

CORNERSTONE RESEARCH

Economic and Financial Consulting and Expert Testimony

Securities Class Action Filings

2021 Midyear Assessment

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Executive Summary

Overall filing activity dropped considerably in the first half of 2021, falling to 112 filings from 150 filings in the second half of 2020. This decline was largely driven by a substantial reduction in the number of M&A class actions and federal and state 1933 Act filings, although core filings with Section 10(b) allegations were also down modestly.

Filings in the first half of 2021 were generally smaller, resulting in lower MDL and DDL indices. DDL fell 50% from \$162 billion in 2020 H2 to \$80 billion in 2021 H1. Similarly, MDL fell 64% from \$991 billion in 2020 H2 to \$361 billion in 2021 H1.

Special purpose acquisition company (SPAC) IPOs have continued to explode. Filings against SPAC-related entities increased sharply in the first half of 2021. There were also 10 filings related to COVID-19, largely concentrated in the first four months of the year.

Number and Size of Filings

- Plaintiffs filed 112 **new class action securities cases** (filings) across federal and state courts in 2021 H1, down 25% relative to 2020 H2. This decline was largely driven by a sharp drop in M&A filings. Of the 112 filings, 100 were core filings. (pages 3–4)
- The number of state **filings with causes of action under the Securities Act of 1933** (1933 Act) in 2021 H1 was dramatically lower than in 2018 H1–2020 H1, continuing the 2020 H2 trend. Federal Section 11 filings also fell sharply in 2021 H1. (pages 12, 14)
- **Maximum Dollar Loss (MDL)** decreased 64% to \$361 billion from the near-record high of \$991 billion in 2020 H2, only slightly above the 1997–2020 semiannual average of \$351 billion. Three Oil and Gas filings accounted for 38% of total MDL. (page 10)

- **Disclosure Dollar Loss (DDL)** decreased 50% from \$162 billion in the second half of 2020 to \$80 billion in the first half of 2021. (page 9)

Other Measures of Filing Intensity

- In the first half of 2021, the likelihood of a filing against a **U.S. exchange-listed company** decreased to an annualized rate of 4.2%. This would be the lowest rate since 2014. (page 11)

Filings fell 25% in the first half of the year, largely driven by a 66% decline in M&A filing activity relative to the second half of 2020.

Figure 1: Federal and State Semiannual Class Action Filings Summary

	Semiannual (1997 H1–2020 H2)			2020 H1	2020 H2	2021 H1
	Average	Max	Min			
Class Action Filings	114	222	55	186	150	112
Core Filings	96	134	55	122	115	100
Disclosure Dollar Loss (\$ Billions)	\$71	\$175	\$11	\$112	\$162	\$80
Maximum Dollar Loss (\$ Billions)	\$351	\$1,121	\$52	\$608	\$991	\$361

Key Trends in Federal Filings

Despite the substantial decrease in federal filings overall, there were twice as many federal SPAC filings in the first half of 2021 as there were in all of 2020. COVID-19 filings were largely concentrated in the first four months of 2021 and have declined since.

Filings against non-U.S. companies fell dramatically from the record high in 2020. Only 16% of core federal filings were against non-U.S. issuers.

M&A Filings

- There were 12 **federal M&A filings** in the first half of 2021, the fewest in the federal courts since the second half of 2014. M&A filings declined 66% relative to the second half of 2020 and declined 83% relative to the semiannual average over the past five years. [\(pages 3–4\)](#)
- Filings in the **Ninth Circuit** accounted for 58% of all M&A filings in the first half of 2021.

SPAC Filings

- There were 14 **federal SPAC filings** in the first half of 2021, twice the number of such filings in all of 2020. All 14 filings included Section 10(b) claims. [\(page 8\)](#)
- The median **filing lag for core federal SPAC filings** over the last three years was roughly four and a half months. [\(page 7\)](#)
- **Consumer Cyclical core federal SPAC filings** made up half of all core federal SPAC filings in 2021 H1 (seven filings). Six of these were against companies in the automotive industry. [\(page 6\)](#)

Trend Cases

- **COVID-19-related filings** were largely concentrated in the first four months of 2021. Allegations included misrepresentations about COVID-19 treatments or vaccines that failed to make it to market as well as the effects of COVID-19 on business operations.
- Other trend-related filings (e.g., those involving cannabis companies or stemming from the opioid epidemic) continued to decline. [\(page 5\)](#)

Non-U.S. Issuers

- Only 16% (15 of 96) of core federal filings were against **non-U.S. issuers** in 2021 H1, the lowest rate observed since 2009.
- The number of federal filings against non-U.S. issuers is on track to be only 41% of what it was in 2020, when it reached a record high of 74 filings.
- Of core federal filings against non-U.S. issuers, 60% were against Asian firms, the largest share in any semiannual period since 2015 H1. [\(pages 16–17\)](#)

U.S. Issuers

- Core federal filings against companies listed on major U.S. exchanges in 2021 occurred at an annualized rate of 3.8%, which would be the lowest rate since 2015. [\(page 11\)](#)

By Industry

- **Financial** sector filings declined in the first half of 2021 compared to the previous semiannual period, with the number of filings decreasing by 31%, and DDL decreasing by 96%.
- The **Consumer Cyclical** sector (16 filings) returned to the high level of activity seen in 2020 H1 (17 filings), after decreasing in 2020 H2 to levels that were in line with the historical average. [\(pages 18, 26\)](#)

By Circuit

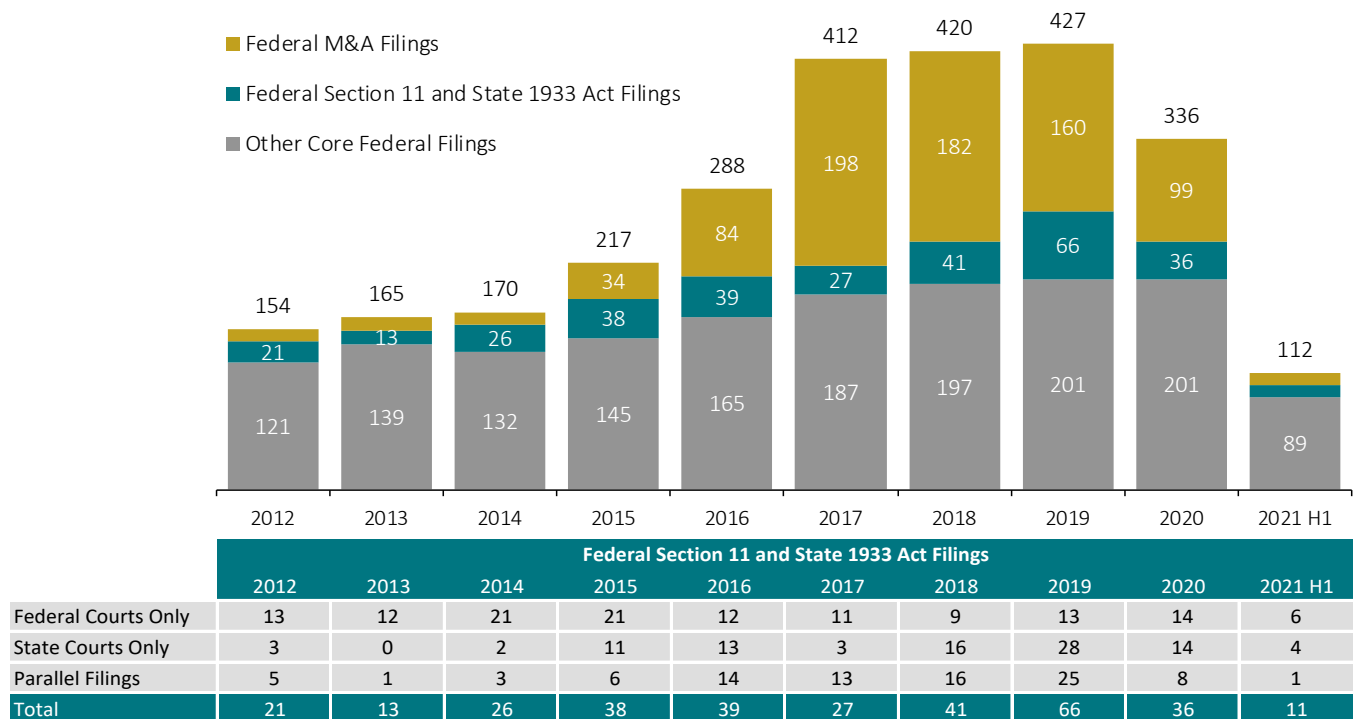
- **Ninth Circuit** filings decreased 35% from 43 filings in the second half of 2020 to 28 filings in the first half of 2021.
- There were no core filings in the **Seventh, Eighth, Tenth, or D.C. Circuits**. [\(page 19\)](#)

Combined Federal and State Filing Activity

- Federal M&A filings continued to drop precipitously in 2021 H1 relative to 2020 H2 and other recent semiannual periods, a trend noted in the *Securities Class Action Filings—2020 Midyear Assessment* and *Securities Class Action Filings—2020 Year in Review*.
- The decline in Section 11 and 1933 Act filings in the first half of 2021 relative to 2020 H2 was concentrated in federal-only and parallel filings, which dropped from a combined 11 filings in 2020 H2 to only seven filings in 2021 H1. State-only 1933 Act filings remained at the low levels observed in 2020 H2. (See Figure 13)
- The decline in Section 11 and 1933 Act filings in 2021 is even more notable considering that Section 11 filings in 2020 had already declined 45% compared to 2019.
- Other core federal filings—those excluding Section 11 and state 1933 Act filings—are on pace to be only 11% fewer than their 2020 totals.

In 2021 H1, federal M&A filings were just 12% of their total in all of 2020 and are on pace to be at their lowest level since 2014.

Figure 2: Federal Section 11 and State 1933 Act Class Action Filings by Venue 2012–2021 H1



Source: Cornerstone Research and Stanford Law School Securities Class Action Clearinghouse; Bloomberg Law; Institutional Shareholder Services’ Securities Class Action Services (ISS’ SCAS)

Note: This figure presents combined federal and state data. Filings in federal courts may have parallel cases filed in state courts. When parallel cases are filed in different years, only the earlier filing is reflected in the figure above. Filings against the same company brought in different states without a filing brought in federal court are counted as unique state filings. As a result, this figure’s filing counts may not match those in Figures 11, 14, 15, 16, 17, or 18. See Additional Notes to Figures for more detailed information.

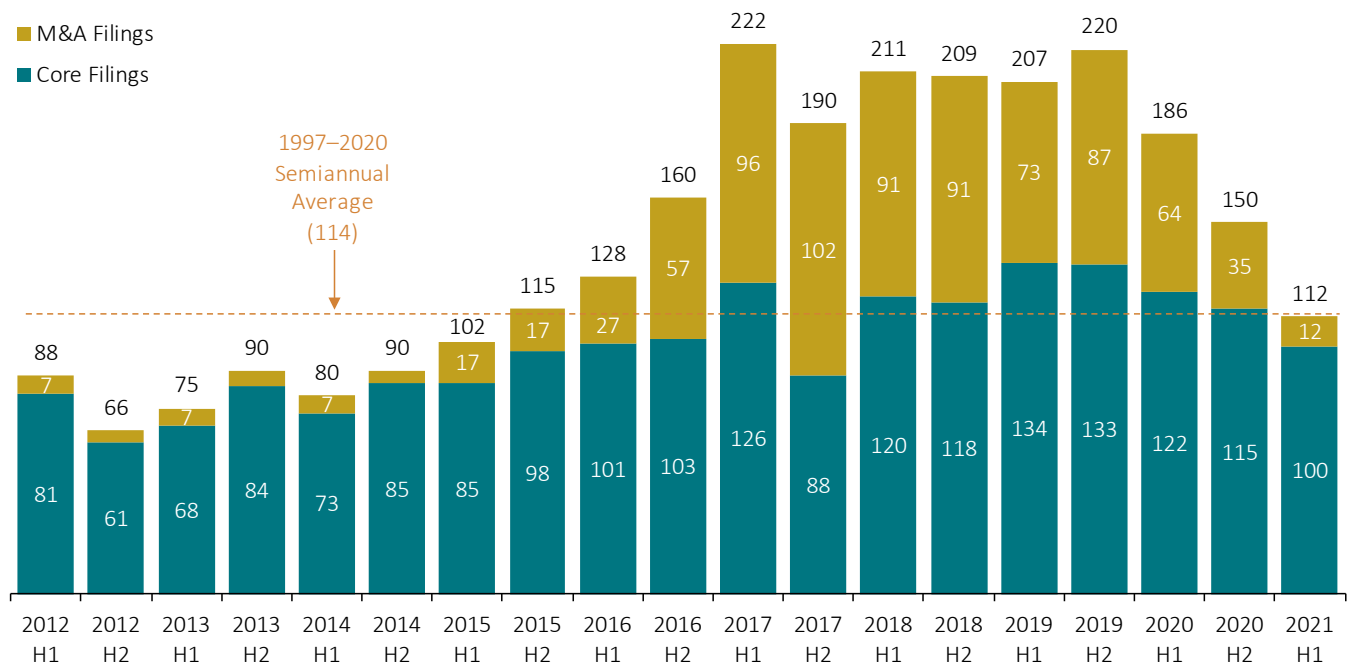
Number of Federal and State Filings

- There were 112 filings in the first half of 2021, the lowest number since 2015 H1. The primary reason for the overall reduction in filing activity in the first half of the year was the decline in M&A and federal Section 11 and state 1933 Act filings.
- Semiannual M&A filings fell to the lowest level since 2014 H2—a 66% decrease in M&A filings from 2020 H2 to 2021 H1. This 2021 figure represents an 83% decrease from the semiannual M&A filing average over the last five years.
- Merger deal activity, however, increased in the first half of 2021. According to *FactSet MergerMetrics*, the number of non-withdrawn mergers with a transaction value greater than \$100 million and with a public company target traded on the NYSE or Nasdaq rose from 88 with announcement dates in 2020 H2 to 111 with announcement dates in 2021 H1.

Total filing activity dropped 25% in 2021 H1 relative to 2020 H2, and was below the 1997–2020 average.

- As discussed in Figures 11 and 13, the overall decline in filings is also explained by a drop in federal Section 11 and state 1933 Act filing activity. From 2020 H2 to 2021 H1, the number of federal Section 11 and state 1933 Act filings dropped 27%; federal-only Section 11 filings dropped 33%. State-only 1933 Act filings remained at the low levels observed in 2020 H2.

Figure 3: Class Action Filings Index® (CAF Index®) Semiannual Number of Class Action Filings 2012 H1–2021 H1



Note: Starting in 2010, this figure presents combined federal and state data. Filings in federal courts may have parallel cases filed in state courts. When parallel cases are filed in different years, only the earlier filing is reflected in the figure above. Filings against the same company brought in different states without a filing brought in federal court are counted as unique state filings. As a result, this figure's filing counts may not match those in Figures 11, 14, 15, 16, 17, or 18. See Additional Notes to Figures for more detailed information.

Summary of Trend Cases

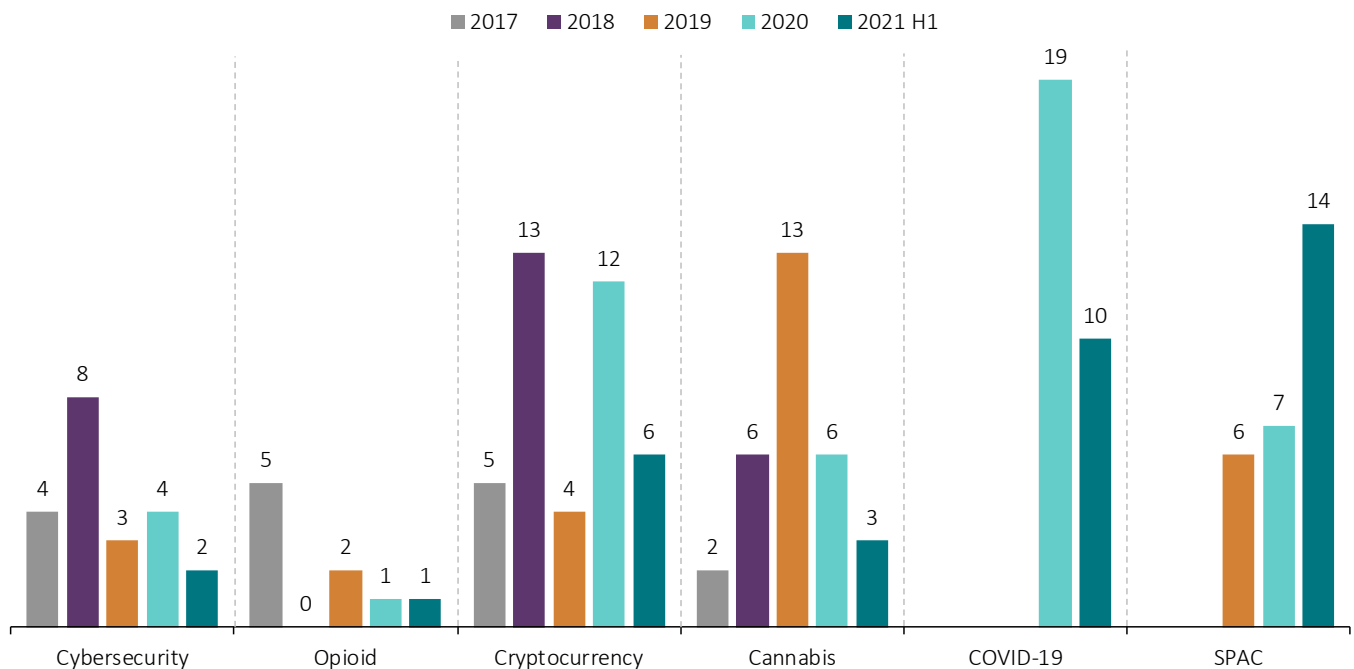
This figure highlights recent trends that have appeared in core filing activity.

- In the first half of 2021, there were 14 filings related to SPACs. Of those, eight filings (57%) alleged that the potential targets misrepresented their product’s viability before the merger and thus defrauded investors.
- Nearly two-thirds (six) of COVID-19 filings occurred in January and February 2021, while only one COVID-19 action was filed in May or June. In 2021 H1, half of these filings concerned companies developing COVID-19 treatments or vaccines that failed to make it to market.
- Cryptocurrency filings are on pace to match the elevated levels of filings experienced in 2020.
- The number of filings related to the opioid epidemic has remained low.
- Cannabis filings have remained substantially lower in 2021 H1 after reaching a peak of 13 filings in 2019.

Filings related to SPACs and COVID-19 surged in the second half of 2020 and first half of 2021 while other trend filings decreased.

- One of the two cybersecurity cases filed in 2021 H1 was an instance of ransomware. While cybersecurity cases are in line with previous years, it is unclear if the number of cybersecurity cases will grow after the high-profile ransomware attacks during 2021 H1. In particular, there have already been four cybersecurity filings in July, three of which have been the result of cybersecurity reviews from the Cyberspace Administration of China.

Figure 4: Summary of Trend Cases 2017–2021 H1



Note: SPAC filings count both core and M&A federal filings. All other trends only count core federal filings. See Additional Notes to Figures for trend definitions and more detailed information.

New: Industry Comparison of Federal SPAC Filings

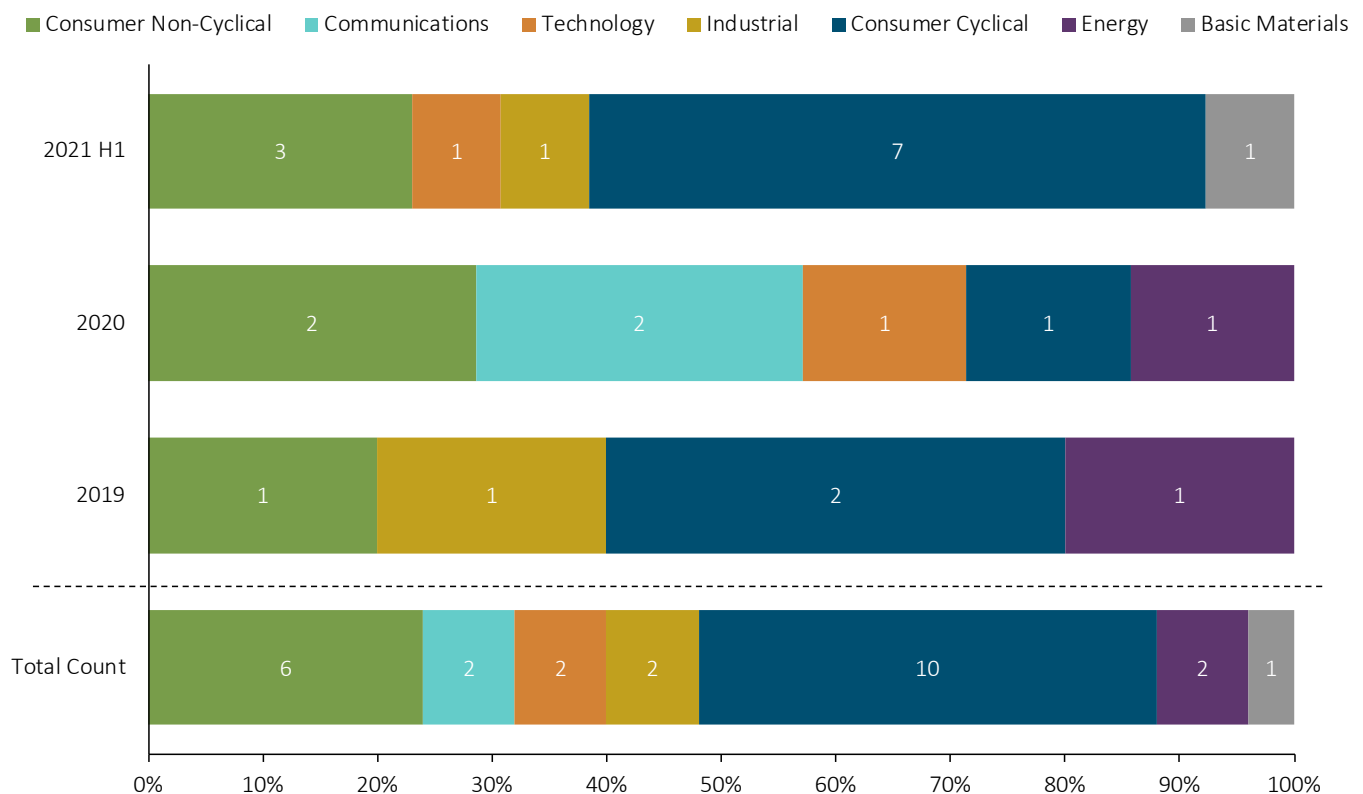
This analysis of core federal SPAC filings examines the industry composition associated with the substantial increase in securities class action filings against current and former SPACs observed over the last three years.

- Of the 10 SPAC Consumer Cyclical filings in the last three years, seven had a subsector classification of Auto Manufacturers or Auto Parts & Equipment. Six of these auto-related actions were filed in 2021 H1.
- Within the Consumer Cyclical sector, three subsectors—Entertainment, Retail, and Leisure Time—each had one SPAC filing.
- The Consumer Non-Cyclical sector was the second most common sector for SPAC filings.

Half of all core SPAC filings in 2021 H1 involved the auto industry.

- Consumer Non-Cyclical SPAC filings have included the following subsectors: Biotechnology (two filings), Commercial Services (two filings), Food (one filing), and Healthcare-Services (one filing).
- The Communications, Technology, Industrial, and Energy sectors each had two filings against former SPACs over the last three years.

Figure 5: Filings by Industry—Core Federal SPAC Filings



Note: Filings with missing sector information or infrequently used sectors are excluded; as a result, yearly counts may not match Figures 4 and 7. See Additional Notes to Figures for more detailed information.

New: Lag between De-SPAC Transaction and Core Federal Filings

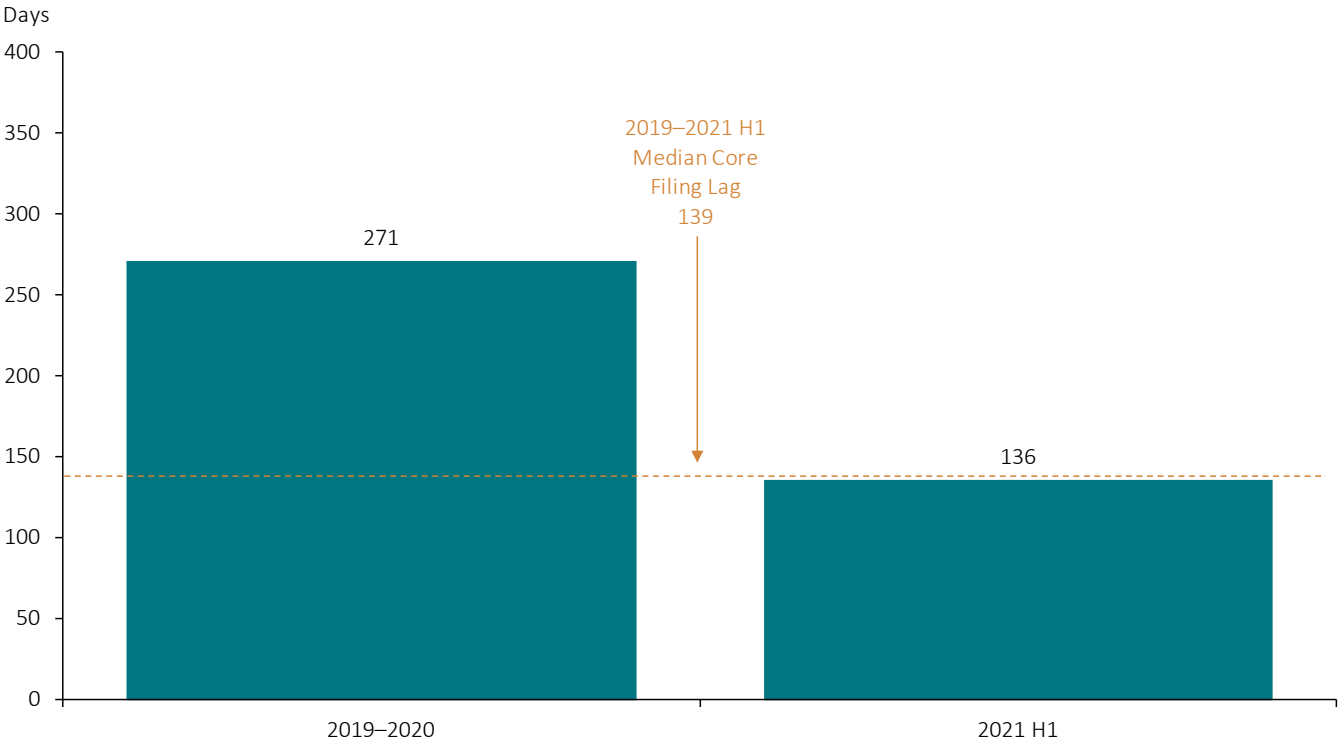
This analysis reviews the median number of days between the closing date of the SPAC merger transaction (De-SPAC Transaction) and the filing date of a core federal securities class action.

- The median filing lag after a De-SPAC Transaction was much greater in 2019 and 2020 (271 days) than in 2021 H1 (136 days).
- All federal SPAC M&A filings in 2019 and 2020, except one, were filed before the closing date of the SPAC transaction. The median filing lag of federal M&A SPAC actions indicates that these filings typically took place a month and a half before the closing date of the De-SPAC Transaction.

- Core SPAC filings were much less frequent in 2019 and 2020, with only one and five core filings, respectively. (See Figure 7)

From 2019 through 2021 H1, the median filing lag for a SPAC subject to a core federal filing was roughly four and a half months.

Figure 6: Median Lag between De-SPAC Transaction and Core Federal SPAC Filings 2019–2021 H1



Source: Cornerstone Research and Stanford Law School Securities Class Action Clearinghouse; *SPAC Insider*
Note: See Additional Notes to Figures for more detailed information.

New: Federal SPAC Filing Allegations

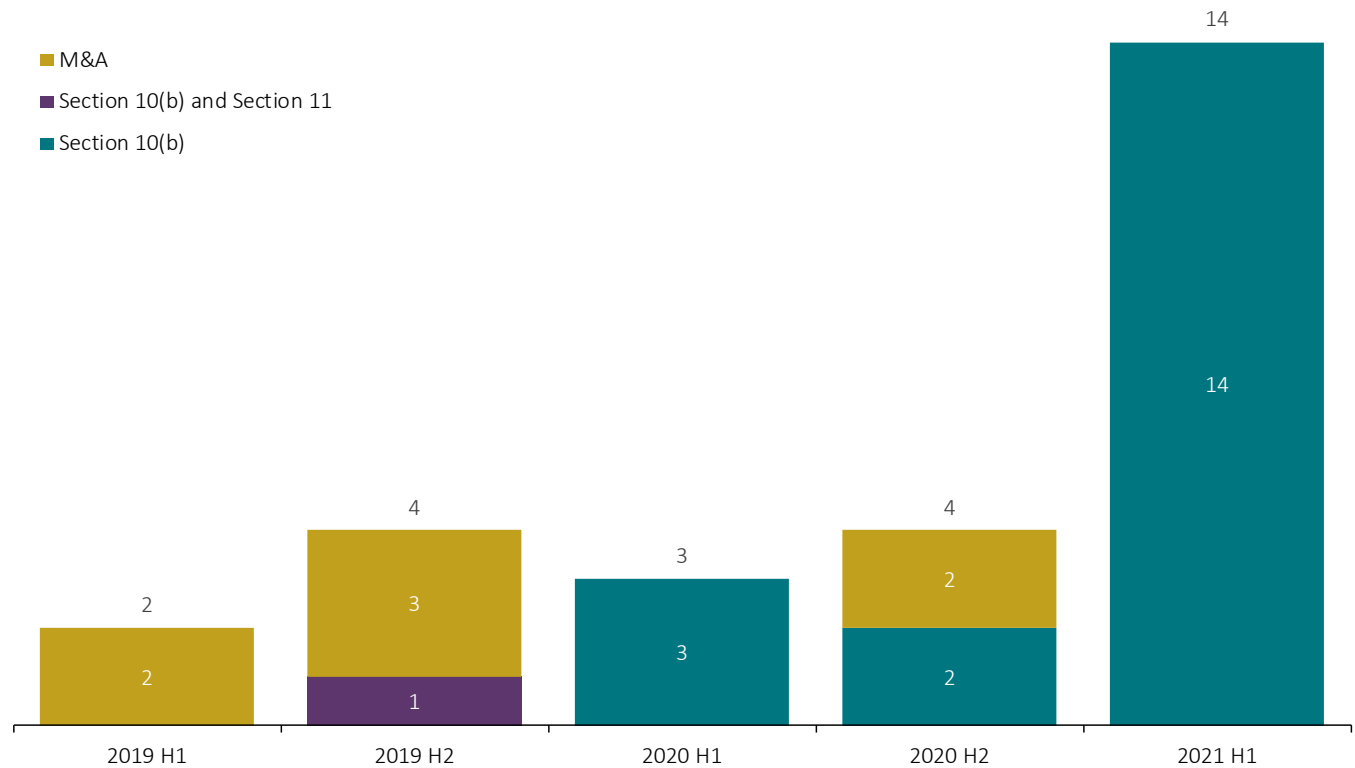
The figure below illustrates how the types of allegations in filings against current and former SPACs have changed over time. Allegations are based on the first identified complaints.

The SPAC core litigation rate over the last three years is approximately 14%—comparable to the cumulative core litigation rate for public companies in the first three years after IPOs.

- According to *SPAC Insider*, as of July 15, 2021, 166 SPAC merger transactions have closed since the start of 2019. Over this same period, there have been 23 core federal SPAC filings, three of which were in July 2021. This equates to a litigation rate of roughly 14%, comparable with the *cumulative* core litigation rate that newly public issuers face in the first three years after IPOs.¹
- While nearly all federal SPAC filings were M&A filings in 2019, by 2021, no SPAC filings had M&A allegations and all such filings included Section 10(b) claims.
- Over the last three years, only one federal SPAC filing has included Section 11 allegations.

1. See *Securities Class Action Filings—2020 Year in Review*, Figure 25.

Figure 7: Federal SPAC Filing Allegations 2018–2021 H1



Source: Cornerstone Research and Stanford Law School Securities Class Action Clearinghouse; *SPAC Insider*

Note: SPAC filings concern companies that went public for the express purpose of acquiring an existing company in the future. These include current and former SPACs.

Market Capitalization Losses for Federal and State Filings

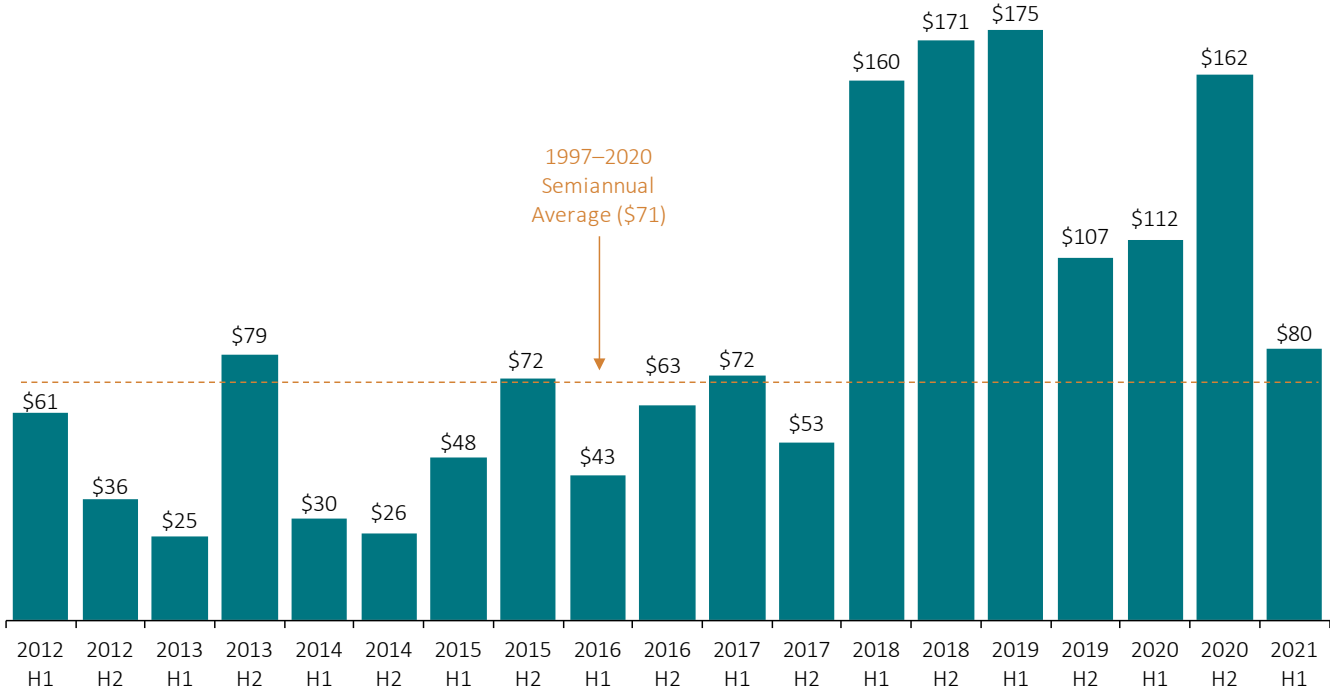
Disclosure Dollar Loss Index® (DDL Index®)

This index measures the aggregate annual DDL for all federal and state filings. DDL is the dollar value change in the defendant firm’s market capitalization between the trading day immediately preceding the end of the class period and the trading day immediately following the end of the class period. See the Glossary for additional discussion on market capitalization losses and DDL.

After a sharp increase in 2020 H2, the DDL Index declined to its lowest semiannual level since 2017 H2, down 54% from its high in 2019 H1.

- The DDL Index fell to \$80 billion in 2021 H1, down 50% from 2020 H2 and 54% below its all-time high in 2019 H1. This represents the lowest total for a semiannual period since 2017 H2, but remains above the 1997–2020 semiannual average.
- The number of core filings in 2021 H1 was only slightly down from 2020 H2, suggesting that the decline in the DDL was primarily due to a decrease in average DDL per filing.
- The sectors with the highest share of state and federal DDL in 2021 H1 were Consumer Cyclical (32%), Consumer Non-Cyclical (23%), and Communications (17%). See Appendix 3 for federal DDL Index information.

Figure 8: Disclosure Dollar Loss Index® (DDL Index®) 2012 H1–2021 H1 (Dollars in billions)



Note: This figure begins including DDL associated with state 1933 Act filings in 2010. As a result, this figure’s DDL Index will not match those in Appendix 3. DDL associated with parallel class actions is only counted once.

Maximum Dollar Loss Index® (MDL Index®)

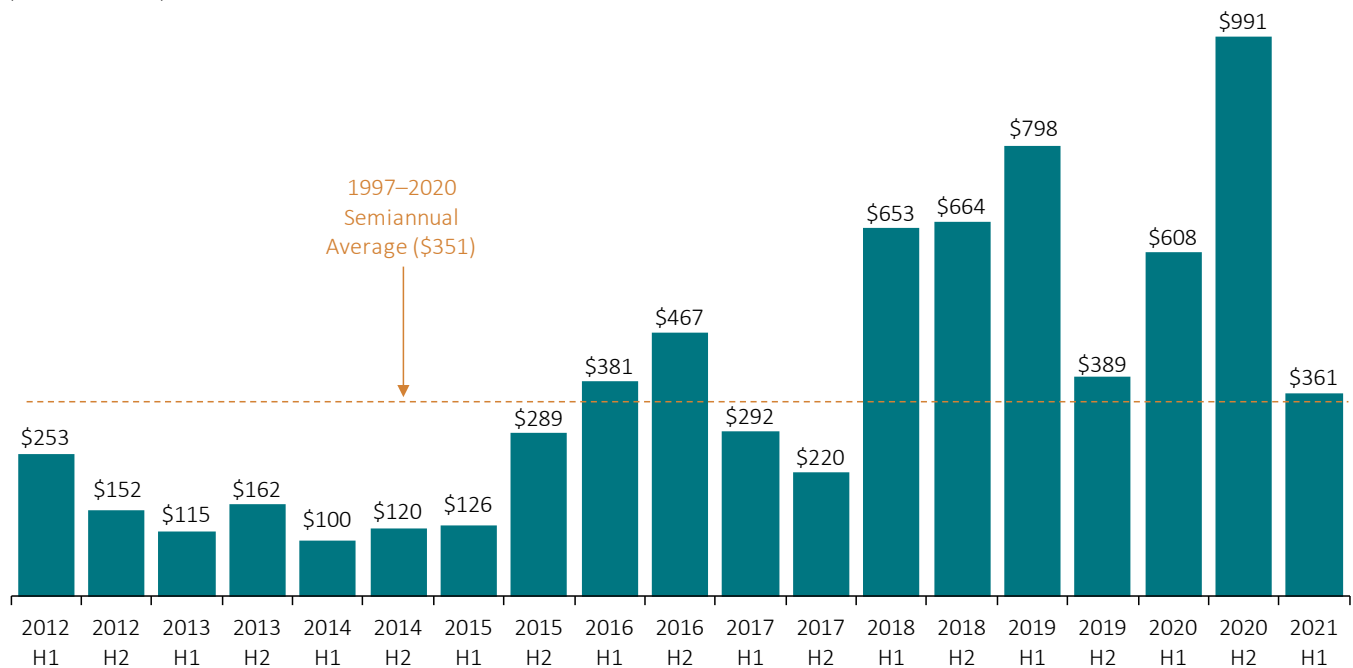
This index measures the aggregate annual MDL for all federal and state filings. MDL is the dollar value change in the defendant firm’s market capitalization from the trading day with the highest market capitalization during the class period to the trading day immediately following the end of the class period. See the Glossary for additional discussion on market capitalization losses and MDL.

- The MDL Index was \$361 billion in the first half of 2021. Relative to the second half of 2020—which, at \$991 billion, was the second highest on record—the MDL Index decreased nearly 64%. This represents the single largest semiannual drop since the 70% decline in 2003 H1.
- See Appendix 1 for MDL totals and averages from 1997 H1 to 2021 H1.

- The largest contributor to the MDL Index was the Energy sector, which comprised 44% of total MDL. Three Oil and Gas filings alone amounted to 38% of total MDL.
- The MDL Index in 2021 H1 was in line with the 1997–2020 semiannual average.

The MDL Index dropped sharply in the first half of the year, down nearly 64% from 2020 H2.

Figure 9: Maximum Dollar Loss Index® (MDL Index®)
2012 H1–2021 H1
(Dollars in billions)



Note: This figure begins including MDL associated with state 1933 Act filings in 2010. As a result, this figure’s DDL Index will not match those in Appendix 4. MDL associated with parallel class actions is only counted once.

U.S. Exchange-Listed Companies

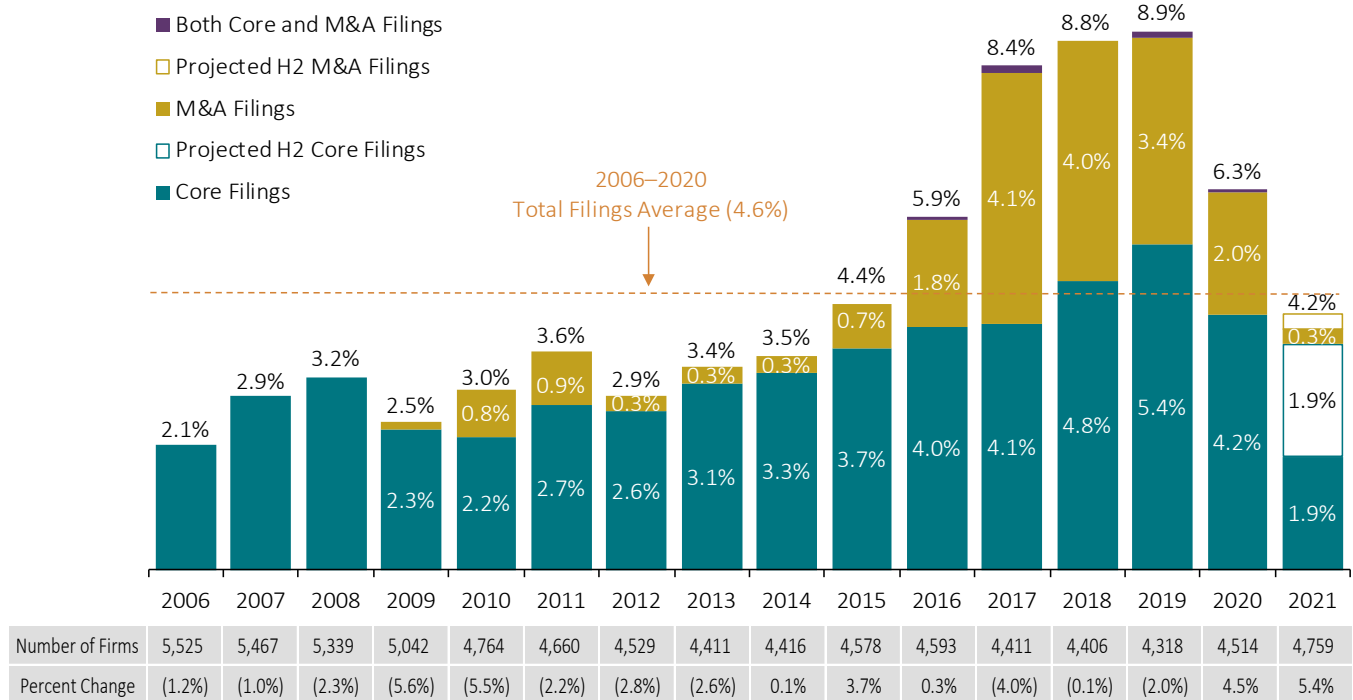
The percentage of companies subject to filings is calculated as the unique number of companies listed on the NYSE or Nasdaq subject to federal or state securities fraud class actions in a given year divided by the unique number of companies listed on the NYSE or Nasdaq in the same year.

- At the current pace, 2021 is on track for only 4.2% of companies listed on major U.S. exchanges to become subject to a filing in 2021. This is the second consecutive year with a decrease in the percentage of companies subject to filings, and represents a decline from 2016–2020 levels.
- Of U.S. exchange-listed companies, 1.9% (3.8% on an annualized basis) were the subject of a core filing in the first half of 2021. If this trend continues, this would be the lowest exposure since 2015.

Overall, filings against U.S. exchange-listed companies are on track to be at their lowest level since 2014.

- The percentage of exchange-listed companies subject to M&A filings in 2021 is on pace to decline for the fourth straight year to just 0.6%. This would be the lowest level of M&A filings since 2014.

Figure 10: Percentage of U.S. Exchange-Listed Companies Subject to Federal or State Filings 2006–2021 H1



Source: Cornerstone Research and Stanford Law School Securities Class Action Clearinghouse; Center for Research in Security Prices (CRSP)

Note: This figure presents combined federal and state data. Filings in federal courts may have parallel cases filed in state courts. When parallel cases are filed in different years, only the earlier filing is reflected in the figure above. Filings against the same company brought in different states without a filing brought in federal court are counted as unique state filings. The figure begins including issuers facing suits in state 1933 Act filings in 2010. See Additional Notes to Figures for more detailed information.

1933 Act Cases Filed in State Courts

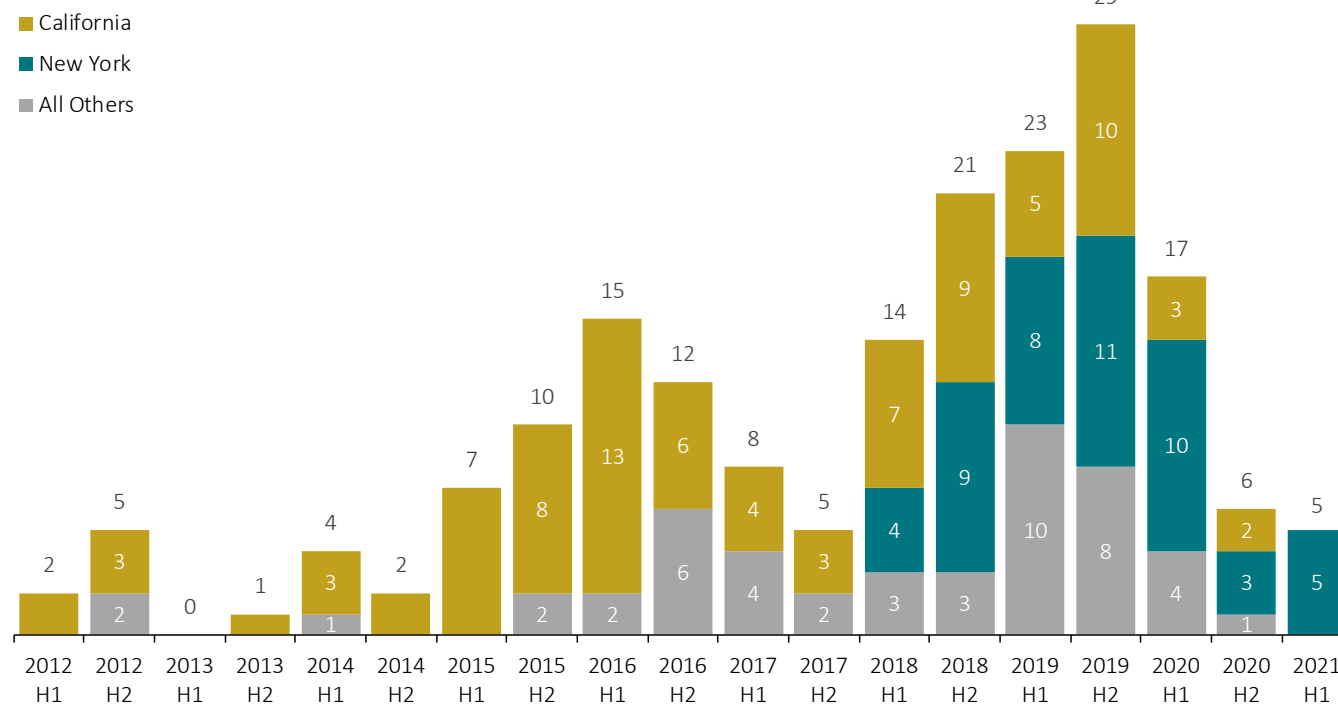
The following data include 1933 Act filings in California, New York, and other state courts. Filings from prior years are added retrospectively when identified. These filings may include Section 11, Section 12, and Section 15 claims, but do not include Rule 10b-5 claims.

- The number of state 1933 Act filings in the first half of 2021 is dramatically lower than 2018 H1–2020 H1 levels, continuing the trend observed in the *Securities Class Action Filings—2020 Year in Review*.
- All five state 1933 Act claims in the first half of 2021 were filed in New York.

- Four of the five state 1933 Act filings in 2021 H1 were against companies in the Technology sector. Three of these Technology sector filings were in the Software subsector.
- In the first half of 2021, three of the five 1933 Act filings were against Chinese companies, while two were against companies headquartered in the United States.

State 1933 Act filing activity decreased 83% relative to the record high in 2019 H2, with no filings outside New York.

Figure 11: State 1933 Act Filings by State
2012 H1–2021 H1



Source: Cornerstone Research and Stanford Law School Securities Class Action Clearinghouse; Bloomberg Law; ISS' SCAS

Note: This analysis counts all filings in state courts. It does not present data on a combined federal and state basis, nor does it identify or account for cases that have parallel filings in both state and federal courts. As a result, totals in this analysis may not match Figures 1, 2, 3, 13, 14, 15, 16, 17, or 18. See Additional Notes to Figures for more detailed information.

Dollar Loss on Offered Shares Index™ (DLOS Index™)

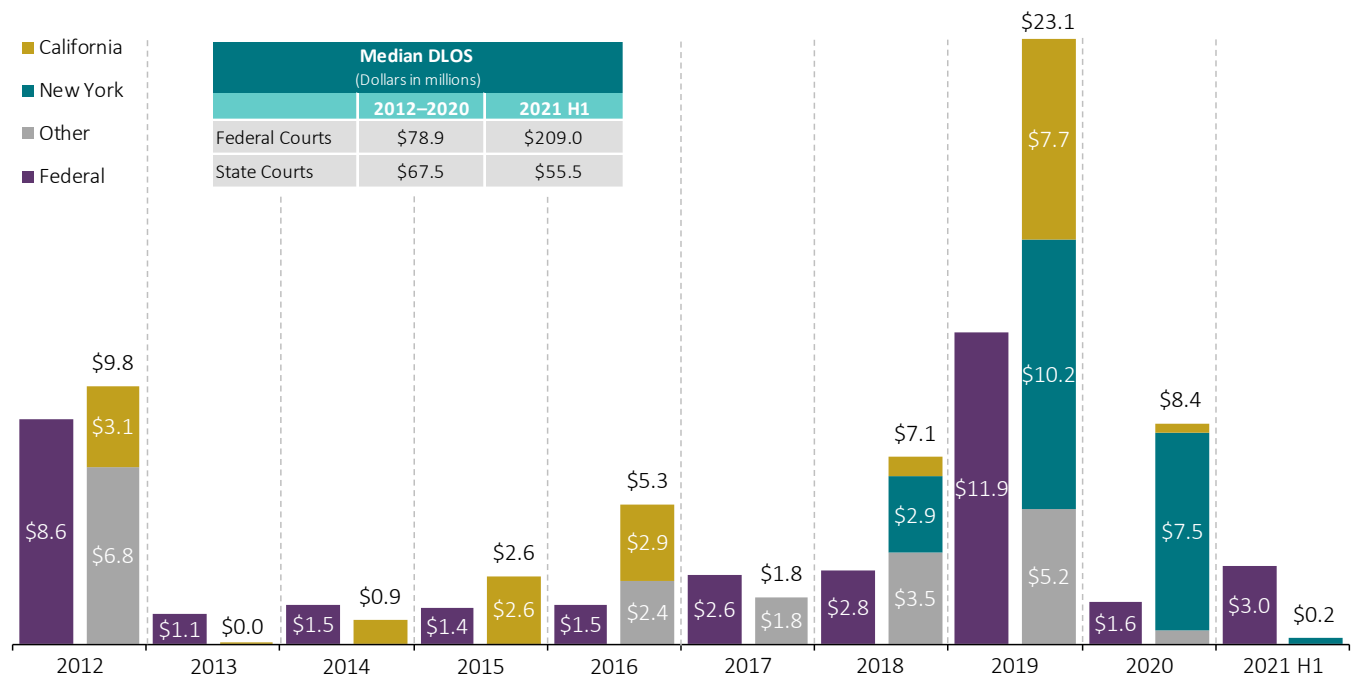
This analysis calculates the loss of market value of shares offered in securities issuances that are subject to 1933 Act claims. It measures the difference in the price of offered shares (i.e., from the date the registration statement becomes effective through the end of the class period) multiplied by the shares offered.

This alternative measure of losses has been calculated for federal filings involving only Section 11 claims (i.e., no Section 10(b) claims) and 1933 Act filings in state courts. Dollar Loss on Offered Shares (DLOS) aims to capture, more precisely than MDL, the dollar loss associated with the specific shares at issue as alleged in a complaint.

The DLOS Index for federal Section 11 filings in 2021 H1 is already the third-highest yearly federal DLOS Index since 2010.

- Filings in New York state courts were the source of all state DLOS. This continues a trend of an increasing share of DLOS being attributable to New York cases, with 44% in 2019 and 89% in 2020.
- The median DLOS in federal courts in the first half of 2021 is more than two-and-a-half times the historical median.

Figure 12: Dollar Loss on Offered Shares Index™ (DLOS Index™) for Federal Section 11–Only and State 1933 Act Filings 2012–2021 H1
(Dollars in billions)



Source: Cornerstone Research and Stanford Law School Securities Class Action Clearinghouse; Bloomberg Law; ISS' SCAS; CRSP; SEC EDGAR

Note: This analysis compares all Section 11 filings in federal courts with all 1933 Act filings in state courts. It does not present data on a combined federal and state basis, nor does it identify or account for cases that have parallel filings in both state and federal courts. See Additional Notes to Figures for more detailed information.

Federal Section 11 Filings and State 1933 Act Filings

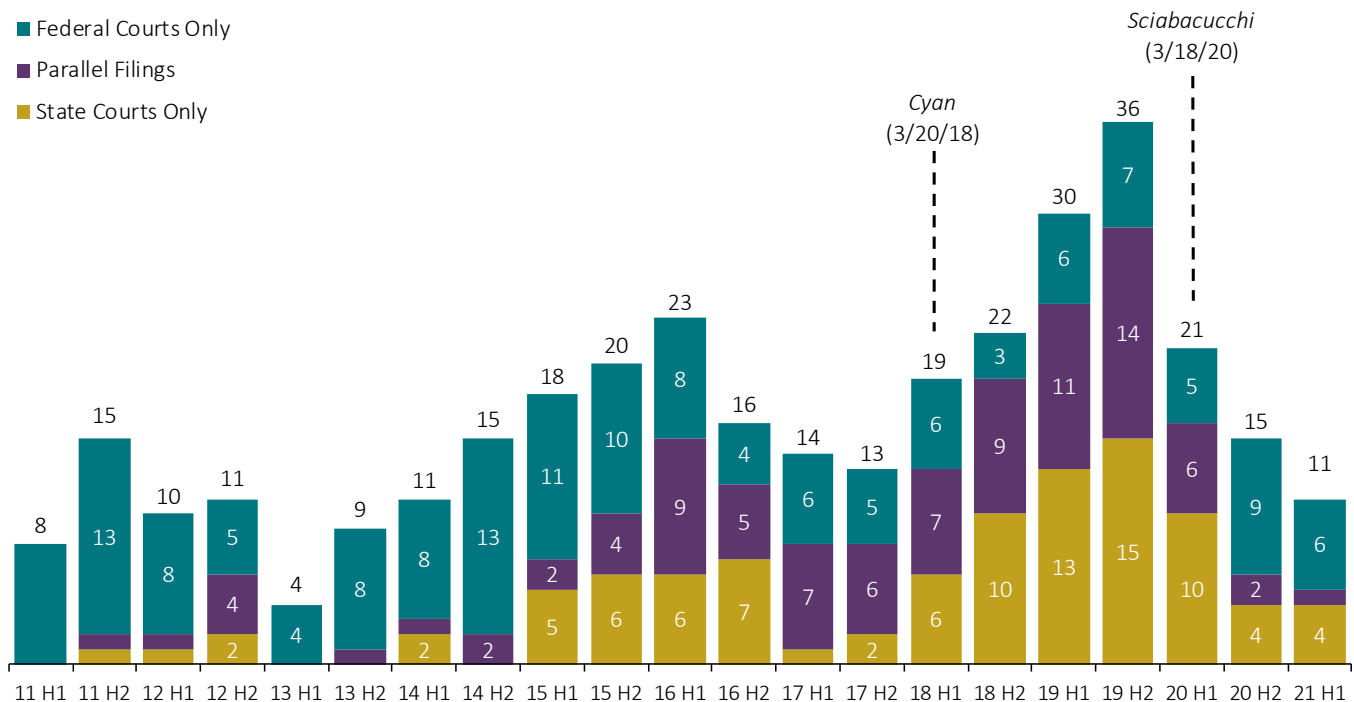
The figure below is a combined measure of Section 11 filing activity in federal courts and 1933 Act filings in state courts. It highlights parallel (or related) class actions in federal and state courts. We continue to note the apparent impact of *Sciabacucchi* on the venue of Section 11 and 1933 Act filings.

- Federal Section 11 and state 1933 Act filing activity in 2021 H1 was down 27% relative to 2020 H2, largely driven by a 33% decline in federal-only Section 11 filings. This continues the steep downward trend observed in federal Section 11 and state 1933 Act filings since 2019 H2.
- Post-*Sciabacucchi* (2020 H1–2021 H1), federal-only filings have risen to 43% of total Section 11 and state 1933 Act filings, more than double the 21% during the *Cyan-Sciabacucchi* interim period (2018 H1–2019 H2).

State 1933 Act filing activity for both state court only and parallel filings remains depressed post-Sciabacucchi, totaling only about 17% of its 2019 H2 high.

- The share of state-only filings has remained stable at 41% and 38% during the interim and post periods, respectively. These levels are elevated relative to the pre-*Cyan* (2011 H1–2017 H2) share of just 18%.
- The share of parallel filings has plummeted post-*Sciabacucchi* to 19% of total Section 11 and 1933 Act filings, around half of the 38% observed in the interim period, and in line with the 23% observed pre-*Cyan*.

Figure 13: Semiannual Federal Section 11 and State 1933 Act Filings 2011 H1–2021 H1



Source: Cornerstone Research and Stanford Law School Securities Class Action Clearinghouse; Bloomberg Law; ISS' SCAS

Note: This figure presents combined federal and state data. Filings in federal courts may have parallel cases filed in state courts. When parallel cases are filed in different quarters, only the earlier filing is reflected in the figure above. Filings against the same company brought in different states without a filing brought in federal court are counted as unique state filings. As a result, this figure's filing counts may not match those in Figures 11, 14, 15, 16, 17, or 18. See Additional Notes to Figures for more detailed information.

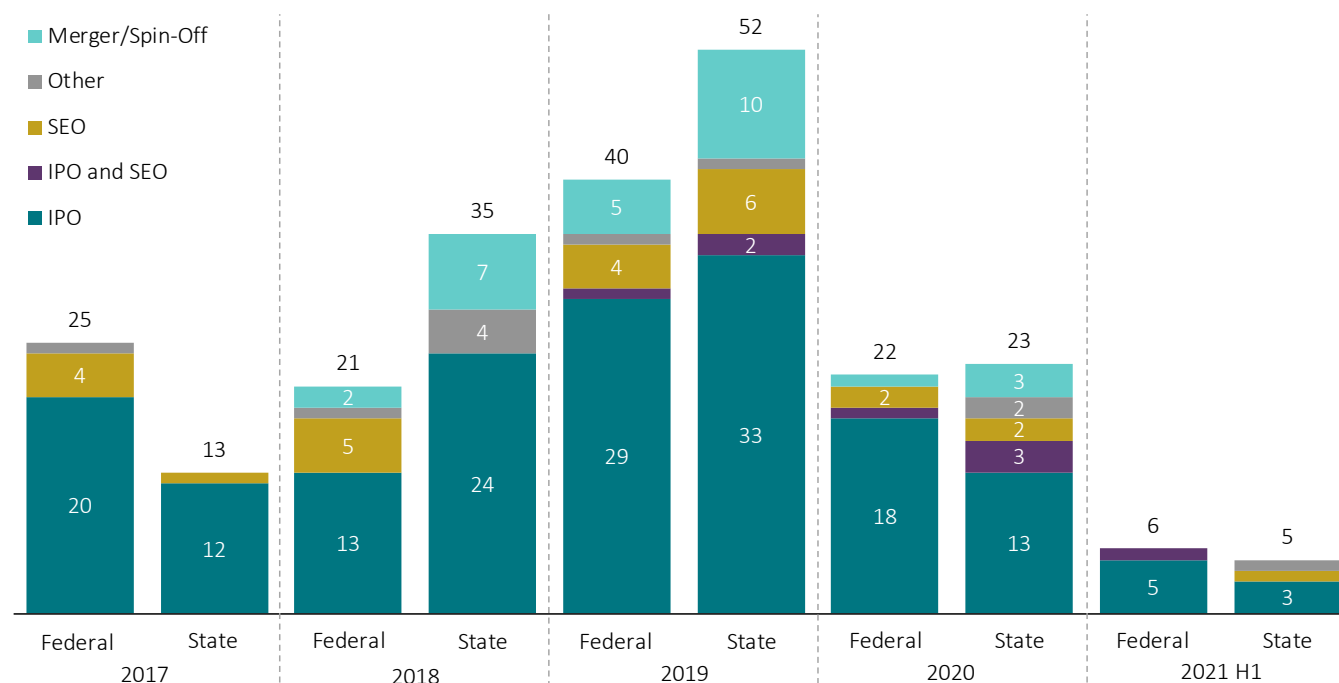
Type of Security Issuance Underlying Federal Section 11 and State 1933 Act Filings

The figure below illustrates Section 11 claims in federal courts and 1933 Act claims in state courts based on the type of security issuance underlying the lawsuit.

To the extent that there were any Section 11 and state 1933 Act filings, claims based on IPO issuances were predominant in 2021 H1.

- In the first half of 2021, there were no filings related to mergers or spin-offs and only two related to seasoned equity offerings (SEOs), which differs from the trend observed in the last two years, particularly in state courts.
- There were no state court filings based on both an IPO and an SEO in the first half of 2021 and only one such filing in federal court.
- The filing in state court in 2021 H1 characterized as “Other” was related to a SPAC.

Figure 14: Federal Section 11 and State 1933 Act Class Action Filings by Type of Security Issuance 2017–2021 H1



Source: Cornerstone Research and Stanford Law School Securities Class Action Clearinghouse; Bloomberg Law; ISS’ SCAS

Note: This analysis compares all Section 11 filings in federal courts with all 1933 Act filings in state courts. It does not present data on a combined federal and state basis, nor does it identify or account for cases that have parallel filings in both state and federal courts. As a result, this figure’s filing counts may not match Figures 1, 2, 11, 13, 15, 16, 17, or 18. See Additional Notes to Figures for more detailed information.

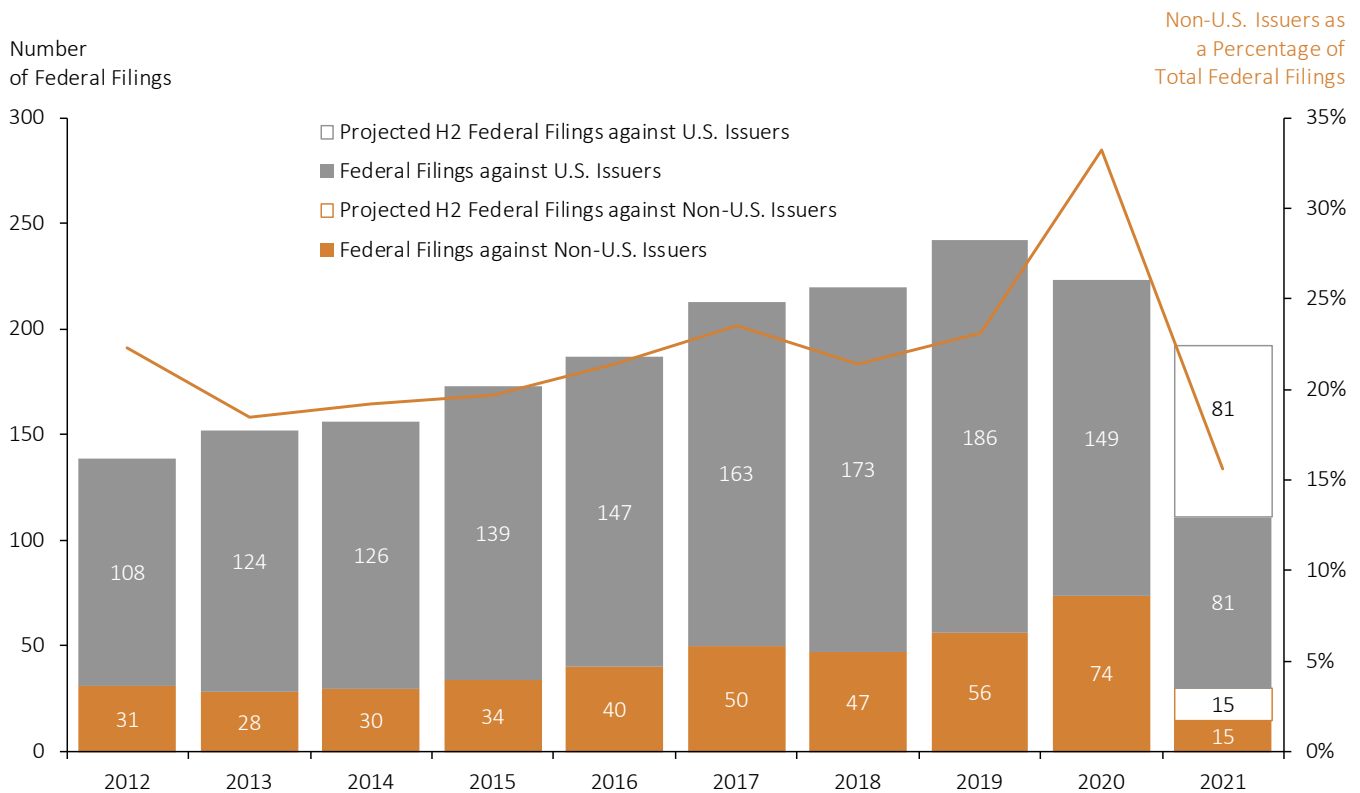
Federal Filings against Non-U.S. Issuers

This index tracks the number of core federal filings against companies headquartered outside the United States relative to total core federal filings.

- As a percentage of total core federal filings, core federal filings against non-U.S. issuers decreased to 16% from 33% in 2020, the lowest share of filings since 2009.
- At the current pace, the number of core filings against non-U.S. issuers would be the lowest total since 2014.

The number of federal filings against non-U.S. issuers is on track to be less than half of 2020's record high of 74.

Figure 15: Annual Number of Class Action Filings by Location of Headquarters—Core Federal Filings 2012–2021 H1

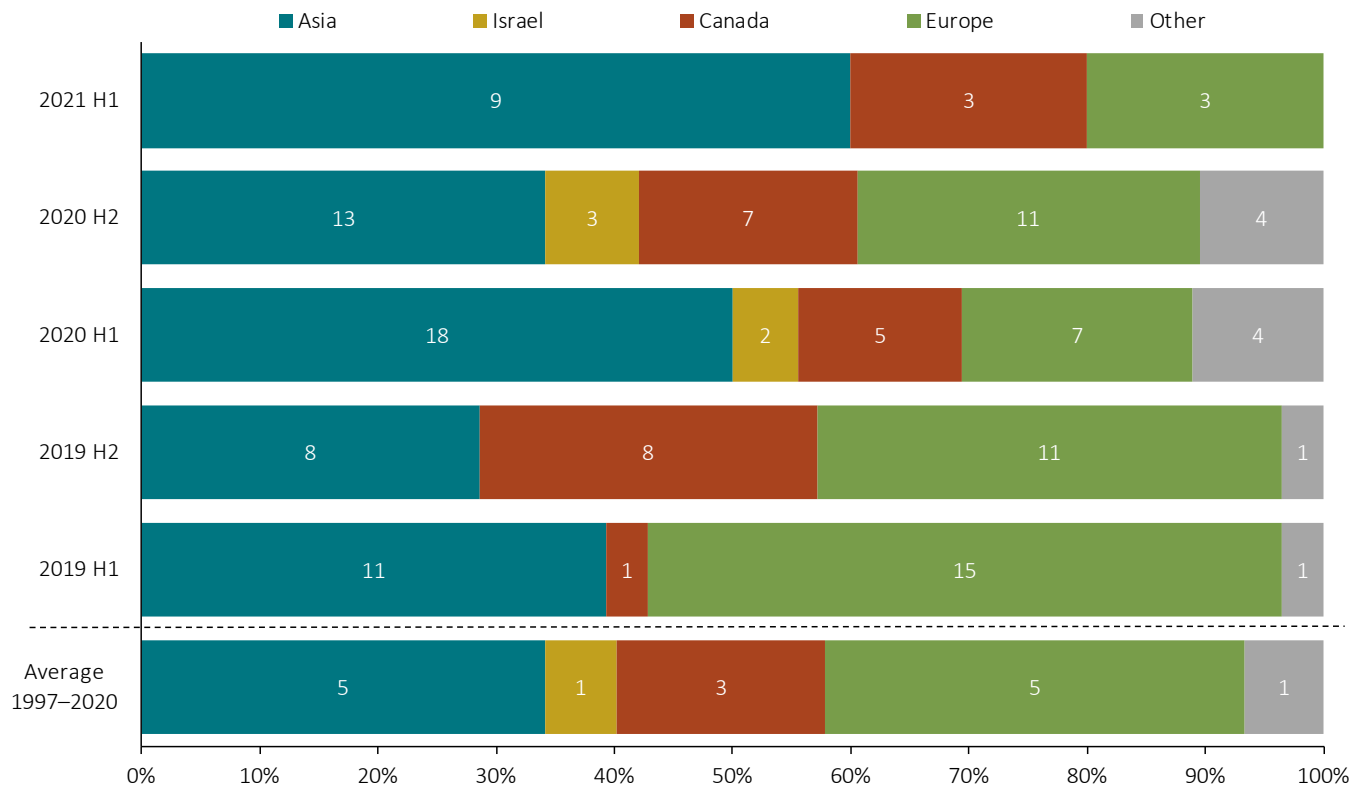


Note: This analysis only considers federal filings. It does not present combined federal and state data, and cases are not identified as parallel. This is different from other figures in this report that account for filings in federal courts that also have parallel cases identified in state courts. In those analyses, when parallel cases are filed in different years, only the earlier filing date is reflected in the analysis. As a result, this figure's filing counts may not match Figures 1, 2, 3, 11, 13, or 14.

- All nine core filings against Asian firms were against Chinese firms. Three of the nine core filings against Chinese firms included allegations related to cryptocurrency, and one of the nine included allegations related to COVID-19.
- Of the three core filings against Canadian companies, one had allegations related to cannabis, continuing the trend of at least one Canadian cannabis filing in each half year since its legalization in Canada in October 2018.
- Core filings against European firms (three filings) declined to the lowest amount since the first half of 2015.

While overall there were fewer core federal filings against foreign firms, 60% were against Asian firms.

Figure 16: Non-U.S. Filings by Location of Headquarters—Core Federal Filings



Source: United Nations, “Regional Groups of Member States”

Note: This analysis only considers federal filings. It does not present combined federal and state data, and cases are not identified as parallel. This is different from other figures in this report that account for filings in federal courts that also have parallel cases identified in state courts. In those analyses, when parallel cases are filed in different years, only the earlier filing date is reflected in the analysis. As a result, this figure’s filing counts may not match Figures 1, 2, 3, 11, 13, or 14. See Additional Notes to Figures for more detailed information.

Industry Comparison of Federal Filings

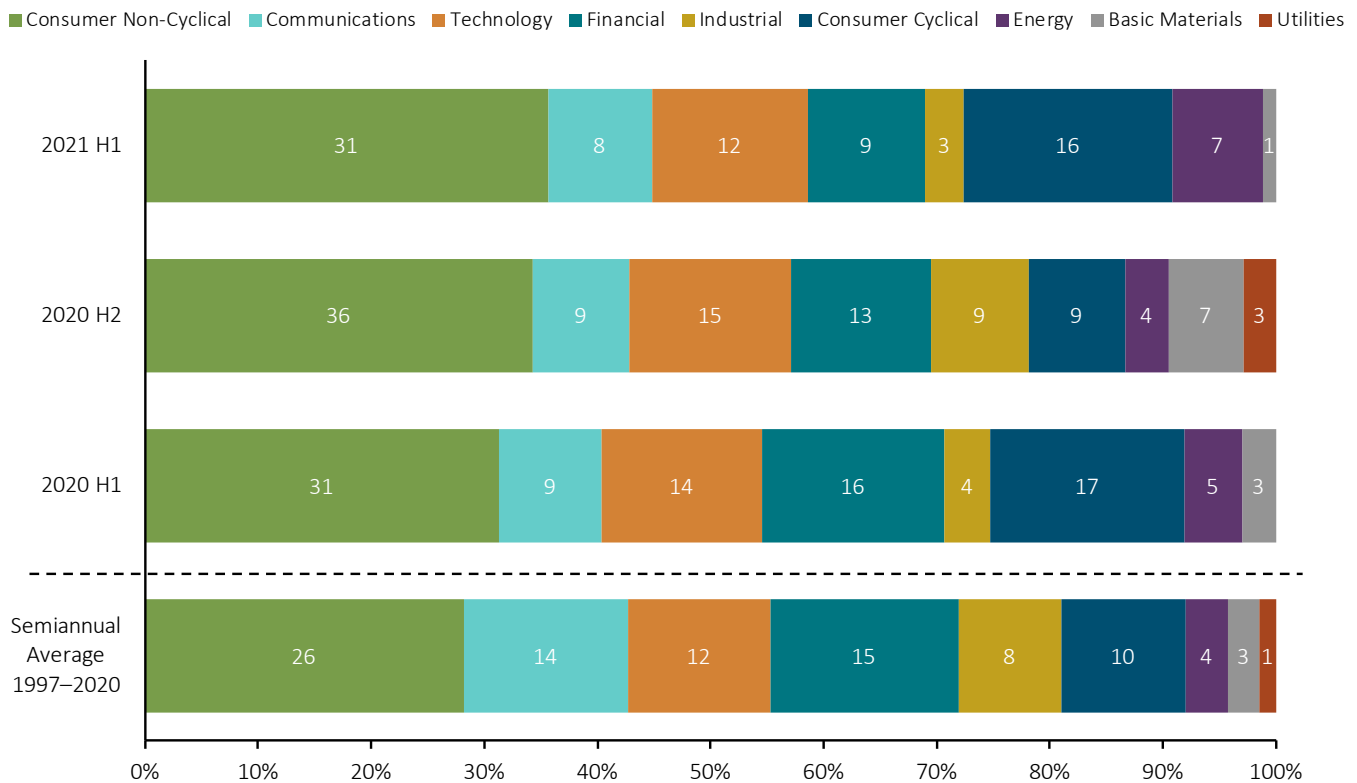
This analysis of core federal filings encompasses both the large capitalization companies of the S&P 500 and smaller companies.

- Financial sector filings declined from 16 and 13 filings in 2020 H1 and H2, respectively, to nine filings in 2021 H1, 60% of the 1997–2020 semiannual average of 15 filings.
- The Consumer Cyclical sector (16 filings) returned to the high level of activity seen in 2020 H1 (17 filings), after decreasing to levels in 2020 H2 that were in line with the historical average.

Filings in the financial sector fell to less than two-thirds of the 1997–2020 semiannual average.

- The Energy sector had nearly twice as many filings as it did in 2020 H2 and was also well above the 1997–2020 semiannual average.
- Consumer Non-Cyclical continued to be the most common sector with 31 filings, 13 of which were in the Biotechnology subsector.

Figure 17: Filings by Industry—Core Federal Filings



Note:

1. Filings with missing sector information or infrequently used sectors may be excluded. As a result, numbers in this chart may not match other total counts listed in the report.
2. This analysis only considers federal filings. It does not present combined federal and state data, and cases are not identified as parallel. This is different from other figures in this report that account for filings in federal courts that also have parallel cases identified in state courts. In those analyses, when parallel cases are filed in different years, only the earlier filing date is reflected in the analysis. As a result, this figure's filing counts may not match Figures 1, 2, 3, 11, 13, or 14.
3. Sectors are based on the Bloomberg Industry Classification System.

Federal Filings by Circuit

- The Second and Ninth Circuits combined made up 72% of all core federal filings in the first half of 2021, in line with 2020 H1 and H2 (68% and 71%, respectively) and above the 1997–2020 semiannual average of 55%.
- Core filings in the Ninth Circuit decreased 35% to 28 filings, still slightly above the 1997–2020 semiannual average of 25. Core filings in the Second Circuit (41) remained consistent with 2020 H1 and H2 (41 and 36, respectively) and were above the 1997–2020 semiannual average of 27.
- Total MDL for Second Circuit filings fell from \$385 billion to \$92 billion in 2021 H1, a 77% decline. While the \$385 billion MDL in 2020 H2 was abnormally high, the \$92 billion 2021 H1 MDL was below the 1997–2020 semiannual average of \$126 billion. (See Appendix 4)
- SPAC-related actions (which include M&A filings) were typically filed in the Second and Ninth circuits (10 filings and seven filings, respectively). Collectively, these circuits accounted for 63% of SPAC filings from 2019 H1 to 2021 H1.
- There were no core filings in the Seventh, Eighth, Tenth, or D.C. Circuits.

Core filings in the Ninth Circuit decreased 35% to 28 filings, slightly above the 1997–2020 semiannual average of 25.

Figure 18: Filings by Circuit—Core Federal Filings



Note: This analysis only considers federal filings. It does not present combined federal and state data, and cases are not identified as parallel. This is different from other figures in this report that account for filings in federal courts that also have parallel cases identified in state courts. In those analyses, when parallel cases are filed in different years, only the earlier filing date is reflected in the analysis. As a result, this figure’s filing counts may not match Figures 1, 2, or 3.

New Developments

Goldman Sachs Group v. Arkansas Teacher Retirement System

On June 21, 2021, the U.S. Supreme Court decided *Goldman Sachs Group v. Arkansas Teacher Retirement System*,¹ vacating class certification and holding that the U.S. Court of Appeals for the Second Circuit should have considered the generic nature of Goldman Sachs Group's alleged misstatements in determining whether those statements impacted the price of Goldman Sachs Group's stock. The Court remanded the case "for the Second Circuit to consider all record evidence relevant to price impact, regardless whether that evidence overlaps with materiality or any other merits issue."

The Court recognized that, in cases based on the price maintenance or inflation maintenance theory, the generic nature of an alleged misrepresentation can be particularly important. The Court observed that an inference that a "back-end price drop equals front-end inflation starts to break down when there is a mismatch between the contents of the misrepresentation and the corrective disclosure." In such cases, "there is less reason to infer front-end price inflation—that is, price impact—from the back-end price drop."

Applicability of PSLRA Mandatory Discovery Stay to State 1933 Act Cases

The U.S. Supreme Court has agreed to consider whether a Private Securities Litigation Reform Act (PSLRA) provision that requires all discovery to be stayed during the pendency of a motion to dismiss applies to 1933 Act cases brought in state court.

In *Pivotal Software v. Tran*,² investors filed parallel claims under the 1933 Act in both state and federal court. Initially the state court action was stayed to allow the federal action to proceed. The federal judge dismissed the federal action, finding that plaintiffs had not plausibly alleged that any statements in the IPO documents were misleading. When the state court case resumed, Pivotal moved, pursuant to the PSLRA, that discovery be stayed while the court considered its motion to dismiss. However, the state court judge held that the PSLRA's automatic discovery stay provision was procedural and therefore only applied to cases in federal court, not in state court. The Supreme Court agreed to hear the case

to resolve a split of authority among state courts considering the applicability of the PSLRA's automatic and mandatory discovery stay provision in 1933 Act cases filed in state court.

Scope of Statements Sheltered under the PSLRA Forward-Looking Safe Harbor

Several decisions in the Ninth Circuit have expanded the scope of statements sheltered under the PSLRA's forward-looking safe harbor.

In *Friedman v. Tesla Inc.*,³ on January 26, 2021, the Ninth Circuit affirmed the dismissal of the action, holding that plaintiffs had failed to identify any actionable misrepresentation because most of the relevant statements were simply "optimistic projections" regarding production capabilities that qualified for protection under the PSLRA's safe harbor for forward-looking statements. The Ninth Circuit held that the safe harbor protects companies and senior officers when speaking about future plans and projections, even when those statements touch on the current state of the company.

On May 24, 2021, in *Murphy v. Precision Castparts*,⁴ the District of Oregon entered summary judgment for defendants and held, citing *Tesla*, that defendants' "relatively generic" statements "were not sufficiently concrete to qualify as 'a concrete factual assertion about a specific present or past circumstance,' nor specific enough for . . . Plaintiffs to establish falsity."

These decisions draw an important distinction between statements of present fact and statements of opinion or future aspirations, and confirm that the safe harbor applies to mixed statements—statements that are forward-looking but also incorporate underlying assumptions relating to past or present facts.

1. *Goldman Sachs Group v. Arkansas Teacher Retirement System*, No. 20-222, 594 U.S. ___ (2021).

2. *Pivotal Software Inc. v. Tran*, No. CGC-19-576750 (Cal. Super. Ct. Mar. 4, 2021). See also *In Re Pivotal Securities Litigation*, No. 3:19-cv-03589 (N.D. Cal. July 21, 2020).

3. *Friedman v. Tesla*, No. 3:17-cv-05828-CRB (9th Cir. Jan. 26, 2021).

4. *Murphy v. Precision Castparts Corp.*, No. 3:16-cv-00521-SB (D. Or. May 24, 2021). See also *Ferreira v. Funko Inc.*, No. 2:20-cv-02319-VAP-PJW (C.D. Cal. Feb. 25, 2021).

Glossary

Annual Number of Class Action Filings by Location of Headquarters (formerly known as the Class Action Filings Non-U.S. Index) tracks the number of core federal filings against non-U.S. issuers (companies headquartered outside the United States) relative to total core federal filings.

Class Action Filings Index® (CAF Index®) tracks the number of federal securities class action filings.

Core filings are all state 1933 Act class actions and all federal securities class actions excluding those defined as M&A filings.

Cyan refers to *Cyan Inc. v. Beaver County Employees Retirement Fund*. In this March 2018 opinion, the U.S. Supreme Court ruled that 1933 Act claims may be brought to state venues and are not removable to federal court.

De-SPAC Transaction refers to the transaction by which a SPAC acquires and merges with a previously private company, which will assume the SPAC's exchange listing.

Disclosure Dollar Loss Index® (DDL Index®) measures the aggregate DDL for all federal and state filings over a period of time. DDL is the dollar value change in the defendant firm's market capitalization between the trading day immediately preceding the end of the class period and the trading day immediately following the end of the class period. DDL should not be considered an indicator of liability or measure of potential damages. Instead, it estimates the impact of all information revealed at the end of the class period, including information unrelated to the litigation.

Dollar Loss on Offered Shares Index™ (DLOS Index™) measures the aggregate DLOS for federal filings with only Section 11 claims and for state 1933 Act filings. DLOS is the change in the dollar value of shares acquired by members of the putative class. It is the difference in the price of offered shares (i.e., from the date the registration statement becomes effective through the end of the class period) multiplied by the shares offered. DLOS should not be considered an indicator of liability or measure of potential damages. Instead, it estimates the impact of all information revealed between the date of the registration statement and the complaint filing date, including information unrelated to the litigation.

Filing lag is the number of days between the end of a class period and the filing date of the securities class action.

First identified complaint is the first complaint filed of one or more securities class action complaints with the same underlying allegations filed against the same defendant or set of defendants. When there is no federal complaint and multiple state complaints are filed, they are treated as separate filings.

Market capitalization losses measure changes to market values of the companies subject to class action filings. This report tracks market capitalization losses for defendant firms during and at the end of class periods. They are calculated for publicly traded common equity securities, closed-ended mutual funds, and exchange-traded funds where data are available. Declines in market capitalization may be driven by market, industry, and/or firm-specific factors. To the extent that the observed losses reflect factors unrelated to the allegations in class action complaints, indices based on class period losses would not be representative of potential defendant exposure in class actions. This is especially relevant in the post-*Dura* securities litigation environment. In April 2005, the U.S. Supreme Court ruled that plaintiffs in a securities class action are required to establish a causal connection between alleged wrongdoing and subsequent shareholder losses. This report tracks market capitalization losses at the end of each class period using DDL, and market capitalization losses during each class period using MDL.

Maximum Dollar Loss Index® (MDL Index®) measures the aggregate MDL for all federal and state filings over a period of time. MDL is the dollar value change in the defendant firm's market capitalization from the trading day with the highest market capitalization during the class period to the trading day immediately following the end of the class period. MDL should not be considered an indicator of liability or measure of potential damages. Instead, it estimates the impact of all information revealed during or at the end of the class period, including information unrelated to the litigation.

Merger and acquisition (M&A) filings are securities class actions filed in federal courts that have Section 14 claims, but no Rule 10b-5, Section 11, or Section 12(a) claims, and involve merger and acquisition transactions.

Sciabacucchi refers to *Salzberg v. Sciabacucchi*. On March 18, 2020, the Delaware Supreme Court held that forum-selection provisions in corporate charters requiring that some class action securities claims under the 1933 Act be adjudicated in federal courts are enforceable.

Securities Class Action Clearinghouse is an authoritative source of data and analysis on the financial and economic characteristics of federal securities fraud class action litigation, cosponsored by Cornerstone Research and Stanford Law School.

State 1933 Act filing is a class action filed in a state court that asserts claims under Section 11 and/or Section 12 of the Securities Act of 1933. These filings may also have Section 15 claims, but do not have Rule 10b-5 claims.

Additional Notes to Figures

Figure 2: Federal Section 11 and State 1933 Act Class Action Filings by Venue

1. The federal Section 11 data displayed may contain Rule 10b-5 claims, but state 1933 Act filings do not.
2. This figure presents combined federal and state data. Filings in federal courts may have parallel cases filed in state courts. When parallel cases are filed in different years, only the earlier filing is reflected in the figure above. Filings against the same company brought in different states without a filing brought in federal court are counted as unique state filings. As a result, this figure's filing counts may not match those in Figures 11, 14, 15, 16, 17, or 18.
3. Beginning in 2018, California state filings may contain either Section 11 or Section 12 claims. Of the 16 filings in California in 2018, six filings contained Section 12 claims without also containing Section 11 claims.

Figure 4: Summary of Trend Cases

Definitions:

Cybersecurity filings are those in which allegations relate to data breaches or security vulnerabilities.

Opioid filings involve allegations related to opiate drugs that are addictive, were falsely marketed as non-addictive, or caused other opiate-related issues.

Sexual misconduct filings involve allegations of sexual harassment that are central to the claims.

Cryptocurrency filings include blockchain or cryptocurrency companies that engaged in the sale or exchange of tokens (commonly initial coin offerings), cryptocurrency mining, cryptocurrency derivatives, or that designed blockchain-focused software.

Cannabis filings include companies financing, farming, distributing, or selling cannabis and cannabidiol products.

COVID-19 filings include allegations related to companies negatively impacted by the virus or looking to address demand for products as a result of the virus.

SPAC filings concern companies that went public for the express purpose of acquiring an existing company in the future.

Note: SPAC filings count both core and M&A federal filings. All other trends only count core federal filings. SPAC filings include current and former SPACs.

Figure 5: Filings by Industry—Core Federal SPAC Filings

1. SPAC filings concern companies that went public for the express purpose of acquiring an existing company in the future. SPAC filings include current and former SPACs.
2. Filings with missing sector information or infrequently used sectors may be excluded.
3. Sectors are based on the Bloomberg Industry Classification System.

Figure 6: Median Lag between De-SPAC Transaction and Core Federal SPAC Filings

1. SPAC filings concern companies that went public for the express purpose of acquiring an existing company in the future. These include current and former SPACs.
2. Federal M&A SPAC filings are not considered, as they typically occur before the closing date of the De-SPAC Transaction. Additionally, two filings against SPACs that did not complete the merger transactions referenced in the filing are excluded from the filing lag comparison.
3. Year refers to the year in which the complaint was filed.

Figure 10: Percentage of U.S. Exchange-Listed Companies Subject to Federal or State Filings

1. Percentages are calculated by dividing the count of issuers listed on the NYSE or Nasdaq subject to filings by the number of companies listed on the NYSE or Nasdaq as of the beginning of the year. Percentages may not sum due to rounding.
2. Core Filings and M&A Filings do not include instances in which a company has been subject to both a core and M&A filing in the same year. These are reported separately in the category labeled Both Core and M&A Filings. Since 2009 there have been 21 instances in which a company has been subject to both core and M&A filings in the same year. In 2016, 2017, 2019, and 2020, these filings represented 0.1% of U.S. exchange-listed companies. In 2009, 2010, 2013, and 2015, these filings accounted for less than 0.1% of U.S. exchange-listed companies.
3. Listed companies were identified by taking the count of listed securities at the beginning of each year and accounting for cross-listed companies or companies with more than one security traded on a given exchange. Securities were counted if they were classified as common stock or ADRs and listed on the NYSE or Nasdaq.
4. This figure presents combined federal and state data. Filings in federal courts may have parallel cases filed in state courts. When parallel cases are filed in different years, only the earlier filing is reflected in the figure above. Filings against the same company brought in different states without a filing brought in federal court are counted as unique state filings. The figure begins including issuers facing suits in state 1933 Act filings in 2010.

Figure 11: State 1933 Act Filings by State

1. This analysis counts all filings in state courts. It does not present data on a combined federal and state basis, nor does it identify or account for cases that have parallel filings in both state and federal courts. As a result, totals in this analysis may not match Figures 1, 2, 3, 13, 14, 15, 16, 17, or 18.
2. All Others contains filings in Alabama, Arizona, Colorado, Florida, Georgia, Illinois, Indiana, Iowa, Massachusetts, Michigan, Nevada, New Hampshire, New Jersey, Ohio, Oregon, Pennsylvania, Rhode Island, Tennessee, Texas, Utah, Washington, West Virginia, and Wisconsin.
3. Beginning in 2018, California state filings may contain either Section 11 or Section 12 claims. Of the 16 filings in California in 2018, six filings contained Section 12 claims without also containing Section 11 claims.

Figure 12: Dollar Loss on Offered Shares Index™ (DLOS Index™) for Federal Section 11–Only and State 1933 Act Filings

1. This analysis compares all Section 11 filings in federal courts with all 1933 Act filings in state courts. It does not present data on a combined federal and state basis, nor does it identify or account for cases that have parallel filings in both state and federal courts.
2. Federal filings included in this analysis must contain a Section 11 claim and may contain a Section 12 claim, but do not contain Section 10(b) claims. Beginning in 2018, California state filings may contain either Section 11 or Section 12 claims. Of the 16 filings in California in 2018, six filings contained Section 12 claims without also containing Section 11 claims.

Figure 13: Semiannual Federal Section 11 and State 1933 Act Filings

1. The federal Section 11 filings displayed may include Rule 10b-5 claims, but state 1933 Act filings do not.
2. This figure presents combined federal and state data. Filings in federal courts may have parallel cases filed in state courts. When parallel cases are filed in different halves, only the earlier filing is reflected in the figure. Filings against the same company brought in different states without a filing brought in federal court are counted as unique state filings. As a result, this figure's filing counts may not match those in Figures 11, 14, 15, 16, 17, or 18.
3. Beginning in 2018, California state filings may contain either Section 11 or Section 12 claims. Of the 16 filings in California in 2018, six filings contained Section 12 claims without also containing Section 11 claims.

Figure 14: Federal Section 11 and State 1933 Act Class Action Filings by Type of Security Issuance

1. This analysis compares all Section 11 filings in federal courts with all 1933 Act filings in state courts. It does not present data on a combined federal and state basis, nor does it identify or account for cases that have parallel filings in both state and federal courts. As a result, this figure's filing counts may not match Figures 1, 2, 3, 11, 13, 15, 16, 17, or 18.
2. The federal Section 11 data displayed may contain Rule 10b-5 claims, but state 1933 Act filings do not.
3. Beginning in 2018, California state filings may contain either Section 11 or Section 12 claims. Of the 16 filings in California in 2018, six filings contained Section 12 claims without also containing Section 11 claims.
4. There was one federal court filing in 2019 related to both a merger-related issuance and SEO. This analysis categorizes this filing as relating to a merger-related issuance to avoid double-counting.

Figure 16: Non-U.S. Filings by Location of Headquarters—Core Federal Filings

1. The "Asia" category includes filings for companies headquartered in Hong Kong.
2. In 2020, the definition for region was changed to use groupings set by the United Nations. As a result, counts in this figure may not match those in prior reports.
3. This analysis only considers federal filings. It does not present combined federal and state data, and cases are not identified as parallel. This is different from other figures in this report that account for filings in federal courts that also have parallel cases identified in state courts. In those analyses, when parallel cases are filed in different years, only the earlier filing date is reflected in the analysis. As a result, this figure's filing counts may not match Figures 1, 2, 3, 11, 13, or 14.

Appendices

Appendix 1: Filings Basic Metrics

	Class Action Filings	Core Filings	Disclosure Dollar Loss			Maximum Dollar Loss		
			DDL Total (\$ Billions)	Average (\$ Millions)	Median (\$ Millions)	MDL Total (\$ Billions)	Average (\$ Millions)	Median (\$ Millions)
1997 H1	79	79	\$11	\$169	\$42	\$52	\$767	\$396
1997 H2	95	95	\$30	\$354	\$73	\$93	\$1,077	\$411
1998 H1	115	115	\$36	\$347	\$42	\$88	\$851	\$269
1998 H2	127	127	\$45	\$381	\$72	\$136	\$1,164	\$337
1999 H1	126	126	\$63	\$568	\$99	\$146	\$1,325	\$339
1999 H2	83	83	\$78	\$1,048	\$129	\$218	\$2,949	\$453
2000 H1	111	111	\$164	\$1,708	\$92	\$331	\$3,452	\$444
2000 H2	105	105	\$76	\$793	\$143	\$429	\$4,469	\$975
2001 H1	103	103	\$137	\$1,473	\$98	\$990	\$10,642	\$990
2001 H2	77	77	\$61	\$872	\$69	\$497	\$7,097	\$657
2002 H1	109	109	\$81	\$776	\$117	\$926	\$8,899	\$1,402
2002 H2	115	115	\$120	\$1,212	\$184	\$1,121	\$11,320	\$1,547
2003 H1	105	105	\$48	\$493	\$92	\$335	\$3,455	\$531
2003 H2	87	87	\$29	\$394	\$100	\$240	\$3,242	\$368
2004 H1	111	111	\$57	\$641	\$101	\$307	\$3,455	\$428
2004 H2	117	117	\$87	\$821	\$117	\$418	\$3,947	\$622
2005 H1	109	109	\$57	\$618	\$135	\$245	\$2,632	\$463
2005 H2	73	73	\$35	\$562	\$167	\$117	\$1,862	\$513
2006 H1	65	65	\$21	\$390	\$118	\$125	\$2,308	\$413
2006 H2	55	55	\$31	\$611	\$97	\$169	\$3,387	\$439
2007 H1	69	69	\$37	\$650	\$153	\$171	\$2,992	\$763
2007 H2	108	108	\$121	\$1,222	\$159	\$530	\$5,351	\$660
2008 H1	111	111	\$92	\$1,340	\$224	\$471	\$6,822	\$1,361
2008 H2	113	113	\$129	\$1,674	\$163	\$346	\$4,488	\$1,001
2009 H1	82	79	\$49	\$1,290	\$167	\$352	\$9,251	\$1,176
2009 H2	82	78	\$35	\$552	\$134	\$199	\$3,153	\$935
2010 H1	71	58	\$54	\$1,168	\$162	\$345	\$7,492	\$730
2010 H2	103	77	\$19	\$318	\$141	\$129	\$2,195	\$392
2011 H1	94	73	\$49	\$740	\$93	\$256	\$3,882	\$384
2011 H2	95	73	\$66	\$956	\$91	\$267	\$3,871	\$685
2012 H1	88	81	\$61	\$841	\$150	\$253	\$3,460	\$659
2012 H2	66	61	\$36	\$648	\$153	\$152	\$2,720	\$542
2013 H1	75	68	\$25	\$407	\$163	\$115	\$1,887	\$531
2013 H2	90	84	\$79	\$1,022	\$148	\$162	\$2,110	\$538
2014 H1	80	73	\$30	\$431	\$179	\$100	\$1,427	\$541
2014 H2	90	85	\$26	\$330	\$135	\$120	\$1,544	\$517
2015 H1	102	85	\$48	\$577	\$90	\$126	\$1,522	\$403
2015 H2	115	98	\$72	\$754	\$170	\$289	\$3,039	\$644
2016 H1	128	101	\$43	\$452	\$153	\$381	\$4,012	\$1,031
2016 H2	160	103	\$63	\$654	\$173	\$467	\$4,816	\$1,059
2017 H1	222	126	\$72	\$608	\$146	\$292	\$2,455	\$521
2017 H2	190	88	\$53	\$683	\$189	\$220	\$2,859	\$871
2018 H1	211	120	\$160	\$1,534	\$233	\$653	\$6,275	\$1,016
2018 H2	209	118	\$171	\$1,633	\$402	\$664	\$6,323	\$1,134
2019 H1	207	134	\$175	\$1,507	\$181	\$798	\$6,880	\$828
2019 H2	220	133	\$107	\$887	\$251	\$389	\$3,213	\$1,192
2020 H1	186	122	\$112	\$1,091	\$166	\$608	\$5,907	\$1,006
2020 H2	150	115	\$162	\$1,568	\$187	\$991	\$9,625	\$1,004
2021 H1	112	100	\$80	\$911	\$372	\$361	\$4,100	\$1,383
Average 1997–2020	114	96	\$71	\$829	\$143	\$351	\$4,122	\$711

Note:

1. This figure presents combined federal and state data. Filings in federal courts may have parallel cases filed in state courts. When parallel cases are filed in different years, only the earlier filing is reflected in the figure above. Filings against the same company brought in different states without a filing brought in federal court are counted as unique state filings. State 1933 Act filings are included in the data beginning in 2010. As a result, this figure's filing counts may not match those in Figures 11, 14, 15, 16, 17, or 18.
2. Average and median numbers are calculated only for filings with MDL and DDL data. Filings without MDL and DDL data include M&A-only filings, initial coin offering filings, and other filings where calculations of MDL and DDL are non-obvious.
3. The number and percentage of U.S. exchange-listed firms sued are based on core filings.

Appendix 2: 1933 Act Filings in State Courts

Year	1933 Act Filings in State Courts						Total
	California	New York	Texas	Massachusetts	Pennsylvania	Others	
2010	1	0	0	0	0	0	1
2011	3	0	0	0	0	0	3
2012	5	0	0	0	0	2	7
2013	1	0	0	0	0	0	1
2014	5	0	0	0	1	0	6
2015	15	0	0	2	0	0	17
2016	19	0	1	1	0	6	27
2017	7	0	1	0	1	4	13
2018	16	13	0	0	0	6	35
2019	15	19	2	1	3	12	52
2020	5	13	0	1	0	4	23
2021 H1	0	5	0	0	0	0	5
Average 2010–2020	8	4	0	0	0	3	17

Source: Cornerstone Research and Stanford Law School Securities Class Action Clearinghouse; Bloomberg Law; ISS' SCAS

Note:

1. This analysis counts all filings in state courts. It does not present data on a combined federal and state basis, nor does it identify or account for cases that have parallel filings in both state and federal courts. As a result, totals in this analysis may not match Figures 2, 13, or 14.
2. All Others contains filings in Alabama, Arizona, Colorado, Florida, Georgia, Illinois, Indiana, Iowa, Michigan, Nevada, New Hampshire, New Jersey, Ohio, Oregon, Rhode Island, Tennessee, Utah, Washington, West Virginia, and Wisconsin.
3. Beginning in 2018, California state filings may contain either Section 11 or Section 12 claims. Of the 16 filings in California in 2018, six filings contained Section 12 claims without also containing Section 11 claims.

Appendix 3: Filings by Industry—Core Federal Filings

(Dollars in billions)

Industry	Class Action Filings				Disclosure Dollar Loss				Maximum Dollar Loss			
	Semiannual Average 1997–2020	2020 H1	2020 H2	2021 H1	Semiannual Average 1997–2020	2020 H1	2020 H2	2021 H1	Semiannual Average 1997–2020	2020 H1	2020 H2	2021 H1
Consumer Non-Cyclical	26	31	36	31	\$21	\$32	\$36	\$18	\$81	\$167	\$142	\$50
Communications	14	9	9	8	\$12	\$3	\$7	\$13	\$73	\$34	\$53	\$34
Technology	12	14	15	12	\$12	\$7	\$62	\$6	\$48	\$37	\$90	\$20
Financial	15	16	13	9	\$10	\$52	\$23	\$1	\$69	\$265	\$540	\$6
Industrial	8	4	9	3	\$7	\$1	\$14	\$3	\$25	\$9	\$36	\$4
Consumer Cyclical	10	17	9	16	\$5	\$7	\$5	\$26	\$28	\$57	\$68	\$80
Energy	4	5	4	7	\$2	\$4	\$1	\$8	\$11	\$26	\$14	\$158
Basic Materials	3	3	7	1	\$1	\$3	\$1	\$0	\$8	\$4	\$10	\$2
Utilities	1	0	3	0	\$1	\$0	\$11	\$0	\$5	\$0	\$25	\$0
Unknown/Unclassified	1	13	6	9	\$0	\$1	\$0	\$4	\$0	\$1	\$3	\$5
Total	94	112	111	96	\$71	\$111	\$159	\$80	\$348	\$600	\$981	\$359

Note:

1. Filings with missing sector information or infrequently used sectors are categorized as Unknown/Unclassified.
2. This analysis only considers federal filings. It does not present combined federal and state data, and cases are not identified as parallel. This is different from other figures in this report that account for filings in federal courts that also have parallel cases identified in state courts. In those analyses, when parallel cases are filed in different years, only the earlier filing date is reflected in the analysis. As a result, this figure's filing counts may not match Figures 1, 2, 3, 8, or 9.
3. Sectors are based on the Bloomberg Industry Classification System.
4. Figures may not sum due to rounding.

Appendix 4: Filings by Circuit—Core Federal Filings

(Dollars in billions)

Circuit	Class Action Filings				Disclosure Dollar Loss				Maximum Dollar Loss			
	Average 1997–2020	2020 H1	2020 H2	2021 H1	Average 1997–2020	2020 H1	2020 H2	2021 H1	Average 1997–2020	2020 H1	2020 H2	2021 H1
1st	4	1	1	3	\$3	\$0	\$0	\$1	\$10	\$0	\$0	\$2
2nd	27	41	36	41	\$23	\$48	\$24	\$28	\$126	\$248	\$385	\$92
3rd	9	11	13	7	\$9	\$20	\$1	\$9	\$35	\$41	\$66	\$38
4th	3	1	2	3	\$1	\$0	\$0	\$1	\$6	\$3	\$1	\$4
5th	6	6	4	4	\$3	\$4	\$2	\$4	\$18	\$36	\$12	\$132
6th	4	3	4	6	\$3	\$1	\$12	\$2	\$13	\$4	\$30	\$8
7th	4	5	2	0	\$4	\$10	\$0	\$0	\$17	\$103	\$1	\$0
8th	3	0	1	0	\$1	\$0	\$0	\$0	\$6	\$0	\$1	\$0
9th	25	35	43	28	\$19	\$22	\$118	\$31	\$99	\$118	\$458	\$77
10th	3	4	2	0	\$1	\$1	\$1	\$0	\$6	\$5	\$7	\$0
11th	7	5	3	4	\$2	\$5	\$2	\$5	\$11	\$40	\$21	\$7
D.C.	0.4	0	0	0	\$0.3	\$0	\$0	\$0	\$1.4	\$0	\$0	\$0
Total	94	112	111	96	\$6	\$111	\$159	\$80	\$29	\$600	\$981	\$359

Note:

1. This analysis only considers federal filings. It does not present combined federal and state data, and cases are not identified as parallel. This is different from other figures in this report that account for filings in federal courts that also have parallel cases identified in state courts. In those analyses, when parallel cases are filed in different years, only the earlier filing date is reflected in the analysis. As a result, this figure's filing counts may not match Figures 1, 2, 3, 8, or 9.

2. Figures may not sum due to rounding.

Research Sample

- The Securities Class Action Clearinghouse, cosponsored by Cornerstone Research and Stanford Law School, has identified 6,017 federal securities class action filings between January 1, 1996, and June 30, 2021 (securities.stanford.edu). The analysis in this report is based on data identified by Stanford as of July 14, 2021.
- The sample used in this report includes federal filings that typically allege violations of Sections 11 or 12 of the Securities Act of 1933, or Sections 10(b) or 14(a) of the Securities Exchange Act of 1934.
- The sample is referred to as the “classic filings” sample and excludes IPO allocation, analyst, and mutual fund filings (313, 68, and 25 filings, respectively).
- Multiple filings related to the same allegations against the same defendant(s) are consolidated in the database through a unique record indexed to the first identified complaint.
- In addition to federal filings, class actions filed in state courts since January 1, 2010, alleging violations of the Securities Act of 1933 are also separately tracked.
- An additional 190 state class action filings in state courts, from January 1, 2010, to June 30, 2021, have also been identified.

The views expressed in this report are solely those of the authors, who are responsible for the content, and do not necessarily represent the views of Cornerstone Research.

The authors request that you reference Cornerstone Research and the Stanford Law School Securities Class Action Clearinghouse in any reprint of the information or figures included in this study.

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