**Dura Pharmaceuticals v. Broudo: Reconstructing the Pleading Requirement of Causation in Securities Fraud Cases and Its Implications on Taiwan’s Securities Regulation**

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Besides their remedial and deterrent functions, the anti-fraud provisions of securities regulation play an essential role to promote securities market integrity and investors’ confidence. Nevertheless, these functions and goals will vary as do their scopes and applications, as well as the pleading requirements, which in turn will have a tremendous impact on securities markets. If the threshold of the pleading requirements is too high, the anti-fraud provision will not be able to achieve the goal the lawmakers originally planned. If the threshold is too low, though the interests of investor will be preserved at the first glance, it will create a chilling effect on issuers and makes them reluctant to enter into the market. The preservation of investors’ interests will hence be called into doubt. Accordingly, framers of securities regulation in different jurisdictions all shall the same view that there must be prescribed with a view to balance “wrongdoer accountability” and “investor protection”. The pleading rules of “reliance” and “loss causation” in private securities fraud cases are crafted for this very purpose. After the Court’s adoption of the “efficient market hypothesis” and the “fraud-on-the-market theory” in order to establish the presumption of “reliance” in securities fraud cases, there is a perceived trend to read the “fraud-on-the-market theory” broadly in order to extend the presumption from “reliance” to “loss causation”. This is, without a doubt a misreading and misapplication of the “fraud-on-the-market theory” and will be to the detriment of development of securities regulation and create the confusion when the loss took place in an alleged securities fraud case. The Supreme Court’s *Dura* decision effectively rectified the expansive reading and application of the “fraud-on-the-market theory” and had a profound implication on the U.S. securities regulation and hence will serve as an influential and informative reference to the securities law in Taiwan.

Therefore, this Article will try to explore the recent development of the U.S. securities regulation and the *Dura* decision and try to compare and contrast both the law and its development with those of Taiwan. After examining the law and its underpinning theories in both jurisdictions, pertinent and feasible suggestions of reform will be rendered.