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*Merrill Lynch, Pierce, Fenner & Smith Inc. v. Manning*, No. 14-1132

The Supreme Court today rejected an effort to bring state-law suits that reference federal securities laws into

federal court. The Court ruled that the provision of the Securities Exchange Act that grants federal courts

“exclusive jurisdiction” over all suits “brought to enforce any liability or duty created by” the Act has the same

scope as the familiar “arising under” federal law standard that controls general federal-question jurisdiction. As a

result, the Securities Exchange Act grants exclusive federal jurisdiction only where a complaint asserts claims

under one of the Act's provisions or asserts a state-law claim that rises and falls on the plaintiff's ability to prove a

violation of the Act.

Applying this standard, the Court affirmed a Third Circuit order remanding the plaintiffs' suit against Merrill Lynch

to state court, in an opinion by Justice Kagan. The complaint referenced federal securities regulations regarding

short selling, but (in the unchallenged view of the Third Circuit) did not assert any claims under the Securities

Exchange Act or assert any state-law claims that turn on proof of a violation of the Act.

The decision will also impact litigants under the nine other federal statutes that contain similar “brought to enforce”

jurisdictional provisions.

Any questions should be directed to [Joshua D. Yount](#) (+1 312 701 8423) in our Chicago office.