



Fundamentals of Securities Law

Seminar Topic: This material provides an in-depth examination of the process and procedure of the basics of Securities Law. This program will also provide the participant with the knowledge and tools necessary to identify the different Securities Acts and Self-Regulatory Organizations.

This material is intended to be a guide in general. As always, if you have any specific question regarding the state of the law in any particular jurisdiction, we recommend that you seek legal guidance relating to your particular fact situation.

The course materials will provide the attendee with the knowledge and tools necessary to identify the current legal trends with respect to these issues. The course materials are designed to provide the attendee with current law, impending issues and future trends that can be applied in practical situations.





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Disclaimer: The views expressed herein are not a legal opinion. Every fact situation is different and the reader is encouraged to seek legal advice for their particular situation.

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Jim began his career in 1972 as a Trial Attorney in the Division of Enforcement at the United States Securities and Exchange Commission in Washington, D.C. In 1975, Jim joined the Chicago Board Options Exchange, Inc., as Assistant General Counsel. In 1977, Jim entered private practice.

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By

James J. Moylan

I. INTRODUCTION

II. FIRST SECURITIES REGULATION – KANSAS – “Blue Sky Law” – Origin

III. FEDERAL SECURITIES LAWS – “New Deal Legislation”

A. Securities Act of 1933 - (“Securities Act” or “’33 Act”) [15 U.S.C 77a, et. seq.]

Section 2 – Definitions

Section 5 – Registration of Securities

Section 4 – Exempt Transactions (Regulation D)

Section 3 – Exempt Securities

Section 11 – Civil Liabilities – False Registration Statement

Section 12 – Civil Liabilities – False Prospectus

Section 13 – Statute of Limitations (“S/O/L”) – 1/3 years

Section 17 – Anti-Fraud

Section 20 – Injunctions and Penalties

Section 22 - Jurisdiction and Venue (Concurrent with the States)

Rules and Regulations [17 C.F.R. 230.100, et. seq.]

B. Securities Exchange Act of 1934 - (“Exchange Act” or “’34 Act”) [15 U.S.C. 78a, et. seq.]

Section 3 – Definitions (64)

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Section 7 – Margin

Section 10 – Anti-Fraud (SEC Rule 10b-5)

Section 13 – Issuer – Reporting Requirements

Section 14 – Proxies

Section 15 – Broker-Dealer Registration and Net Capital Requirements.

Section 15A – Securities Associations - (NASD, FINRA, CBOE, etc.)

Section 15B – Municipal Securities - (MSRB)

Section 15C – Government Securities – Broker-Dealers

- B. *Securities Exchange Act of 1934 cont.*
 - Section 16 – Officers, Directors 10% Stock-Holders Reporting – “Short-Swing” Profits*
 - Section 17 – Books and Records – Broker-Dealers*
 - Section 19 – Self-Regulatory Organizations (“SRO’s”)*
 - Section 20 – Control Person (Respondeat Superior)*
 - Section 20A – 21A – Insider Trading*
 - Section 27 – Jurisdiction and Venue (Federal only)*
 - Section 30 – Foreign Corrupt Business Practices*
 - Rules and Regulations – [17 C.F.R. 240.0-1, et. seq.]*
- C. *Public Utility Holding Company Act of 1935 [15 U.S.C. 79, et. seq.]*
- D. *Trust Indenture Act of 1939 [15 U.S.C. 77aaa, et. seq.]*
 - Debt Securities – Bonds/Trustee*
- E. *Investment Advisors Act of 1940 [15 U.S.C. 80-1, et. seq.]*
 - Section 203 – Registration (15)*
 - Rules and Regulations [17 C.F.R. §0-2, et. seq.]*
- F. *Investment Company Act of 1940 [15 U.S.C. 80-1 et. seq.]*
 - Mutual Funds*
 - Open-End – A Management Company that is the “Issuer” of redeemable securities.*
 - Closed-End – Any other Management Company.*
 - Rules and Regulations [17C.F.R. 270.0-1, et. seq.]*

IV. *UNIFORM STATE SECURITIES ACT (1956 and 2002)*

Colorado [C.R.S.11-51-101 et. seq.]
Combination of ‘33 Act; ‘34 Act – Licensing Sales-Persons, etc.
Civil Remedies – Rescission/Damages
Attorney’s Fees

V. *SECURITIES INDUSTRY SELF-REGULATORY ORGANIZATIONS*

The National Association of Securities Dealers, Inc. (“NASD”) – Historical
NASD Regulation, Inc. – Historical
Financial Industry Regulatory Authority, Inc. (“FINRA”)
Chicago Board Options Exchange, Inc. (“CBOE”)
Municipal Securities Rule – Making Board (“MSRB”) Etc.

VI. AGENCIES OF THE SECURITIES LAWS

- A. *U.S. Securities and Exchange Commission Headquarters Office – Washington, D.C.*
Commissioners
Office of General Counsel
Divisions
Regional Offices – 11 - Includes: Atlanta, Boston Chicago, Denver, L.A., N.Y. and
Branch Offices abolished and converted into Regional Offices.
- B. *State Securities Departments*
Independent or under Secretary of State Offices
- C. *Self-Regulatory Organizations - See, above.*

VII. ENFORCEMENT

- A. *Criminal*
Federal-Department of Justice – U.S. Attorneys
State – Attorney General’s Office – Criminal
- B. *Civil*
 - a. *Injunctions – Securities and Exchange Commission (“SEC”)*
 - b. *State Securities Commissioners – State Attorney General’s Office - Civil*
- C. *Administrative Proceedings*
SEC
Cease and Desist
Administrative Proceedings – Hearings
Administrative Law Judges
States
Administrative Proceedings
Hearing Officers
- D. *Private Rights of Action*
Class Actions
Corporate Fraud
Proxy
Damages
Etc.

VIII. CONCLUSION