

US Corporate Law News: Supreme Court holds that Securities Litigation Uniform Standards Act allows concurrent state and federal court jurisdiction in Securities Act-related class action cases

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On March 20, 2018, the U.S. Supreme Court clarified that the Securities Litigation Uniform Standards Act of 1998 (the SLUSA) does not bar state courts from hearing actions brought under the Securities Act, ending a nearly two-decades-long split among state and federal courts concerning state courts' jurisdiction over securities class actions that exclusively allege federal law claims. The plaintiffs had sued Cyan and its officers and directors after their stock declined in value, alleging misrepresentations in Cyan's initial public offering that violated the Securities Act. The Supreme Court addressed how the SLUSA amendments affect Securities Act concurrent jurisdiction provisions, and noted that concurrent jurisdiction is a more straightforward interpretation of the SLUSA provision than interpreting Congress's intent as conferring to federal courts exclusive jurisdiction over covered class actions in Securities Act cases. The new ruling could result in increased instances of state court securities litigation, such as unconsolidated securities class actions that may potentially run parallel in federal courts. For more information, see https://www.supremecourt.gov/opinions/17pdf/15-1439_8njq.pdf.

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