



Council of Institutional Investors
The Voice of Corporate Governance

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CII Statement on *Halliburton v. Erica P. John Fund*

Supreme Court should preserve “fraud on the market” presumption

Washington, D.C., March 5, 2014 — The Council of Institutional Investors (CII) today issued a statement in conjunction with oral arguments before the U.S. Supreme Court in the closely watched case *Halliburton v. Erica P. John Fund*. The outcome of the case could make it more difficult for investors to pursue securities class actions.

“If the Supreme Court overturns the ‘fraud on the market’ presumption, institutional investors will face serious impediments to pursuing securities-fraud lawsuits, whether class actions or individual suits,” said CII Executive Director Ann Yerger. “A robust private remedy for securities fraud is critical to achieving Congress’s aims of deterring fraud and recouping investor losses.”

CII filed an own *amicus curiae* [brief](#) in connection with the case. CII’s brief was co-signed by 20 institutional investors.

The “fraud on the market” presumption has been central to securities fraud litigation for decades. It holds that because an efficient market will reflect all publicly available information about a company, a buyer of a company’s shares may be presumed to have relied on that information in purchasing the security. As a result, investors defrauded by false statements in a company’s securities filings can join together in a class action without each investor having to show that it actually considered the statements when buying or selling the company’s shares.

The Council of Institutional Investors (CII) is a nonprofit association of pension funds, other employee benefit funds, endowments and foundations, with combined assets that exceed \$3 trillion. CII is a leading voice for effective corporate governance and strong shareowner rights. CII educates its members, policymakers and the public about corporate governance, shareowner rights and related investment issues, and advocates on its members’ behalf.