Pre	face	xv
	CHAPTER 1	
	BACKGROUND OF THE SEC STATUTES	
В.	State Regulation of Securities	1
p. 1	1. The Uniform Securities Act	1
	2. New York and California	9
D.	A Telescopic Preview of the SEC Statutes	9
	6. Investment Company Act of 1940	9
	c. Registration and Regulatory Provisions	9
F.		
-,-	Commission	14
	2. The Commission's Staff	14
	CHAPTER 2	
	FEDERAL REGULATION OF THE	
	DISTRIBUTION OF SECURITIES	
A.	Distribution Techniques	17
	2. Firm Commitment	17
	5. Shelf Registration	17
	6. Securities Underwriting in General	18
	<b>∀</b>	

B.	The Basic Prohibitions of §5	18
	4. The Prefilling Period	18
	b. Beating the Gun	18
	6. The Posteffective Period	19
	i. Registration of Underlying Securities	
	in Asset Backed Securities Transactions	19
D.	Contents of the Registration Statement and Prospectus	
	(Herein of the SEC's Accounting Role)	
	1. Integration of the Disclosure Provisions of the	
	1933 and 1934 Acts	20
	2. Regulation S-K (Nonfinancial Data)	77
	a. Commission Policy on Forward-Looking	
	Statements [Item 10(b); Sec. Act §27A;	
	Sec. Ex. Act §21E]	77
	f. Item 402: Executive Compensation	<b>79</b>
	3. Financial Statements—The SEC and Accounting	
	(Herein of Regulation S-X)	83
	c. The Commission and Auditing	83
	d. The Sarbanes-Oxley Act	84
E.	International Offerings	93
	2. Offerings from a Foreign Country into the	
	United States	93
	a. The Foreign Integrated Disclosure System	93
	3. Offerings from the United States into a	
	Foreign Country [Regulation S]	94
	7 - 6 -	
	CHAPTER 3	
	CHAPIER 3	
	COVERAGE OF THE SECURITIES ACT OF 1933:	
	DEFINITIONS AND EXEMPTIONS	
Α.	Definitions	97
1 L.	1. Security [§2(a)(1)]	97
	a. Introduction	97
	d. Investment Contracts	97
	a. mycomicm commaco	51

	(i) Elements of the Howey	
	Investment Contract Test	98
	(iii) Partnerships	100
	j. Equipment Trust Certificates	101
В.	Exempted Securities	101
	1. Exempted Securities versus	404
	Exempted Transactions	101
	b. Fraud Provisions	101
D.		102
	3. Rule 144A	102
	CHAPTER 6	
	REGISTRATION AND POSTREGISTRATION	
	PROVISIONS OF THE 1934 ACT	
A.	Registration	103
	5. Nonstatutory Requirements of the	
	Exchanges and the NASD	103
	b. Voting Rights Standards	103
B.	Reporting Requirements	108
	1. In Connection with Exchange Act Registration	108
	b. Quarterly and Current Reports	108
	d. Management Report and Internal Controls	111
C.	Proxies	121
	1. The Problem (Herein of Costs of Solicitation)	121
	4. Contested Solicitations and Security	
	Holder Proposals	122
	c. Security Holder Proposals [Rule 14a-8]	122
	5. False or Misleading Statements [Rule 14a-9]	125
	a. In General	125
	b. Materiality	126
D.	Tender Offers	128
	2. The Williams Act and Other Federal	
	Securities Laws	128
	c. Tender Offers [§14(d), Related Rules,	
	and Schedules]	128

		100
_	(iv) Substantive Requirements	128
F.	Sarbanes-Oxley Act Amendments	130
	1. Prohibitions on Loans	130
	CHAPTER 7	
	REGULATION OF THE SECURITIES MARKETS	
A.	Structure of the Securities Markets	131
	1. Introduction	131
	2. The Stock Markets	153
	c. The Consolidated Reporting System	153
	(iii) Regulation NMS	153
	3. The Over-the-Counter Market	180
	c. Order Execution	180
	4. Options Markets	181
	a. Stock Options	181
C.	Securities Associations	181
	2. The National Association of Securities Dealers	181
D.	Brokerage Commission Rate Regulation	182
	2. Commission Rate Regulation	182
	CHAPTER 8	
	REGULATION OF BROKERS, DEALERS,	
	AND INVESTMENT ADVISERS	
A.	Broker-Dealer Registration	183
	8. Research Analysts	183
	a. The Global Settlement	183
	b. NASD and NYSE Rules	186
C.	Investment Advisers	186
	2. Definition of Investment Adviser	186
	b. Exclusions	186
	(iv) Brokers and Dealers	186

# CHAPTER 9

# **FRAUD**

B.	Issuers and Insiders	199
	4. The Fraud Element	199
	b. Issuers Activities	199
	(ii) Regulation FD	199
	6. Scienter	199
	7. Scope of Rule 10b-5	200
	b. In Connection with a Purchase or Sale	200
	8. Rule 14e-3	200
C.	Brokers and Dealers	200
	1. Unreasonable Spreads	200
	a. The Shingle Theory and Markups	200
D.	Fraud by Investment Advisers	201
	CHAPTER 10	
	MANIPULATION	
E.	Stabilization	203
	2. Activities by Distribution Participants	203
	a. Basic Prohibitions	203
	6. Short Sales in Connection with an Offering	
	[Rule 105]	205
	[	
	CHAPTER 11	
	CIVIL LIABILITY	
В.	Blue Sky Laws and the Securities Litigation Uniform Standards Act of 1998	209

C.		C Statutes	212
	2.	Securities Act of 1933	212
		b. Section 12(a) (2)	212
		(i) Secondary Trading	212
		d. Section 11: Misstatements or Omissions	
		in Registration Statement	213
		(i) Elements of the Action	213
	4.	Securities Exchange Act of 1934: Implied	
		Liabilities	218
		a. Theory and Scope	218
		c. Tender Offers	219
		(i) Standing	219
		d. Rule 10b-5	220
		(i) Reliance and Causation	220
		(ii) Damages and Rescission	228
D.	Ge	neral Provisions	228
	1.	Secondary Liability	228
		c. Aiding and Abetting	228
	2.	Defenses	230
		a. Statutes of Limitations	230
		(i) Express Liabilities	230
		(ii) Implied Liabilities	231
		(iii) Sarbanes-Oxley Act Amendments	231
		c. Failure to Plead Fraud with Particularity	232
	3.	Arbitration and Nonwaiver Provisions	234
	4.	Class Actions	234
	7.	Indemnification, Contribution, and Insurance	234
	8.	Attorneys' Fees and Security for Costs	235
		CHAPTER 12	
		GOVERNMENT LITIGATION	
В.	Con	minal Prosecution	997
D.			237
	1.	SEC Penal Provisions	237
	3.	Relevant Provisions of the Criminal Code	238

## CHAPTER 13

# SEC ADMINISTRATIVE LAW

A.	Securities Lawyers	239
	2. The Securities Lawyers in General	239
B.	Investigation	239
	1. The Statutory Provisions and the	
	Commission's Procedures	239
C.	Quasijudicial Proceedings	240
D.	Statutory Remedies	240
	2. Cease and Desist Orders	240
	3. Corporate Bar Orders	240
	•	
Tab	ole of Cases	243