Securities Regulation
Law 550
Fall 2015
Room 206 – M, W, (3:00-4:15)
Assistant Professor Mike Koehler

Office: 210
Office Hours: M (12:30-1:00), R (10:30-11:30) or by appointment
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Course Overview and Learning Objectives

Business organizations need capital (in other words money) to operate and one way to raise it is by offering securities to investors who then possess an ownership interest in the organization.

This course focuses on the public offering and trading of securities and the legal rules and regulations governing such transactions. In short, this course is about securities, securities markets, and various market participants.

Learning objectives for this course are to increase student knowledge and sophistication about the following topics: (i) the capital raising opportunities for business organizations; (ii) the definition of a “security” and the legal and regulatory implications which result when an ownership interest is deemed a “security”; (iii) the dual foundations of the securities laws – disclosure of material information; (iv) the legal rules and regulations governing the public offering of securities (i.e., the initial public offering or IPO); (iv) the legal rules and regulations governing publicly traded companies after an IPO; (v) the public and private enforcement of the securities laws; and (vi) the role of the Securities and Exchange Commission as the primary government regulator of the securities market, and the roles of other securities market participants including lawyers.

This course is designed not only to increase knowledge and application of the legal framework of securities, securities transactions, securities markets and securities participants, but also to provide practical skills needed to counsel clients on risk management associated with securities transactions to best minimize and manage legal risk in the securities markets.

Class Materials

The assigned textbook for this class is Securities Regulation: Cases and Analysis (Choi, Pritchard) (Third Ed. 2012).
In addition, to best achieve the learning objectives of this course, we will study various original source corporate documents relating to an actual public company that will be posted on TWEN.

Assigned material will also include other supplemental readings posted on TWEN. The goal of the supplemental reading is to provide alternative format readings in furtherance of learning objectives of this course, to stimulate classroom discussion, and to emphasize the current and real-world nature of topics covered in this course. All supplemental reading will be treated the same as text reading for exam and assessment purposes.

Students are encouraged to take ownership of their learning and are highly encouraged to subscribe (using discounted student rates) to the Wall Street Journal. The following websites also contain current material on various securities laws topics that can help students accomplish the learning objectives for this course.

- SEC website (http://www.sec.gov/news)
- SEC Actions (http://www.secactions.com/)
- Jim Hamilton’s World of Securities Regulation (http://jimhamiltonblog.blogspot.com/)
- The Race to the Bottom (http://www.theracetothebottom.org/)
- The Conglomerate (http://www.theconglomerate.org/)

**Attendance**

Part of your success in your legal career will be to show up at the right place at the right time. The same is true for this course.

As specified in the *Rules of the Southern Illinois University School of Law*, “regular attendance to class meetings in all courses is expected and required of all students in accordance with the rule to be announced by the professor at the beginning of each course. Attendance will be taken in class and attendance records will be kept. Violation of this rule shall subject the student to penalties ...”.

It is your responsibility to ensure that you sign the attendance sheet during class. You should also note that the *School of Law Honor Code* states that it is academic misconduct to sign another student’s name to an attendance sheet for a class that the other student did not attend.

Students may have no more than a maximum of five absences (partial or total) for any reason (other than jury duty, the student’s hospitalization, birth or adoption of the student’s child, or a death in the student’s immediate family – any of which shall be proven by documentation). Students with more than five absences will be referred to the Associate Dean and will be given the lowest possible grade – a failing grade – for the course.
**Participation**

Being physically present in class is, of course, not your only responsibility. You are also expected to arrive to class poised to learn and to actively participate in classroom discussions. Active participation in classroom discussions requires preparation for class and reading the assigned course material and understanding the key concepts.

Students will be randomly called upon during each class session and will be expected to facilitate learning of the assigned material through active discussion and participation.

In addition, an important and valuable feature of this course (a portion of each Wednesday class) will be students bringing to class securities law news relevant to the topics covered in this course. Like the assigned supplemental readings, this feature of the course is to emphasize the current and real-world nature of the topics covered.

**Seating Chart**

To better facilitate classroom discussion and assessment of attendance and participation, there will be a seating chart for this class.

**Grading and Learning Assessment Opportunities**

Your final grade will be based on the following:

- 10% - Attendance and participation
- 5% - Disclosure Skills Exercise
- 85% - Comprehensive final examination (closed book, no notes) (December 15th at 1:15 p.m.)

**Professional Courtesies**

Be on time for class and ready to learn when class starts. Be respectful of your fellow students, their desire to learn and their learning styles. Cell phones, iPods, and other such devices are not to be used (or heard) in the classroom. Should you choose to take notes during class using a laptop computer, use of the computer shall be strictly limited to taking notes (any other use will result in forfeiture of future computer usage).

**Disability Accommodation**

Disability Support Services (“DSS” provides the required academic and programmatic support services to students with permanent and temporary disabilities. DSS provides centralized coordination and referral services. To utilize DSS services, students must come to the DSS to open cases. The process involves interviews, reviews of student-
supplied documentation, and completion of Disability Accommodation Agreements. http://disabilityservices.siu.edu/. Upon completion of a Disability Accommodation Agreement with DSS, students should bring the agreement to the School of Law Registrar’s Office to ensure the School of Law provides the proper classroom and examination accommodations.

**Saluki Cares**

The purpose of Saluki Cares is to develop, facilitate and coordinate a university-wide program of care and support for students in any type of distress—physical, emotional, financial, or personal. By working closely with faculty, staff, students and their families, SIU will continue to display a culture of care and demonstrate to our students and their families that they are an important part of the community. For Information on Saluki Cares please call (618) 453-5714, email siucares@siu.edu, or visit http://salukicares.siu.edu/index.html. At the School of Law, Assistant Dean Judi Ray is also available to help students access university resources. Her email is judiray@siu.edu, and her phone number is 618-453-3135.

**Emergency Procedures**

Southern Illinois University-Carbondale is committed to providing a safe and healthy environment for study and work. Because some health and safety circumstances are beyond our control, we ask that you become familiar with the SIUC emergency Response Plan and Building Emergency Response Team (BERT) program. Emergency response information is available on posters in buildings on campus, available on BERT’s website at www.bert.siu.edu, Department of Safety’s website www.dps.siu.edu (disaster drop down) and in Emergency Response Guideline pamphlet. Know how to respond to each type of emergency. Instructors will provide guidance and direction to students in the classroom in the event of an emergency affecting your location. It is important that you follow these instructions and stay with your instructor during an evacuation or sheltering emergency. The Building Emergency Response Team will provide assistance to your instructor in evacuating the building or sheltering within the facility.
# Course Overview

*(Subject to Modification Based on the Flow of the Semester)*

(* Denotes Reading That Will Be Posted on TWEN*)

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<tr>
<th>Topic</th>
<th>Assigned Reading</th>
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<tr>
<td>Introductions and Course Overview</td>
<td>Syllabus</td>
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| Introduction to the Securities Markets and Securities Regulation     | Movie – “The Crash of 1929”  
Chapter 1 (pgs. 1-17; 36-47)                                        |
<p>| The Definition of a “Security”                                       | Chapter 3 (pgs. 99-163)                                                         |
| A Focus on Materiality                                               | Chapter 2 (pgs. 48-87)                                                          |
|                                                                     | SEC Staff Accounting Bulletin: No. 99 – Materiality*                             |
| Public Offerings and Legal Liability Under the Securities Act        | Chapter 7 (pgs. 391-457)                                                        |
|                                                                     | Registration Statement Analysis*                                                 |
|                                                                     | Jumpstart Our Business Startups (JOBS) Act Reading*                             |
|                                                                     | Chapter 8 (pgs. 467-538)                                                        |
| Legal Requirements of Being a Public Company Including Disclosure and Legal Liability under the Exchange Act | Chapter 4 (pgs. 168-193; 197-206)                                               |
|                                                                     | The Path Forward on Disclosure*                                                  |
|                                                                     | The 109,894 Word Annual Report*                                                  |
|                                                                     | Disclosure in the Age of Social Media*                                          |
|                                                                     | Disclosure Skills Exercise                                                      |
|                                                                     | SEC Filings*                                                                     |
|                                                                     | Chapter 5 (pgs. 207-335)                                                        |
|                                                                     | Chapter 6 (pgs. 336-385)                                                        |
| Securities Market Participants                                       | Chapter 12 (pgs. 702-742)                                                       |</p>
<table>
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<tr>
<th>Guest Speaker(s) - The Role of Lawyers in Securities Transactions</th>
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<tr>
<td>Chapter 13 (pgs. 743-807)</td>
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<tr>
<td>A Focus on SEC Enforcement*</td>
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