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# Boundary of Mandatory Disclosure in Securities Law and Its Alternatives: A Perspective

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## Abstract

Securities laws are, in reality, a congeries of mandated disclosure. The underlying assumption is that a well-functioning securities market needs to aggregate information. Individual investor in this market then can benefit from more disclosure as this team-work of market—information, allow investors make the decision according to their best interest. This reasoning is followed both in the United States and Taiwan persistently. But the prevalence of mandatory disclosure in securities laws is not accepted without challenge. On the one hand, the failure of mandatory disclosure is well documented in many empirical studies in securities laws as well as in many other areas of law. On the other hand, the critics of its theoretical foundation continuously question mandatory disclosure's effect and necessity. Using the benefit of these criticisms, this article first examines the nature of securities transaction and how the intended audience/participants interact with the information circulated in the securities market. With the attempt to understand the limits of mandatory disclosure regime, this article secondly explores the deficiency in the

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ideological foundation of mandatory disclosure, which can be traced back to Former Justice Brandeis in the early 1910s. Last, an agenda for future reform is proposed to better meet the need of “efficiency” in the ever-changing world of transaction.

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