

LECTURE NOTES: BUSINESS ORGANIZATION

Public Corporations and Securities Regulation

I. PUBLIC CORPORATIONS

II. SECURITIES AND MARKETS

A. Definition:

an investment in a common enterprise where the investor expects profits solely from the efforts of a third party

B. Markets

C. Exchanges: shares traded by members. NYSE

D. Over the Counter markets: NASDAQ. Automated quotation system

III. SECURITIES EXCHANGE COMMISSION: 5 presidential appointees

IV. FEDERAL REGULATIONS UNDER SEC 1933

A. Registration

B. Prospectus

C. EDGAR- Electronic Data Gathering, Analysis and Retrieval

V. EXEMPTION FROM REGISTRATION

A. Exempted securities

B. Exempted transactions

C. Limited offerings

D. Private placement

E. Intrastate offerings

VI. ANTI-FRAUD

- A. Section 11: duty to provide accurate information on registration
- B. Section 12: accurate information on prospectus
- C. Section 17: fraudulent conduct in sales or sales offers

VII. FEDERAL REGULATIONS UNDER SEC 1934

- A. Registration under the exchange act: exchanges must register
- B. Periodic reporting: annual, [10-K,] and quarterly, [10-q], all available to public
- C. Proxies: coupled with annual reports
- D. Annual reports: financial statements

VIII. ANTI-FRAUD

- A. Insider trading: private information
- B. Short swing profits: trades made by an insider, purchase and sale within six months

IX. SARBANES OXLEY

- A. Accounting Oversight Board
- B. Officer certifications
- C. Audit committees
- D. Loans to insiders
- E. Criminal penalties

X. STATE BLUE SKY LAWS

- A. Registration by Filing

B. Registration by Coordination

C. Registration by Qualification