

Objectives of the 1933 act

Finance



Objectives of 1933 Act This legislation was enacted so that the public can know more about the security market. Before 1933, the security's regulation was managed by laws of the state. The act is also referred to as the Truth in the Securities Act (Atkins, Edwards and Moulton, 121). The legislation was based on the fact that the companies that offer the security need to offer the potential investors with important and detailed information on the securities and the issuers so that they can make proper decision. The Act has two objectives.

The first objective of the act is to require that the potential investors need to receive important and detailed information that concern the securities that the public sales. The second objective is to prohibit, misrepresentations, deceit, and other misguiding activities when selling securities to the citizens (Johnson, 76). The act says that the offered securities sold to the citizens need to undergo registration by filing the statement of registration with SEC. The prospectus is normally files together with the statement of registration. The statement of registration contains the issuer's property, security's description, information about the issuer, and the security's information. Assuming the statement is suspected to be incomplete, the SEC is entitled to disapprove the statement. When any of the material is missing, SEC is allowed to suspend the registration. The agency tends to provide letters of deficiency after the registration documents are reviews (The Securities Act Of 1933). The SEC uses the technique to suggest or require changes of additional information. Additionally, the act has some exemptions which tend to exempt all secondary trading that involve the sold and bought securities.

References

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