

CORNERSTONE RESEARCH

Economic and Financial Consulting and Expert Testimony

# Securities Class Action Filings

2019 Midyear Assessment

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# Executive Summary

Led by a spike in core filings, federal class action securities fraud lawsuits continued at near-record levels in the first half of 2019. Plaintiffs filed more than 1,000 federal securities class actions in the last five semiannual periods—over 20 percent of all filings since 1997.

Core filings in the first half of 2019 increased to 126, one fewer than the historical high. Filings involving merger and acquisition (M&A) transactions decreased but remained well above historical levels.

Six mega DDL filings (at least \$5 billion) and 11 mega MDL filings (at least \$10 billion) propelled aggregate market capitalization losses to the highest and fourth-highest levels on record, respectively.

## Number of Filings

- Plaintiffs filed **198 new federal class action securities fraud lawsuits** (filings) in the first six months of 2019, 87 percent higher than the 1997–2018 semiannual historical average. (pages 4–5)
- **“Core” filings**—those excluding M&A filings—increased 17 percent in the first half of 2019. (pages 4–5)
- **M&A filings** decreased almost 21 percent in the first half of 2019, from 91 to 72. (pages 4–5)

## Size of Filings

- **Disclosure Dollar Loss (DDL)** was \$180 billion, the highest on record and almost three times larger than the historical average. (page 6)
- In the first half of 2019, **Maximum Dollar Loss (MDL)** rose by 17 percent to \$781 billion, a level more than double the historical average. (page 7)
- Six **mega DDL filings** (DDL of at least \$5 billion) made up 67 percent of DDL, and 11 **MDL mega filings** (MDL of at least \$10 billion) made up 81 percent of MDL. Both percentage figures are above their respective historical averages because of a handful of very large DDL and MDL filings. (pages 8–9)

Figure 1: Semiannual Class Action Filings Summary

	Semiannual (1997 H1–2018 H2)			2018 H1	2018 H2	2019 H1
	Average	Max	Min			
Class Action Filings	106	223	55	204	199	198
<i>Core Filings</i>	92	127	55	113	108	126
Disclosure Dollar Loss (\$ billions)	\$65	\$172	\$11	\$158	\$172	\$180
Maximum Dollar Loss (\$ billions)	\$317	\$1,121	\$52	\$643	\$668	\$781

# Key Trends

While filings involving European issuers increased to their second-highest level, filings against non-U.S. companies remained steady overall in the first half of 2019.

The Communications sector had 19 filings—all against internet and telecommunications companies. After setting record lows in recent semiannual periods, the median filing lag reversed course and returned to levels slightly higher than the historical median.

## U.S. Companies

- In the first half of 2019, 5.2 percent (annualized) of **U.S. exchange-listed companies** were the subject of core filings. [\(page 15\)](#)
- Core filings against **S&P 500 firms** in the first half of 2019 occurred at an annualized rate of 6.4 percent. [\(page 20\)](#)

## Non-U.S. Companies

- On an annualized basis, core filings against **non-U.S. issuers** as a percentage of total core filings remained relatively stable at 23 percent. [\(page 16\)](#)
- Filings against **European firms** increased by 63 percent relative to the second half of 2018. [\(page 17\)](#)

## By Industry

- Core filings in the **Communications sector** increased by 73 percent to 19. [\(page 22\)](#)
- Core filings in the **Industrial** sector were the highest since 1999. [\(page 22\)](#)
- The **Consumer Non-Cyclical sector** again had the greatest number of filings with 47. Of these, 32 were against biotechnology, pharmaceutical, or healthcare companies. [\(pages 22–23\)](#)

## By Circuit

- There were 52 and 29 core filings in the **Second and Ninth Circuits**, respectively. [\(page 24\)](#)
- The **Second Circuit** had the highest number of core filings of any circuit on record. [\(page 24\)](#)

## M&A Filings by Circuit

- With 50 filings, federal **M&A filings** continued to be most common in the Third Circuit, while M&A filings in the Ninth Circuit slowed to four. [\(page 10\)](#)

## Initial Coin Offerings

- A small number of core filings, three, involving **initial coin offerings (ICOs) or cryptocurrencies** reappeared in the first half of 2019. There was one such filing in the second half of 2018, after a flurry of ICO and cryptocurrency filings at the end of 2017 and beginning of 2018. [\(pages 4–5\)](#)

# Featured: State Court 1933 Act Filings

Over the last decade, securities class action filings with Securities Act of 1933 (1933 Act) claims have increased in state courts. Many of these filings have parallel federal court proceedings. This report tracks state filings with 1933 Act claims, which have primarily been Section 11 claims.

In March 2018, the U.S. Supreme Court issued a unanimous opinion in *Cyan Inc. v. Beaver County Employees Retirement Fund* allowing plaintiffs to assert 1933 Act claims in state court.

- Between 2010 and the first half of 2019, plaintiffs filed 77 class actions with 1933 Act claims in California state courts, compared to 51 in all other state courts. [\(page 11\)](#)
- In the first half of 2019, 19 cases alleging 1933 Act claims were brought in state courts. Over one-third of these cases had a parallel federal filing alleging similar claims.

*There were more 1933 Act filings in New York state courts than in California state courts in the first half of 2019.*

- All of the cases filed in California were concentrated in the San Francisco Bay Area during the first half of 2019, as they had been for the prior three years.

Figure 2: State Court 1933 Act Filings Summary

	Semiannual Average (2010 H1–2018 H2)	2018 H1	2018 H2	2019 H1
<b>1933 Act Class Action Filings</b>				
Filings in State Courts Only	5	6	9	12
California	4	4	4	2
All Other States	1	2	5	10
Parallel Filings in State and Federal Courts	6	7	9	7
<b>Total</b>	<b>11</b>	<b>13</b>	<b>18</b>	<b>19</b>
<b>Maximum Dollar Loss (\$ billions)</b>				
MDL of Filings in State Courts Only	\$6.5	\$1.9	\$2.4	\$8.9
California	\$6.2	\$1.0	\$1.8	\$3.3
All Other States	\$0.3	\$1.0	\$0.5	\$5.6
MDL of Filings in State and Federal Courts	\$7.2	\$7.6	\$11.8	\$9.1
<b>Total MDL</b>	<b>\$13.7</b>	<b>\$9.5</b>	<b>\$14.2</b>	<b>\$18.0</b>

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

Note:

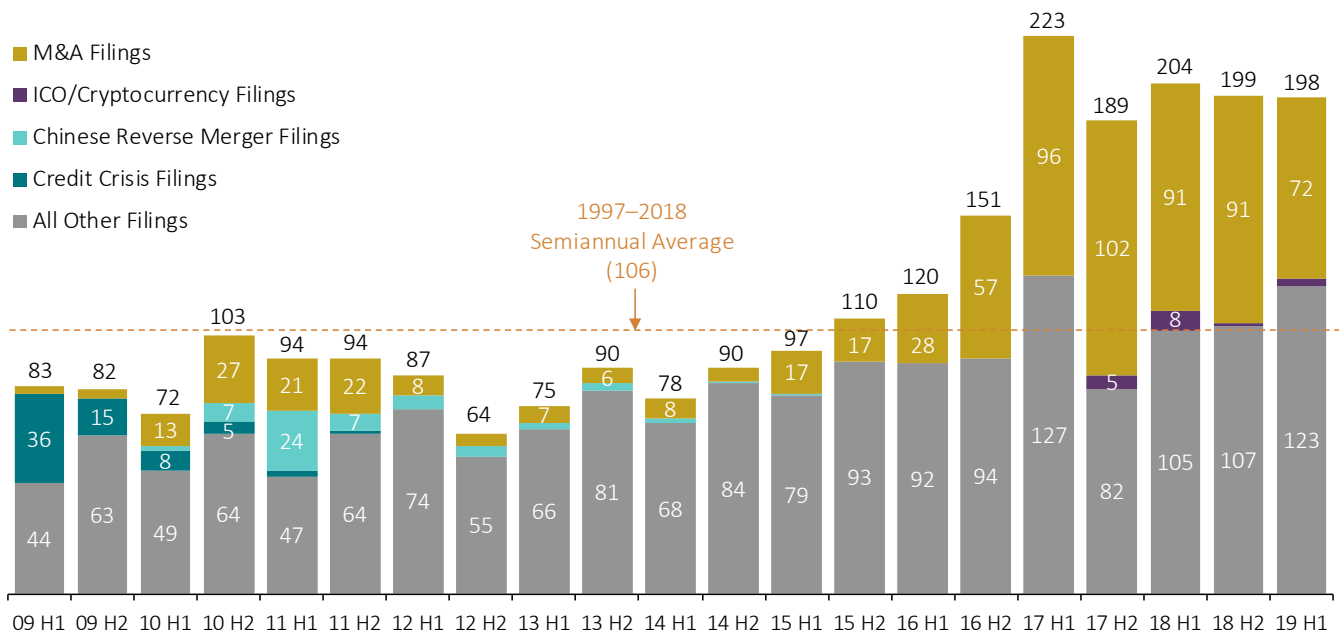
1. Filings in state courts may have parallel cases filed in federal courts. When parallel cases are filed in different years, the earlier filing is reflected in the figure above.
2. Beginning in 2018, the Securities Class Action Clearinghouse began tracking 1933 Act filings in California state courts containing Section 11 or Section 12 claims; there were six filings in California state courts with only Section 12 claims in 2018. Filings in other state courts are currently only those with Section 11 claims.
3. Figures may not sum due to rounding.

# Number of Filings

- There were 198 filings in the first half of 2019, one fewer than in the second half of 2018. The number of semiannual filings is the fourth-highest since enactment of the PSLRA. See Appendix 1.
- M&A filings declined 21 percent to 72 in the first half of 2019 after holding constant at 91 in each semiannual period of 2018.
- There were 126 core filings in the first half of 2019, one shy of tying the first half of 2017 for the most core filings in a semiannual period. This was a 17 percent increase from the second half of 2018.
- There were three core filings related to ICOs and cryptocurrencies in the first of half of 2019 and one in the second half of 2018, a slowdown from eight in the first half of 2018.

*The number of semiannual filings remained in line with post-2016 activity, with core filings increasing to offset a downturn in M&A filings.*

Figure 3: Class Action Filings Index® (CAF Index®) Semiannual Number of Class Action Filings 2009 H1–2019 H1

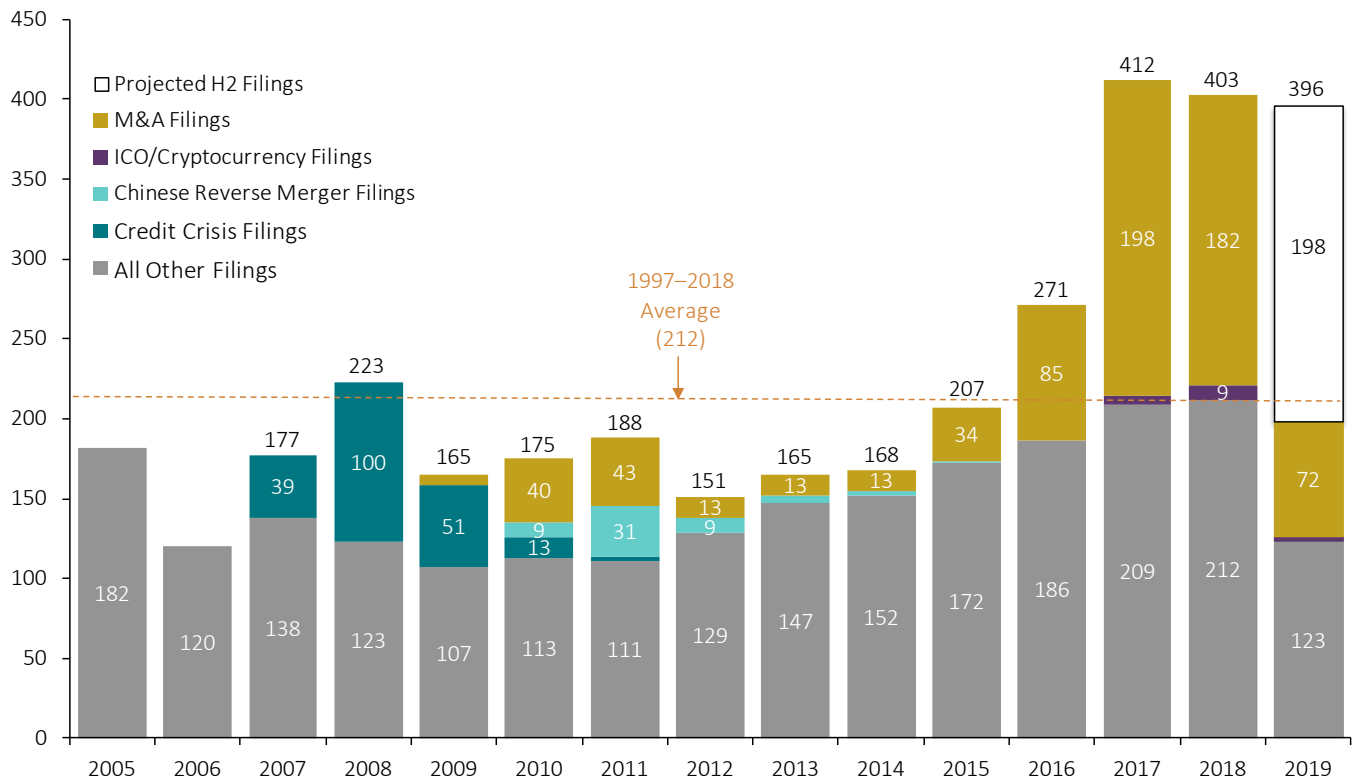


Note: Two cases in 2011 were both an M&A filing and a Chinese reverse merger filing. These filings were classified as M&A filings to avoid double counting.

- An annualized number of 396 filings would represent an 87 percent increase over the 1997–2018 historical average of 212 filings, and a decrease of 2 percent from 2018.
- If filings continue at the same rate for the remainder of 2019, there will be a considerable shift in the ratio of M&A to core filings compared to recent years, and core filings may reach their highest mark on record.

*The pace of filing activity in 2019 has been only marginally slower than the last two record years.*

Figure 4: Class Action Filings Index® (CAF Index®) Annual Number of Class Action Filings 2005–2019 H1



Note:

1. There were two cases in 2011 that were both an M&A filing and a Chinese reverse merger filing. These filings were classified as M&A filings to avoid double counting.
2. Assumes the number of filings in the second half of 2019 will equal the first half.



# Market Capitalization Losses

## Disclosure Dollar Loss Index® (DDL Index®)

This index measures the aggregate DDL for all filings over a period of time. See the glossary for additional discussion on market capitalization losses and DDL.

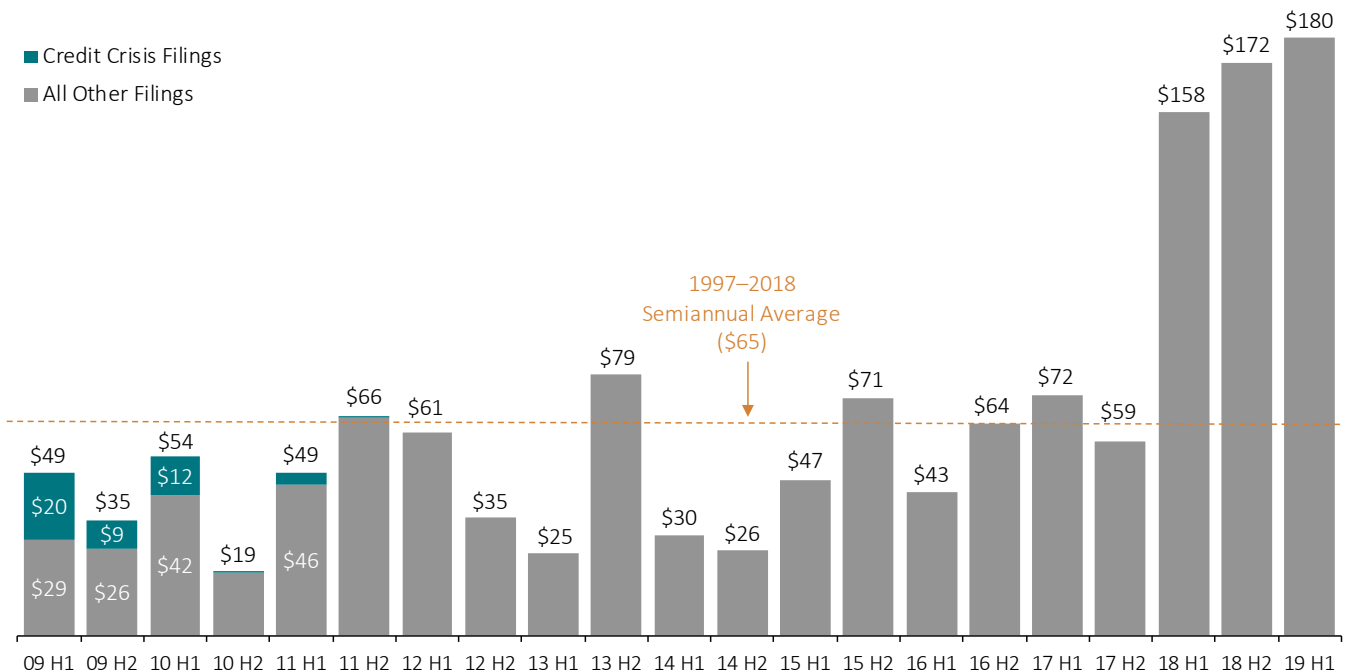
- The DDL Index increased by 5 percent from the second half of 2018 to \$180 billion, the highest semiannual amount on record.
- The DDL Index has remained at historically high levels since the first half of 2018. DDL in the first half of 2019 was 177 percent greater than the 1997–2018 semiannual historical average.

*The DDL Index reached a record high due to a handful of very large filings.*

- The average DDL per filing remained substantially higher in the first half of the year compared to pre-2018 levels, but fell 8 percent compared to the second half of 2018. However, the median DDL per filing fell dramatically from \$476 million to \$211 million, indicating an influx of filings with smaller DDL values masked by a handful of filings with very large DDL values. See Appendix 1.
- The largest contributors to DDL were in the Technology (48 percent), Consumer Non-Cyclical (26 percent), and Communications (9 percent) sectors. See Appendix 2.
- A higher-than-average number of large filings contributed to the high DDL Index. The percentage of filings with DDL greater than or equal to \$3 billion was 9 percent, and these filings accounted for 76 percent of total DDL, compared to historical averages of 6 percent and 63 percent, respectively.

Figure 5: Disclosure Dollar Loss Index® (DDL Index®)—Core Filings 2009 H1–2019 H1

(Dollars in billions)



### Maximum Dollar Loss Index® (MDL Index®)

This index measures the aggregate MDL for all filings over a period of time. See the glossary for additional discussion on market capitalization losses and MDL.

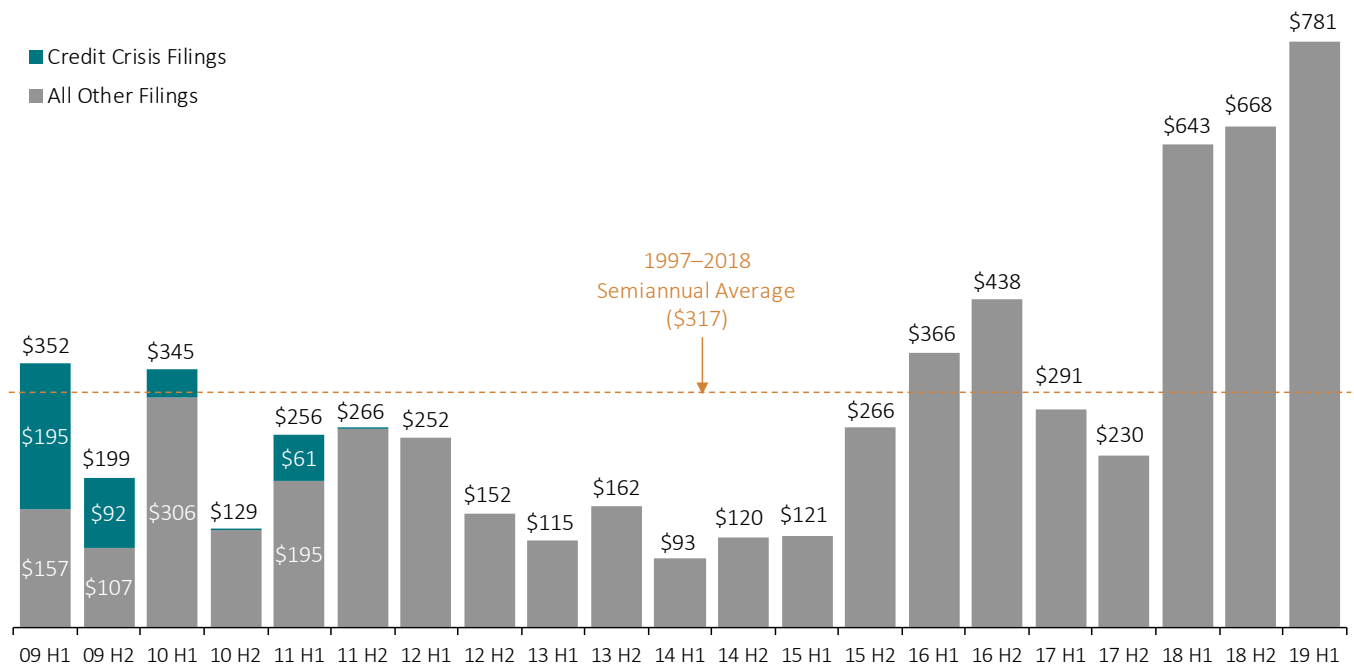
- The MDL Index of \$781 billion in the first half of 2019 increased by 17 percent from \$668 billion in the second half of 2018.

*The last three semiannual periods have produced MDL totals eclipsed only by periods in the midst of the dot-com crash.*

- MDL in the first half of the year was more than double the 1997–2018 semiannual historical average of \$317 billion.
- Average MDL per filing remained above \$6 billion for the third straight semiannual period, and was 76 percent above the historical average. See Appendix 1.
- Despite the large total MDL amount, median MDL per filing was 51 percent lower than the second half of 2018, and just 18 percent above the historical average. When compared with the second half of 2018, this pattern reflects an influx of smaller filings supplemented by a handful of very large ones. See Appendix 1.

Figure 6: Maximum Dollar Loss Index® (MDL Index®)—Core Filings 2009 H1–2019 H1

(Dollars in billions)



# Mega Filings: Distribution of DDL Values

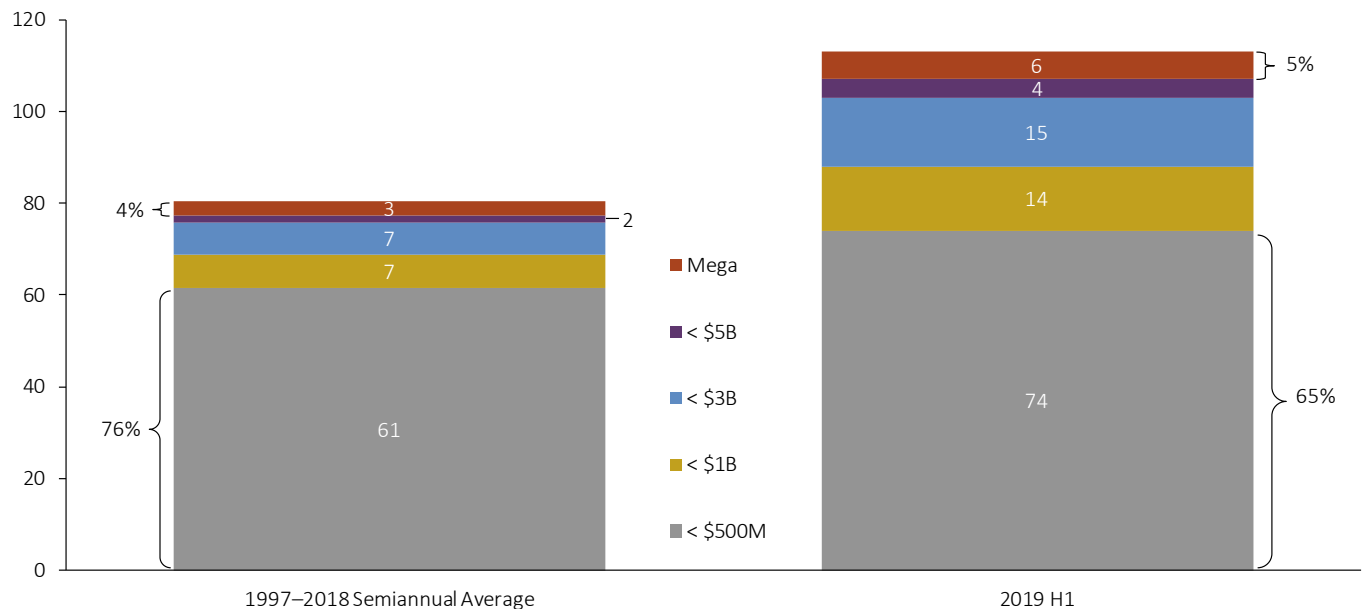
Mega DDL filings have a disclosure dollar loss of at least \$5 billion.

- Historically, mega DDL filings have accounted for 4 percent of total filings and 53 percent of total DDL.
- In the first half of 2019, there were six mega DDL filings, double the semiannual historical average but well off the pace of 17 for 2018.
- Mega DDL filings represented 5 percent of total core filings with DDL values, down from 9 percent in 2018, but accounted for 67 percent of total DDL, up from 64 percent in 2018.

- In the first half of 2019, 65 percent of core filings with DDL values had DDL of less than \$500 million, below the historical average of 76 percent. Filings with DDL of less than \$500 million accounted for 5 percent of total DDL, less than half of the historical average.

*Six mega DDL filings made up almost 70 percent of DDL (\$120 billion of total DDL of \$180 billion).*

Figure 7: Distribution of Filings Based on DDL Size—Core Filings 1997–2019 H1



Note: Mega DDL filings have a disclosure dollar loss of at least \$5 billion.

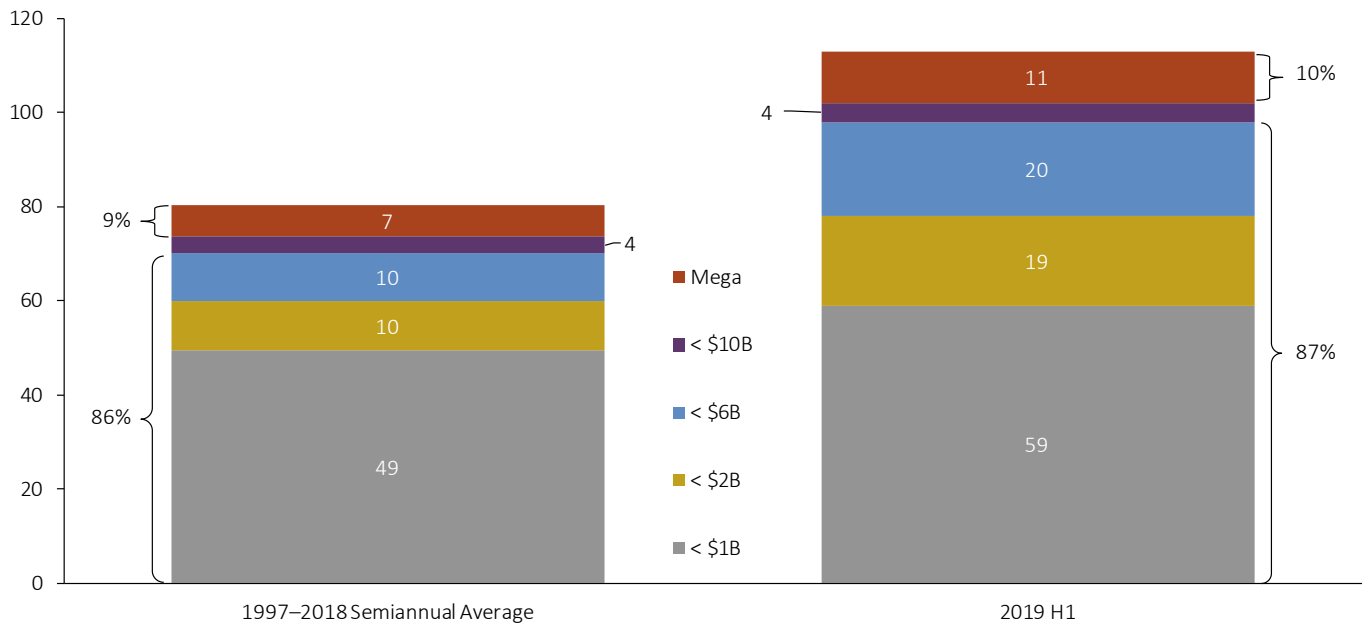
# Mega Filings: Distribution of MDL Values

Mega MDL filings have a maximum dollar loss of at least \$10 billion.

- There were 11 mega MDL filings in the first half of 2019 compared to the 1997–2018 semiannual historical average of seven.
- In the first half of 2019, 87 percent of filings had small- to mid-sized MDL (MDL of less than \$6 billion)—a percentage comparable to the historical average, but up from 76 percent in 2018.
- The MDL of mega MDL filings was 81 percent of total MDL, which would be the third-highest mark of any full year, trailing only 2002 and 2001. The last time MDL from mega filings eclipsed 80 percent of total MDL (2002), mega filings were 21 percent of filings, compared to just 10 percent in the first half of 2019.

*Mega MDL filings accounted for 81 percent of total MDL. If this pattern continues, 2019 would have the largest share of total MDL since 2002.*

Figure 8: Distribution of Filings Based on MDL Size—Core Filings 1997–2019 H1



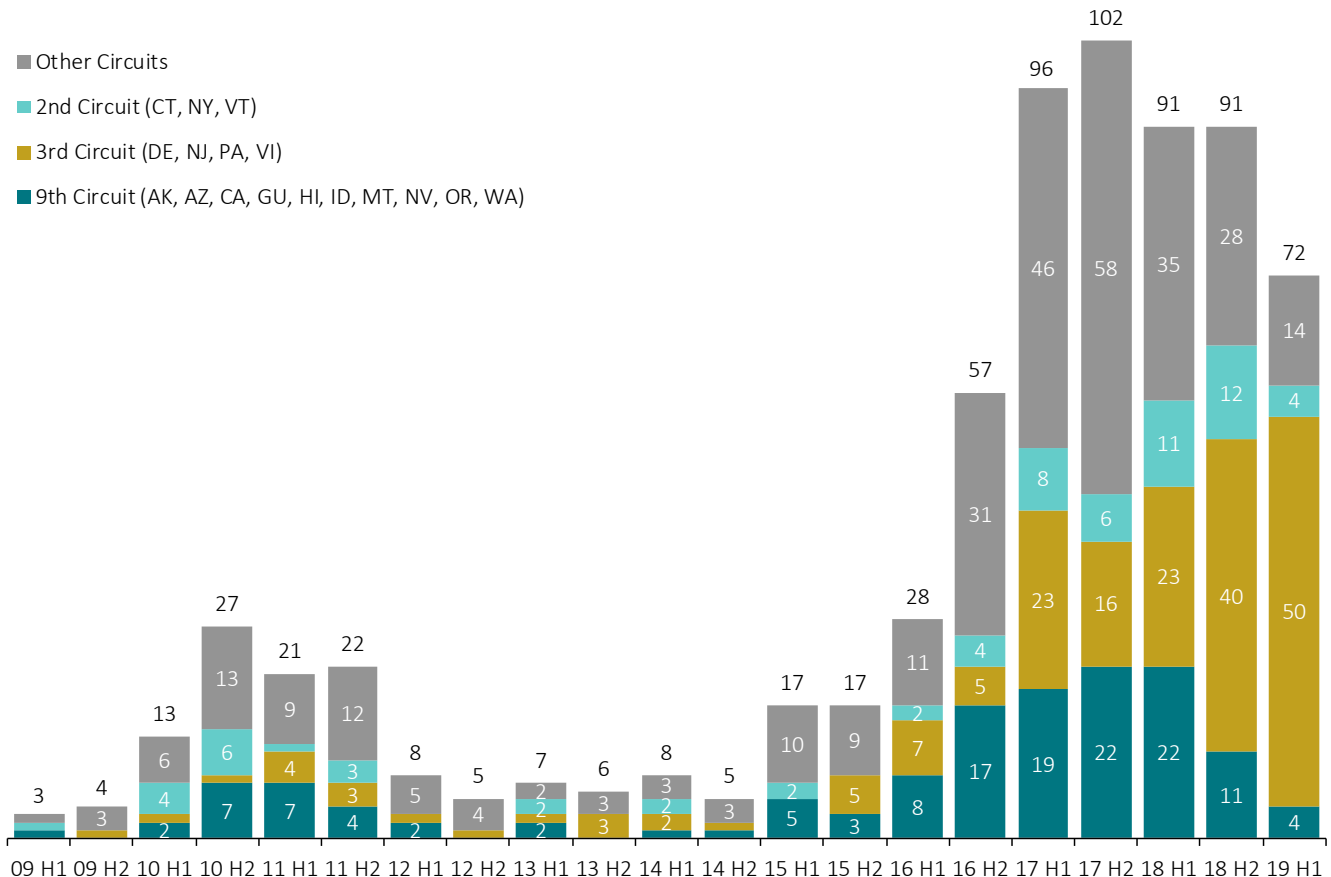
Note: Mega MDL filings have a maximum dollar loss of at least \$10 billion.

# M&A Filings by Circuit

- There were 72 federal M&A filings in the first half of 2019, the fewest since the second half of 2016.
- Filings in the Third Circuit accounted for 69 percent of all M&A filings. The number of filings in all other circuits decreased relative to the second half of 2018.
- M&A filings represented 76 percent of total filings in the Third Circuit, which was the highest percentage of any circuit.
- For additional analysis of M&A filings and related litigation, see *Shareholder Litigation Involving Acquisitions of Public Companies—Review of 2017 M&A Litigation*.

*M&A filings in the Third Circuit continued to grow while the overall number of M&A filings fell substantially.*

Figure 9: Semiannual M&A Filings by Circuit 2009 H1–2019 H1



Note:

1. In January 2016, the Delaware Court of Chancery rejected a disclosure-only settlement in Zillow’s acquisition of Trulia. Since the ruling, merger objection litigation has shifted to federal court. See Cornerstone Research, *Shareholder Litigation Involving Acquisitions of Public Companies—Review of 2017 M&A Litigation*, 2018. See also *In re Trulia Inc. Stockholder Litigation*, No. 10020-CB (Del. Ch. Jan. 22, 2016).
2. The Securities Class Action Clearinghouse began tracking federal M&A filings in 2009.

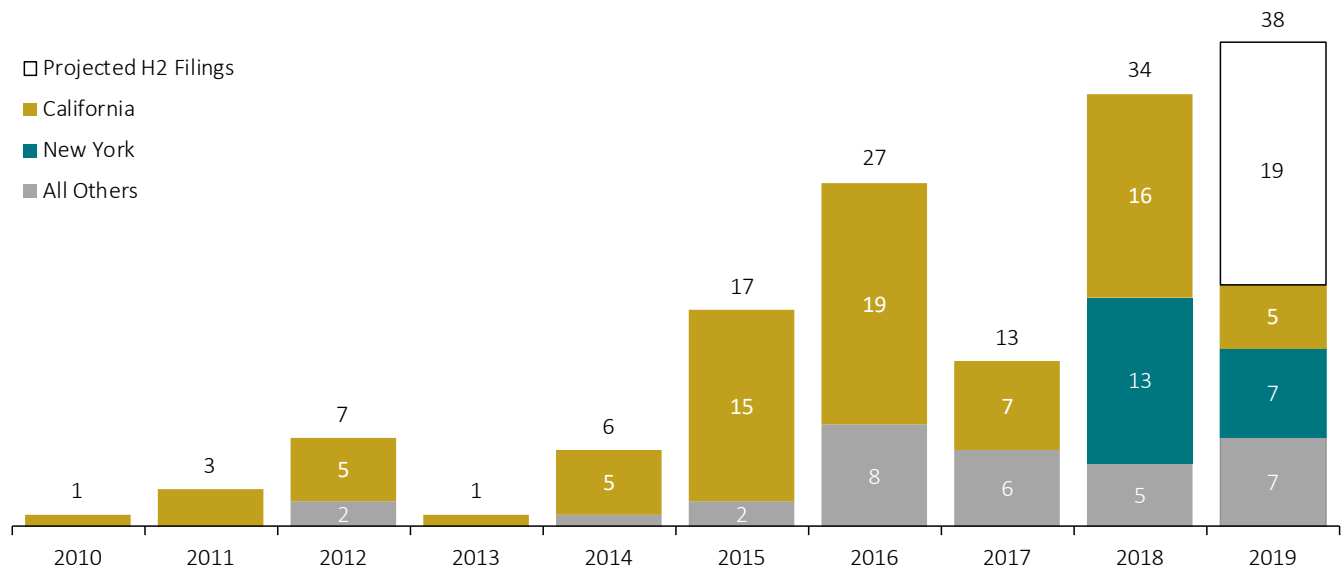
# 1933 Act Cases Filed in State Courts

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

## Filing activity of 1933 Act claims in New York state courts outpaced California state courts.

- The number of 1933 Act cases filed in state courts (state 1933 Act filings) has trended upward over the last six years, taking into account some year-to-year variation.
- The largest sector subject to state 1933 Act filings in both 2018 and the first half of 2019 was the Communications sector.
- The number of state 1933 Act filings in states other than California and New York is on track to be the highest on record.

Figure 10: State 1933 Act Filings by State 2010–2019 H1



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

Note:

1. "All Others" includes filings in Alabama, Arizona, Colorado, Florida, Georgia, Illinois, Iowa, Massachusetts, Michigan, Nevada, New Hampshire, New Jersey, Oregon, Pennsylvania, Rhode Island, Tennessee, Texas, Washington, and West Virginia. See Appendix 3.
2. Filings in 2010 through 2017 include Section 11 claims and may also include Section 12 and Section 15 claims, but do not include allegations of Rule 10b-5 violations. Beginning in 2018, the Securities Class Action Clearinghouse began tracking 1933 Act filings in California state courts with Section 11 or Section 12 claims.
3. Assumes the number of filings in the second half of 2019 will equal the first half.

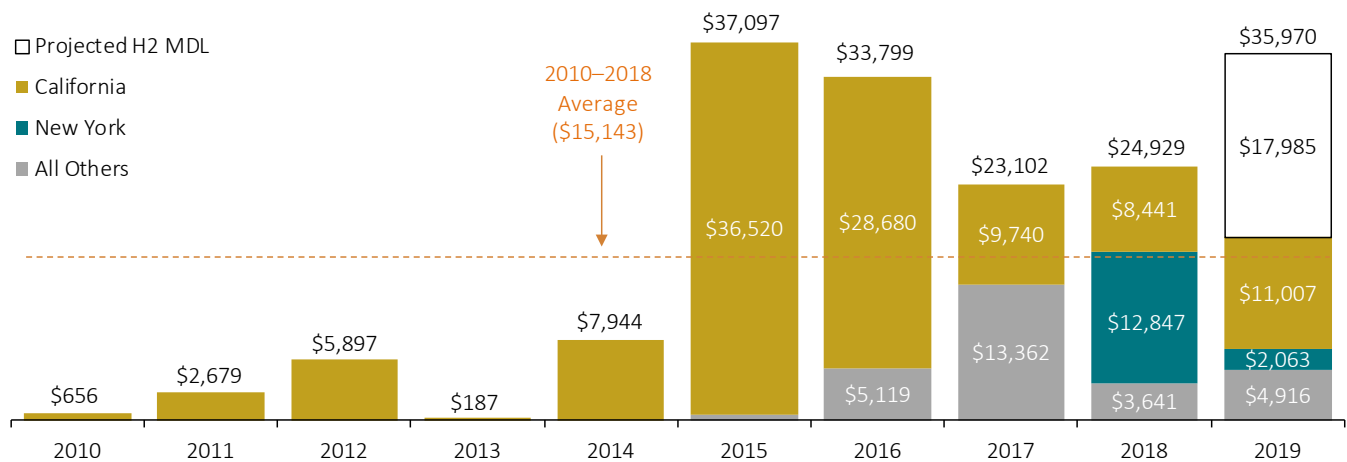
# 1933 Act Cases Filed in State Courts— Size of Filings

- MDL for state 1933 Act filings is on track to remain well above the historical annual average.
- Although fewer state 1933 Act filings were brought in California than in New York, California filings’ total MDL was more than five times the total MDL in New York in the first half of 2019.

*Over one-third of MDL in the first half of 2019 came from a single filing.*

**Figure 11: Maximum Dollar Loss (MDL) of State 1933 Act Filings 2010–2019 H1**

(Dollars in millions)



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

Note:

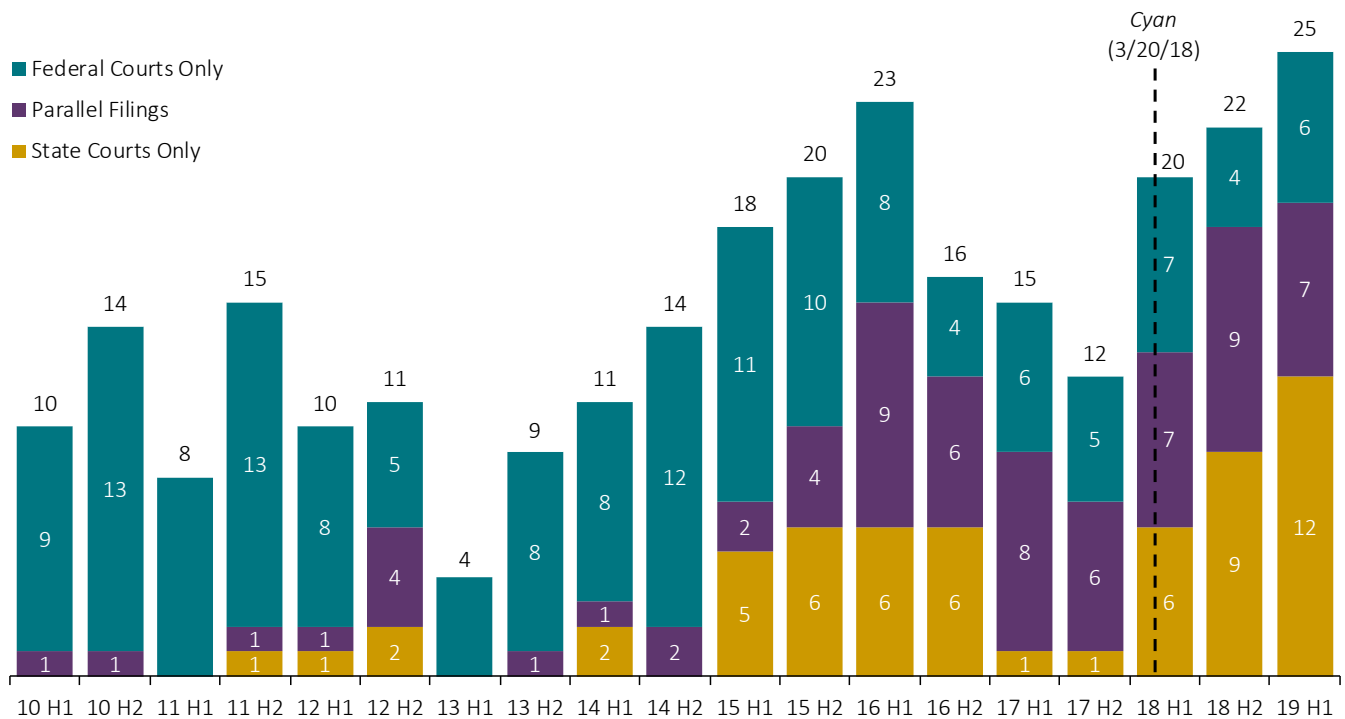
1. Figures may not sum due to rounding. California state filings in 2018 and beyond may contain either Section 11 or Section 12 claims. Of the 16 filings in California in 2018, six filings contained Section 12 claims without also containing Section 11 claims. In the first half of 2019, no filings in California exhibited this pattern. MDL calculations include all shares outstanding and not only shares traceable to offering materials. Therefore, these calculations overstate potential damages.
2. Assumes total MDL in the second half of 2019 will equal the first half.

# Comparison of Federal Section 11 Filings with State 1933 Act Filings: Pre- and Post-Cyan

- *Cyan* confirmed that state courts may adjudicate 1933 Act claims, which could signal a shift in the jurisdiction in which these claims are predominantly filed. It is becoming apparent that more state-only filings have appeared post-*Cyan*.
- To date, 61 new 1933 Act filings appeared post-*Cyan*: 23 parallel filings, 12 filings in federal courts only, and 26 filings in state courts only.

*Of the 61 post-Cyan 1933 Act filings, almost half were filed solely in state courts.*

Figure 12: Pre- and Post-*Cyan* Semiannual Federal Section 11 and State 1933 Act Filings 2010 H1–2019 H1



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

Note:

1. The federal Section 11 filings displayed may include Rule 10b-5 claims, but state 1933 Act filings will not.
2. Section 11 filings in federal courts may include parallel (or related) cases filed in state courts. When these cases are filed in different semiannual periods, the earlier filing is counted. If filings against the same company are brought in different states in addition to a filing brought in federal court, the parallel filing is counted as a unique case and the state-only filing is treated as a unique case. Filings against the same company brought in different states without a parallel filing brought in federal court are counted as unique state filings. For this reason, counts may not reconcile with other figures showing annual counts of state 1933 Act filings.
3. California state filings in 2018 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. In the first half of 2019, no filings in California exhibited this pattern.



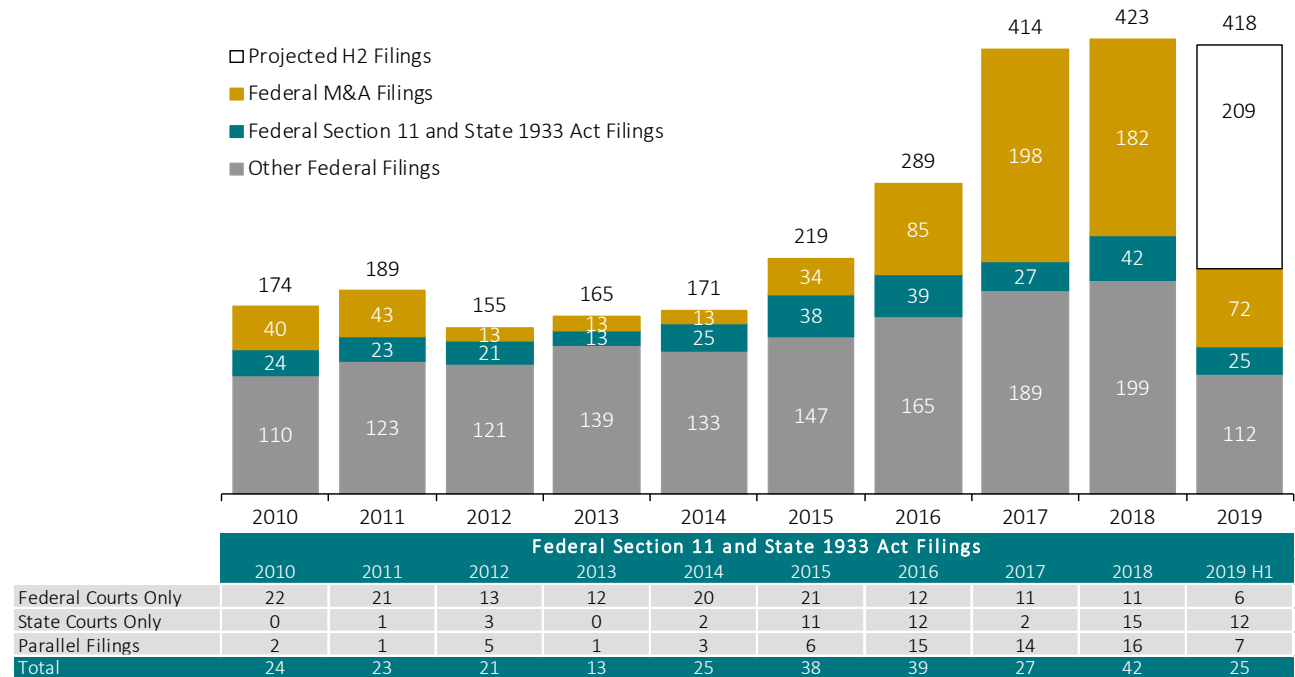
# Combined Federal and State Filing Activity—Highlighting Federal Section 11 and State 1933 Act Filings

This analysis highlights federal Section 11 claims, state 1933 Act filings, and the extent to which parallel actions have been filed.

- There were 25 combined federal and state 1933 Act filings in the first half of 2019.
- Seven state 1933 Act filings from the first half of 2019 had a parallel federal Section 11 filing.

*If 1933 Act filings continue at the current rate, there will be more state 1933 Act filings than federal Section 11 filings for the second consecutive year.*

Figure 13: Federal Section 11 and State 1933 Act Class Action Filings by Venue 2010–2019 H1



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

Note:

1. Federal Section 11 filings may include Rule 10b-5 claims, but state 1933 Act filings do not.
2. Section 11 filings in federal courts may include parallel (or related) cases filed in state courts. When these cases are filed in different years, the earlier filing is counted. If filings against the same company are brought in different states in addition to a filing brought in federal court, the parallel filing is counted as a unique case and the state-only filing is treated as a unique case. Filings against the same company brought in different states without a parallel filing brought in federal court are counted as unique state filings.
3. California state filings in 2018 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. In the first half of 2019, no filings in California exhibited this pattern.
4. Assumes the number of filings in the second half of 2019 will equal the first half.

# U.S. Exchange-Listed Companies

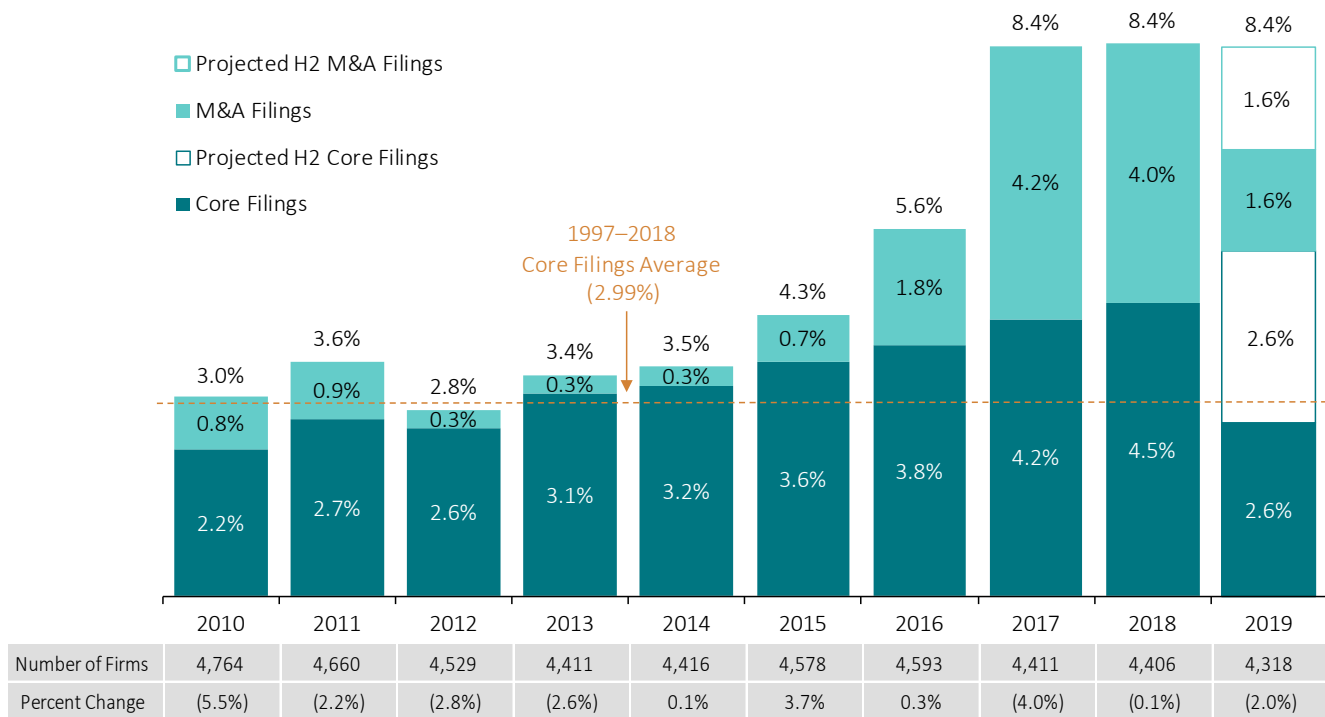
The percentages in the figure below are calculated as the unique number of companies listed on the NYSE or Nasdaq that were subject to federal securities fraud class actions in a given year divided by the unique number of companies listed on the NYSE or Nasdaq.

- Annualizing data from the first half of 2019, 8.4 percent of companies listed on major U.S. exchanges may become subject to a filing this year. This rate is significantly above the historical average and equal to the 2017 and 2018 rates.
- Of U.S. exchange-listed companies, 2.6 percent, or 5.2 percent on an annualized basis, were the subject of a core filing in the first half of 2019. This increase in exposure is particularly notable.

- The percentage of companies subject to M&A filings is on pace to decline for the second straight year, after generally increasing between 2012 and 2017.

*If the number of core filings in the second half of 2019 equals the first half, the percentage of firms subject to a core filing will increase for the seventh consecutive year.*

**Figure 14: Percentage of U.S. Exchange-Listed Companies Subject to Filings 2010–2019 H1**



Source: Securities Class Action Clearinghouse; Center for Research in Security Prices (CRSP)

Note:

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.
2. Assumes that the percentage of unique listed issuers subject to filings for the second half of 2019 will equal the first half in each category.
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 American Depository Receipts (ADRs) and listed on the NYSE or Nasdaq.
4. Percentages may not sum due to rounding.

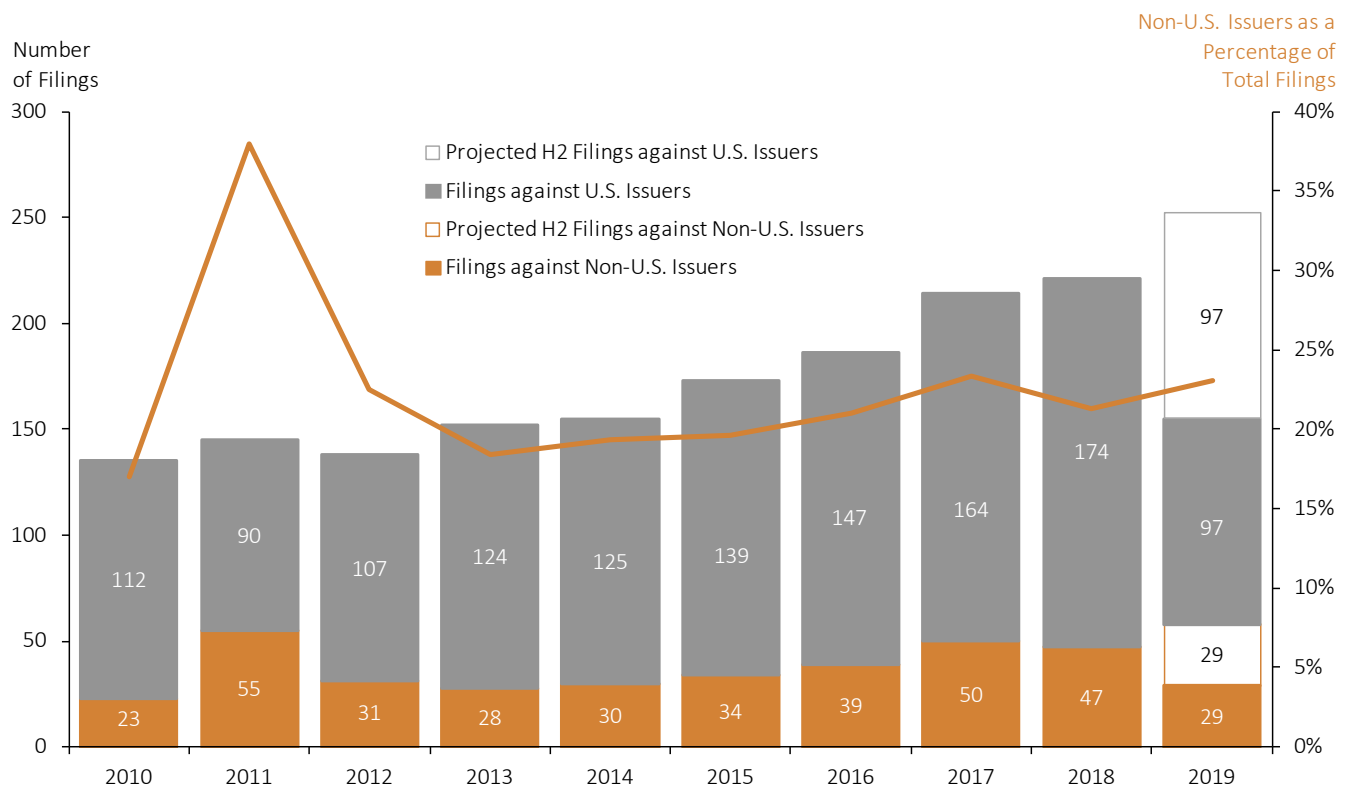
# Non-U.S. Filings

This index tracks the number of core filings against non-U.S. issuers, defined as companies headquartered outside the United States, as a percentage of total core filings.

- In the first half of 2019, core filings against non-U.S. issuers as a percentage of all core filings increased to 23 percent, making it the third-highest percentage on record.
- Over the last nine years, filings against non-U.S. issuers have trended upward, despite year-to-year variation.

*The number of core filings against non-U.S. issuers is on pace to be the highest on record.*

Figure 15: Annual Number of Class Action Filings by Location of Headquarters—Core Filings 2010–2019 H1

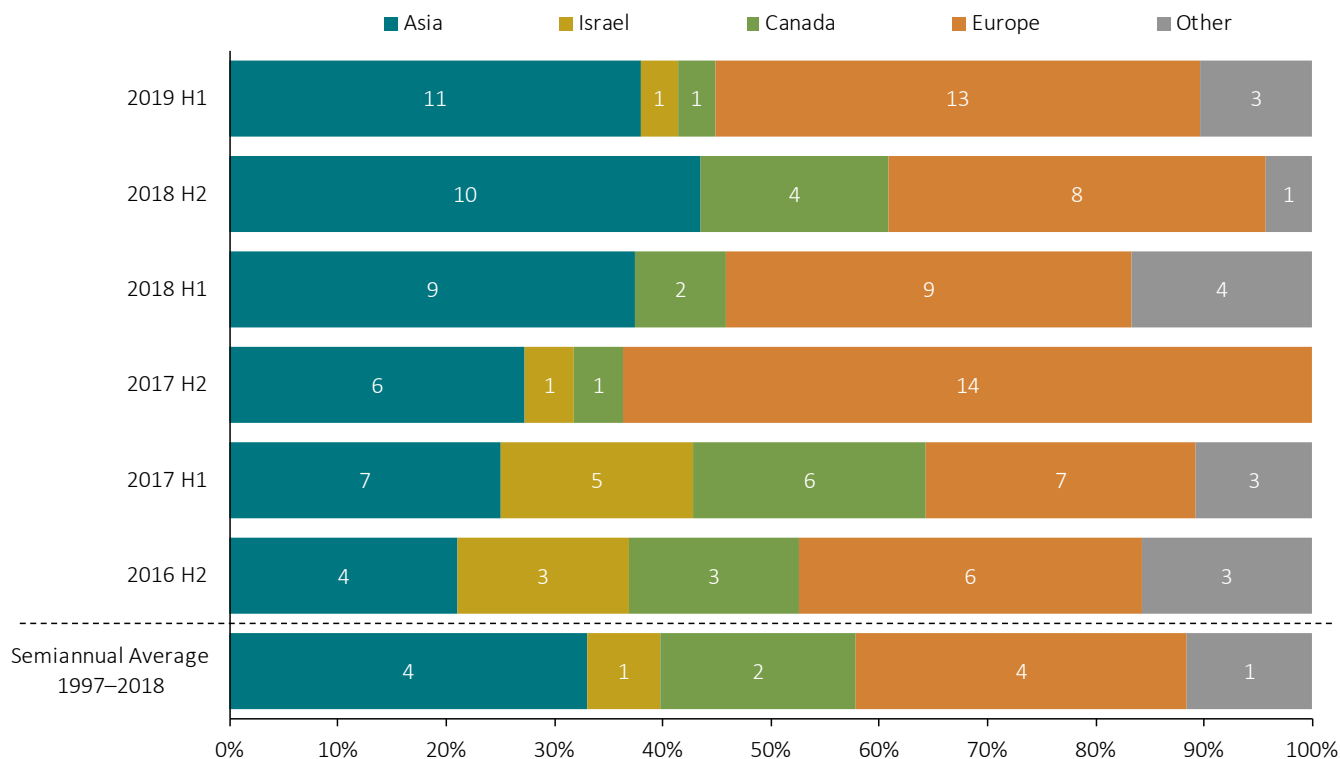


Note: Assumes the number of core filings in the second half of 2019 will equal the number in the first half.

- There were 11 core filings against Asian firms in the first half of 2019. The number of filings against Asian firms has remained high since the first half of 2018. Ten of the 11 filings involved Chinese companies and one was against a Taiwanese company.
- Core filings against European firms increased by 63 percent to 13 filings, just one shy of the record 14 core filings in the second half of 2017.
- For the first time on record, there are filings against firms in Monaco and Bulgaria.
- Of firms headquartered in European countries, only United Kingdom and Irish firms have been the subject of filings in every semiannual period since the first half of 2016. Ireland has seen the most or second-most number of filings among European countries during that time period.

*Core filings against European firms were the second highest for a semiannual period.*

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



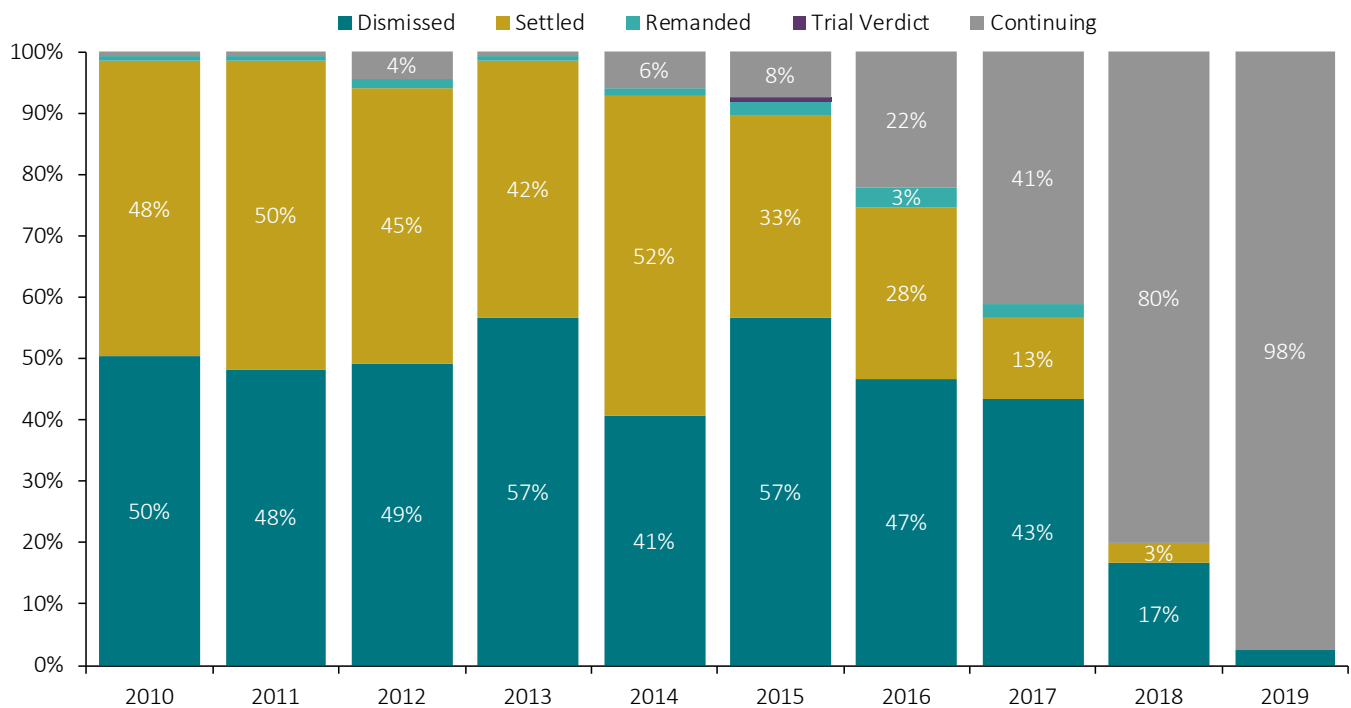
# Status of Securities Class Action Filings

This analysis compares filing groups to determine whether filing outcomes have changed over time. As each cohort ages, a larger percentage of filings are resolved—either through dismissal, settlement, remand to state courts, or trial outcomes.

*Of years prior to 2018, filings in 2014 have the lowest dismissal rate since 2002.*

- For filings from 1997 to 2018, 48 percent of core filings have settled, 42 percent have been dismissed, 8 percent are ongoing, and 1 percent have been remanded to state courts. Less than 1 percent of core filings since 1997 have reached a trial verdict.
- Dismissal rates are higher in the more recent annual cohorts. In three of the six years between 2010 and 2015, at least 50 percent of core filings have been dismissed.

Figure 17: Status of Filings by Year—Core Filings 2010–2019 H1



Note: Percentages may not sum to 100 due to rounding.

# Filing Lag

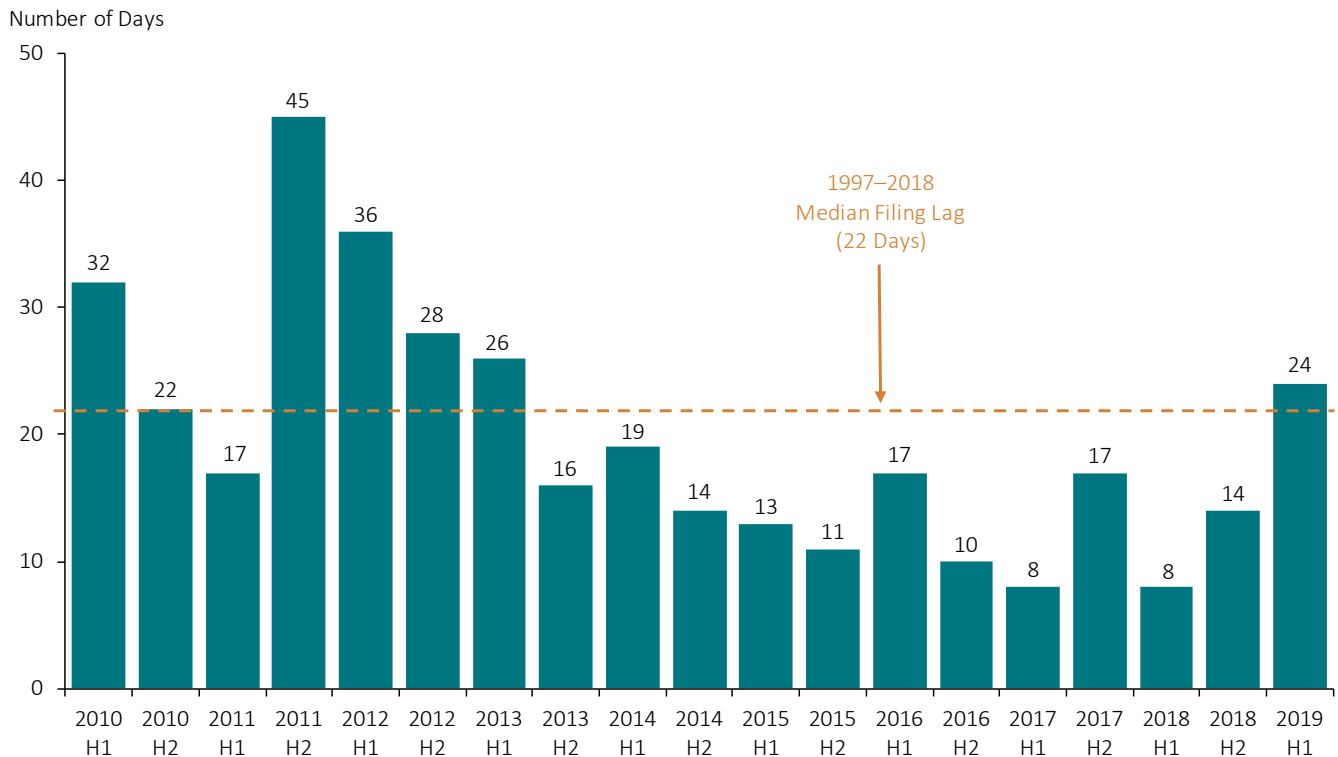
This analysis reviews the number of days between the end of the class period and the filing date of the securities class action.

- The median lag for core filings was 24 days in the first six months of 2019. This number has increased significantly from the second half of 2018.
- The median filing lag surpassed the historical median for the first time in the last six years (i.e., since the first half of 2013).

- In the first half of 2019, only 24 percent of core filings were filed within 10 days of the end of the class period. This is the lowest percentage since the first half of 2012.

*There was a reversion to the historical median filing lag in the first half of 2019.*

Figure 18: Semiannual Median Lag between Class Period End Date and Filing Date—Core Filings 2010 H1–2019 H1



Note: This analysis excludes filings with only Section 11 claims and ICO- or cryptocurrency-related filings because there is often no specified end of the class period.

# Heat Maps: S&P 500 Securities Litigation™

The Heat Maps show securities class action activity by industry sector for companies in the S&P 500 index. Starting with the composition of the S&P 500 at the beginning of each year, the Heat Maps address two questions for each sector:

- (1) What percentage of companies were subject to new core securities class actions in federal court during each calendar year?
  - (2) What percentage of the total market capitalization was subject to new core securities class actions in federal court during each calendar year?
- On an annualized basis, 6.4 percent of S&P 500 companies were defendants in a core securities class action in the first half of 2019.

- On an annualized basis, the rate of core filings against companies in the Consumer Staples sector of the S&P 500 is on track to be the highest on record at 18.2 percent, a 54 percent increase from last year's record-setting high.
- On average each year from 2001 through 2018 approximately 5.5 percent of S&P 500 companies, or about one in 18, were the subject of a core filing.

*Based on the first half of 2019, the annualized rate of core filings against S&P 500 companies was down from 2018, but above the historical average.*

Figure 19: Heat Maps of S&P 500 Securities Litigation™ Percentage of Companies Subject to Core Filings 2001–2019 H1

	Average 2001–2018	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019 (Annualized)
Consumer Discretionary	5.3%	5.1%	3.8%	4.9%	8.4%	1.2%	0.0%	3.6%	8.5%	10.0%	3.1%
Consumer Staples	3.4%	0.0%	2.4%	2.4%	0.0%	0.0%	5.0%	2.6%	2.7%	11.8%	18.2%
Energy/Materials	1.5%	4.3%	0.0%	2.7%	0.0%	1.3%	0.0%	4.5%	3.3%	1.8%	0.0%
Financials/Real Estate	8.0%	10.3%	1.2%	3.7%	0.0%	1.2%	1.2%	6.9%	3.3%	7.0%	0.0%
Health Care	8.8%	13.5%	2.0%	1.9%	5.7%	0.0%	1.9%	17.9%	8.3%	16.1%	9.7%
Industrials	3.8%	0.0%	1.7%	1.6%	0.0%	4.7%	0.0%	6.1%	8.7%	8.8%	11.6%
Telecommunications/Information Technology	6.3%	2.4%	7.1%	3.8%	9.1%	0.0%	4.2%	6.8%	8.5%	12.7%	11.1%
Utilities	5.3%	0.0%	2.9%	0.0%	0.0%	0.0%	3.4%	3.4%	7.1%	7.1%	0.0%
All S&P 500 Companies	5.5%	4.8%	2.8%	3.0%	3.4%	1.2%	1.6%	6.6%	6.4%	9.4%	6.4%



Note:

1. The chart is based on the composition of the S&P 500 as of the last trading day of the previous year.
2. Sectors are based on the Global Industry Classification Standard.
3. Percentage of Companies Subject to Core Filings equals the number of companies subject to new securities class action filings in federal courts in each sector divided by the total number of companies in that sector.
4. In August 2016, GICS added a new industry sector, Real Estate. This analysis begins using the Real Estate industry sector in 2017.
5. In 2019, the sector “Telecommunications” changed its name to “Communication Services.”

- On an annualized basis, 14.3 percent of the S&P 500 market capitalization in the first half of 2019 was subject to new core filings.

*The Telecommunications/Information Technology sector of the S&P 500 was the most common target, as measured by market capitalization.*

- Over the past three years, the Industrials sector has had at least 19.4 percent of its market capitalization subject to new core filings (on an annualized basis), compared to the historical average of 8.4 percent. The 2019 annualized rate (29.4 percent) is on track to be the highest on record in this sector. See Appendix 4B.
- The percentage of market capitalization in the Telecommunications/Information Technology sector subject to core filings reached 31.0 percent (on an annualized basis), on track to be the highest since 2001.
- In keeping with historical trends, S&P 500 companies subject to core filings are typically larger companies. The proportion of S&P 500 market capitalization subject to litigation in the first half of 2019 was more than double the proportion of S&P 500 companies subject to litigation.

Figure 20: Heat Maps of S&P 500 Securities Litigation™ Percentage of Market Capitalization Subject to Core Filings 2001–2019 H1

	Average 2001–2018	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019 (Annualized)
Consumer Discretionary	5.2%	4.9%	4.6%	1.6%	4.4%	2.5%	0.0%	2.8%	8.2%	4.7%	0.3%
Consumer Staples	4.1%	0.0%	0.8%	14.0%	0.0%	0.0%	1.9%	1.0%	6.7%	15.2%	8.2%
Energy/Materials	2.9%	5.2%	0.0%	0.9%	0.0%	0.2%	0.0%	19.8%	2.3%	1.4%	0.0%
Financials/Real Estate	15.2%	31.1%	6.9%	11.0%	0.0%	0.3%	3.0%	11.9%	1.5%	12.5%	0.0%
Health Care	12.9%	32.7%	0.7%	0.8%	4.4%	0.0%	3.1%	13.2%	2.7%	26.3%	8.3%
Industrials	8.4%	0.0%	2.1%	1.2%	0.0%	1.7%	0.0%	8.7%	22.3%	19.4%	29.4%
Telecommunications/Information Technology	9.5%	5.9%	13.4%	2.2%	16.6%	0.0%	7.0%	12.3%	4.4%	19.4%	31.0%
Utilities	6.0%	0.0%	0.6%	0.0%	0.0%	0.0%	3.7%	4.4%	9.6%	6.5%	0.0%
All S&P 500 Companies	8.9%	11.1%	5.0%	4.3%	4.7%	0.6%	2.8%	10.0%	6.1%	14.9%	14.3%

0%
0–5%
5–15%
15–25%
25%+

Note:

- The chart is based on the market capitalizations of the S&P 500 companies as of the last trading day of the previous year. If the market capitalization on the last trading day is not available, the average fourth-quarter market capitalization is used.
- Sectors are based on the Global Industry Classification Standard.
- Percentage of Market Capitalization Subject to Core Filings equals the total market capitalization of companies subject to new securities class action filings in federal courts in each sector divided by the total market capitalization of all companies in that sector.
- In August 2016, GICS added a new industry sector, Real Estate. This analysis begins using the Real Estate industry sector in 2017.
- In 2019, the sector “Telecommunications” changed its name to “Communication Services.”



# Industry

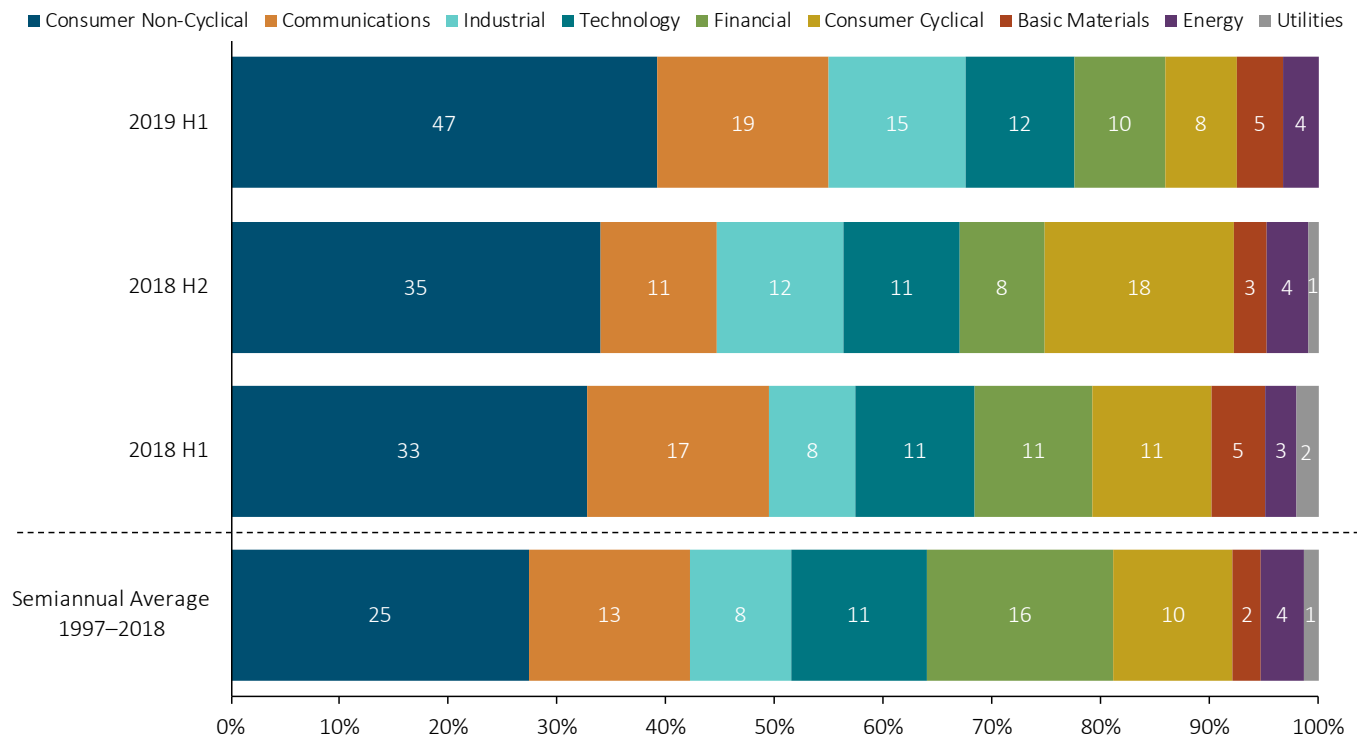
This analysis encompasses both the large capitalization companies of the S&P 500 and smaller companies.

- The Industrial sector had 15 core filings in the first half of 2019, the most in this sector since the first half of 1999.
- There were 47 core filings in the Consumer Non-Cyclical sector—12 more than in the second half of 2018—but the DDL for this sector dropped by \$16 billion, a decline of approximately 25 percent. See Appendix 2.

- The Communications sector had the second-highest number of core filings, rising 73 percent from 11 in the second half of 2018 to 19 in the first half of 2019.

*The Communications sector had 19 filings—all against internet and telecommunications companies.*

Figure 21: Filings by Industry—Core Filings



Note:

1. This analysis excludes two filings in unknown sectors in 2013, two filings in unknown sectors in 2014, two filings in unknown sectors in 2015, six filings in unknown sectors in 2016, seven filings in unknown sectors in 2017, 17 filings in unknown sectors in 2018, and six filings in unknown sectors in 2019. Filings with missing sector information or infrequently used sectors may have been excluded in prior years. For more information, see Appendix 2.

2. Sectors are based on the Bloomberg Industry Classification System.

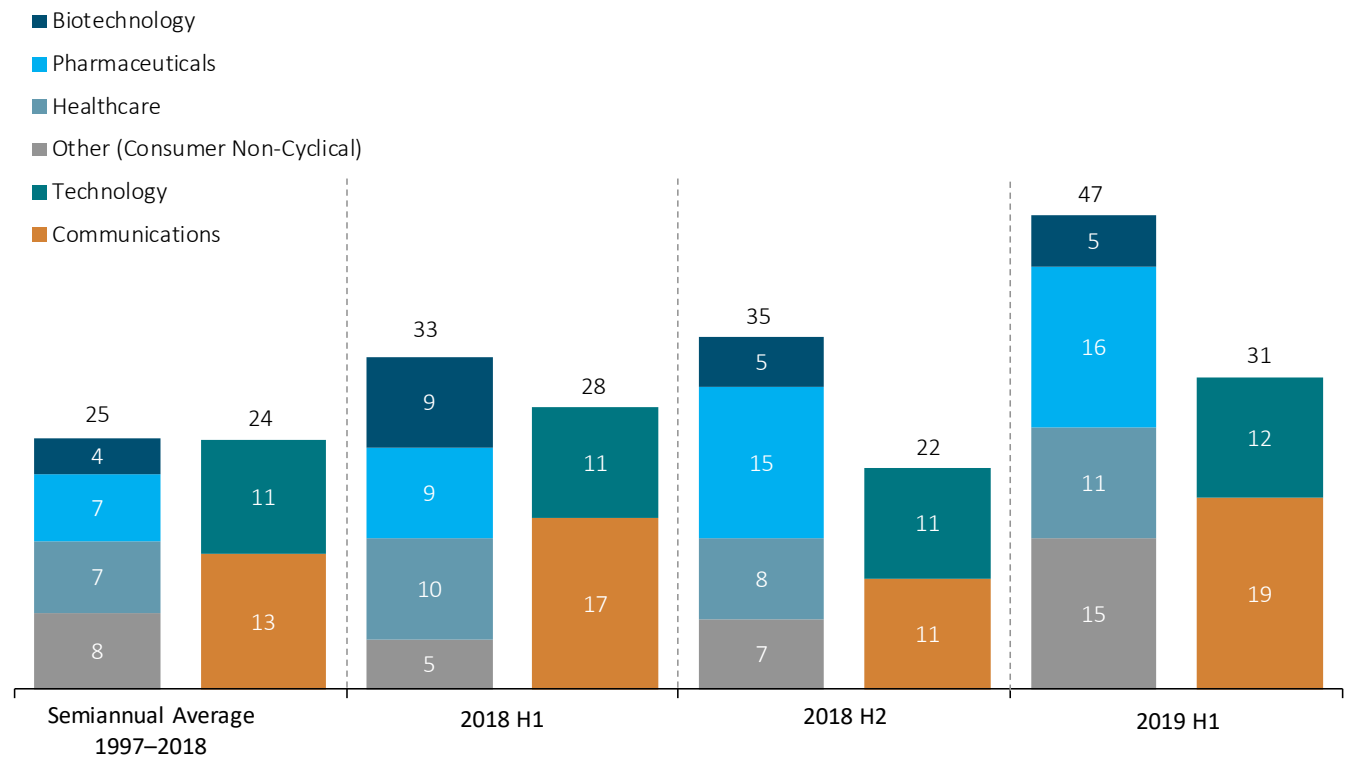
3. Sectors are ordered by the number of filings in the first half of 2019.

## Sector Comparison: Consumer Non-Cyclical versus Technology and Communications

- Core filings involving biotechnology, pharmaceutical, and healthcare companies totaled 32 in the first half of 2019, while core filings involving technology and communications companies totaled 12 and 19 filings, respectively.
- While the number of core filings in the Biotechnology and Pharmaceuticals subsectors remained essentially unchanged, Healthcare subsector filings increased from eight in the second half of 2018 to 11 in the first half of 2019.
- Filings against non-Biotech/Pharma/Healthcare subsector companies increased from seven filings in the second half of 2018 to 15 in the current period.
- The number of core filings involving technology companies in the first half of 2019 was slightly above the semiannual average for this sector, but the DDL associated with these filings was almost nine times higher than the semiannual average. This was largely due to a single filing that accounted for more than 84 percent of the Technology sector’s DDL. See Appendix 2.

*Pharmaceuticals and Healthcare were the most commonly targeted Consumer Non-Cyclical subsectors.*

Figure 22: Sector Comparison: Consumer Non-Cyclical versus Technology and Communications—Core Filings



Note:

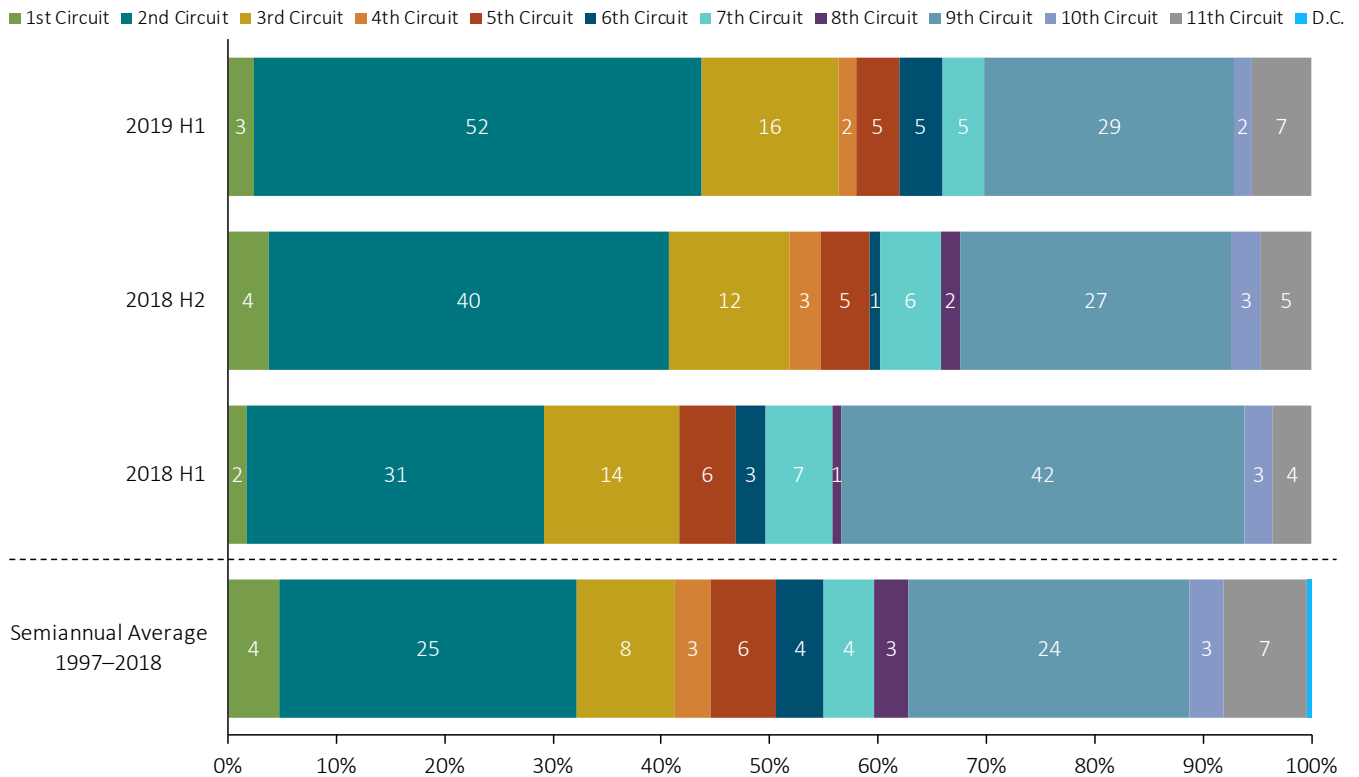
1. Sectors and subsectors are based on the Bloomberg Industry Classification System.
2. “Other” primarily includes Agriculture, Beverage, Commercial Services, and Food subsectors.
3. Numbers may not sum due to rounding.

# Circuit

- After a spike in the first half of 2018, filings in the Ninth Circuit fell back toward the historical average in the second half of 2018 and first half of 2019. However, the MDL for this circuit remained at elevated levels, with values representing more than three times the historical average in the second half of 2018 and nearly five times the historical average in the first half of 2019. See Appendix 5.
- The Second Circuit once again had the highest number of core filings with 52. Filing activity in this circuit was more than double the historical average.
- In the Seventh Circuit, core filings fell from six in the second half of 2018 to five in the first half of 2019, but the DDL for this circuit (\$21 billion) more than doubled the second half of 2018 figure and was seven times higher than the historical average. See Appendix 5.

*The Second Circuit had the highest number of core filings in any circuit on record.*

Figure 23: Filings by Circuit—Core Filings



# 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 filings against non-U.S. issuers (companies headquartered outside the United States) relative to total core filings.

**Chinese reverse merger (CRM) filing** is a securities class action against a China-headquartered company listed on a U.S. exchange as a result of a reverse merger with a public shell company.

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

**Cohort** is the group of securities class actions all filed in a particular calendar year.

**Core filings** are all federal securities class actions excluding those defined as M&A filings.

**Disclosure Dollar Loss Index® (DDL Index®)** measures the aggregate DDL for all 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 a 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.

**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 (FIC)** 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.

**Heat Maps of S&P 500 Securities Litigation™** analyze securities class action activity by industry sector. The analysis focuses on companies in the Standard & Poor's 500 (S&P 500) index, which comprises 500 large, publicly traded companies in all major sectors. Starting with the composition of the S&P 500 at the beginning of each year, the Heat Maps examine two questions for each sector: (1) What percentage of these companies were subject to new securities class actions in federal court during each calendar year? (2) What percentage of the total market capitalization of these companies was subject to new securities class actions in federal courts during each calendar year?

**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 plead 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 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 a 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.

**Mega filings** include mega DDL filings, securities class action filings with a DDL of at least \$5 billion; and mega MDL filings, securities class action filings with an MDL of at least \$10 billion.

**Merger and acquisition (M&A) filings** are securities class actions that have Section 14 claims, but no Rule 10b-5, Section 11, or Section 12(2) claims, and involve merger and acquisition transactions.

**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.

# Appendices

## Appendix 1: Filings Basic Metrics

Year	Class Action Filings	Disclosure Dollar Loss			Maximum Dollar Loss		
		DDL Total (\$ billions)	Average (\$ millions)	Median (\$ millions)	MDL Total (\$ billions)	Average (\$ millions)	Median (\$ millions)
1997 H1	79	\$11	\$169	\$42	\$52	\$767	\$396
1997 H2	95	\$30	\$354	\$73	\$93	\$1,077	\$411
1998 H1	115	\$36	\$347	\$42	\$88	\$851	\$269
1998 H2	127	\$45	\$381	\$72	\$136	\$1,164	\$337
1999 H1	126	\$63	\$568	\$99	\$146	\$1,325	\$339
1999 H2	83	\$78	\$1,048	\$129	\$218	\$2,949	\$453
2000 H1	111	\$164	\$1,708	\$92	\$331	\$3,452	\$444
2000 H2	105	\$76	\$793	\$143	\$429	\$4,469	\$975
2001 H1	103	\$137	\$1,473	\$98	\$990	\$10,642	\$990
2001 H2	77	\$61	\$872	\$69	\$497	\$7,097	\$657
2002 H1	109	\$81	\$776	\$117	\$926	\$8,899	\$1,402
2002 H2	115	\$120	\$1,212	\$184	\$1,121	\$11,320	\$1,547
2003 H1	105	\$48	\$493	\$92	\$335	\$3,455	\$531
2003 H2	87	\$29	\$394	\$100	\$240	\$3,242	\$368
2004 H1	111	\$57	\$641	\$101	\$307	\$3,455	\$428
2004 H2	117	\$87	\$821	\$117	\$418	\$3,947	\$622
2005 H1	109	\$57	\$618	\$135	\$245	\$2,632	\$463
2005 H2	73	\$35	\$562	\$167	\$117	\$1,862	\$513
2006 H1	65	\$21	\$390	\$118	\$125	\$2,308	\$413
2006 H2	55	\$31	\$611	\$97	\$169	\$3,387	\$439
2007 H1	69	\$37	\$650	\$153	\$171	\$2,992	\$763
2007 H2	108	\$121	\$1,222	\$159	\$530	\$5,351	\$660
2008 H1	110	\$92	\$1,340	\$224	\$471	\$6,822	\$1,361
2008 H2	113	\$129	\$1,674	\$163	\$346	\$4,488	\$1,001
2009 H1	83	\$49	\$1,290	\$167	\$352	\$9,251	\$1,176
2009 H2	82	\$35	\$552	\$134	\$199	\$3,153	\$935
2010 H1	72	\$54	\$1,168	\$162	\$345	\$7,492	\$730
2010 H2	103	\$19	\$318	\$141	\$129	\$2,195	\$392
2011 H1	94	\$49	\$740	\$93	\$256	\$3,882	\$384
2011 H2	94	\$66	\$967	\$85	\$266	\$3,905	\$661
2012 H1	87	\$61	\$851	\$158	\$252	\$3,504	\$665
2012 H2	64	\$35	\$656	\$143	\$152	\$2,764	\$577
2013 H1	75	\$25	\$407	\$163	\$115	\$1,887	\$531
2013 H2	90	\$79	\$1,022	\$148	\$162	\$2,110	\$538
2014 H1	78	\$30	\$446	\$189	\$93	\$1,364	\$541
2014 H2	90	\$26	\$330	\$135	\$120	\$1,544	\$517
2015 H1	97	\$47	\$599	\$98	\$121	\$1,555	\$388
2015 H2	110	\$71	\$792	\$170	\$266	\$2,956	\$641
2016 H1	120	\$43	\$490	\$191	\$366	\$4,158	\$1,038
2016 H2	151	\$64	\$715	\$202	\$438	\$4,919	\$1,433
2017 H1	223	\$72	\$602	\$139	\$291	\$2,425	\$498
2017 H2	189	\$59	\$770	\$197	\$230	\$3,023	\$903
2018 H1	204	\$158	\$1,591	\$249	\$643	\$6,496	\$1,046
2018 H2	199	\$172	\$1,722	\$476	\$668	\$6,683	\$1,716
2019 H1	198	\$180	\$1,591	\$211	\$781	\$6,912	\$836
Average (1997–2018)	106	\$65	\$799	\$141	\$317	\$3,937	\$707

Note: Average and median numbers are calculated only for filings with MDL and DDL data.

## Appendix 2: Filings by Industry—Core Filings

(Dollars in billions)

Industry	Class Action Filings				Disclosure Dollar Loss				Maximum Dollar Loss			
	Semiannual Average 1997–2018	2018 H1	2018 H2	2019 H1	Semiannual Average 1997–2018	2018 H1	2018 H2	2019 H1	Semiannual Average 1997–2018	2018 H1	2018 H2	2019 H1
Financial	16	11	8	10	\$9	\$20	\$5	\$2	\$56	\$81	\$57	\$17
Consumer Non-Cyclical	25	33	35	47	\$20	\$42	\$62	\$46	\$75	\$188	\$247	\$195
Industrial	8	8	12	15	\$6	\$12	\$16	\$16	\$24	\$180	\$60	\$60
Technology	11	11	11	12	\$10	\$18	\$48	\$87	\$40	\$34	\$116	\$391
Consumer Cyclical	10	11	18	8	\$5	\$11	\$18	\$3	\$27	\$47	\$73	\$7
Communications	13	17	11	19	\$11	\$51	\$14	\$17	\$73	\$88	\$78	\$92
Energy	4	3	4	4	\$2	\$0	\$1	\$2	\$11	\$1	\$3	\$8
Basic Materials	2	5	3	5	\$1	\$2	\$8	\$6	\$7	\$7	\$26	\$9
Utilities	1	2	1	0	\$1	\$1	\$2	\$0	\$5	\$17	\$8	\$0
Unknown/Unclassified	1	12	5	6	\$0	\$0	\$0	\$0	\$0	\$1	\$1	\$0
<b>Total</b>	<b>92</b>	<b>113</b>	<b>108</b>	<b>126</b>	<b>\$65</b>	<b>\$158</b>	<b>\$172</b>	<b>\$180</b>	<b>\$317</b>	<b>\$643</b>	<b>\$668</b>	<b>\$781</b>

Note:

1. Numbers may not sum due to rounding.
2. Filings with missing sector information or infrequently used sectors may be excluded in prior years.

Appendix 3: 1933 Act Filings in State Courts

1933 Act Filings in State Courts							
Year	California	New York	Texas	Massachusetts	Pennsylvania	Others	All
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	5	34
2019 H1	5	7	2	1	1	3	19
Average (2010–2018)	8	1	0	0	0	2	12

Note:

1. Filings in 2010 through 2017 include Section 11 claims and may also include Section 12 and Section 15 claims, but do not include allegations of Rule 10b-5 violations. Beginning in 2018, the Securities Class Action Clearinghouse began tracking 1933 Act filings in California state courts with Section 11 or Section 12 claims.
2. “Others” includes filings in Alabama, Arizona, Colorado, Florida, Georgia, Illinois, Iowa, Michigan, Nevada, New Hampshire, New Jersey, Oregon, Rhode Island, Tennessee, Washington, and West Virginia.

**Appendix 4A: S&P 500 Securities Litigation—Percentage of S&P 500 Companies Subject to Core Filings**

Year	Consumer Discretionary	Consumer Staples	Energy / Materials	Financials / Real Estate	Health Care	Industrials	Telecom / IT	Utilities	All S&P 500 Companies
2001	2.4%	8.3%	0.0%	1.4%	7.1%	0.0%	18.0%	7.9%	5.6%
2002	10.2%	2.9%	3.1%	16.7%	15.2%	6.0%	11.0%	40.5%	12.0%
2003	4.6%	2.9%	1.7%	8.6%	10.4%	3.0%	5.6%	2.8%	5.2%
2004	3.4%	2.7%	1.8%	19.3%	10.6%	8.5%	3.2%	5.7%	7.2%
2005	10.3%	8.6%	1.7%	7.3%	10.7%	1.8%	6.7%	3.0%	6.6%
2006	4.4%	2.8%	0.0%	2.4%	6.9%	0.0%	8.1%	0.0%	3.6%
2007	5.7%	0.0%	0.0%	10.3%	12.7%	5.8%	2.3%	3.1%	5.4%
2008	4.5%	2.6%	0.0%	31.2%	13.7%	3.6%	2.5%	3.2%	9.2%
2009	3.8%	4.9%	1.5%	10.7%	3.7%	6.9%	1.2%	0.0%	4.4%
2010	5.1%	0.0%	4.3%	10.3%	13.5%	0.0%	2.4%	0.0%	4.8%
2011	3.8%	2.4%	0.0%	1.2%	2.0%	1.7%	7.1%	2.9%	2.8%
2012	4.9%	2.4%	2.7%	3.7%	1.9%	1.6%	3.8%	0.0%	3.0%
2013	8.4%	0.0%	0.0%	0.0%	5.7%	0.0%	9.1%	0.0%	3.4%
2014	1.2%	0.0%	1.3%	1.2%	0.0%	4.7%	0.0%	0.0%	1.2%
2015	0.0%	5.0%	0.0%	1.2%	1.9%	0.0%	4.2%	3.4%	1.6%
2016	3.6%	2.6%	4.5%	6.9%	17.9%	6.1%	6.8%	3.4%	6.6%
2017	8.5%	2.7%	3.3%	3.3%	8.3%	8.7%	8.5%	7.1%	6.4%
2018	10.0%	11.8%	1.8%	7.0%	16.1%	8.8%	12.7%	7.1%	9.4%
2019 (Annualized)	3.1%	18.2%	0.0%	0.0%	9.7%	11.6%	11.1%	0.0%	6.4%
Average 2001–2018	5.3%	3.4%	1.5%	8.0%	8.8%	3.8%	6.3%	5.3%	5.5%



**Appendix 4B: S&P 500 Securities Litigation—Percentage of Market Capitalization of S&P 500 Companies Subject to Core Filings**

Year	Consumer Discretionary	Consumer Staples	Energy / Materials	Financials / Real Estate	Health Care	Industrials	Telecom / IT	Utilities	All S&P 500 Companies
2001	1.3%	6.3%	0.0%	0.8%	5.4%	0.0%	32.6%	17.4%	10.9%
2002	24.7%	0.3%	1.2%	29.2%	35.2%	13.3%	9.1%	51.0%	18.8%
2003	2.0%	2.3%	0.4%	19.9%	16.3%	4.6%	1.7%	4.3%	8.0%
2004	7.9%	0.1%	29.7%	46.1%	24.1%	8.8%	1.2%	4.8%	17.7%
2005	5.7%	11.4%	1.6%	22.2%	10.1%	5.6%	10.3%	5.6%	10.7%
2006	8.9%	0.8%	0.0%	8.2%	18.1%	0.0%	8.3%	0.0%	6.7%
2007	4.4%	0.0%	0.0%	18.1%	22.5%	2.2%	3.4%	5.5%	8.2%
2008	7.2%	2.6%	0.0%	55.0%	20.0%	26.4%	1.4%	4.0%	16.2%
2009	1.9%	3.9%	0.8%	31.2%	1.7%	23.2%	0.3%	0.0%	7.7%
2010	4.9%	0.0%	5.2%	31.1%	32.7%	0.0%	5.9%	0.0%	11.1%
2011	4.6%	0.8%	0.0%	6.9%	0.7%	2.1%	13.4%	0.6%	5.0%
2012	1.6%	14.0%	0.9%	11.0%	0.8%	1.2%	2.2%	0.0%	4.3%
2013	4.4%	0.0%	0.0%	0.0%	4.4%	0.0%	16.6%	0.0%	4.7%
2014	2.5%	0.0%	0.2%	0.3%	0.0%	1.7%	0.0%	0.0%	0.6%
2015	0.0%	1.9%	0.0%	3.0%	3.1%	0.0%	7.0%	3.7%	2.8%
2016	2.8%	1.0%	19.8%	11.9%	13.2%	8.7%	12.3%	4.4%	10.0%
2017	8.2%	6.7%	2.3%	1.5%	2.7%	22.3%	4.4%	9.6%	6.1%
2018	4.7%	15.2%	1.4%	12.5%	26.3%	19.4%	19.4%	6.5%	14.9%
2019 (Annualized)	0.3%	8.2%	0.0%	0.0%	8.3%	29.4%	31.0%	0.0%	14.3%
Average 2001–2018	5.2%	4.1%	2.9%	15.2%	12.9%	8.4%	9.5%	6.0%	8.9%

### Appendix 5: Filings by Circuit—Core Filings

(Dollars in billions)

Circuit	Class Action Filings				Disclosure Dollar Loss				Maximum Dollar Loss			
	Semiannual Average 1997–2018	2018 H1	2018 H2	2019 H1	Semiannual Average 1997–2018	2018 H1	2018 H2	2019 H1	Semiannual Average 1997–2018	2018 H1	2018 H2	2019 H1
1st	4	2	4	3	\$4	\$1	\$2	\$1	\$10	\$7	\$10	\$3
2nd	25	31	40	52	\$21	\$33	\$56	\$55	\$114	\$263	\$231	\$242
3rd	8	14	12	16	\$9	\$29	\$16	\$10	\$33	\$135	\$55	\$34
4th	3	0	3	2	\$1	\$0	\$3	\$0	\$6	\$0	\$11	\$0
5th	6	6	5	5	\$3	\$2	\$1	\$0	\$18	\$8	\$3	\$2
6th	4	3	1	5	\$3	\$4	\$2	\$1	\$13	\$6	\$13	\$3
7th	4	7	6	5	\$3	\$2	\$9	\$21	\$14	\$11	\$39	\$92
8th	3	1	2	0	\$2	\$1	\$2	\$0	\$6	\$3	\$4	\$0
9th	24	42	27	29	\$14	\$83	\$79	\$91	\$83	\$199	\$289	\$396
10th	3	3	3	2	\$1	\$1	\$1	\$1	\$6	\$3	\$6	\$4
11th	7	4	5	7	\$2	\$3	\$2	\$1	\$11	\$8	\$7	\$4
D.C.	0	0	0	0	\$0	\$0	\$0	\$0	\$2	\$0	\$0	\$0
<b>Total</b>	<b>92</b>	<b>113</b>	<b>108</b>	<b>126</b>	<b>\$65</b>	<b>\$158</b>	<b>\$172</b>	<b>\$180</b>	<b>\$317</b>	<b>\$643</b>	<b>\$668</b>	<b>\$781</b>

Note: Numbers may not sum due to rounding.

# Research Sample

- The Stanford Law School Securities Class Action Clearinghouse, in collaboration with Cornerstone Research, has identified 5,386 federal securities class action filings between January 1, 1996, and June 30, 2019 (securities.stanford.edu). The analysis in this report is based on data identified by Stanford as of July 16, 2019.
- The sample used in this report includes federal filings that typically allege violations of the Securities Act of 1933 Section 11, the Securities Exchange Act of 1934 Section 10b, Section 12(a) (registration requirements), or Section 14(a) (proxy solicitation requirements).
- 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 128 state class action filings in state courts from January 1, 2010, to June 30, 2019, 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.

Please direct any questions to:

**Alexander Aganin**

650.853.1660

aaganin@cornerstone.com

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