Insider trading can occur due to the either the top management utilizing the material information not available to public to enrich themselves, or it can be due to any person gaining such information through any kind of means. It will be difficult to track such complicated trades now-a-days as they are routed through various intermediaries like investment banks and brokerages which employ sophisticated trading mechanisms to disguise the block trades. But there might be some mis-correlation between the normal stocks and their derivatives, unless a sophisticated investor is speculating with some hedge. So this divergence between spot and their associated derivatives can be used to detect such insider trading anomalies.

There will also be some difference in the market behavior between the buy and sell legs. In the words of the renowned investor “insiders might sell their shares for any number of reasons, but they buy them for only one: they think the price will rise". This will lead to a difference in the way the estimator for detecting insider trading differs for the sell and buy legs.

US : Its reported that SEC uses a program dubbed SWAT (Stock Watch Automated Tracking) to detect patterns which might point to insider trading.