SECURITIES REGULATION

Professor Brook Gotberg
Spring Semester 2017
T/Th 9:00am – 10:15am

Introduction:

Securities are a means through which individuals and institutions invest funds in companies, governments, and other entities. In a prototypical transaction, a commercial enterprise issues stock, bonds, debentures, notes, or transferable shares to interested investors in order to raise working capital to conduct business affairs. Investors who purchase these security instruments recognize that it represents a type of financial value, often a right to payments based on the success of the business endeavor. Securities regulations are intended to protect these investors in their expectations that the instruments they purchase represent their expected value, and to protect against fraud or manipulation of the securities market. Lawyers who represent businesses or other commercial entities that seek to issue securities must be aware of the scope of securities regulation, and know how to comply with individual requirements. Lawyers who represent investors should also understand the laws and protections associated with securities, and recognize when certain causes of action may arise. Securities regulation is therefore a valuable area for any law student interested in working with business entities in either investing or raising capital.

Materials:

Class discussion will be generally based around readings from Securities Regulation: Cases and Analysis, Fourth Edition ((2015) by Stephen Choi and Adam Pritchard (Casebook), available from Foundation Press and at the Mizzou Bookstore. Please plan on bringing the Casebook to class each week. Frequent reference will be made to the statutory regulations themselves, which are publicly available online and can be found in the optional statutory supplement for this course, Security Regulation Statutory Supplement, by Choi and Pritchard (Supplement). If you wish, you may purchase an alternative statutory supplement to use on the final exam, but it must be approved by me prior to use on the final exam.

Attendance:

Regular and punctual class attendance is required of all law students as a matter of school policy, and attendance will be reflected in your final grade for this class. I strongly encourage you to make every effort to attend all classes. I will keep track of attendance. Unexpected absences are sometimes necessary; accordingly, every student will have a total of four automatically excused absences during the semester. This means that you are not required and should not feel obligated to explain these absences or to notify me in advance. More than four absences – for whatever reason – will result in the reduction of your grade, as explained below in the grading section.
Class Participation:

I will use the Socratic Method and group discussion as the primary means of teaching this class. In my experience, students get the most out of the classroom experience when everyone is engaged in a structured dialogue. Each student should anticipate being called on at least once every class to give thoughts, explain a case, or interpret a statutory provision. You should come to class prepared, attentive, alert, and ready to answer questions pertaining to the discussion. Every assignment will include problem sets intended to encourage thoughtful analysis of the topics at hand, and to help prepare students for the final exam. This form of participation may be more demanding than simply sitting and listening to a lecture, but it will also provide a bigger educational payout for you and your fellow students.


Final Exam:

There will be a written three-hour exam at the end of the semester. You will be permitted to bring the Casebook, the Supplement or an alternative statutory supplement approved in advance, and your own notes into the exam. Commercial outlines and other outside material will not be permitted.

Grading:

The Final Exam will account for 80% of your final grade. Class attendance and participation will comprise the remaining 20%. In addition to being physically present for class, students are expected to be prepared for class discussion and mentally engaged in the discussion. Students are not expected to get the right answer every time. However, if a wrong answer clearly demonstrates a lack of preparation or lack of attention to the discussion, then your grade will be affected. On the other hand, students who provide exceptional insight, demonstrating an excellent grasp of the subject matter, will receive excellent participation grades.

Preliminary Class Schedule:

All reading assignments are from the Casebook. Each listed assignment is intended to be covered in class on the assigned date, and should be read and prepared in advance. However, reading assignments may change as a consequence of how far we get in the class discussion. The priority is to understand the information in each lesson, even if it means reducing the total amount of information covered.

January 12: Ch. 1 Introduction, pgs. 1-15
January 17: Ch. 1 Introduction, pgs. 15-45
January 19: Ch. 2 Materiality, pgs. 47-57, also Exchange Act Rules 10b-5, 12b-20
January 24: Ch. 2 Materiality, pgs. 57-76, also Regulation S-K Item 303(a)
January 26: Ch. 2 Materiality, pgs. 76-94, also Regulation S-K Items 103, 401, 403, 404, 406

January 31: Ch. 3 Definition of “Security,” pgs. 95-115, also Securities Act § 2(a)(1)

February 2: Ch. 3 Definition of “Security,” pgs. 115-142

February 7: Ch. 3 Definition of “Security,” pgs. 142-160, also Securities Act § 3; Exchange Act § 3(a)(10)

February 9: Ch. 4 Disclosure & Accuracy, pgs. 161-182, also Exchange Act §§ 12(a), 12(g), 13(a), 15(d); Forms 8-K, 10-K; Rule 12g-1, 12h-6, 13a-14; Regulation S-K Item 303(a)

February 14: Ch. 4 Disclosure & Accuracy, pgs. 182-196, also Exchange Act § 13(b); Exchange Act Rule 13a-1; Sarbanes-Oxley Act § 304; Regulation FD

February 16: Ch. 5 Rule 10b-5, pgs. 197-215, also Exchange Act § 10(b); Rule 10b-5

February 21: Ch. 5 Rule 10b-5, pgs. 227-246, also Exchange Act § 21E; Regulation S-K Item 303(a)

February 23: Ch. 5 Rule 10b-5, pgs. 246-265, also Exchange Act § 21D(b)(1-3) and (c)

February 28: Ch. 5 Rule 10b-5, pgs. 265-289, also Exchange Act § 21D(b)(4)

March 2: Ch. 5 Rule 10b-5, pgs. 289-311, also Exchange Act § 20(a) and (e)

March 7: Ch. 5 Rule 10b-5, pgs. 311-327, also Exchange Act §§ 21D(e), 27, 28(a)

March 9: Ch. 6 Insider Trading, pgs. 329-343, also Exchange Act § 20(d)

March 14: Ch. 6 Insider Trading, pgs. 344-362, also Exchange Act Rule 10b5-1

March 16: Ch. 6 Insider Trading, pgs. 362-387, also Exchange Act §§ 14(e), 20A, 21A; Rule 10b5-2; 14e-3

March 21: Ch. 7 Public Offerings, pgs. 393-423, also Securities Act §§ 2(a)(3), (10), (11); 5; 10; Rules 135, 163A, 168, 169, 405; Form S-3 Gen. Inst. I

March 23: Ch. 7 Public Offerings, pgs. 423-435, also Securities Act §§ 2(a)(3), (10), (11); 5; 10(b); Rules 134, 164, 430, 433

April 4: Ch. 7 Public Offerings, pgs. 435-449, also Securities Act §§ 2(a)(3), (10); 4(a)(1), (3), (4); 8; 10(a); Rules 137, 138, 139, 172, 173, 174, 424, 430, 430A, 434; Regulation S-K Item 512(i); Exchange Act Rule 15c2-8
April 6: Ch. 7 Public Offerings, pgs. 449-458, also Securities Act §§ 8(d), 10(a)(3); Regulation M; Regulation S-K Item 512(a)

April 11: Ch. 7 Public Offerings, pgs. 458-466; also, Securities Act Rules 158, 413, 415, 424(b), 430B

April 13: Ch. 9 Exempt Offerings, pgs. 549-559, also Securities Act § 4(a)(2)

April 18: Ch. 9 Exempt Offerings, pgs. 559-588, also Securities Act Rules 135c, 152, 155; Regulation D: Rules 500, 501(a), (e), (f), (h), (i), 502, 504, 505, 506, 507, 508

April 20: Ch. 9 Exempt Offerings, pgs. 627-640, also Regulation S

April 25: Ch. 10 Secondary Distributions, pgs. 641-657, also Securities Act §§ 2(a)(3), (11), (12); 4(a)(1), (3), (4); 5

April 27: Ch. 10 Secondary Distributions, pgs. 658-676, also Securities Act §§ 2(a)(11), 4(a)(1), (2), (3), (4); Rule 144, 144A, 405

Office Hours:

My office is in room 326. I will be generally available and in my office during the normal workday. However, it is always a good idea to contact me in advance if you would like to drop by with questions or thoughts. My office phone number is (573) 882-3914. My email address is gotbergb@missouri.edu.

Students With Disabilities:

If you anticipate barriers related to the format or requirements of this course, if you have emergency medical information to share with me, or if you need to make arrangements in case the building must be evacuated, please let me know as soon as possible. If disability related accommodations are necessary (for example, a note taker, extended time on exams, captioning), please register with the Office of Disability Services (http://disabilityservices.missouri.edu), S5 Memorial Union, 573-882-4696, and then notify me of your eligibility for reasonable accommodations. For other MU resources for students with disabilities, click on "Disability Resources" on the MU homepage.