

Ninth Circuit Holds That Section 10(b) Reaches Domestic Purchases of Un-sponsored ADRs and That the Supreme Court's Morrison Decision Does Not Preclude Claims Against Issuers Arising Out of Such Purchases

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On July 17, the Ninth Circuit issued a decision holding that an overseas company with un-sponsored ADRs trading in the United States on the over-the-counter market can be liable for violations of U.S. securities laws. As explained in the memorandum, the decision eliminates, at least within the Ninth Circuit, the distinction between sponsored and un-sponsored ADR programs with respect to the territorial reach of Section 10(b) and could result in expanded securities law liability for overseas companies whose ADRs trade in the United States.

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