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Parallel Derivative Action Settlement Outcomes

2026 Midyear Review and Analysis

AUTHORS

Laarni T. Bulan
Matthew Davis
Prithvi Hingorani

This study analyzes the settlement characteristics of parallel derivative lawsuits in which a shareholder derivative action—brought by a corporation's current shareholder(s) on behalf of the corporation—features the same or similar underlying allegations as a securities class action.

As shown in Securities Class Action Settlements—2026 Midyear Assessment, approximately half of securities class actions were associated with a parallel derivative claim.[1]

This report analyzes settlement outcomes for 164 parallel derivative actions associated with securities class actions that settled between 2019 and the first half of 2026.[2] Often, the defendants in these derivative actions include executives and/or members of the corporation's board of directors.[3]

This report focuses on derivative actions associated with a separate securities class action, that is, a lawsuit brought by purchasers of a corporation's common stock alleging Rule 10b-5, Section 11, and/or Section 12(a)(2) claims and seeking damages for investors who purchased stock after allegedly false or misleading statements.

Many parallel derivative actions are "follow-on" suits, that is, derivative lawsuits filed after the initial securities class action and based on similar underlying allegations.[4] Among such follow-on suits, it is not uncommon for derivative plaintiffs to allege injury to the corporation as a result of the alleged false or misleading statements made by the defendants, and/or to claim that the board of directors breached its fiduciary duty in failing to properly oversee the corporate actions or circumstances that led to the alleged misconduct.[5]

As the corporation is alleged to have been harmed, monetary settlements paid in the derivative suit are paid to the corporation, benefiting the plaintiff shareholder(s) indirectly.[6]

PARALLEL DERIVATIVE ACTION SETTLEMENT OUTCOMES

As mentioned previously, approximately half of securities class action settlements with Section 10(b) claims in recent years were accompanied by a parallel shareholder derivative action.

Among those securities class action settlements with Section 10(b) claims, the median settlement amount (adjusted for inflation) was $16.2 million, 19% higher on average than settled cases without an accompanying derivative claim.[7] In the first half of 2026, 61% of securities class action settlements with Section 10(b) claims involved an associated derivative claim, and the median settlement for those class actions was 68% more than those without a derivative claim.

Parallel derivative settlements often include an agreement to institute therapeutic corporate governance reforms, and, as a result, not all settlements include monetary consideration. Monetary settlements (i.e., those that include a monetary payment other than plaintiff attorney fees) remain substantially less common than non-monetary settlements (i.e., settlements including therapeutic provisions only).

Parallel Derivative Action Settlements Sample

Type of Settlement	No. of Cases	% of Cases
Securities Class Action Settlements (2019–2026 H1)	624	
Parallel Derivative Actions	301	48%
Parallel Derivative Action Settlements	164	
Monetary Settlements	39	24%
Non-Monetary Settlements	125	76%
Therapeutic Provisions	153	93%

Note: Monetary settlements are settlements featuring a monetary component other than reimbursement of plaintiff attorney fees.

The research presented in this report has identified 164 parallel derivative settlements, 93% of which included therapeutic provisions, while only 24% included a monetary component.[8] Of the 39 cases with a monetary component, the median derivative settlement was $9.2 million, and the median ratio of derivative settlement amount to class action settlement amount was 23%.[9]

Parallel Derivative Action Settlement Awards

	Monetary Component (Monetary Settlements Only)	Plaintiff Attorney Fee Award (Non-Monetary Settlements Only)
25th Percentile	$2.6 M	$0.5 M
Median	$9.2 M	$0.8 M
75th Percentile	$20.8 M	$1.7 M
	N = 39	N = 117

Note: Amounts are in millions of 2026-equivalent dollars. Plaintiff attorney fees have not been netted from monetary components. Settlement amounts and plaintiff attorney fees are as recorded in the settlement stipulation and could differ from the amounts ultimately approved by courts. Plaintiff attorney fees could not be determined for all 125 non-monetary settlements.

COMMON TYPES OF THERAPEUTIC PROVISIONS

Consistent with derivative claims alleging failures by officers and directors to fulfill their duties to shareholders, settlements in derivative cases often stipulate that the issuer implement reforms tied to stronger governance or enhanced monitoring. Of the parallel derivative settlements studied here (including both monetary and non-monetary settlements), 93% called for some form of therapeutic reforms.

The most common types of therapeutic reforms in these settlements, and examples of such reforms, include:

- *Board-level reforms*: Settlements called for additional independent directors, restrictions on the number of other board memberships and/or executive positions directors can maintain, or the granting of additional authority to a lead independent director.
- *Committee-level reforms:* The authorities and responsibilities of key committees, such as the audit, compensation, disclosure, or corporate governance committees are often altered or increased.

- *Reforms to internal controls, compliance programs, and risk management*: These reforms can include the establishment or strengthening of internal monitoring systems, whistleblower policies, and formal reporting requirements to board committees.
- *Disclosure and transparency reforms:* Settlements may call for the regular reporting of certain metrics and outcomes in SEC filings and provisions that allow shareholders to solicit information from the company.

PLAINTIFF ATTORNEY FEES AND FIRMS

The median plaintiff attorney fee award associated with the derivative settlements in the sample was $1.0 million. The median fee award among cases with a monetary settlement was $3.1 million, while the median fee award for those without a monetary settlement was 74% lower—consistent with the absence of a direct financial benefit associated with those settlements.[10]

Median Plaintiff Attorney Fee Award

Non-Monetary Settlements	$0.8 M
Monetary Settlements	$3.1 M
All Parallel Derivative Action Settlements	$1.0 M

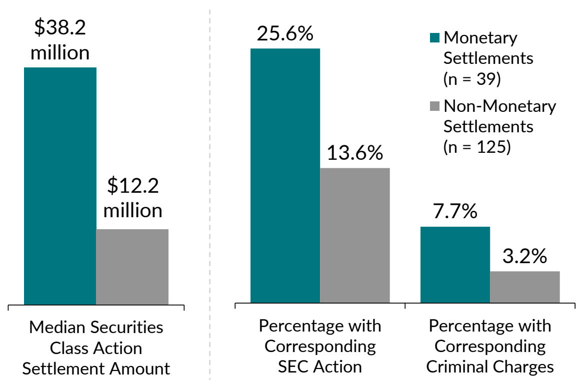
Note: Amounts are in millions of 2026-equivalent dollars. Plaintiff attorney fees are as recorded in the settlement stipulation and could differ from the amounts ultimately approved by courts. Plaintiff attorney fees could not be determined for all settlements.

Plaintiff law firms differ in the extent to which they concentrate in derivative suits or pursue both derivative and securities class action cases. For example, one of the most commonly observed plaintiff law firms in derivative actions in this study is The Brown Law Firm, which by its own description "specializes in shareholder derivative litigation"[11] and does not represent plaintiffs as lead counsel in the securities class action settlements in our sample. The Rosen Law Firm, on the other hand, another commonly observed plaintiff law firm in the derivative actions in this study, frequently represents plaintiffs in securities class actions.

DERIVATIVE SETTLEMENTS AND RELATED ACTIONS

Characteristics of the associated securities class action provide insight into the factors that influence the likelihood of a monetary settlement in a parallel derivative action. Overall, derivative settlements with a monetary component are associated with higher securities class action settlements, consistent with the view that the monetary settlements correlate with the size of the case or the strength of the underlying allegations.

Characteristics of Monetary and Non-Monetary Parallel Derivative Settlements



Note: Amounts are in 2026-equivalent dollars. Percentages represent the proportion of settlements that satisfy the criteria listed.

The alleged misconduct underlying both securities and derivative suits could be associated with government enforcement actions filed by the U.S. Securities and Exchange Commission (SEC), U.S. Department of Justice (DOJ), or other regulators.

Derivative settlements with a monetary component in the sample were more likely to be associated with an SEC action or criminal charges against the defendants or related parties in connection with the allegations covered by the underlying class action.[12]

DELAWARE CHANCERY COURT OUTCOMES

Derivative cases in the Court of Chancery of the State of Delaware (Delaware Chancery Court) often attract interest from politicians, public press, and academic researchers in addition to the legal community. Twelve percent of the derivative settlements presented in this report were settled in Delaware Chancery Court. As shown in the table below, although the median monetary settlement in Delaware Chancery Court derivative suits is larger than the median settlement in other venues ($13.1 million vs. $7.5 million), it represents a smaller proportion of the related class action settlement amount than suits in other venues (17.1% vs. 25.5%).

Attorney fee awards in Delaware Chancery Court cases have also received scrutiny from the Delaware legislature and academic researchers.[13] Grundfest and Dor (2025) find that Delaware Chancery Court cases are much more likely than federal cases to result in lodestar multiples (i.e., the ratio of awarded fees to base legal fees) of seven or more.[14] Analyzing securities class actions and derivative settlements with monetary awards, Choi, Erickson, and Pritchard (2025) find that Delaware Chancery Court cases result in higher lodestar multiples and higher fees per hour than federal securities class actions.[15]

The dataset used in this report does not record lodestar multiples or average hourly fees. However, total plaintiff attorney fees for the median Delaware Chancery Court parallel derivative settlement in the sample were $2.3 million, more than twice as high as the $0.9 million median fees for non-Delaware Chancery Court settlements. When compared to the settlement in the related securities class action (a potential proxy for the severity of the underlying allegations), the median ratio of plaintiff attorney fees for Delaware Chancery Court cases was lower than in other venues.[16] A similar pattern holds among non-monetary settlements.

Delaware Chancery Court Settlements vs. Other Settlements

	Delaware Chancery	Non-Delaware Chancery
Monetary Derivative Settlements		
Median Monetary Settlement	$13.1 M	$7.5 M
Median Settlement Amount in Associated Class Action	$79.6 M	$26.2 M
Median Derivative Settlement / Class Action Settlement	17.1%	25.5%
Non-Monetary Derivative Settlements		
Median Plaintiff-Attorney Fee	$1.4 M	$0.7 M
Median Settlement Amount in Associated Class Action	$31.9 M	$11.9 M
Median Derivative Plaintiff Attorney Fees / Class Action Settlement	4.4%	8.2%
All Derivative Settlements		
Median Plaintiff-Attorney Fee	$2.3 M	$0.9 M
Median Settlement Amount in Associated Class Action	$42.6 M	$13.6 M
Median Derivative Fees / Class Action Settlement	4.8%	7.1%

Note: Statistics for Non-Monetary Derivative Settlements include only settlements for which fees could be determined. Amounts are in 2026-equivalent dollars. Plaintiff attorney fees have not been netted from monetary components. Derivative settlement amounts and plaintiff attorney fees are as recorded in the settlement stipulation and could differ from the amounts ultimately approved by courts. Plaintiff attorney fees could not be determined for all settlements. The ratio of the derivative settlement amount to the class action settlement amount (or derivative attorney fee amount to class action settlement amount) is computed for each case; the median ratio across cases is reported in the table.

RESEARCH SAMPLE AND DATA SOURCES

The source database on securities class action settlements used in this report focuses on cases alleging fraudulent inflation in the price of a corporation's common stock, as described more fully in *Securities Class Action Settlements—2026 Midyear Assessment*. Specifically, utilizing this database, the research described in this report focuses on 301 securities class actions settled between 2019 and the first half of 2026 featuring a parallel derivative suit.

This report relies on a variety of sources to obtain information on derivative suit settlements, including SEC filings, court filings, Stanford Securities Litigation Analytics (SSLA), Lex Machina, public press, and *D&O Diary*. All reported settlement information reflects the information recorded in the settlement stipulation, which is subject to change before the settlement is finalized.

ABOUT THE AUTHORS

Laarni T. Bulan is a vice president in Cornerstone Research's Boston office, where she specializes in finance. Her work has focused on securities and other complex litigation addressing class certification, damages, and loss causation issues; firm valuation; and corporate governance, executive compensation, and risk management issues. She has also consulted on cases related to insider trading, market manipulation and trading behavior, financial institutions and the credit crisis, derivatives, foreign exchange, securities clearing and settlement, and real estate.

Matthew Davis is a principal in Cornerstone Research's San Francisco office. His work has focused on securities and other complex financial litigation addressing class certification, damages, and loss causation issues, as well as antitrust issues in financial markets, risk management, market manipulation, executive compensation, valuation, and real estate.

Prithvi Hingorani is a principal in Cornerstone Research's Boston office. In securities litigation, his work has focused on class certification, damages, loss causation, and corporate governance issues. He has also consulted on complex litigation involving issues related to board duties and processes, corporate separateness, valuation, investment companies, and securitizations.

ENDNOTES

[1] See Cornerstone Research, Securities Class Action Settlements—2026 Midyear Assessment (2026), p. 7.

[2] An additional 137 parallel derivative actions were not associated with a settlement, but instead included dismissed cases, pending cases, and cases for which an outcome could not be determined.

[3] Jessica Erickson, "Corporate Governance in the Courtroom," *William and Mary Law Review* 51 (2010): 1749–1831 ("Erickson (2010)").

[4] See Stephen J. Choi, Jessica Erickson, and A.C. Pritchard, "Piling On? An Empirical Study of Parallel Derivative Suits," *Journal of Empirical Legal Studies* 14, no. 4 (2017): 653–682 ("Choi et al. (2017)").

[5] Erickson (2010).

[6] Erickson (2010).

[7] Except when referencing figures from third-party research, all monetary figures in this report are adjusted for inflation (2026 dollar equivalent figures are presented).

[8] Cases featuring no monetary payment other than reimbursement of attorney fees and/or plaintiff service awards are considered non-monetary settlements. In one case, the settlement is assumed to be non-monetary since it constituted the cancelation of certain debt owed to a defendant by the corporation. Reported settlement amounts for monetary settlements include attorney fees. Settlement amounts and plaintiff attorney fees are as recorded in the settlement stipulation and could differ from the amounts ultimately approved by courts.

[9] In an analysis of parallel derivative actions and shareholder state law class actions associated with securities class actions filed between July 1, 2005, and December 31, 2008, Choi et al. (2017) find that only 21% of the parallel suit settlements in their sample included a monetary component, while the remaining 79% of settlements resulted in corporate governance reforms only. The average settlement amount for those monetary parallel suit settlements was $100.5 million or 53% of the associated securities class action settlement. 93.9% of the parallel suits in the paper's sample were derivative suits.

[10] Choi et al. (2017) find that therapeutic-provision-only settlements are correlated with significantly lower hours and fees for the plaintiff attorneys.

[11] The Brown Law Firm, Timothy Brown, Managing Partner, https://www.thebrownlawfirm.net/timothyBrown.html.

[12] A corresponding SEC action against the issuer, other defendants, or related parties is identified by a litigation release or administrative proceeding listed on the SEC's website. Identification of a corresponding criminal charge or criminal indictment is based on review of SEC filings and public press. For purposes of this research, criminal charges and/or indictments are collectively referred to as "criminal charges."

[13] "Delaware Chancery Atty Fee Awards Under Fire In New Report,“ *Law360*, November 18, 2025.

[14] Joseph A. Grundfest and Gal Dor, "Lodestar Multipliers in Delaware and Federal Attorney Fee Awards," Rock Center for Corporate Governance at Stanford University Working Paper No. 263, Stanford Public Law Working Paper, Stanford Law and Economics Olin Working Paper No. 604 (2025), https://ssrn.com/abstract=5237545. Lodestar multiples greater than one compensate attorneys for the risks they take when working on cases that may not result in a successful outcome.

[15] Stephen J. Choi, Jessica Erickson, and A.C. Pritchard, "Is Delaware Different? Stockholder Lawyering in the Court of Chancery," University of Michigan Law and Economics Research Paper No. 25-031 (2025), https://ssrn.com/abstract=5748607, pp. 42–52.

[16] This result is analogous to Choi et al. (2025)'s finding that, despite their higher hourly fees and lodestar multiples, the ratio of total fees to the settlement value in Delaware Chancery Court cases is lower than the ratio in federal cases. See Choi et al., p. 42.