

**SECURITIES REGULATION
SYLLABUS & RULES
FALL 2021**

Prof. Benjamin C. Varadi
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Class Time: Tuesday/Thursday, 11:20 AM – 12:35 PM
No class 9/7, 9/16. Make-ups to be scheduled.

Location: Oakes 211

Office Hours: By appointment, in-person or electronically. Email the professor to schedule. I am on campus full-time, and glad to interact as often as our respective schedules permit.

Notice: This document is intended as a general guide. I reserve the right to make modifications (and almost certainly will).

Website: Microsoft Teams has been selected for class messaging, resource-sharing and coordination because among the available options, it is the platform you are most likely to interact with in practice. It is your sole responsibility to check Teams regularly, as changes will be announced and resources will be posted there. If you are unable to access the Team for this class at any time, for any reason, you must notify the professor immediately by email. If your problem is of a technical nature, contact helpdesk@vermontlaw.edu as well.

Course Description: This course deals primarily with government oversight of relationships between businesses and investors. We will explore the development of core U.S. federal securities law principles and the resulting statutes, rules, and jurisprudence, notably, the Securities Act of 1933 and the Securities Exchange Act of 1934. With luck and interest, we will additionally seek to expand our conversation to incorporate greater elements of state regulation and new developments in crowdfunding and cryptocurrency. While the course will necessarily focus on the interests of large corporations, from a policy perspective it may be helpful to stay mindful that this body of law has a profound impact on the activities of all U.S. business entities, and represents some of the most robust checks our system has against the potential and observed harms of unfettered capitalism.

Objectives & Outcomes: By the end of the semester, students should be able to articulate the policy bases for the major U.S. securities regulations, demonstrate an understanding of the scope of the term “securities,” understand core considerations and limitations in the issuance and trading of securities, be able to identify contextually appropriate exemptions, explain the elements of securities fraud and insider trading, and be able to apply this knowledge to new factual scenarios.

Required Text(s): Stephen J. Choi & A.C. Pritchard, SECURITIES REGULATION, CASES AND ANALYSIS (Foundation Press, 5th Ed. 2019).

Students are permitted to use the 4th edition *only* with the explicit understanding that in doing so, you will be independently responsible for cross-referencing page assignments and cases to the 5th edition assignments and will additionally need to read around a dozen cases either in their unedited form on Lexis/Westlaw or by coordinating with classmates to access the casebook versions. No special accommodation will be made for 4th edition readers.

Recommended Text(s): The relevant statutes are widely available online and I will provide links to them as we go. If you personally prefer a paper copy, the best choice is Stephen J. Choi & A.C. Pritchard, SECURITIES REGULATION, STATUTORY SUPPLEMENT, 2021 EDITION (2021).

We will not be referring to any study aids in class, nor will your performance automatically be enhanced by their use. You are of course welcome to use whatever supplements you like, including the free digital and print resources available through the library. One particularly good choice is Alan R. Palmiter, EXAMPLES & EXPLANATIONS FOR SECURITIES REGULATION (Wolters Kluwer, 8th Ed. 2021). For our purposes, the prior edition should also suffice. Prof. Palmiter is a highly regarded scholar in this area, who writes with a distinct voice and happens to teach his own class using the Choi & Pritchard casebook.

Professionalism & Formality: In the classroom and when discussing course material, I prefer to be referred to as Professor Varadi. We will clarify your appellations in class, although you are welcome to email me in advance if that is your preference.

You are expected to comport yourself professionally as that term is commonly understood at VLS and in law practice. When in doubt, endeavor to arrive timely and prepared, minimize disruption, communicate clearly, and demonstrate respect and courtesy for the classroom and your peers.

Written correspondence should be drafted formally, viz., as to a court clerk or more senior counsel. Per VLS policy, electronic correspondence is not confidential, and may be reviewed by IT staff or law school administration.

VLS policy also prohibits eating in class. Beverages are permitted.

A demonstrated lack of professionalism, after warning, may adversely impact your participation score (discussed below).

Attendance: VLS Academic Regulations require that a student who is absent from twenty percent of regularly scheduled classes “without adequate excuse” shall be automatically withdrawn from the class with a grade of F- Wd. Such withdrawal shall not be effective unless the instructor has personally warned the student. This class adopts a more stringent policy than that required only in that I reserve the right to provide notice by email. If you are unable to attend a given session due to medical, religious, or other circumstances truly beyond your control, you must email me as soon as practicable.

Evaluation: 20% of your grade will be evaluated based on your class participation. You are not required to have the right answers, but are expected to participate, and to bring intellectual rigor and good faith effort to your assignments and to class interaction. Transactional law can attract practitioners who are not enthusiastic about extemporaneous public speaking, and I will endeavor to provide opportunities for advance preparation.

The remaining 80% of your grade will be an open-resource final exam, likely a mix of short and long answer questions. This is not my general preference, but the course material we are working with lends itself best to this format. You will find securities law to largely involve careful selection and proper application of the appropriate rule or test, absent even a modicum of subjectivity. If your notes and outlines are thoughtful and organized, you will do fine.

Reading assignments: Following is a highly aspirational reading timeline. It is likely to change based on our collective progress through the material and interests. Text references are to the 5th edition of the casebook. Supplemental readings are not optional- this course relies heavily on statutes.

Class	Subject	Text	Supplement Reading
1	Introduction	1-48	<i>Watch video provided via Teams</i>
2	Materiality	49-68	Exchange Act Rules 10b-5, 12b-20
3	Materiality	68-89	Regulation S-K Item 303(a)
4	Materiality	89-109	Regulation S-K Item 103, Regulation S-K Items 401, 403, 404, 406
5	Definition of "Security"	111-133	Securities Act § 2 (a)(1)
6	Definition of "Security"	133-140; 146-178	Securities Act § 3(a)(3); Exchange Act § 3 (a)(10)
7	Disclosure & Accuracy	197-224	Exchange Act §§ 12(a), 12(g), 13(a), 15(d); 12g-4; 12h-3, 13a-14
8	Disclosure & Accuracy	224-240	Exchange Act § 13(b); Exchange Act Rule 13a-1; Forms 8-K, 10-K; Regulation FD; Regulation S-K Item 303(a); Sarbanes-Oxley Act § 304
9	Rule 10b-5	241-260	Exchange Act § 10(b); Rule 10b-5
10	Rule 10b-5	273-279; 283-300	Exchange Act § 21E; Regulation S-K Item 303(a)

11	Rule 10b-5	300-312; 319-349; Supp. 1	Exchange Act § 21D(b)(1-3) , (c)
12	Rule 10b-5	349-375; 381-391	Exchange Act § 21D(b)(4), Exchange Act §§ 27, 28(a)
13	Insider Trading	405-421	Exchange Act § 20(d)
14	Insider Trading	421-449	Exchange Act Rule 10b5-1
15	Insider Trading	449-475	Exchange Act §§ 14(e), 20A; 21A; Rule 10b5-2; 14e-3
16	Public Offerings	487-520; Supp. 2-6	Securities Act §§ 2(a)(3), (10), (11); 5; 10; Rules 135, 163A, 163B, 168, 169, 405; Form S-3 Gen. Inst. I
17	Public Offerings	520-533	Securities Act §§ 2(a)(3), (10), (11); 5; 10(b); Rules 134, 164, 430, 433
18	Public Offerings	533-548	Securities Act §§ 2(a)(3), (10); 4(a)(1), (3), (4); 8; 10(a); Rules 137, 138, 139, 172, 173, 174, 424, 430, 430A; Regulation S-K Item 512(i); Exchange Act Rule 15c2-8
19	Public Offerings	548-567	Securities Act §§ 8(d), 10(a)(3); Regulation M; Regulation S-K Item 512(a); Securities Act Rules 158, 413, 415, 424(b), 430B
20	Securities Act Liability	569-594	Securities Act §§ 6(a), 11, 15
21	Securities Act Liability	594-622; 626-627	Securities Act § 11(e), (f), 13
22	Securities Act Liability	630-658	Securities Act §§ 2(a)(3), (10), (11), 10, 12(a)(1), (2), 13; Rules 159, 159A

23	Exempt Offerings	663-674	Securities Act § 4(a)(2)
24	Exempt Offerings	674-697; 702-705; Supp. 7-20	Securities Act Rules 135c, 152, 155; Regulation D: Rules 500, 501 (a), (e), (f), (h), (i), 502, 504, 506, 507, 508
25	Exempt Offerings	756-771; Supp. 30	Regulation S
26	Secondary Distributions	773-791	Securities Act §§ 2(a)(3), (11), (12); 4(a)(1), (3), (4); 5
27	Secondary Distributions	791-811; Supp. 33	Securities Act §§ 2(a)(11), 4(a)(1), (2), (3), (4); Rule 144, 144A, 405
28	Overflow		