

# SECURITIES REGULATION UNDER SECURITIES EXCHANGE ACT OF 1934

## 16b

### Strict Liability for Officers, Directors, & Shareholders

- ◆ Purchase and sale by officer, director or 10% shareholder within 6 months
- ◆ Match lowest in, highest out

## 10b

### Securities Fraud (Authorizes 10b5)

# 10b5

## Fraud - Deceptive Practices - Insider Trading

## 14e Williams Act (1968)

### Stock Purchases Affecting Corporate Control

- ◆ Liable if trade is based on confidential information regarding the tender offer.
- ◆ Duty to refrain from trading.
- ◆ No breach of duty required.

CAN HAVE BOTH

### Insider Trading

- ◆ Materiality
- ◆ Purchase or Sale
- ◆ Intent to Deceive
- ◆ Breach of Duty to Corporation

Tipper:  
Breach of duty to corporation + personal benefit.

Tippee:  
Tipper breached and tippee knows or should know.

### Outsider Trading (Misappropriation)

- ◆ Breach of Duty to Source
- ◆ Trade based on non-public information

### Aiders & Abettors

SEC can go after Aiders & Abettors:

- ◆ Liable as Primary Actors if elements for insider trading are satisfied

↳ Private action for 10b5