



SECURITIES REGULATION
LGST 223 / 807

SPRING 2015

Prof. Vince Buccola

Legal Studies & Business Ethics Department
649 Jon M. Huntsman Hall
tel: 215.573.4864

e-mail: buccola@wharton.upenn.edu [preferred]
<https://canvas.upenn.edu/courses/1259280>

Class Meetings Mondays & Wednesdays, 1:30 – 3:00, Room JMHH 355
Office Hours Tuesdays, 2:00 – 4:00. Or email to arrange a meeting. Or feel free to stop by any time Tues. or Thurs. afternoon.

Course Description:

Problems of asymmetric information are ubiquitous in life, but they are especially pronounced in and intrinsic to securities markets. This course examines the regulation of securities—the rules and the institutions that promulgate and enforce them—with an eye to the ways in which it seeks to ameliorate this particular market failure. Topics covered will include the structure of regulatory institutions and the rules governing the issuance of securities, periodic reporting requirements, insider trading, fraud and market manipulation, and the regulation of derivative instruments. Although a degree of engagement with specific rules and case law is inevitable, the course is pitched to the needs of managers rather than lawyers. The course should be particularly useful for students pursuing a career in entrepreneurship, corporate management, corporate finance, investment banking, sales and trading, venture capital, or private equity.

Requirements: midterm and final exams.

Required Texts:

1. Coffee & Sale, *Securities Regulation* (Foundation Press, 12th ed.)
2. Choi & Pritchard, *Securities Regulation Statutory Supplement* (2014 ed.)
3. Selected materials [to be provided by Buccola via Canvas]

Exams and Grading:

Grading will be based the results of midterm (35%) and final (50%) exams, the format of which will be discussed in class, as well as on professionalism (15%).

Class Format and Policies:

This course will involve some lecture, some group discussion, and some “Socratic” questioning. At times, I will call on students without deference to volunteerism. Therefore, students are expected to have read the assigned materials and to be ready to discuss them critically.

It is not always feasible to complete readings before class. I will not call on a student who emails me to this effect at least an hour before class (max four times during the semester). Please do not pretend to have read what you haven’t.

Electronic devices will not be permitted in class. Shopping, texting, and gaming negatively affect group dynamics. If an emergency requires that you have connectivity, confer with me before class.

More generally, students are expected to behave professionally. Shirking and whining, in particular, are to be discouraged. A secondary goal of this course is to develop social intuitions about how to create a strong reputation within a business organization. Teaser: everyone likes someone who is courteous, punctual, engaged, and positive; everyone dislikes the opposite.

Informal Lunches and Dinners:

I would love to get to know you better and to hear your views on the course (among other things). To that end, I will organize some opportunities to have meals in small groups. This is not, however, a course requirement or expectation.

Readings:

Reading assignments will be posted to the course’s Canvas website. Additionally, at the end of each class session I will preview the material assigned for the next session.

Course Thumbnail (tentative):

1. **1.14.15** — introduction to securities regulation; auctions: please bring cash or a checkbook if you wish to participate.
2. **1.21.15** — structure of regulatory apparatus; what is a security i?
3. **1.26.15** — what is a security ii?
4. **1.28.15** — issuance: anatomy of a securities offering

5. 2.2.15 — issuance: exempted securities; private offerings; intrastate offerings
6. 2.4.15 — issuance: limited offerings (including crowdfunding); recaps and reorganizations
7. 2.9.15 — issuance: pitfalls i
8. 2.11.15 — issuance: pitfalls ii
9. 2.16.15 — issuance: pitfalls iii
10. 2.18.15 — issuance: liability under sections 11 and 12
11. 2.23.15 — blue sky laws: the merit regulation approach
12. 2.25.15 — **midterm exam**
13. 3.2.14 — secondary market: structure of markets and regulatory apparatus
14. 3.4.15 — secondary market: reporting requirements and process
15. 3.16.15 — secondary market: deceptive acts i
16. 3.18.15 — secondary market: deceptive acts ii
17. 3.23.15 — secondary market: deceptive acts iii
18. 3.25.15 — secondary market: market manipulation
19. 3.30.15 — secondary market: insider trading i
20. 4.1.15 — secondary market: insider trading ii
21. 4.6.15 — secondary market: insider trading iii
22. 4.8.15 — secondary market: insider trading iv
23. 4.13.15 — secondary market: tender offers i
24. 4.15.15 — secondary market: tender offers ii
25. 4.20.15 — secondary market: tender offers iii
26. 4.22.15 — tbd: possibilities include derivatives regulation, proxy access, high frequency trading; jurisdictional competition
27. 4.27.15 — tbd: possibilities include derivatives regulation, proxy access, high frequency trading, jurisdictional competition
28. 4.29.15 — tbd: possibilities include derivatives regulation, proxy access, high frequency trading, jurisdictional competition