OUTLINE

PREFACE .................................................................III

ABBREVIATIONS .....................................................V

TABLE OF CASES ......................................................xiii

TABLE OF STATUTES ..................................................XXV

Chapter I. Introduction .............................................. 1
§ 1. The Securities Markets .................................3
(A) The Securities Industry .........................7
§ 2. State and Federal Securities Laws ............11
§ 3. The Securities and Exchange
Commission ..................................................19
§ 4. Sources of Securities Law .......................21
§ 5. Where to Find the Law .........................27
§ 6. The Definition of “Security” ...................30
(A) Stocks and Notes .................................32
(B) Financial Instruments ..........................34
(C) Investment Contracts .........................37
(D) Exempt Securities ...............................42
(E) Derivative Investments, Stock
Options, Index Options, Futures ..........44
Derivative Investments: An Overview ...44
Over-the-Counter Derivatives ...............47
Swaps and Other Hybrids .....................48

Chapter II. The 1933 Act’s Regulation of
Public Offerings .................................................. 53
§ 7. 1933 Act Disclosure Requirements ...........54
§ 8. The Registration Process .......................62
§ 9. The Operation of 1933 Act § 5 ....................... 67
   (A) The Pre-Filing Period .......................... 71
   (B) The Waiting Period ............................ 75
   (C) The Post-Effective Period ....................... 79

§ 10. Exemptions from Registration Under the 1933 Act ................................................. 82
   (A) Private Placements ............................. 84
   (B) Small Offerings ................................ 87
   (C) Regulation D ..................................... 88
   (D) Intrastate Offerings ............................ 93
   (E) Regulation A ..................................... 96
   (F) Crowdfunding .................................... 98
   (G) Employee Compensation Plans ................. 102
   (H) Mergers and Reorganizations .................. 102
       “Spin-Offs” and “Shell Corporations” ........... 104
   (I) Sales by Persons Other than the Issuer .............. 105
   (J) Integration of Offerings ........................ 113
   (K) Interrelationship of Exemptions ............... 115
   (L) Consequences of a Failed Exemption ............. 115

§ 11. Civil Liability for Misstatements .......... 116
   (A) Elements of a 1933 Act § 11 Claim .......... 118
   (B) Persons Liable ................................. 122
   (C) Liability Under 1933 Act § 12 .......... 128

Chapter III. Introduction to the 1934 Act’s Regulation of Publicly-Held Companies .................... 133

§ 12. Overview of the 1934 Act .................. 133
§ 13. Periodic Disclosure Requirements ........ 141
§ 14. Proxy Solicitation........................................... 145
  Civil Liability ................................................. 150
§ 15. Takeover Bids and Tender Offers .............. 154
  (A) Federal Regulation of Takeovers ....... 154
  (B) State Regulation of Takeovers .......... 166
§ 16. Liability for “Short-Swing” Profits .......... 170

Chapter IV. Antifraud Provisions ................. 177
§ 17. Market Manipulation ................................. 177
  (A) Distributions ........................................... 178
  (B) Corporate Repurchases ....................... 183
  (C) Contested Takeover Bids .................... 185
§ 18. The Jurisprudence of 1934 Act Rule
  10b–5 .................................................................. 186
  (A) Elements of 1934 Act Rule 10b–5 ...... 189
  (B) Civil Liability for Violations ............. 195
§ 19. Insider Trading ........................................... 199
  (A) Elements of the Violation ................. 200
  (B) Civil Liability ........................................... 214
§ 20. Corporate Misstatements ......................... 222
  (A) Elements of the Violation ................. 222
  (B) Civil Liability ........................................... 226
§ 21. Corporate Mismanagement ....................... 228

Chapter V. Regulation of the Securities
  Business .......................................................... 233
§ 22. Broker-Dealer Sales Practices ............... 234
  (A) Conflicts of Interest ......................... 235
  (B) Inadequate Basis for
      Recommendations ................................. 239
§ 23. Financial Responsibility of Broker-
  Dealers ........................................................... 245
  (A) Net Capital Rules ............................... 245
(B) Customers’ Funds and Securities ....... 246
(C) The Securities Investor Protection
Act .................................................. 248

§ 24. Market Regulation................................. 251
(A) Market Structure ............................... 251
(B) Clearing and Settlement ..................... 253
(C) Trading by Exchange Members ............ 254
(D) Dealer “Spreads” ............................. 261
(E) Extension of Credit—Margin
Regulation ......................................... 262

§ 25. “Self-Regulation”................................. 266
(A) Civil Liability Under SRO Rules ....... 271
(B) Antitrust Limitations on SRO
Actions ........................................... 274

Chapter VI. Regulation of Investment
Companies and Investment Advisers ....... 279

§ 26. Coverage of the 1940 Act.................... 280
(A) Types of Investment Companies ........ 280
(B) Exemptions.................................... 283

§ 27. Regulation of Fund Activities ............. 289

§ 28. Management and Control.................... 292
(A) Shareholders, Directors and
Officers............................................. 292
(B) Management Compensation ............ 294
(C) Transfer of the Advisory Contract ..... 299

§ 29. Transactions with Affiliates ............... 301
(A) Joint Transactions .......................... 301
(B) Brokerage Transactions ................. 302

§ 30. Sale of Fund Shares............................. 305
(A) Disclosure Requirements ................. 308
(B) Controls on Prices ......................... 310
(C) Exchange Traded Funds ................. 312
§ 31. Regulation of Investment Advisers ............ 313
Definitions and IAA Coverage .................... 313
Exclusions from the Definition of
Investment Adviser ............................ 317
Exemptions from the Investment Advisers
Act .................................................... 320
Investment Advisers as Fiduciaries ......... 322
Fiduciary Obligations ............................ 322
Regulation of Private Funds ................. 322
SEC Rulemaking ................................. 324
Division of Federal and State
Jurisdiction ................................ 325

Chapter VII. Sanctions for Violations ........... 329
§ 32. SEC Investigations ............................ 329
§ 33. SEC Administrative Proceedings .......... 332
(A) Conduct of Hearings ....................... 335
(B) Judicial Review of SEC Actions ........ 337
§ 34. SEC Injunction Actions ..................... 339
§ 35. Criminal Prosecutions ....................... 341
§ 36. SRO Disciplinary Proceedings .......... 342

Chapter VIII. Civil Liabilities .................. 345
§ 37. Sources of Liability ........................... 345
§ 38. Jurisdictional Questions ..................... 349
(A) Venue and Service of Process .......... 350
(B) Statute of Limitations ..................... 351
§ 39. Standing to Sue .............................. 352
(A) Class Actions ............................... 353
(B) Derivative Actions ........................ 358
(C) Bars to Recovery .......................... 360
§ 40. Permissible Defendants ...................... 366
(A) Liability of Principal ....................... 367
<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>§ 41.</td>
<td>Damages</td>
</tr>
<tr>
<td>§ 42.</td>
<td>Equitable Relief</td>
</tr>
<tr>
<td>§ 43.</td>
<td>U.S. Transactions in Foreign Securities</td>
</tr>
<tr>
<td>§ 44.</td>
<td>Foreign Transactions in U.S. Securities</td>
</tr>
<tr>
<td>§ 45.</td>
<td>Foreign Transactions in Foreign Securities</td>
</tr>
<tr>
<td>§ 46.</td>
<td>Registration of Securities</td>
</tr>
<tr>
<td>(A)</td>
<td>Procedures</td>
</tr>
<tr>
<td>(B)</td>
<td>Standards</td>
</tr>
<tr>
<td>(C)</td>
<td>Exemptions</td>
</tr>
<tr>
<td>(D)</td>
<td>Federal Preemption</td>
</tr>
<tr>
<td>§ 47.</td>
<td>Broker-Dealer Registration</td>
</tr>
<tr>
<td>§ 49.</td>
<td>Sanctions for Violations</td>
</tr>
<tr>
<td>§ 50.</td>
<td>Civil Liabilities</td>
</tr>
<tr>
<td>§ 51.</td>
<td>Jurisdictional Questions</td>
</tr>
</tbody>
</table>

INDEX