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The Announcement Effect of Executive Increasing Shareholdings in Chinese Stock Markets: The Perspectives of Existed Shareholders and Outside Investors

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Abstract

The increase in executive shareholdings in listed companies serves as a significant form of insider trading and information disclosure, drawing attention from regulatory authorities and external investors. This paper selects executive shareholding increase events in the Shanghai and Shenzhen A-share markets from 2018 to 2022, and employs the event study method to assess their impact on stock prices based on the perspectives of existed shareholders and outside investors. The findings reveal that stock prices tend to decline before the shareholding increase, followed by a short-term rise afterward, indicating potential information leakage. The investors holding shares during the event may experience losses, while new investors might benefit. Further analysis shows that the impact is more pronounced in the Shenzhen stock market, particularly in 2018.

Keywords

Executive Shareholding, Insider Trading, Event Study, Stock Market Reactions

1. Introduction

Information asymmetry between outsider investors and listed companies often leads to incorrect judgments about a company's performance and future stock trends. This makes it challenging for investors to make informed decisions. To address this, the companies with high growth potential typically disclose information about their operations to attract investors and reduce information asymmetry.

However, the investors may not fully trust this disclosed information, suspecting companies of "beautifying" their financial conditions. As a result, the investors rely on various information sources to form their own judgments. Among these, the trading behavior of company insiders, such as shareholders and senior executives, is particularly discussed by outsider investors.

Generally speaking, the executives typically hold significant amounts of company stocks and have access to information that external investors may not. Their decisions to buy or sell shares can provide valuable insights into the company's future prospects. So executive shareholdings increasing and decreasing can be considered as insider trading. Investors often interpret executive shareholding increases as a signal that the stock is undervalued, while share sales may indicate overvaluation. Theoretically, the increase in executive shareholdings aligns their interests with those of shareholders, which can enhance corporate value. According to signal transmission theory (Bhattacharya & Daouk, 2002), when executives increase their shareholdings, it boosts investor confidence, leading to a rise in stock prices. Also, the executives often increase their shareholdings when stock prices have dropped significantly or the company is undervalued. This action sends a strong signal to the market, encouraging investors to buy the stock, thereby altering supply and demand dynamics and driving up the price. In the short term, such behavior by executives in the secondary market tends to positively influence stock prices by increasing investor confidence.

On May 24, 2024, the China Securities Regulatory Commission (CSRC) introduced the "Administrative Rules for the Shares and Their Changes Held by Directors, Supervisors, and Senior Management Personnel of Listed Companies." These rules optimize blackout periods for stock trading and encourage legal shareholding increases by executives. Consequently, executive shareholding changes have become more informative. Investors should closely monitor these trends to adjust their portfolios accordingly, aiming to maximize returns while minimizing risks.

An increase in executive shareholdings can significantly impact the market, and the phenomenon is known as event shock or announcement effect. The event study method, a well-established financial research tool, is effective in measuring the impact of such events on stock prices. This paper selects executive shareholding increase events in the Shanghai and Shenzhen A-share markets from 2018 to 2022, and employs the event study method to assess their impact on stock prices (Brown & Warner, 1985; MacKinlay, 1997). Taking into accounts that internal and external investors have different interests, this paper primarily focuses on the impact of announcement effects on both internal and external investors. Through empirical analysis of executive shareholding events, this paper aims to examine market efficiency and assess how quickly and effectively the market responds to insider information. The findings show that stock prices tend to decline before the shareholding increase, followed by a short-term rise afterward. The investors holding shares during the event may experience losses, while new investors might

benefit. Further analysis shows that the impact is more pronounced in the Shenzhen stock market, particularly in 2018.

The structure of this paper is as follows: Section 2 provides an overview of the institutional background, while Section 3 reviews relevant literature. Section 4 outlines the event study methodology, and Section 5 presents the data used. Section 6 discusses the main findings, and the final section offers concluding remarks.

2. Institutional Background

2.1. Executive Increasing Shareholdings

The behavior of executive increasing shareholdings in listed companies can be categorized into three types. First, executives may purchase shares in the secondary market under their own name through open bidding. The regulations require listed companies to promptly announce such purchases to reduce information asymmetry and increase transparency. Second, executives may buy shares through immediate family members, who, due to their close relationship, may have access to internal company information. This is considered an alternative form of executive share purchase. Third, executives may increase their holdings indirectly by using controlled subsidiaries or persons acting in concert to make purchases.

2.2. Regulatory Rules

The China Securities Regulatory Commission (CSRC) has implemented several rules to regulate the trading of shares by directors, supervisors, and senior management in listed companies.

On April 5, 2007, the CSRC issued the "Regulations on the Management of Holdings and Changes in Holdings of Shares in Listed Companies by Directors, Supervisors, and Senior Management Personnel." Any changes in shareholdings by these individuals must be reported to the listed company within two trading days, and the company must announce the change on the stock exchange website.

On July 8, 2015, the CSRC introduced new regulations allowing directors, supervisors, and senior management to increase their holdings during significant stock price declines (a cumulative drop of over 30% in ten consecutive trading days) without blackout period restrictions. However, for six months after the announcement, controlling shareholders and those holding more than 5% of shares, along with directors, supervisors, and senior management, are prohibited from reducing their holdings through the secondary market.

On January 7, 2016, the CSRC issued the "Regulations on the Reduction of Holdings by Major Shareholders and Directors, Supervisors, and Senior Management of Listed Companies." Major shareholders intending to reduce their holdings via centralized bidding must pre-disclose their reduction plan 15 trading days before the first sale.

On May 26, 2017, the CSRC issued the "Several Provisions on the Reduction of Holdings by Shareholders, Directors, Supervisors, and Senior Management of Listed Companies." Major shareholders and management must pre-disclose their

reduction plan 15 trading days before the first sale through centralized bidding and report it to the stock exchange. During the reduction period, they must disclose progress as per stock exchange regulations. After completing the plan, they must report and announce the results within two trading days. If no reduction occurs or the plan is not fully implemented, they must still report and announce this within two days after the reduction period ends.

On January 5, 2022, the CSRC revised the "Regulations on the Management of Holdings and Changes in Holdings of Shares in Listed Companies by Directors, Supervisors, and Senior Management Personnel." Executives are prohibited from buying or selling company shares within 30 days before the annual or semi-annual report, and within 10 days before the quarterly report, performance forecast, or flash report.

On October 14, 2022, the CSRC further revised the "Regulations on the Management of Holdings and Changes in Holdings of Shares in Listed Companies by Directors, Supervisors, and Senior Management Personnel." Executives are now prohibited from buying or selling company shares within 15 days before the annual or semi-annual report, and within 5 days before the quarterly report, performance forecast, or flash report.

On August 27, 2023, the CSRC introduced stricter regulations on share reduction. If a company's stock price falls below its issue price or net asset value, or if it has not issued cash dividends in the last three years (or if dividends are less than 30% of the average annual net profit over the last three years), controlling shareholders and actual controllers are prohibited from reducing their holdings through the secondary market.

On May 24, 2024, the CSRC issued the "Administrative Rules for the Shares and Their Changes Held by Directors, Supervisors, and Senior Management Personnel of Listed Companies," optimizing blackout periods for stock trading and supporting legal shareholding increases by executives.

3. Literature Review

Existing literature extensively examines the impact of insider trading or executive increasing shareholdings on stock prices. Jeng et al. (Jeng, Metrick, & Zeckhauser, 2003) use a performance-evaluation methodology to estimate the returns earned by insiders trading their company's stock. They find that insider purchases yield abnormal returns of over 6% annually, while insider sales do not generate significant abnormal returns. Fidrmuc et al. (Fidrmuc, Goergen, & Renneboog, 2006) analyze the market's reaction to U.K. insider transactions and explore whether the reaction varies based on firm ownership. They attribute the larger abnormal returns in the U.K. to faster trade reporting regulations compared to the U.S. Dardas and Güttler (Dardas & Güttler, 2011) study short-term announcement effects of directors' dealings across 2,782 companies in eight European countries from January 2003 to December 2009. Their findings show significant announcement effects in four of the eight countries after the disclosure of directors' dealings. Chu

et al. (Chu, Chang, & Zhou, 2021) employ two regulatory experiments, pre-disclosure of insider sales in Taiwan region and post-disclosure in Chinese mainland, to investigate investor behavior and market effects. They find that investors are reluctant to sell stocks near their 52-week high under pre-disclosure, confirming the anchoring effect of the 52-week high in insider trading events. Using a sample of insider sales from China's A-share market, Du et al. (Du, Lin, & Pan, 2024) provide robust evidence that insiders engage in fast sales when stocks exhibit better pre-sale performance compared to slow sales. These fast sales predict lower abnormal returns in both the short and long term.

Cheng and Lo (Cheng & Lo, 2006) find that insiders strategically manipulate disclosure policies and the timing of their equity trades to maximize profits. When managers plan to purchase shares, they may issue more negative forecasts to lower the purchase price. Esther and Alberto (Del Brio & De Miguel, 2010) demonstrate that investors are more responsive to insider trading signals than to changes in dividends, with insider sales universally perceived as bad news. Chen and Li (Chen & Li, 2023) address the benefit-cost puzzle of insider trading, showing that net insider purchases are positively correlated with information asymmetry. Their findings suggest that most insider purchases are not aimed at earning abnormal returns but rather signal firm quality during adverse situations, especially when short interest is high. Wang (Wang, 2023) explores how investor relations activities with various market participants influence insiders' information acquisition and informed trading behavior. Han and Luo (Han & Luo, 2024) use 2016-2022 data for China's A-share listed companies to explore the effects of reduced shareholdings by executives on corporate green innovation.

4. Event Study Methods

This paper uses the event study method to empirically analyze the market impact of executive shareholding increases in Chinese listed companies. The method assesses short-term stock price changes before and after an event. It operates under three assumptions: (1) the market reacts quickly and accurately to public information; (2) the events are independent and not influenced by other concurrent events; and (3) the company's risk exposure and market parameters remain stable during the analysis period. The steps are outlined below.

(1) Event Date, Event Windows and Estimation Windows

The event date, or announcement date, is when a market-sensitive event is publicly disclosed, designated as Day 0. According to regulations, executives holding more than 5% of a company's shares must announce any increase or decrease in holdings within two working days. Since investors are typically unaware of these actions before the announcement, this paper uses the announcement day as the event date. The trading day before the event is denoted as −t, and the day after as t.

The event window is the time interval around the event date used to analyze its impact on stock prices. It typically spans several days or weeks before and after

the event to capture the full market reaction. In this paper, the event window is set from Day −10 to Day +10, totaling 21 days.

The estimation window is the period before the event used to establish a normal performance benchmark for the stock, free from abnormal disturbances. In this study, the estimation window spans 100 trading days, from (T − 110 to T − 11).

(2) Expected Return, Abnormal Return (AR) and Cumulative Abnormal Returns (CAR)

Calculating the expected return is crucial in evaluating the event's impact on stock prices. To estimate a stock's "normal" performance without the event's influence, theoretical models are used. This paper applies the market model to calculate stock returns (Fama & French, 1993).

$$R_{i,t} = \beta_0 + \beta_1 R_{m,t} + \varepsilon_{i,t} \tag{1}$$

where $R_{i,t}$ represents the logarithmic return of stock i at period t. $R_{m,t}$ represents the logarithmic return of CSI 300 Index at period t.

The expected return is $E\left(R_{i,t}\right) = \hat{\beta}_0 + \hat{\beta}_1 R_{m,t}$. The abnormal return is the difference between the actual return and the expected return $AR_{i,t} = R_{i,t} - E\left(R_{i,t}\right)$. The cumulative abnormal returns (CAR) for stock i during the event window are calculated as follows.

$$AAR_t = \frac{1}{n}\sum_{i=1}^{n} AR_{i,t} \tag{2}$$

The cumulative average abnormal return (CAAR) for all samples over the event window, is calculated as follows.

$$CAAR_{(t1,t2)} = \frac{1}{n}\sum_{i=1}^{n} CAR_{i,(t1.t2)} \tag{3}$$

Both t-test and Wilcoxon signed-ranks test are used to assess the impact of event shocks on stock prices. Statistical significance indicates that the event has a measurable effect on stock prices.

5. Data

The data for this study include executive increasing shareholdings event dates, daily stock returns, and daily returns of the CSI 300 Index. The data are sourced from the CSMAR Database. The study examines executive shareholding increases in China's Shanghai and Shenzhen A-share markets from 2018 to 2022, consolidating events for the same stock on the same day. This results in a total of 1581 events.

Table 1 shows that the number of executive share increase events peaked in 2018 in both the Shanghai and Shenzhen markets, followed by a sharp decline, after which the numbers stabilized. The 2018 surge was largely due to the subprime crisis, which caused a sharp drop in stock prices. In response, executives increased their holdings to stabilize prices and send positive signals. After 2018, stricter CSRC regulations on share reductions made executives less inclined to hold large amounts of their companies' stocks.

Table 1. Events during 2018-2022.

Year	Event Number	Shanghai Market	Shenzhen Market
2018	685	228	457
2019	182	72	110
2020	202	90	112
2021	271	145	126
2022	241	127	114

a. The table shows the number of events from 2018 to 2022 and their distribution in the Shanghai and Shenzhen markets.

6. Empirical Results

6.1. Full Sample Results

The event study results for executive share increase events from the Shenzhen and Shanghai Stock Exchanges are presented in Table 2 and Table 3. Table 2 shows the AAR (Average Abnormal Return) test results, while Table 3 displays the CAAR (Cumulative Average Abnormal Return) test results.

Table 2. AAR testing of full sample.

Event Day	AAR		t test		Wilcoxon test	
			t-value	*p*-value	Wilcoxon test	*p*-value
−10	−0.0014	*	−1.9214	0.0576	−3.5217	0.0004
−9	−0.0010		−1.3328	0.1857	−2.6274	0.0086
−8	−0.0017	**	−2.3657	0.0200	−4.2518	0.0000
−7	−0.0010		−1.3419	0.1827	−2.1699	0.0300
−6	−0.0021	***	−2.7710	0.0067	−3.7982	0.0001
−5	−0.0026	***	−3.5777	0.0005	−3.3663	0.0008
−4	−0.0038	***	−5.0817	0.0000	−5.9086	0.0000
−3	−0.0033	***	−4.5101	0.0000	−5.3230	0.0000
−2	−0.0023	***	−3.0539	0.0029	−3.4898	0.0005
−1	−0.0027	***	−3.6366	0.0004	−4.1341	0.0000
0	0.0030	***	4.0435	0.0001	3.6938	0.0002
1	0.0029	***	3.8841	0.0002	3.4991	0.0005
2	0.0022	***	2.9623	0.0038	1.9537	0.0507
3	0.0015	**	2.0417	0.0439	1.3159	0.1882
4	0.0003		0.3805	0.7044	−0.5281	0.5974
5	0.0003		0.4129	0.6806	−0.5945	0.5522
6	0.0010		1.3068	0.1943	−0.6715	0.5019
7	−0.0003		−0.4104	0.6824	−1.6029	0.1090
8	0.0017	**	2.2764	0.0250	0.4125	0.6800
9	0.0010		1.3134	0.1921	−0.7384	0.4603
10	0.0014	*	1.8443	0.0682	−0.1121	0.9108

The t-test assuming cross-sectional independence. The Wilcoxon signed-ranks test according to Wilcoxon (1945).

Table 3. CAAR testing of full sample.

Event Windows	CAAR		t test		Wilcoxon test	
			t-value	*p*-value	Wilcoxon	*p*-value
[−10; 10]	−0.0071	*	−1.8304	0.0702	−7.0510	0.0000
[−8; 8]	−0.0070	**	−2.1272	0.0359	−6.1548	0.0000
[−5; 5]	−0.0045	*	−1.8139	0.0728	−4.0835	0.0000
[−4; 4]	−0.0022		−0.9815	0.3288	−3.1823	0.0015
[−4; 10]	0.0028		0.9173	0.3612	−3.2930	0.0010
[−3; 3]	0.0013		0.6484	0.5183	−1.1574	0.2471
[−2; 2]	0.0031	*	1.8733	0.0640	0.5134	0.6077
[−1; 1]	0.0032	**	2.4796	0.0149	1.6105	0.1073
[−1; 5]	0.0075	***	3.7909	0.0003	1.8921	0.0585
[−1; 10]	0.0121	***	4.5988	0.0000	0.7384	0.4602

a. The t-test assuming cross-sectional independence. The Wilcoxon signed-ranks test according to Wilcoxon (1945). *Indicates a significant difference at a significance level of 0.1 ($p < 0.1$).

According to Table 2, AAR turns significantly negative starting from Day −6 and becomes significantly positive from the event day (Day 0), lasting until Day 3. This indicates potential information leakage, as stock prices were suppressed before the event, enabling executives to purchase shares at a lower price. Investors who buy stocks on the event day and hold until Day 3 could achieve positive returns.

Table 3 reveals that CAAR is significantly negative from Day −10 to Day 10, but significantly positive from Day −1 to Day 10. This suggests that investors holding shares before and after the executive share increase incurred losses, while new investors entering after the announcement could realize profits.

6.2. Shenzhen vs. Shanghai Stock Markets

Table 4 compares AAR test results between the Shenzhen and Shanghai Stock Markets, while Table 5 compares CAAR test results for the two markets.

Table 4. AAR testing of Shenzhen and Shanghai.

Event Day	Shenzhen Stock Market				Shanghai Stock Market		
	AAR		t-value	*p*-value	AAR	t-value	*p*-value
−10	−0.0013		−1.4499	0.1503	−0.0016	−1.2639	0.2093
−9	−0.0012		−1.2960	0.1980	−0.0007	−0.5698	0.5701
−8	−0.0020	**	−2.1938	0.0306	−0.0014	−1.1248	0.2634
−7	−0.0009		−0.9561	0.3414	−0.0012	−0.9418	0.3486
−6	−0.0033	***	−3.6099	0.0005	−0.0003	−0.2408	0.8102
−5	−0.0031	***	−3.4129	0.0009	−0.0020	−1.6008	0.1126

Continued

−4	−0.0057	***	−6.2136	0.0000	−0.0010		−0.8415	0.4021
−3	−0.0041	***	−4.4555	0.0000	−0.0023	*	−1.8572	0.0663
−2	−0.0032	***	−3.5499	0.0006	−0.0009		−0.7014	0.4847
−1	−0.0028	***	−3.0855	0.0026	−0.0025	**	−2.0335	0.0447
0	0.0041	***	4.4949	0.0000	0.0014		1.1508	0.2526
1	0.0037	***	4.1068	0.0001	0.0016		1.3163	0.1911
2	0.0033	***	3.5746	0.0005	0.0007		0.5420	0.5890
3	0.0023	**	2.5336	0.0129	0.0004		0.3001	0.7647
4	0.0008		0.8899	0.3757	−0.0005		−0.3827	0.7028
5	0.0005		0.5957	0.5528	0.0000		−0.0275	0.9781
6	0.0016	*	1.7654	0.0806	0.0001		0.0437	0.9652
7	0.0006		0.6420	0.5224	−0.0016		−1.2553	0.2123
8	0.0019	**	2.0651	0.0416	0.0014		1.1324	0.2602
9	0.0014		1.5736	0.1188	0.0003		0.2537	0.8002
10	0.0024	**	2.6188	0.0102	−0.0001		−0.0738	0.9413

*means significant at a significant level of 0.05 ($p < 0.05$).

Table 5. CAAR testing of Shenzhen and Shanghai.

Event Windows	Shenzhen Stock Market			Shanghai Stock Market		
	CAAR	t-value	*p*-value	CAAR	t-value	*p*-value
[−10; 10]	−0.0050	−1.0815	0.2821	−0.0101	−1.4995	0.1370
[−8; 8]	−0.0063	−1.5756	0.1183	−0.0081	−1.4317	0.1554
[−5; 5]	−0.0042	−1.3437	0.1821	−0.0051	−1.2185	0.2260
[−4; 4]	−0.0016	−0.5687	0.5708	−0.0031	−0.8263	0.4106
[−4; 10]	0.0068 *	1.8686	0.0647	−0.0030	−0.5897	0.5568
[−3; 3]	0.0033	1.3489	0.1805	−0.0016	−0.4823	0.6307
[−2; 2]	0.0051 **	2.4592	0.0157	0.0003	0.1235	0.9020
[−1; 1]	0.0050 ***	3.1756	0.0020	0.0005	0.2519	0.8016
[−1; 5]	0.0120 ***	4.9160	0.0000	0.0011	0.3260	0.7451
[−1; 10]	0.0198 ***	6.1721	0.0000	0.0012	0.2625	0.7935

*Indicates a significant difference at a significance level of 0.1 ($p < 0.1$).

The findings indicate that executive share increase events primarily impact the Shenzhen Stock Market, with minimal reaction in the Shanghai Stock Market. From a market segmentation perspective, these events do not result in losses for existing shareholders. However, in the Shenzhen Stock Market, new investors entering after the announcement can realize profits.

6.3. Annual Analysis

Table 6 and Table 7 display the annual AAR and CAAR test results. The data show that executive share increase events had the most significant impact in 2018. From 2019 to 2022, these events had only short-term effects, with no notable stock price declines before the events. This change may be due to stricter regulatory measures imposed by the China Securities Regulatory Commission (CSRC) after 2019, which reduced information leakage and insider collusion. Apart from 2018, these events did not lead to losses for existing shareholders, and profits for new entrants were minimal, with only 2022 showing modest profitability.

Table 6. Annual AAR testing.

Event Day	AAR 2018		AAR 2019		AAR 2020		AAR 2021	AAR 2022	
−10	−0.0018	*	0.0002		−0.0022		−0.0036	0.0014	
−9	−0.0013		0.0009		−0.0024		−0.0022	0.0010	
−8	−0.0039	***	0.0021		0.0018		−0.0014	−0.0018	
−7	−0.0011		−0.0012		0.0021		−0.0021	−0.0018	
−6	−0.0044	***	−0.0009		−0.0013		0.0011	−0.0005	
−5	−0.0048	***	−0.0008		0.0004		−0.0033	0.0005	
−4	−0.0072	***	−0.0022		−0.0017		0.0001	−0.0014	
−3	−0.0063	***	−0.0008		−0.0028		0.0012	−0.0024	
−2	−0.0050	***	−0.0005		0.0013		−0.0006	−0.0007	
−1	−0.0030	***	−0.0015		−0.0009		−0.0033	−0.0036	*
0	0.0040	***	−0.0001		−0.0011		0.0032	0.0054	***
1	0.0018	*	0.0041	**	0.0052	**	0.0021	0.0039	*
2	0.0029	***	0.0054	***	0.0000		−0.0008	0.0028	
3	0.0023	**	0.0020		−0.0016		0.0003	0.0027	
4	0.0014		−0.0015		−0.0044	**	0.0020	0.0005	
5	0.0022	**	−0.0019		−0.0029		−0.0005	0.0001	
6	0.0027	***	−0.0012		0.0018		0.0008	−0.0028	
7	0.0009		−0.0015		−0.0018		−0.0010	−0.0008	
8	0.0017	*	0.0028		−0.0021		0.0039	0.0014	
9	0.0014		0.0003		0.0030		−0.0010	0.0008	
10	0.0028	***	0.0035	*	−0.0041	*	0.0016	−0.0002	

Table 7. Annual CAAR testing.

Event Windows	CAAR 2018		CAAR 2019	CAAR 2020	CAAR 2021	CAAR 2022
[−10; 10]	−0.0147	***	0.0071	−0.0133	−0.0035	0.0046
[−8; 8]	−0.0157	***	0.0022	−0.0076	0.0016	0.0016

Continued

[−5; 5]	−0.0116	***	0.0021		−0.0082	0.0003	0.0080	
[−4; 4]	−0.0090	***	0.0049		−0.0057	0.0041	0.0074	*
[−4; 10]	0.0027		0.0068		−0.0117	0.0080	0.0058	
[−3; 3]	−0.0032		0.0086	*	0.0004	0.0020	0.0083	
[−2; 2]	0.0008		0.0074	*	0.0047	0.0006	0.0079	
[−1; 1]	0.0029	*	0.0025		0.0033	0.0019	0.0058	
[−1; 5]	0.0117	***	0.0064		−0.0055	0.0030	0.0119	
[−1; 10]	0.0211	***	0.0103		−0.0086	0.0074	0.0102	**

7. Conclusion

Executive shareholding increases serve as a key form of information disclosure, attracting attention from regulatory authorities and investors. The China Securities Regulatory Commission has implemented various regulations to standardize the buying and selling behavior of directors, supervisors, and senior executives. These regulations aim to improve information transparency and prevent insider trading.

This paper analyzed executive share increase events in the Shanghai and Shenzhen A-share markets from 2018 to 2022 using the event study method. The results indicate that stock prices declined before the events and rose shortly afterward, suggesting potential information leakage and possible collusion to suppress prices, allowing executives to buy shares at lower costs. Investors holding shares during these events may incur losses, while new investors can profit. The impact is most pronounced in the Shenzhen Stock Market and in 2018. Investors should closely monitor executive shareholding increases in the Shenzhen market, particularly during periods of stock market decline.

Conflicts of Interest

The authors declare no conflicts of interest regarding the publication of this paper.

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