

Securities Regulation

Spring 2010

The Wharton School, University of Pennsylvania

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Welcome.

1. Overview: This course surveys the fundamentals of U.S. securities regulation, its evolution and social drivers. The legal responsibilities of corporate managers, accountants, underwriters, and broker-dealers, occasioned by the securities regulatory scheme, will be investigated. The material covered in the course will provide familiarity with the basic legal structure of securities regulation and will assist in understanding the current policy issues in securities law. The course should help students to develop the ability to read and learn further in the field and to improve their effectiveness of communication with attorneys. It will also suggest ways of detecting instances in which an attorney should be consulted. The course is particularly useful for those students pursuing careers in corporate finance, investment banking, mergers and acquisitions, sales and trading, venture capital, private equity, entrepreneurship, accounting, corporate management and real estate.

2. Class Meetings: Tuesday and Thursday, 1:30-2:50pm

3. Grading: 50% Exam; 50% Final Project and participation.

- Exam: 25 question multiple choice exam, covering material in assigned readings and covered in class.
Two sample questions will be provided for review.
- Final Project:
 - o Assemble a team of 4 members.
 - o Select a pending or recent SEC proposal from the list of possible proposals on Webcafe and sign up the release number next to your name on the Final Project Spreadsheet on Webcafe.
 - o Using information you have learned in this class as well as outside research, demonstrate your mastery of securities regulation by authoring a joint white paper with detailed commentary regarding the desirability and efficacy of the proposal. The paper should be extensively footnoted and contain a bibliography of sources.
 - o Due at exam time for this period, turned in to each student's folder on Webcafe.
- Participation:
 - o Preparation when cold-called in class and in workshop exercises
 - o Participation in joint project presentation in class

4. Reading Materials: JOHN C. COFFEE, JR. AND HILLARY A. SALE, SECURITIES REGULATION, 11th edition (2009)
Supplement to Coffee and Sale
Readings linked off Webcafe

5. Office Hours and Location: By appointment - email to schedule: amatwysh@wharton.upenn.edu.
Suite 600 JMHH

4. Visitors: Visitors are welcome with prior consent of the instructor upon not less than 24 hours advance notice.

5. Technology policy:

- Email will be used for various class communications. Check email daily.
- All gadgets must be on mute during class. Laptop usage is permitted only for pedagogical purposes.

Participation points may be deducted in the sole discretion of the instructor for any class disruption, including, without limitation, the distraction of other members of the class in their learning.

I. Introduction

- What is securities regulation?
- What types of civil and criminal sanctions are possible?
- What are the top ten mistakes companies and individuals make?

Jan. 14 - Chapter 1 [1-10, 48-70], Chapter 10 [preface 563-571, 593-605, 626-642]

Jan. 19 - Chapter 20 [1442-1456, 1458-1460, 1470-1478]

Jan.21 - Chapter 21

II. Mistake 1: Failure to register securities and abide by pre-offering restrictions

- What is a security?
- Who has to register? When? How?
- What is the process?

Jan. 26 - Chapter 4 [254-259, 300-309, 316-336]

Jan. 28 - Chapter 2 [90-139]

Feb. 2 – Chapter 3

III. Mistake 2: Failure to use an appropriate exemption

- When does an issuer not have to register? What types of exemptions exist?

Feb. 4 - Chapter 5 [342-347, 353-362] Chapter 6, Chapter 8 [463-477], Chapter 9 [478-484] (DIP: self scheduled audio + slides)

IV. Mistake 3: Failure to conduct takeover bids and tender offers properly

Feb. 9 - Chapter 12 (DIP: self-scheduled audio + slides)

V. Mistake 4: Failure to solicit proxies correctly

Feb. 11 -Chapter 17 (DIP: self-scheduled audio + slides)

Feb. 16 – Registration workshop

VI. Mistake 5: Failure to disclose information accurately in registration materials and periodic filings

- What is a material disclosure?
- What types of information must be updated?

Feb. 18 - Chapter 13

Feb. 23 - Chapter 15

Feb. 25 - Disclosure workshop

March 2- guest speaker

VII. Mistake 6: Failure to consider state law

March 4 - Chapter 7

March 16 - Chapter 19

VIII. Mistake 7: Failure to avoid the appearance of “market manipulation,” willful conduct, and fraud

March 18 - Chapter 14

March 23 – market manipulation workshop

IX. Mistake 8: Failure to follow insider trading restrictions

March 25 - Chapter 16

April 30 - insider trading workshop

X. Mistake 9: Failure to register as an investment advisor or a broker-dealer (and failure to supervise)

April 1 - Chapter 20 [1363-1430]

April 6 - Chapter 11

XI. Mistake 10: Failure to consider the implications of technology

April 8 – Chapter 1 [37-38, 48]

Chapter 10 [572-592]

<http://www.sec.gov/rules/proposed/2009/34-60684fr.pdf>

[Allen v. Lloyd's of London, 94 F.3d 923 \(4th Cir. 1996\)](#)

APRIL 13 - EXAM in class

XII. Project presentations and discussion

April 15

April 20

April 22

April 27

FINAL PROJECTS DUE in Webcafe folder at scheduled exam time