
Second Circuit Applies Morrison to Affirm Dismissals of Securities Fraud Claims Arising out of Foreign Transactions

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A pair of recent decisions by the Second Circuit have affirmed the dismissal of securities fraud claims for failure to plead a sufficiently domestic securities transaction to which the federal securities laws could apply — *Cavello Bay Reinsurance Ltd. v. Shubin Stein*, 986 F.3d 161 (2d Cir. 2021) (“Cavello Bay”) and *Banco Safra S.A.-Cayman Islands Branch v. Samarco Mineracao S.A.*, No. 19-3976-CV, 2021 WL 825743 (2d Cir. Mar. 4, 2021) (summary order) (“Banco Safra”). In the two rulings, the Second Circuit clarified the scope of *Morrison v. National Australia Bank Ltd.*, 561 U.S. 247 (2010) (“Morrison”), in which the Supreme Court held that Section 10(b) of the Securities Exchange Act of 1934 (the “Exchange Act”) applies only to (i) “transactions in securities listed on domestic exchanges” and (ii) “domestic transactions in other securities.”

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