**Securities Regulation**

**Spring 2021 MW 5:30 – 7:10 p.m. (CT)**

**Course Information**

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1. **Required Materials:**

(1) Choi & Pritchard, Securities Regulation: Cases & Analysis (Foundation Press 5th ed. 2019).

(2) Choi & Pritchard, Securities Regulation: Statutory Supplement (2020).

1. **Learning Outcomes**

**Security Identification:** Students will be able to identify a security and understand the ramifications of the classification.

**Registration Process:** Students will be able to describe in detail the registration process for newly issues securities and the burdens and benefits of ongoing requirements for registered securities.

**Registration Materials:** Students will be able to evaluate registration materials for material deficiencies and misrepresentations.

**Exemptions:** Students will be able to explain exemptions from registration.

**Elements of Liability:** Students will be able to identify the elements of liability for securities fraud and insider trading.

1. **Grading:**

This course will culminate in a two-hour examination, which will generally determine 100% of the final grade for each student.

1. **Syllabus**

**Introduction to Securities Regulation**

1. Introduction to the Securities Markets and Securities Regulation

 C&P, pp. 1 – 48.

[This background material will take us about 2 classes to get through and will include lecturing on

fundamentals of corporate finance.]

**The Definition of a Security**

2. What is a Security: Investment Contracts

 C&P, pp. 111 – 147 (4th ed: 95 – 142)

 Securities Act § 2(a)(1)

3. Stock, Notes, Partnerships, LLC, Real Estate

 C&P, pp. 147 – 178 (4th ed: 42 – 156)

 New 5th ed. case: *Avenue Capital Mgmt. II, L.P. v. Schaden*, 843 F.3d 876 (10th Cir. 2016).

 Securities Act § 3(a)(3); Exchange Act § 3(a)(10)

4. Securitization & Cryptocurrency

 C&P, pp. 179 -- 195 (4th ed.: 156 – 160)

 New 5th ed. case: *In the Matter of the DAO*, Exch. Act Rel. No. 81207 (2017).

**The Registration Process**

5. Economics of Public Offerings

 C&P, pp. 487 – 501; 552 – 558 (4th ed: 393-406; 452-457)

6. The Registration Statement & Gun-Jumping (Pre-Filing Period)

 C&P, pp. 501-520 (4th ed: 406 – 423)

 Securities Act §§ 2(a)(3); 5(c)

 Sec. Rel. No. 3844; No. 5180; Rules 135; 139; 163; 163A; 169; 168; 405; 433

7. The Waiting Period

 C&P, pp. 520 – 539 (4th ed: 423 – 440)

 Securities Act §§ 2(a)(10); 5(a); 5(b)(1); 10(b)

 Rules 134; 135; 139; 164; 168; 169; 405; 430; 433

**Exempt Transactions and Exempt Securities**

8. Intrastate Offerings & Private Offerings

C&P, pp. 739 – 756 (4th ed: 612 – 627 (**in 2016 Supplement found on website – pp. 36-47**)

C&P, pp.663 – 674 (4th ed: 549 – 559)

 Securities Act § 3(a)(11); 4(2)

 Sec. Rel. No. 4434; Rule 147, Rule 147A

 Sec. Rel. No. 285

9. Regulation D & Limited Offering Exemptions

C&P, pp. 674 – 706 (4th ed: 559 – 588) (**in 2016 Supplement found on website – pp. 6-26)**

 Securities Act § 3(b); 4(2)

 Rules 500 - 506

**Resales**

10. Rule 144 & Rule 144A

 C&P, pp. 791 – 811 (4th ed: 658 – 676)

**Materiality**

11. What is Material?

 C&P, pp. 49 - 82; 197-216 (4th ed: 47 – 69; 161 – 173)

 New 5th ed. case: *United States v. Litvak*, 889 F.3d 56 (2d Cir. 2018).

 Exchange Act Rules 10b-5, 12b-20

 Regulation S-K Item 303(a)

12. Materiality, Part 2

 C&P, pp. 82 – 98 (4th ed: 69 – 84)

 Regulation S-K Item 401, 403, 404, 406

**Liability under the Securities Act of 1933**

13. Section 11 Liability & Section 12 Liability

 C&P, pp. 569 – 608 (4th ed: 467 – 501)

**Liability under the Securities Exchange Act of 1934**

14. Liability under the Securities and Exchange Act of 1934

 The 10b-5 Cause of Action

Economics of the 10b-5 Action: C&P, pp. 241 -- 249 (4th ed: 197 – 204)

Reliance: C&P, pp. 324 – 348 (4th ed: 268 – 282)

 New Case in 5th ed.: *In re Vivendi, S.A. Sec. Litig.*, 838 F.3d 223 (2d Cir. 2016).

Loss Causation: C&P, pp. 349 – 357 (4th ed: 284 – 288)

New Case in 5th ed.: *Mineworkers’ Pension Scheme v. First Solar, Inc.*, 881 F.3d 750 (9th Cir. 2018).

The 10b-5 Defendants: C&P, pp. 357 – 374 (4th ed: 289-299)

 Rule 10b-5

**Insider Trading**

15. C&P, pp. 405 – 407; 415 – 475 (4th ed: 329 – 331; 336 – 382; **2016 Supplement pp. 1-5, *U.S. v. Salman)***

 New Case in 5th ed: *United States v. Martoma*, 894 F.3d 64 (2d Cir. 2018).

 Rule 10b5-1; 10b5-2