

## A RESEARCH ON THE CAUSES OF PRICE MANIPULATION IN CHINA'S STOCK MARKET

**Xu Wang**  
Institute for Management  
Science and Engineering  
Henan University, Kaifeng  
CHINA

**Yuan Yao**  
Institute for Management  
Science and Engineering  
Henan University, Kaifeng  
CHINA

### ABSTRACT

Price Manipulation refers to the principle that individual or organization deviates from the free competition and supply and demand of the market, manipulates the price of the securities arbitrarily, attracts others to participate in the securities transaction and obtains the private interest. The market manipulation is an important part of the securities fraud. Market manipulation has seriously restricted the stock market to play the basic function of the competitive market, distorting the response of the stock price to the actual value of the stock, making the price discovery function weakened, the market resource allocation efficiency is reduced, the fluctuation is aggravated, weakening the stock market investor's confidence and participation enthusiasm. Based on the actual situation in China, this paper analyzes the reasons of the market manipulation behavior in China's stock market, including the high quality of listed companies in four aspects, the manipulation intention of the major shareholders after the reform of the split share structure, the functional deviation of the government in the stock market False information and information asymmetry.

**Keywords:** China's stock market; price manipulation; manipulation consciousness; function deviation; information deviation.