Professor: David Zaring  
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Office Hours: Tuesday, 1:30-3:00, or by appointment  
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Subject:

This course on securities regulation will primarily focus on two fundamental features of the federal securities laws, although other topics will be addressed as well: first, the process by which capital is raised to fund a business and its operations; and second, the disclosure regime that issuers of securities are subject to. As for the disclosure regime, particular attention will be placed on the prohibition against fraud, including insider trading. Throughout, the course will also discuss the structure and dynamics of the Securities and Exchange Commission as an independent agency.

Instructor:

I am an Associate Professor at the Wharton School, and have taught at the Penn, Cambridge, Washington & Lee, Bucerius, and NYU law schools. Before entering academia, I was a litigator in the Department of Justice, handling administrative law cases. I study financial regulation as a species of administrative and international law. I have testified before Congress on financial regulation, and wrote an occasional column for the New York Times/DealBook for four years on the subjects.

Readings:

The readings will be available on Canvas.

Further Reading:

If you want to listen over the course of the semester as well as read, Cox’s SUM AND SUBSTANCE ON SECURITIES REGULATION is good, but technical. Among the commercial review guides, I like Palmiter’s SECURITIES REGULATION: EXAMPLES AND EXPLANATIONS. Securities Regulation gets deep into the world of corporate finance and business regulation, and if you want to make sense of a world, a guide written for the laity makes sense. There are very inexpensive subscriptions for students available from the Wall Street Journal, New York Times, and Financial Times.
Evaluation:

There will be a midterm and a noncumulative final. The final is scheduled for Tuesday December 18, 3:00 p.m. - 5:00 p.m. The midterm is currently set for October 24, but that date may move slightly. In total, the grade will be determined by

- Midterm exam – 45%
- Final exam – 40%
- Class participation – 15%

Schedule:

We have approximately 28 classes, and, as you can see, 26 topics to cover. We may adjust the schedule as the semester continues. Nonetheless, you should plan to read the next topic for the next class, even if we haven’t exhausted all discussion of the current one.

No Device Policy:

The use of laptop computers, cellular/smart phones, text messaging devices, or other such digital devices is not permitted during class. Any lecture slides I use will be placed on Canvas.

Securities Regulation - Assignments

Topic 1 Introduction and Overview

Securities and Material Information

Topic 2 Securities, defined
SEC v. W J Howey Co
Chu on Bowie Bonds

Topic 3 Security, defined
Reeves v. Ernst & Young

Topic 4 Materiality
Makor v. Tellabs

Topic 5 Materiality
Basic v. Levinson

Topic 6 Materiality
Matrixx Initiatives, Inc. v. Siracusano
Raising Money By Issuing Securities

Topic 7  Public Offerings
         Process of Going Public in the United States
         The Google IPO

Topic 8  Public Offerings
         Facebook IPO Atlantic
         Snap’s S-1

Topic 9  Public Offering Alternatives
         Hoffman on ICOs

Topic 10 Public Offering Alternatives
          Crowdfunding Stories

Securities Fraud

Topic 11 The Regulatory Environment
         Murphy on Who Regulates Whom and How? An Overview of U.S.
         Financial Regulatory Policy for Banking and Securities Markets

Topic 12 Insider Trading
         SEC on Insider Trading
         Texas Gulf Sulfur
         US v. Chiarella

Topic 13 Insider Trading
         US v. O’Hagan
         Dirks v. SEC

Topic 14 Insider Trading
         US v. Newman
         US v. Salman

Topic 15 Insider Trading
         Profile of Rajaratnam
         Haddock on Insider Trading

Topic 16 Midterm, currently set for October 24

Topic 17 Enforcement
         SEC v. Goldman Sachs

Topic 18 Private Enforcement
         Halliburton Co. v. Erica John Fund
Securities Regulation as Regulation

Topic 19  Cost Benefit Analysis
          Business Roundtable v. SEC
          Raso on CBA
          Shapiro on CBA

Topic 20  Reg FD
          Fisch on Reg FD

Topic 21  Enforcement in Courts and Agencies
          Eaglesham on ALJs
          Lucia v. SEC

Topic 22  Scandal: Theranos
          Carreyou Excerpts

Topic 23  Investment Banks
          Barclays Capital and the Sale of Del Monte Foods

The Global Context

Topic 24  Extraterritoriality
          Morrison v. NAB
          Coffee on The Globalization of Securities Regulation

Topic 25  The International Organization of Securities Commissions
          IOSCO’s MMOU
          Zaring on IOSCO

Topic 26  FCPA
          US v. Ezquenazi
          JPMorgan: Hiring Princelings Becomes a Royal Pain

Topics 27-28  Overflow and Review