Economic and finance theories - for example, the efficient markets hypothesis (EMH), financial economics and behavioural finance - enrich our understanding of securities regulation and assist in regulatory design. This lecture, however, argues that the theories are largely irrelevant to the long-standing core aims of securities regulation - the prevention of fraud and investor protection via disclosure of material information. So, for example, behavioural finance tells us that irrational investors may make bad investment decisions for a variety of reasons. This insight tells us nothing lawyers do not know already or intuitively. The thesis of this lecture is that the United Kingdom - and by extension the former British enclaves in the Southern hemisphere such as Hong Kong, Malaysia, Singapore, Australia and New Zealand which all adopted United Kingdom law - had developed a powerful and “classic legal genealogy” or rationale for securities regulation long before EMH - or indeed, any other finance theory - became main-stream. It is this “reclaimed” genealogy that should inform governmental regulation of securities markets in those countries.

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