law; Algerian law.

Introduction

Financial markets constitute a fundamental pillar of the national economy because their proper operation depends on confidence and accurate information. One of the most significant challenges confronting these markets is the dissemination of false or misleading information, which may

disrupt market functioning and inflict substantial financial losses on investors. National legislatures have therefore sought to regulate this conduct and prescribe deterrent sanctions to protect the financial market. Iraqi, Egyptian, and Algerian laws have addressed such practices with the aim of maintaining market stability and safeguarding investors' rights. Accordingly, examining this offence is necessary to understand its statutory legal framework and assess the effectiveness of that framework.

The research problem concerns the extent to which Iraqi, Egyptian, and Algerian laws are capable of confronting the dissemination of false or misleading information in the stock market and of striking an appropriate balance between protecting the financial market and ensuring the free circulation of information. In this context, the study asks: what are the principal similarities and differences among the relevant Iraqi, Egyptian, and Algerian provisions, and how effective are the prescribed sanctions in deterring offenders and preventing financial losses resulting from this offence?

The study therefore seeks to examine the legal framework governing the dissemination of false or misleading information in the stock market under Iraqi, Egyptian, and Algerian law, analyse the similarities and differences among these systems, and assess their effectiveness in protecting financial markets from the risks created by inaccurate information. It also seeks to formulate recommendations for strengthening market protection and reducing violations associated with false information, thereby contributing to the development of national legislation through lessons drawn from comparative experience.

The importance of this study derives from the vital role of accurate information in the stability of financial markets and from the legal and economic necessity of combating practices that undermine investor confidence and adversely affect the market. A comparison of Iraq, Egypt, and Algeria also makes it possible to identify different legislative approaches to this offence and to draw lessons capable of improving the statutory and regulatory mechanisms governing financial markets.

Methodologically, the study adopts descriptive-analytical and comparative approaches. It analyses Iraqi, Egyptian, and Algerian legal provisions relating to the dissemination of false or misleading information, compares their similarities and differences, and uses descriptive analysis to explain the nature of the offence and its effects on financial markets and investors. This combined approach facilitates a deeper understanding of the governing legal framework and supports the formulation of precise and practically relevant conclusions.

Section One: Nature of the Crime of Disseminating False or Misleading Information in the Stock Market

The dissemination of false or misleading information in the stock market is among the most serious offences affecting the foundation of confidence in financial markets. It consists of deliberately publishing or promoting inaccurate data or news capable of influencing investors' decisions or the prices of securities.

Subsection One: The Legal Element

The legal element rests on statutory provisions that criminalise the publication of false information or the concealment of material information affecting investors' decisions or securities prices. These provisions impose strict obligations on listed companies and securities issuers to make periodic and immediate disclosure of information that affects their financial positions.

First, Iraq. A review of the criminal provisions relating to the securities market in the Interim Law on Securities Markets No. 74 of 2004 reveals no provision expressly criminalising the submission of false or misleading data or information in documents submitted either to the competent authority or for the purpose of trading in the securities market.⁽¹⁾

Because the Interim Law contains no express provision criminalising the submission of false or misleading data and information, recourse must be made to the general principles of the Penal Code. Such conduct may therefore constitute forgery where it corresponds to the legal model described in Article 287 of the Iraqi Penal Code concerning the offence of forgery, namely the recording of false or misleading data and information. Alternatively, it may constitute fraud where false or misleading data are submitted in documents presented to the authority in a manner capable of misleading, deceiving, or inducing investors in the securities market. In that event, the offence of fraud under Article 456 of the Iraqi Penal Code may apply.⁽²⁾

Second, Algeria. Through Article 60 of Legislative Decree No. 93-10, the Algerian legislature makes clear that the essence of the offence lies not merely in the circulation of information, but in the effect that such information may have on investor conduct and the market value of securities. Where published or promoted information is misleading and induces investors to make erroneous decisions—for example, purchasing securities on the basis of fabricated positive news or selling them because of false negative rumours—the conduct constitutes a clear form of price manipulation.⁽³⁾

Third, Egypt. The Egyptian Penal Code contains a provision prohibiting price manipulation generally and not only within securities markets. Article 345 of Egyptian Penal Code No. 58 of 1937, as amended, provides in substance for liability of persons who intentionally cause the prices of crops, goods, notes, or negotiable securities to rise or fall from their established commercial value by publishing fabricated or false news, data, or announcements or by other specified conduct. The Egyptian legislature therefore did not confine criminalisation to manipulation of securities prices, but extended it to other goods and commodities.⁽⁴⁾

Iraqi Companies Law No. 21 of 1997, as amended, Article 218.

Ahmad, Ammar Nasser. (2024). Controls on economic crimes in Iraqi criminal law. *Journal of Studies in Humanities and Educational Sciences*, No. 4, p. 65.

Al-Mousawi, Diao Majid. (1998). *Stock Exchanges: Capital Markets and Their Instruments—Shares and Bonds* (1st ed.). Algeria, p. 44.

Article 63(3), (4), and (5) of Egyptian Capital Market Law No. 95 of 1992, as amended.

Subsection Two: The Material Element (Actus Reus)

Like any criminal offence, the dissemination of false or misleading information cannot be established without the constituent material element. The difficulty, however, lies in the special nature of this category of offences, which may require technical expertise to distinguish lawful or permissible conduct from criminal conduct. This places a significant burden on the court when determining the legal character of the impugned behaviour.

First, conduct. For the offence to arise, the information supplied must be inaccurate, false, or misleading. Falsehood consists of an assertion contrary to the truth made with the purpose of misleading the recipient by distorting reality or presenting inaccurate or incomplete assertions. Accordingly, information is false where it alters the truth, and the offence is absent where all information supplied accurately reflects reality.⁽⁵⁾ Misleading information, by contrast, may consist of an inaccurate statement concerning a material fact or of the omission or concealment of accurate and material information. In linguistic terms, misleading conduct connotes deception; a misleading advertisement has therefore been described as one that may contain no express falsehood in itself but is framed in terms capable of deceiving the recipient.⁽⁶⁾ The Egyptian legislature also criminalises the intentional inclusion of inaccurate information in subscription prospectuses, incorporation or licensing documents, reports, documents, or advertisements relating to a company, as well as the intentional issuance of false information concerning securities for which subscriptions are received by an authorised entity, falsification of company records, the intentional recording of inaccurate facts therein, or the presentation of false information to the company's general assembly.⁽⁷⁾

The Algerian legislature likewise expressly addresses misleading stock-market information through Article 60 of Law No. 03-04 of 2003, amending and supplementing Legislative Decree No. 93-10. The provision applies to any person who intentionally disseminates false or misleading information to the public, by any means, concerning the position or prospects of an undertaking whose securities are traded on the stock exchange or concerning securities admitted to trading, where that information is capable of affecting prices. The provision thereby identifies the material element as the dissemination of false or misleading information and the mental element as intentional conduct directed at misleading investors. Regulation No. 2/2000 of the Commission for the Organisation and Supervision of Stock Exchange Operations reinforces this principle by treating information established to be false, inaccurate, or ambiguous as a breach of the duties of transparency and disclosure owed to the public and as a basis for liability and sanction.⁽⁸⁾

Al-Nufai'i, Fahd Abd Mohammed. (2006). Criminal Protection of the Saudi Capital Market. Doctoral dissertation, Naif Arab University for Security Sciences, Riyadh, p. 192 et seq.

Al-Zaqroud, Ahmad. (1995). Legal protection against misleading advertising in comparative Kuwaiti law. *Journal of Law*, 19(4), Kuwait, p. 170.

Article 63(3), (4), and (5) of Egyptian Capital Market Law No. 95 of 1992, as amended.

Ben Rezig, Mohammed. (2014). The Legal Regulation of Stock-Exchange Orders in Commercial Law. Master's thesis, Faculty of Law, University of Benyoucef Benkhedda-Algiers 1, p. 7.

Second, accompanying circumstances. Examples of offences committed by positive conduct in Iraq include carrying on securities activities without a licence⁽⁹⁾, disclosing confidential information in the securities market⁽¹⁰⁾, and exercising control over the securities market by purchasing shares or bonds beyond the legally permitted limit or without obtaining the approval of the competent supervisory authorities. In Egypt, examples of positive conduct under Capital Market Law No. 95 of 1992 include offering securities for public subscription or receiving subscription funds in violation of the law.⁽¹¹⁾ The Algerian legislature, through Article 60 of Legislative Decree No. 93-10, similarly requires a positive act for the offence, such as submitting false or misleading data.⁽¹²⁾ A market participant may supply information contrary to the truth with the intention of influencing investor decisions or market movement. The offence may also be committed by omission where the offender intentionally deletes or withholds material data, or provides only part of the relevant information, particularly where the data have undergone material changes capable of misleading participants in the financial market.

The material element of submitting false or misleading data under Egyptian law is also identified in Article 63(3), (4), and (5) of the Capital Market Law. It requires positive conduct consisting of publishing inaccurate information concerning securities for which an authorised entity receives subscriptions, or including such information in subscription prospectuses, incorporation or licensing documents, reports, other documents, information approved by the Financial Regulatory Authority, or company records. The Egyptian legislature does not specify a particular means of publication or require a distinct criminal result; it is sufficient that the information be capable of affecting securities prices.⁽¹³⁾

Third, result. The result has two meanings. The first is material and refers to the change produced by the criminal conduct in the external world. The second is legal and consists of infringement of the interest protected by law, whether the infringement actually damages that interest or merely exposes it to danger.⁽¹⁴⁾ Offences may therefore be divided, by reference to whether a result is

Paragraph 1/3 of Section 3 of the Iraqi Interim Securities Market Law of 2004.

Paragraph 8 of Section 12 of the Iraqi Interim Securities Market Law.

Article 63(6) of Egyptian Capital Market Law No. 95 of 1992.

Yelles, Asia. (2012). The Duty to Inform in Consumer Sale Contracts. Master's thesis, University of 8 May 1945, Guelma, p. 140.

Shahata, Hussein, et al. (2001). Sharia Controls for Transactions in the Securities Market (1st ed.). Cairo: Al-Taqwa Library, pp. 61-62.

Al-Tamimi, Qais Latif. (2019). Commentary on Iraqi Penal Code No. 111 of 1969: General and Special Parts and Amendments. Beirut: Al-Sanhuri Library, p. 109.

required, into offences of harm and offences of danger.⁽¹⁵⁾ Offences of harm are those in which the criminal conduct causes damage to the public interest protected by criminal law.⁽¹⁶⁾

Some legal scholars consider this offence to combine characteristics of fraud and forgery under many comparative legal systems, including Egyptian law. The submission of inaccurate or misleading information in documents presented to the authority may deceive investors and other securities-market participants and may consequently be characterised as fraud. It may alternatively amount to forgery by presenting a false fact as true, that is, recording a fact contrary to reality in any of the relevant documents, which represents a broad form of intellectual or non-material forgery.

Subsection Three: The Mental Element (Mens Rea)

Iraqi legislation does not provide a special definition of the mental element for stock-market offences, leaving the matter to the general rules contained in Penal Code No. 111 of 1969. Accordingly, general criminal intent is required, consisting of knowledge of the act and its consequence together with a will directed toward producing that consequence.

First, knowledge. Intentional fault has been described as the offender's conscious and informed volition to engage in the criminal activity and awareness of its resulting consequence.⁽¹⁷⁾ Iraqi economic criminal provisions include numerous intentional offences for which the statutory text expressly requires intent or identifies a particular result toward which the offender's intent must be directed.⁽¹⁸⁾

Under Algerian law, the legislature attaches clear importance to the mental element in economic offences generally, including stock-market offences, by requiring prior knowledge of the unlawfulness of the act. Algerian legislation—particularly the rules governing the stock exchange and the trading of transferable securities—emphasises the need to establish an intention to defraud or deceive. It is insufficient merely to commit an act that disturbs the market or misleads investors; it must be proved that the offender knew that the information disseminated was false or intentionally sought to influence prices through fraudulent means. In Egypt, Capital Market Law No. 95 of 1992, as amended, addresses several forms of mens rea in offences involving manipulation, deception, and false disclosure. The Egyptian legislature requires an intention to deceive or harm others, thereby reflecting a requirement of specific criminal intent.

Karam, Melhem Maroun. (1999). *Economic Crime in Lebanese Law*. Beirut: Al-Halabi Legal Publications, p. 177.

Omran, Adel. (2014). *Mechanisms for Combating Economic Crime*. Master's thesis, Larbi Ben M'hidi University-Oum El Bouaghi, Algeria, p. 10.

Article 33(1) of Iraqi Penal Code No. 111 of 1969.

Article 10(1) of Iraqi Trade Regulation Law No. 20 of 1970, as amended. The Iraqi Penal Code also contains intentional economic offences, including Article 197(a) and Article 340 of Iraqi Penal Code No. 111 of 1969, as amended.

Second, will. The volitional component of this offence encompasses both general and specific criminal intent. General intent consists of knowing that the published information is false, inaccurate, or misleading, whereas specific intent consists of seeking personal benefit, causing harm to others, or influencing the direction of the financial market. Under Iraqi, Algerian, and Egyptian law, the offender must intentionally disseminate or promote information known to be false, inaccurate, or exaggerated, whether through the media, official bulletins, electronic trading platforms, or rumours circulated within the market, with the purpose of creating a misleading impression among market participants. Intent may be inferred from the offender's conduct and the surrounding circumstances, such as persistence in publishing information despite knowledge of its unreliability or the use of concealed methods to influence prices.⁽¹⁹⁾

Section Two: Penalties

Penalties for the dissemination of false information in the stock market are among the principal legal mechanisms for protecting the state's financial and economic order and preserving investor confidence in the fairness and integrity of markets.

Subsection One: Principal Penalties

The legislature seeks to establish an integrated system for confronting violations in the securities market, including the dissemination of false or misleading information, which directly threatens financial-market stability and investors' rights. Criminal sanctions are therefore prescribed in proportion to the seriousness of the offence and its adverse consequences for the national economy. The financial-market system is founded on fairness and transparency in securities trading and on protection of investors from unlawful practices. Criminal-law intervention is justified not merely by the violation of ethical values, but by the serious harm that false or misleading information can cause to the national economy, the securities market, investors, and the state's economic policy.⁽²⁰⁾ This is apparent when comparing the three jurisdictions. In Iraq, the Interim Law on Securities Markets No. 74 of 2004 provides for imprisonment of offenders without expressly specifying minimum and maximum limits.⁽²¹⁾ The text leaves the court broad discretion to determine a term of imprisonment between five and fifteen years according to the gravity of the conduct, thereby permitting the sentence to reflect the seriousness of the dissemination and its effect on the market.⁽²²⁾

Al-Sulaiman, Mubarak Sulaiman. (2010). Rules Governing Transactions in Contemporary Financial Markets. Amman: Kunuz Ishbiliya Publishing and Distribution, p. 91.

Mustafa, Mahmoud Mahmoud. (1979). Economic Crimes in Comparative Law, Part I (2nd ed.). Cairo: Cairo University Press, p. 44.

Section 15 (Penalties) of Iraqi Interim Securities Market Law No. 76 of 2004.

Al-Hayali, Nur Al-Din Zuhair Nouri. (2025). Prohibition of insider dealing in the securities market under Iraqi law. Rimak Journal for Research and Studies, 121, 3(1), p. 478.

In Egypt, Capital Market Law No. 95 of 1992 provides for imprisonment in respect of violations, including offences involving misleading securities information. The court may combine imprisonment with a fine or impose either penalty. The absence of an express minimum penalty, however, may weaken deterrence in cases involving systematic or fraudulent conduct.⁽²³⁾

In Algeria, Law No. 04/03 of 2003 provides for imprisonment from six months to five years and a fine of up to thirty thousand dinars, or either of these two penalties.⁽²⁴⁾

First, mitigating factors. Mitigating factors in the offence of disseminating false or misleading stock-market information are circumstances that the judge may or must take into account when reducing the prescribed penalty.⁽²⁵⁾ Such grounds may include mandatory excuses requiring total exemption or reduction to the statutory minimum and discretionary excuses whose application is left to the judge.⁽²⁶⁾ Egyptian legislation contains no special rules specifically mitigating punishment for this offence under securities-market law, leaving the court considerable discretion in light of the circumstances of the act and the offender. Iraqi legislation likewise contains no special mitigation provisions for stock-market offences, including misleading information, and the judge therefore relies on general provisions of the Penal Code, including Articles 131 and 132. Mitigation may also include suspension of execution of the sentence for a probationary period; where the convicted person commits no new offence during that period, the judgment may lose its criminal effects.⁽²⁷⁾ The general tendency in economic offences, however, is to limit the use of suspended sentences because such offences affect the public interest and are regarded as requiring strict deterrence.⁽²⁸⁾

Second, aggravating factors. Aggravating factors are circumstances that justify a more severe penalty because of the seriousness, repetition, or substantial market impact of the conduct. In cases involving false or misleading information, aggravation is an important means of protecting investors and the financial system because such conduct may distort prices and cause substantial financial harm. The Iraqi Interim Law on Securities Markets contains no specific provisions governing

See Article 63 of Egyptian Capital Market Law No. 95 of 1992.

Taybi, Qatsha Ali Mohammed. (2018). Stock-market crimes in Algerian legislation. *Haqa'iq Journal for Psychological and Social Studies*, 8(11), Algeria, p. 288.

Al-Qalyubi, Samiha. (1992). *Commentary on Commercial Contracts* (2nd ed.). Cairo: Dar Al-Nahda Al-Arabiya, p. 234.

Murad, Abd Al-Fattah. (2004). *Capital Market Law, Its Executive Regulations, and Supplementary Legislation in Light of the Latest Amendments*. Alexandria: Dar Al-Ma'arif, p. 55.

Hassan, Rafid Salim Hassan Abd Al-Ridha. (2024). Legal regulation of the securities market and its relationship with the Securities Commission. *Journal of Al-Iraqia University*, 70(3), p. 375.

Al-Sayyid, Walid Al-Baltaji. (2019). Disclosure of inside information on the securities exchange: A comparative jurisprudential study. *Journal of the Faculty of Sharia and Law, Al-Azhar University, Egypt*, 21(5), p. 3881.

aggravation, and general provisions of the Penal Code therefore apply⁽²⁹⁾, including Article 135 concerning aggravating circumstances and Articles 139 and 140 concerning recidivism. Article 48 also addresses aggravation where multiple contributors or participants are involved in the offence, while Iraqi law recognises fines and confiscation.⁽³⁰⁾ The Iraqi legislature has also used the expression 'financial fines' in the Interim Law on Securities Markets.⁽³¹⁾

In Egypt, Capital Market Law No. 95 of 1992 permits the court to combine imprisonment and a fine or impose either of them⁽³²⁾, allowing greater severity in cases of recidivism or particularly serious consequences arising from misleading information. The law nevertheless does not establish a clear minimum penalty or a proportional fine reflecting the amount of unlawful gain or loss, which may present difficulties in achieving full deterrence.⁽³³⁾

In Algeria, Law No. 04/03 links the amount of the fine to the scale of unlawful gains resulting from the dissemination of privileged information⁽³⁴⁾, so that the fine increases with the profit obtained. This supports proportionality between offence and punishment and strengthens deterrence.⁽³⁵⁾ The researcher nevertheless considers that aggravation should remain graduated, distinguishing minor errors from intentional criminal conduct so as to protect the market without excessive punishment that could generate fear or hesitation among investors.

Subsection Two: Ancillary Penalties

Ancillary penalties form a link between punishment and social deterrence and contribute to criminal justice by balancing the sanction imposed on the offender against the public interest in preserving market integrity and the economic environment.

First, supplementary penalties

In offences involving false or misleading stock-market information, supplementary penalties seek to protect investors and the financial market from harmful effects such as price disruption and substantial financial loss. Although Iraqi law does not provide independent and detailed rules on supplementary penalties comparable to those found in some other jurisdictions, Securities Market Law No. 74 of 2004 permits measures such as prohibition from working in the securities sector,

Articles 144-149 of the Iraqi Penal Code, as amended.

The Iraqi legislature recognises confiscation as a supplementary penalty pursuant to Article 101 of Penal Code No. 111 of 1969, as amended.

Iraqi Companies Law No. 21 of 1997, as amended, Article 219.

Articles 63, 64, and 65 of Egyptian Capital Market Law No. 95 of 1992.

Articles 66 and 67 of Egyptian Capital Market Law No. 95 of 1992.

Hadj Ali, Nassira. (2019). Stock-Market Crimes in Algerian Legislation. Master's thesis, Mouloud Mammeri University of Tizi Ouzou, p. 15.

Khalifa, Tawil. (2019). Stock-Market Crimes in Algerian Legislation. Master's thesis, Mohamed Khider University of Biskra, pp. 26-27.

removal of market membership, or disqualification from holding an administrative position in a joint-stock company for a specified period.⁽³⁶⁾ Such penalties are intended to prevent offenders from returning to an environment in which they could cause further harm and to reinforce transparency and integrity. Regulatory authorities, including the Securities Commission, may also suspend licences or withdraw accreditation as protective measures designed to shield the financial system from manipulation or abuse.⁽³⁷⁾

Under Algerian law, Financial Market Law No. 03-04 of 2003, as amended, provides several supplementary penalties for stock-market offences, including prohibition from managing companies or entities dealing in securities, prohibition from conducting financial or advisory activities in the market for a specified period, and confiscation of profits or benefits obtained from the violation. These sanctions have both deterrent and preventive functions: they punish the offender while also preventing a return to the economic environment in which the offence was committed. Algerian law may also permit publication of the judgment in official or specialised newspapers, thereby creating an additional social and deterrent effect.⁽³⁸⁾

Under Egyptian law, Capital Market Law No. 95 of 1992, as amended, provides supplementary penalties in addition to principal penalties, including temporary or permanent exclusion from capital-market activity, prohibition from managing companies or holding office in them, confiscation of instruments or proceeds of crime, and publication of the judgment in newspapers at the convicted person's expense. Supplementary sanctions may also extend to cancellation or suspension of the licence of a company or financial intermediary that disseminated false or misleading information.⁽³⁹⁾

Second, accessory penalties

Accessory penalties differ from principal and supplementary penalties because they arise by operation of law from the imposition of the principal penalty and do not require a separate provision in the judgment or an additional judicial order. Under Iraqi law, although Securities Market Law No. 74 of 2004 does not provide detailed provisions specifically governing accessory penalties in stock-market offences, the general reference remains Iraqi Penal Code No. 111 of 1969. Article 95 and subsequent provisions prescribe accessory consequences attaching to a criminal sentence, including deprivation of certain civil and political rights such as eligibility for election, voting, or

Paragraph 2 of Section 13 of the Iraqi Interim Securities Market Law.

See paragraph 1/2 of Instructions on Suspension, Cessation, and Delisting of Brokerage Companies No. 5 of 2008, as amended in 2010, Iraq.

Order No. 67/833 of 28 September 1967 concerning information for holders of transferable securities and advertising in relation to certain stock-exchange operations in France, as amended and supplemented by Law No. 96/597 of 2 July 1996.

The legislature permits the court to impose the supplementary penalty of prohibition from carrying on the activity in connection with which the offence was committed; this penalty is mandatory in cases of recidivism. See Article 69 of the Egyptian Capital Market Law.

public office, together with loss of legal standing and reputation. These consequences are particularly significant in the financial and economic sphere because a person convicted of a stock-market offence, such as price manipulation or misuse of inside information, may be regarded as lacking financial trustworthiness.⁽⁴⁰⁾ The effects may also extend to disqualification from managing or legally representing joint-stock companies, positions that require integrity and a sound financial reputation. Iraqi law also categorises preventive measures among ancillary sanctions alongside accessory and supplementary penalties. Chapter IV, Articles 103-123 of Part V of the Penal Code includes liberty-depriving or liberty-restricting measures, such as detention or prohibition of residence; deprivation of rights, such as prohibition from practising an occupation; and property-related measures, including confiscation, closure of premises, suspension of a legal person, and dissolution of a legal person.

The Algerian legislature gives greater attention to accessory penalties in economic and financial offences under the Algerian Penal Code and Financial Market Law No. 03-04 of 2003. Relevant provisions include deprivation of civil and political rights, such as voting, standing for election, and holding public office, and may also prohibit the convicted person from engaging in commercial or financial activity for a specified period.⁽⁴¹⁾

In Egypt, accessory penalties have a more institutional character. Articles 25 and following of the Egyptian Penal Code provide that conviction for a felony entails by operation of law deprivation of certain political and civil rights, including voting, standing for election, and holding public office, as well as ineligibility for public employment and services. In the field of stock-market offences, Capital Market Law No. 95 of 1992, as amended, reinforces these effects for offences such as market manipulation and dissemination of false information because such acts undermine confidence in the financial market and public credit.⁽⁴²⁾ Egyptian law also permits automatic loss of board membership by directors of listed companies where a final judgment is issued against them for an offence of this kind, constituting a direct accessory consequence of the criminal conviction.

Section Three: Preventive Measures in Stock-Market Offences

The importance of these measures lies in the fact that they are not punishments in the traditional sense; rather, they are preventive mechanisms intended to protect the public interest and the national economy from future risks.

Subsection One: Importance of Preventive Measures in Combating Stock-Market Offences

Preventive measures in stock-market offences are legal mechanisms designed to protect the financial system and ensure market stability either before or after the commission of an offence.

Paragraph 4 of Section 11 of the Iraqi Interim Securities Market Law.

Othmani, Iman, & Ziyat, Hassina. (2016). Crimes Relating to the Stock Exchange in Algerian Legislation. Master's thesis in Business Law, M'hamed Bougara University of Bumerdes, p. 13.

Al-Bahjati, Issam Ahmad. (2009). Legal Encyclopedia of the Securities Exchange in Arab Legislation (1st ed.). Cairo: Dar Al-Jami'a Al-Jadida, p. 77.

They are not punishments in the traditional sense but measures intended to prevent offenders from repeating their conduct or to limit its harmful consequences. Their importance derives from the particular nature of stock-market offences, which may involve fraud, manipulation, and exploitation of inside information, thereby requiring measures such as prohibition from financial activity, suspension of securities trading, or delisting of non-compliant companies. Preventive measures may accordingly be defined as a set of legal measures directed at criminal dangerousness associated with a person who has committed an unlawful act, with the aim of protecting society.⁽⁴³⁾

Iraqi legislation makes comparatively limited use of preventive measures in economic offences, including trading offences, but does provide protective procedures for the market and its participants. The Iraqi Penal Code authorises measures against legal persons, including suspension and dissolution. Article 122 addresses suspension of the legal person and prohibition of the activity for which it was established, while Article 123 provides for a period ranging from three months to three years. Dissolution of a legal person entails termination of its legal existence and liquidation of its assets.⁽⁴⁴⁾

It follows that Article 123 of the Iraqi Penal Code concerning suspension or dissolution of a legal person may apply to economic offences, including securities-trading offences, where the offence is committed by or on behalf of the legal person. Application must, however, satisfy the conditions set out in Articles 122 and 123 of Iraqi Penal Code No. 111 of 1969, as amended. Disregarding these conditions could discourage companies from trading and adversely affect economic-development policy. Because the laws regulating securities trading are relatively recent, they require periodic review to address gaps revealed by practical application and to establish rules governing private-sector participation in development and the effective use of its financial and technical capabilities.⁽⁴⁵⁾

Article 69 of the Egyptian Capital Market Law permits the court, in addition to the penalties prescribed for offences in preceding provisions, to prohibit the offender from practising the profession or activity in connection with which the offence was committed for a period not exceeding three years, and makes such prohibition mandatory in cases of recidivism. The provision therefore specifies supplementary penalties on an exhaustive basis, in contrast with French legislation, which provides a broader range of significant supplementary sanctions in financial transactions.⁽⁴⁶⁾

Mourabet, Amal. (2002). The Purpose of Criminal Sanction in Islamic and Algerian Penal Systems. Master's thesis, University of Algiers, p. 13.

Article 31 of the Egyptian Capital Market Law.

Mohammed, Basil Abd Al-Latif. (1978). Criminal Liability of Legal Persons. Master's thesis, University of Baghdad, p. 320.

Article 30 of Egyptian Capital Market Law No. 95 of 1992, as amended.

The Algerian Penal Code, particularly Articles 172 and 174, demonstrates that the legislature does not confine its response to traditional criminal penalties for unlawful stock-market speculation.⁽⁴⁷⁾ It also provides preventive measures designed to protect the economic order, preserve market integrity, and prevent recidivism. In this context, preventive measures complement punishment by removing the offender from the environment or activity that facilitated the offence and by depriving the offender of benefits derived from the unlawful conduct.

Among the principal measures in Algerian law is Article 174, which permits the court, in addition to the principal penalty, to prohibit the offender from residing in specified places for a period of two to five years or to deprive the offender of one or more national rights, such as voting, standing for election, or holding public office. The court may also prohibit the profession or activity connected with the offence, including work as a broker or financial market participant, for a specified period. These measures seek to reduce the risk that the offender will return to the same professional environment used to commit the violation and thereby prevent further economic crime.⁽⁴⁸⁾ Algerian law also permits confiscation of transferable securities or funds that constituted the object of the offence where they were used as unlawful instruments of manipulation or false speculation.

Subsection Two: Administrative Sanctions for Stock-Market Offences

Administrative sanctions are important mechanisms employed by modern legislation alongside criminal penalties and preventive measures to respond to stock-market offences. Their purpose is to achieve rapid and effective deterrence without necessarily resorting to lengthy criminal proceedings.

First, administrative sanctions in Iraq

The Iraqi Interim Law on Securities Markets grants authority to impose administrative sanctions and exercise executive supervision over transactions conducted in the Iraq securities market to the following bodies:

First, the Board of Governors (Board of Directors). Among the principal powers exercised by the Board during trading operations are suspension of market activities where necessary for investor protection, prohibition of securities trading for a period not exceeding five business days or for an additional period with the Authority's approval, and suspension of trading in the securities of a company for up to ten days for investor protection, subject to extension with the Authority's approval.⁽⁴⁹⁾ The Board appoints a Business Conduct Committee whose rules must conform to market rules. The Committee may investigate matters within its jurisdiction and impose disciplinary sanctions. These sanctions are graduated for persons responsible for disseminating false or misleading information, beginning with warnings and financial penalties or an order to disgorge unlawful profits, and extending to suspension of intermediaries, suspension or permanent prohibition of trading in securities, cancellation of a broker's authorisation, and prevention of a

Article 172 of the Algerian Penal Code.

Article 174 of the Algerian Penal Code.

Paragraph 6/y of the Iraqi Interim Securities Market Law of 2004.

company from trading its securities in the market in order to preserve the integrity and transparency of transactions.⁽⁵⁰⁾

Second, the Iraqi Interim Securities Authority. Interim Securities Market Law No. 74 of 2004 grants the Iraqi interim authority broad regulatory and supervisory powers in relation to the Iraq Stock Exchange. The Authority may act where a person has violated or is likely to violate the law, rules, or regulations governing the market and may issue the following decisions:

(a) An order requiring the person to cease and desist from any violation of the law, rules, regulations, or controls applicable to the securities market. The order may require compliance within a specified period.

(b) A fine of IQD 50 million for violations involving fraud, deception, or deliberate disregard of legally prescribed requirements, and a fine of IQD 25 million for each other violation of the law not falling within the first category.

(c) An order terminating the person's services or suspending the person from work.⁽⁵¹⁾

Second, administrative sanctions in Egypt and Algeria

Administrative sanctions are measures adopted by administrative authorities to prevent offending conduct, maintain public order, protect the public, and avert social disturbance. They differ from criminal penalties in their regulatory function. The Egyptian legislature entrusted the imposition of administrative sanctions for violations in the Egyptian capital market to the General Authority for the Capital Market pursuant to Article 42 of Capital Market Law No. 95 of 1992; this institutional framework was later replaced under Law No. 10 of 2009 concerning regulation of non-banking financial markets and instruments by the Financial Regulatory Authority.⁽⁵²⁾

The dissemination of false or misleading information is among the most serious unlawful practices threatening the stability of the Egyptian capital market. The Egyptian legislature therefore grants the Financial Regulatory Authority broad powers to impose graduated administrative sanctions under Capital Market Law No. 95 of 1992 and its Executive Regulations, with the aim of protecting market efficiency and ensuring transparent transactions.⁽⁵³⁾ Article 30 permits suspension of a company's activities for a period not exceeding thirty days where material violations occur, including the dissemination of inaccurate data capable of affecting securities prices or investor behaviour. This provides an urgent mechanism for limiting the effects of misinformation before the harm escalates. If the causes of the violation are not removed during the suspension period, the

Fathi, Raed Faisal Ghazi. (2016). The Disclosure Obligation of Joint-Stock Companies in the Securities Market. Master's thesis, College of Law, University of Babylon, p. 72.

Article 15 of Section 12 of the Iraqi Interim Securities Market Law.

Article 3 of Law No. 10 of 2009 concerning regulation of markets and non-banking financial instruments.

Touni, Khalid Mousa. (2008). Criminal Liability for Promoting False Data and Information in the Securities Market. Cairo: Dar Al-Nahda Al-Arabiya, p. 271.

Authority's Board may revoke the licence permanently as the most severe administrative sanction, particularly in serious cases where false information undermines market confidence or causes widespread investor harm.⁽⁵⁴⁾

The law also permits the Authority to remove board members or managers responsible for issuing or transmitting misleading information in order to protect investors' funds and prevent repetition of the violation. Decisions adopted for the benefit of a particular group of shareholders may also be suspended where they are shown to have been based on false or misleading information. The Authority exercises direct supervision over securities transactions to ensure that they are free from fraud, deception, and fictitious speculation, practices often associated with misleading information. Where false information creates an imminent threat to market stability, the Authority may adopt stricter protective sanctions, including warning the company, prohibiting specific activities, requiring the board to meet to remedy violations, appointing an observer to the board to secure transparency, or even dissolving the board and appointing a temporary commissioner pending lawful reconstitution.

Administrative sanctions under Algerian stock-exchange law are essential tools enabling supervisory authorities to address violations occurring in the securities market without always initiating criminal proceedings. Their purpose is to maintain professional discipline and protect confidence in the financial market. Article 55 of Legislative Decree No. 93/10 concerning the Stock Exchange of Transferable Securities grants the disciplinary chamber of the Commission for the Organisation and Supervision of Stock Exchange Operations authority to impose administrative sanctions varying according to the nature and seriousness of the violation. In cases involving false or misleading information, sanctions range from warnings and reprimands as corrective and deterrent measures to total or partial prohibition from activity and withdrawal of accreditation in serious cases, in addition to financial penalties that may reach ten million dinars or the equivalent of the unlawful profit, with the purpose of compensating investors and protecting market integrity.⁽⁵⁵⁾

Conclusion

The study demonstrates that the dissemination of false or misleading information in the stock market is among the most serious economic offences threatening the integrity and stability of financial markets. It misleads investors, artificially affects prices, and undermines the public confidence on which trading mechanisms depend. Comparison of Iraqi, Egyptian, and Algerian legislation reveals substantial differences in the scope of criminalisation and sanctions. Iraqi law lacks a direct and specific provision, whereas Egyptian and Algerian legislation adopts more graduated criminal and administrative frameworks combining fines, custodial penalties, prohibition from market activity, and licence revocation. The findings further indicate that effective control of these offences cannot rest on punitive provisions alone; it also requires strong regulatory institutions

Article 31 of the Egyptian Capital Market Law.

Nuwaiwi, Mona, & Nasri, Fatima Al-Zahra. (2022). Legal Regulation of Stock-Market Crimes in Algerian Legislation. Master's thesis, Mohamed Khider University, Biskra, p. 39.

capable of monitoring transactions and detecting violations at an early stage. Strengthening transparency and preventing the circulation of misleading information are therefore essential to investor protection and to the efficiency and stability of financial markets in the three jurisdictions.

First: Findings

1. Egyptian and Algerian legislation expressly criminalise the dissemination of misleading information as conduct that undermines market transparency, whereas Iraqi law lacks an explicit independent offence and instead relies on general rules concerning fraud, manipulation, or harm to the national economy. This creates a legislative gap requiring reform.
2. Egyptian law contains a graduated framework of criminal and administrative sanctions that grants the Financial Regulatory Authority broad powers to confront misleading information. Algerian legislation is comparatively stricter in its administrative sanctions, including withdrawal of accreditation and final suspension. Iraq adopts a less detailed approach and relies more heavily on decisions of the stock exchange and the Securities Commission.
3. Egyptian law links false information to the creation of artificial effects on securities prices, making the conduct punishable whether committed by the issuing company or by market participants. Algerian law emphasises harm to investors and the market, whereas Iraqi law does not clearly connect the offence to a defined element, thereby limiting the possibility of rigorous enforcement.
4. Egyptian law grants the Authority powers to impose substantial financial penalties and administrative measures such as suspension of activity or dissolution of a board. Iraqi legislation does not provide powers of the same level of detail and its sanctions remain comparatively limited, while fines and withdrawal of accreditation are among the principal sanctions used in Algeria to protect market confidence.
5. Algerian legislation places clear emphasis on investor protection through a guarantee fund to which fines are transferred. Such a mechanism is absent from Iraqi law. Egyptian law moves in a similar direction through indirect and partial compensation mechanisms, although they are not exclusively dedicated to offences of this kind.
6. Egyptian law relies on a strong institutional supervisory framework enabling the Authority to monitor trading activity and investigate misleading information, while the Algerian disciplinary chamber plays an active role. In Iraq, supervision is relatively weaker because of limited technical tools and less developed mandatory-disclosure rules.
7. Egyptian law penalises false news whether disseminated through the media, official statements, or trading platforms. Algerian law focuses on any means capable of affecting the market. Iraqi law does not regulate digital media or economic media in comparable detail, making the framework less responsive to contemporary developments.
8. The comparison indicates that the Egyptian and Algerian systems have greater deterrent capacity because criminalisation is clearer and sanctions are more diverse. Iraqi law provides less comprehensive protection against misleading information, underscoring the need to modernise the Iraqi legislative framework in line with more developed systems of market and investor protection.

Second: Recommendations

1. Iraq should adopt clear and autonomous legislation criminalising the dissemination of false or misleading information in the securities market, comparable to the Egyptian and Algerian approaches, with explicit definition of the material and mental elements and the means by which the offence may be committed, in order to protect investors and strengthen public confidence in the financial market.
2. Effective supervisory mechanisms should be established, including an independent authority or specialised regulatory committee responsible for monitoring the circulation and accuracy of market information, as in Egypt and Algeria. Such bodies should be empowered to impose administrative sanctions and temporary or permanent suspensions to ensure effective deterrence.
3. The range of sanctions should be broadened to include principal, supplementary, and accessory penalties, including financial fines, prohibition from activity, and withdrawal of accreditation. Fines should be linked to the scale of unlawful profits, as in Algerian law, so that punishment remains proportionate to the seriousness of the offence and achieves effective deterrence.
4. A dedicated guarantee fund should be considered to compensate investors harmed by misleading information, following the Algerian model, thereby protecting investors' financial rights, compensating damage caused by economic offences, and strengthening confidence in the financial system.
5. Awareness and training programmes should be activated for investors and financial intermediaries concerning the legal risks of disseminating misleading information and the importance of transparent disclosure. Clear disclosure guidance should also be issued to prevent violations, drawing on preventive practices applied in Egypt and Algeria.

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Legislation and Legal Materials

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3. Algerian Penal Code — Articles 172 and 174.
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5. Egyptian Penal Code No. 58 of 1937, as amended — Articles 25 et seq. and 345.
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7. Iraqi Companies Law No. 21 of 1997, as amended — Articles 218 and 219.
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