PUBLICATIONS

Insider Trading Developments: The Implications of Recent SEC Actions Affect Fund Managers

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The U.S. Securities and Exchange Commission and Department of Justice are continuing to investigate and prosecute insider trading cases at a rate not seen in a generation or more, and even the New York State Attorney General has become involved in the area. The popular and legal press have focused attention on the prominence of some of the targets, the increasingly disparate success rates of the Manhattan U.S. Attorney's Office and the SEC, and the anticipated ruling from the U.S. Court of Appeals for the Second Circuit on the question of what must be proven regarding the knowledge of a remote tippee. But several other developments may carry greater practical significance for most hedge fund managers and other members of the financial services industry. This article, a publication of SRZ's Securities Enforcement & White Collar Defense Group, explores those developments, which highlight the potential for insider trading prohibitions and remedies to extend beyond where one might normally expect, which, in turn, could affect portfolio managers, investment management compliance officers and other industry personnel in ways not necessarily anticipated.

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