Understanding Securities Law

SECOND EDITION

Marc I. Steinberg

UNDERSTANDING SECURITIES LAW

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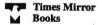
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August 1995

CONTENTS IN BRIEF

CHAPTER 1	Introduction, 1
CHAPTER 2	DEFINITION OF A SECURITY, 17
CHAPTER 3	Issuer Exemptions from Registration, 39
CHAPTER 4	THE REGISTRATION PROCESS, 89
CHAPTER 5	Resales and Reorganizations, 119
CHAPTER 6	Due Diligence and Securities Act Liability, 145
CHAPTER 7	SECTION 10(b) AND RELATED ISSUES, 181
CHAPTER 8	ALTERNATIVE REMEDIES, 215
CHAPTER 9	SECONDARY LIABILITY, 237
CHAPTER 10	Issuer Affirmative Disclosure Obligations, 247
CHAPTER 11	Insider Trading, 267
CHAPTER 12	Broker-Dealer Regulation, 287
CHAPTER 13	CORPORATE CONTROL ACQUISITIONS AND CONTESTS, 297
CHAPTER 14	SEC Enforcement, 325

GLOSSARY, 351

Table of Cases, 390

Table of Statutes, Rules, and Regulations, 403

Table of Releases, 410

INDEX, 411

CONTENTS

CHAPTER 1	Introduction, 1
§ 1.02	Purpose of Text, 1 Overview, 1 Selected References, 3 Appendix: The Work of the SEC, 6
CHAPTER 2	DEFINITION OF A SECURITY, 17
	Introduction, 17 Overview of Key U.S. Supreme Court Decisions, 18 Key Issues in Defining the Scope of a Security, 23 [A] Limited Partnerships, 23 [1] "Solely from the Efforts of Others", 25 [2] "Expectation of Profits", 25 [3] The Common Enterprise Requirement, 26 [B] General Partnerships, 27 [C] Limited Liability Companies, 28 [D] Property Interests Combined with Service Contracts, 29 [E] Franchises, 30 [F] The Risk Capital Test, 31 [G] Debt Securities, 32 [1] Notes, 32 [2] Certificates of Deposit, 37
CHAPTER 3	Issuer Exemptions from Registration, 39
§ 3.01 § 3.02 § 3.03	Exempt Securities from Registration, 39 Why Perfect a Transactional Exemption?, 40 Transactional Exemptions—Introductory Points, 42

§ 3.04	The Burden of Proof File, SEC No-Action Letters, and Rescission Offers, 43
	[A] Burden of Proof File, 43
	[B] SEC No-Action Letters, 44
	[C] Rescission Offers, 45
§ 3.05	The Section 4(2) Private Offering Exemption, 45
§ 3.06	Rule 506 of Regulation D, 48
§ 3.07	Rules 507 and 508—Substantial Compliance Standard and Filing of Form D, 50
§ 3.08	The Limited Offering Exemptions, 51
	[A] The Section 4(6) Exemption, 51
	[B] The Section 3(b) Exemptions, 51
	[1] Rule 504, 52
	[2] Rule 505, 52
	[3] Rule 701, 53
	[4] Regulation A, 54
§ 3.09	Comparative Chart, 55
§ 3.10	Intrastate Offerings, 58
	[A] The Section 3(a)(11) Exemption, 58
	[B] The Rule 147 Exemption, 59
	[C] ALI Federal Securities Code, 60
§ 3.11	The Section 3(a)(9) and 3(a)(10) Exemptions, 61
§ 3.12	Integration of Offerings, 62
§ 3.13	State Blue Sky Law Exemptions, 64
§ 3.14	Extraterritorial Application—Regulation S, 66
	[A] General Conditions, 68
	[B] Issuer Safe Harbor, 69
	[C] Resale Safe Harbor, 73
	[D] Facilitating Global Trading, 74
	Appendix: Limited Offering Materials, 75
CHAPTER 4	THE REGISTRATION PROCESS, 89
§ 4.01	Overview of the Registration Process, 89
§ 4.02	Framework of Section 5, 91

[A] The Pre-filing Period, 92[1] Overview, 92

	[2] Conditioning the Market (Gun-Jumping), 92
	[3] Effect of Rule 135, 94
	[4] Transactions between Market Professionals, 95
	[5] Rules 137, 138, and 139, 96
	[B] The Waiting Period, 98
	[1] Overview, 98
	[2] SEC's Power of Acceleration, 98
	[C] The Post-effective Period, 100
	[1] Overview, 100
	[2] Dealer Prospectus Delivery Requirements, 101
	[3] The Section 4(4) Exemption, 102
	[4] Loophole? 102
	[D] Chart of Time Periods, 103
§ 4.03	The Misleading Prospectus, 104
§ 4.04	A Brief Look at the Process of a Public Offering, 105
§ 4.05	Going Public—Pros and Cons, 107
§ 4.06	The Integrated Disclosure Framework, 109
	[A] Registration Forms, 110
	[B] Shelf Registration, 112
§ 4.07	The Mandatory Disclosure System, 112
	[A] The Disclosure Debate, 112
	[B] Disclosure of Forward-Looking Information, 113
	[C] Management Discussion and Analysis (MD&A), 115
	[D] Disclosure of Qualitative Information, 116
§ 4.08	State Blue Sky Law, 117
CHAPTER 5	Resales and Reorganizations, 119
§ 5.01	Introduction, 119
§ 5.02	The Concept of Underwriter, 119
	[A] The Presumptive Underwriter Doctrine, 120
	[B] Participating in the Underwriting Effort, 122
§ 5.03	Distributions by Controlling Persons or Affiliates, 122
	[A] Effecting a Distribution, 123
	[B] Secondary Offerings, 124
§ 5.04	Purchasing from an Issuer with a View toward Distribution, 126

x Understanding Securities Law

[A] Holding Period, 126 [B] Restrictive Legends—Change in Circumstances, 127 [C] Sales by Pledgees, 127 § 5.05 Rule 144, 129 [A] Background, 129 [B] Provisions of the Rule—Overview, 130 [C] Certain Sales by Nonaffiliates, 133 [1] Restricted Stock, 133 [2] Nonrestricted Stock, 135 [D] Chart, 137 The Section " $4(1\frac{1}{2})$ " Exemption, 138 § 5.06 § 5.07 Rule 144A, 139 [A] Requirements, 139 [B] Criticism, 140 Corporate Reorganizations, 141 § 5.08 [A] In General, 141 [B] Rule 145—Ramifications, 142 [C] Downstream Sales, 142 [D] Spin-Offs, 143 CHAPTER 6 Due Diligence and Securities Act Liability, 145 § 6.01 Introduction, 145 § 6.02 The Registered Offering—Framework of Section 11, 146 [A] Parties Subject to Section 11 Liability, 146 [B] Elements of the Section 11 Right of Action, 147 [C] Defenses, 149 [1] General, 149 [2] Due Diligence—Overview, 149 [3] Due Diligence Standard, 150 § 6.03 Contribution and Indemnification, 151 § 6.04 Due Diligence in the Registered Offering Context, 152 [A] Directors, 152 [B] Signatories, 154 [C] Attorneys, 154 [D] Underwriters, 156 [E] Accountants, 158

§ 6.05 § 6.06 § 6.07 § 6.08 § 6.09	Impact of the Integrated Disclosure System, 161 Director Signing of Form 10-K, 163 Shelf Registration, 164 Section 12(1) (as now amended Section 12(a)(1)), 165 Section 12(2) (as now amended Section 12(a)(2)), 166 [A] Overview, 166 [B] The Meaning of "Seller", 167 [C] Secondary Liability, 168 [D] Application to Secondary Trading, 169 [E] The Reasonable Care Defense, 170 [F] Indemnification and Contribution, 172
	[G] 1995 Legislation—Section 12(b), 173
	Appendix: Due Diligence Checklist, 175
CHAPTER 7	Section 10(b) and Related Issues, 181
§ 7.01	Overview, 181
§ 7.02	Standing: The Purchaser-Seller Requirement, 184
§ 7.03	Requisite Culpability Level, 185
	[A] Private Damages Actions, 185
	[B] SEC Actions for Injunctive Relief, 186
	[C] "Recklessness", 187
	[D] State Court Reaction, 187
	[E] 1995 Legislation—Pleading Requirements, 188
§ 7.04	The "Manipulation" or "Deception" Requirement, 188
	[A] Breach of Fiduciary Duty Not Sufficient, 188
	[B] Federal Claims Premised on Breach of Fiduciary Duty, 190
	[1] Post-Santa Fe State Court Decisions, 191
	[2] Post-Santa Fe Federal Court Decisions, 191
	[3] Caveats, 192
	[4] Summation, 193
§ 7.05	The Reliance Requirement, 194
	[A] Generally, 194
	[B] The "Fraud-on-the-Market" Theory, 194
	[1] Characteristics of an "Efficient" Market, 196
	[2] Rebutting the Fraud-on-the-Market Presumption of Reliance, 197

	[D] Plaintiff Due Diligence, 198
	[1] The "Bespeaks Caution" Doctrine, 199
	[2] Reliance on Oral Statements Inconsistent with Written Offering Materials, 200
§ 7.06	Cumulative Remedies, 201
§ 7.07	Statute of Limitations, 203
§ 7.08	Measure of Damages, 206
§ 7.09	In Pari Delicto Defense, 207
§ 7.10	Contribution and 1995 Legislation, 209
§ 7.11	Extraterritorial Jurisdiction, 212
	[A] Transnational Fraud, 212
	[B] Securities Act Registration, 213
	[C] Tender Offers, 213
CHAPTER 8	ALTERNATIVE REMEDIES, 215
§ 8.01	Introduction, 215
§ 8.02	Implied Rights of Action in General, 215
	[A] Pre-1975 Approach, 215
	[B] The Cort Formulation and Its Apparent Demise, 216
§ 8.03	Availability of Implied Rights of Action Under Select Statutes, 218
§ 8.04	Section 17(a) of the Securities Act, 219
	[A] Generally, 219
	[B] Supreme Court Decisions, 220
	[C] Availability of Implied Right of Action, 221
§ 8.05	Section 14(a) of the Exchange Act, 221
	[A] Elements of Private Right of Action, 222
	[B] A Look at Virginia Bankshares, 223
	[C] Contexts Where Proxy Provisions Apply, 225
§ 8.06	Section 29(b) of the Exchange Act, 226
§ 8.07	The Racketeer Influenced and Corrupt Organizations Act (RICO), 227
§ 8.08	State Securities and Common Law Remedies, 229

[C] The "Fraud-to-Enter-the-Market" Theory, 197

CHAPTER 9	Secondary Liability, 237
§ 9.01 § 9.02	Aiding and Abetting Liability, 237 Application of Central Bank of Denver to SEC and 1995 Legislation, 240
§ 9.03	Controlling Person Liability, 241
§ 9.04	Respondeat Superior Liability, 243
Chapter 10	Issuer Affirmative Disclosure Obligations, 247
§ 10.01	Overview, 247
§ 10.02	Impact of the "MD&A" Requirements, 249
§ 10.03	Responding to Rumors, 250
§ 10.04	Disclosure of Merger Negotiations, 251
§ 10.05	Disclosure of "Soft" Information, 253
	[A] Generally, 253
	[B] The "Bespeaks Caution" Doctrine, 255
	[C] Application to "Merger" Context, 256
	[D] 1995 Legislation—Safe Harbor for Certain Forward- Looking Statements, 259
§ 10.06	Duty to Update, 262
§ 10.07	Duty to Disclose "Bad" News, 263
§ 10.08	Responding to Auditor Requests, 265
Chapter 11	Insider Trading, 267
§ 11.01	Overview, 267
§ 11.02	Supreme Court Decisions—Chiarella and Dirks, 270
§ 11.03	** *
§ 11.04	Right of Action for Contemporaneous Traders, 274
§ 11.05	Damages and Penalties, 275
	[A] Damages—Section 10(b) Actions, 275
	[B] Penalties, 277
§ 11.06	Rule 14e-3, 278
§ 11.07	The Mail and Wire Fraud Statutes, 279
§ 11.08	Section 16—"Short-Swing" Trading, 280
	[A] Overview, 280
	[B] Relevant Issues, 281

Ten Percent Beneficial Owners, 283 [4] [5] Objective Approach versus Pragmatic Approach, 284 Broker-Dealer Regulation, 287 CHAPTER 12 § 12.01 Overview, 287 § 12.02 Arbitration, 289 § 12.03 Special Concepts of Fraud for Broker-Dealers, 293 § 12.04 Secondary Liability, 295 Chapter 13 Corporate Control Acquisitions and Contests, 297 § 13.01 Introduction, 297 § 13.02 Going-Private Transactions, 298 [A] State Law, 298 [B] Federal Law, 299 § 13.03 Proxy Contests, 301 § 13.04 A Primer on the Williams Act, 302 [A] Overview, 302 [B] Legislation, 304 [C] Debate, 306 § 13.05 Definition of Tender Offer, 307 § 13.06 Constitutionality of State Takeover Statutes, 310 The CTS Decision, 310 [B] The "Third-Generation" Statutes, 312 [C] Need for Federal Preemption, 314 § 13.07 Disclosure of Beneficial Ownership Interest, 314 § 13.08 SEC Tender Offer Rules, 317 Substantive Regulation of Defensive Tactics, 318 § 13.09 [A] Federal Law, 318 State Law, 320 [B] § 13.10 Views of Commentators, 323

[1] Beneficial Ownership and the Concept of

Attribution, 281

[2] Directors, 282[3] Officers, 283

CHAPTER 14	SEC Enforcement, 325
§ 14.01	Introduction, 325
§ 14.02	SEC Subpoena Power, 326
	[A] Overview, 326
	[B] Supreme Court Standards, 327
	[C] Notice to Third Parties, 328
§ 14.03	Parallel Proceedings, 330
§ 14.04	SEC Administrative Enforcement Remedies, 331
	[A] Cease and Desist Orders, 331
	[B] Money Penalties, 332
	[C] Refusal and Stop Orders, 333
	[D] Summarily Suspending Trading in a Security, 333
	[E] Broker-Dealer Disciplinary Sanctions, 333
	[F] Section 15(c)(4) Disciplinary Proceedings, 334
	[G] Section 21(a) Reports of Investigation, 334
§ 14.05	SEC Injunctions, 335
	[A] Standards for Injunctive Relief, 335
	[B] Implications of Central Bank of Denver and 1995 Legislation, 336
	[C] Collateral Consequences, 338
	[D] Ancillary or Other Equitable Relief, 339
	[E] Modification or Dissolution of SEC Injunctions, 339
§ 14.06	Officer and Director Bars, 341
§ 14.07	Court-Ordered Money Penalties, 342
§ 14.08	Professional Responsibility, 343
	[A] Rule 2(e), 343
	[B] Legal and Ethical Standards, 343
	Appendix: SEC Order Directing a Private Investigation, 347

Glossary, 351

GENERAL TERMS, 353

SECURITIES ACT OF 1933, 369

SECURITIES EXCHANGE ACT OF 1934, 375

xvi Understanding Securities Law

SEC RULES—SECURITIES ACT RULES, 379

SEC RULES—EXCHANGE ACT RULES, 383

SEC REGULATIONS, 385

SEC Forms, 387

SEC Schedules, 389

Table of Cases, 390

TABLE OF STATUTES, RULES, AND REGULATIONS, 403

Table of Releases, 410

INDEX, 411

1

Introduction

§ 1.01 Purpose of Text

The purpose of this reference text is to provide a general understanding of the key issues that a student will face in the basic securities regulation course. As a consequence, the text's scope principally focuses on the Securities Act of 1933 (hereinafter called the Securities Act or 1933 Act) and the Securities Exchange Act of 1934 (hereinafter called the Exchange Act or 1934 Act). State securities statutes (also known as blue sky laws) also are covered. Students wishing a broader subject matter treatment or more intense coverage of a particular issue (such as tender offers or SEC enforcement) should consult the sources cited in § 1.03.

Securities regulation is a difficult course. At the same time, it is intellectually challenging and generates provocative policy issues. It thus has the potential of being one of the more interesting yet demanding courses in the law school curriculum. This text hopefully will stimulate student interest and help make the course's subject matter more understandable.

§ 1.02 OVERVIEW

Enacted in the aftermath of "the Great Crash," the Securities Act of 1933 and the Securities Exchange Act of 1934 have become the principal governors of federal securities regulation. Basically, the 1933 Act deals with the initial offer and sale of securities while the 1934 Act primarily concerns trading and regulation in the secondary markets. Both Acts also prohibit manipulative and deceptive practices. Undoubtedly, the central focus of the federal securities laws is that of disclosure, thereby providing shareholders and the marketplace with sufficient information to make relevant decisions and to be apprised of significant