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In re Barclays Bank PLC Securities Litigation

United States Court of Appeals, Second Circuit - November 19, 2018 - Fed.Appx. - 2018 WL 6040846 - Fed. Sec. L. Rep. P 100, 304

Investor brought class action against corporation, corporate officers, and underwriters based on claim under the Securities Act of 1933 that banking corporation issued securities pursuant to materially false and misleading offering materials.

The United States District Court for the Southern District of New York entered summary judgment for defendants. Investor appealed.

The Court of Appeals held that:

- Corporation's failure to disclose in its offering materials the notional amount of its monoline exposure did not cause losses to class of investors so as to allow them to maintain a claim under the Securities Act, and
- Corporation's failure to disclose in its offering materials an allegedly material decline in its capital ratios did not cause losses to class of investors so as to allow them to maintain a claim under the Securities Act.

Banking corporation's failure to disclose in its offering materials for the issuance of securities the notional amount of its monoline exposure, i.e., exposure to claims on financial guaranty insurance instruments in the event that all of the underlying assets defaulted, did not cause losses to class of investors so as to allow them to maintain a claim against the corporation and underwriters for violating the Securities Act of 1933; after the release of a form that remedied the charged omission, the price of the shares in question decreased marginally, and on one day during the three weeks following disclosure, the share price actually exceeded the pre-disclosure price.

Banking corporation's failure to disclose in its offering materials for the issuance of securities an allegedly material decline in its capital ratios did not cause losses to class of investors so as to allow them to maintain a claim against the corporation and underwriters for violating the Securities Act of 1933; approximately ten weeks after the offering, corporation disclosed an additional capital raise, which increased its Tier 1 capital and equity ratios, which in turn were roughly equivalent to those previously reported to investors approximately four months before the offering, and upon the announcement of the additional capital raise, the price of the shares in question rose by \$0.16.