CRA Insights

Securities Flash

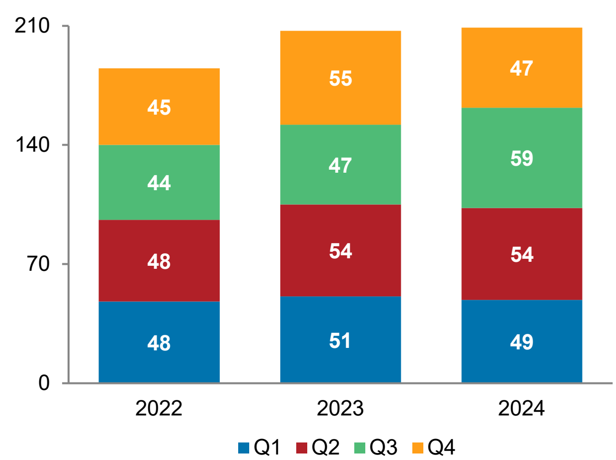
Section 10(b) and Section 11 Filings and Settlements
Q4 2024 Update

January 2025

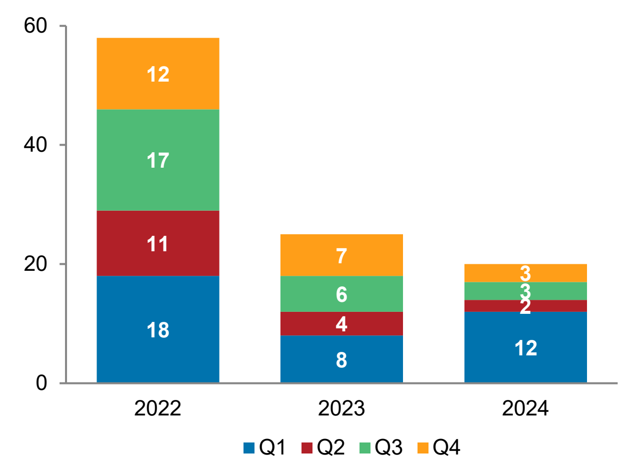
Filing trends

- Section 10(b) and Section 11 filings totaled 209 in 2024, 1% more than in 2023 and 13% more than in 2022.[1]
- There were 47 filings in Q4 2024, 15% less than in Q4 2023 and 4% more than in Q4 2022.
- Only 20 filings had Section 11 claims in 2024, less than in 2023 (25 filings) and considerably less than in 2022 (58 filings). This decrease in Section 11 filings follows the decline in the IPO market, which started in 2022.[2]

Section 10(b) and Section 11 filings



Section 11 filings



- 68% of the 2024 filings occurred in California (60), New York (58), Massachusetts (13), and Texas (12).

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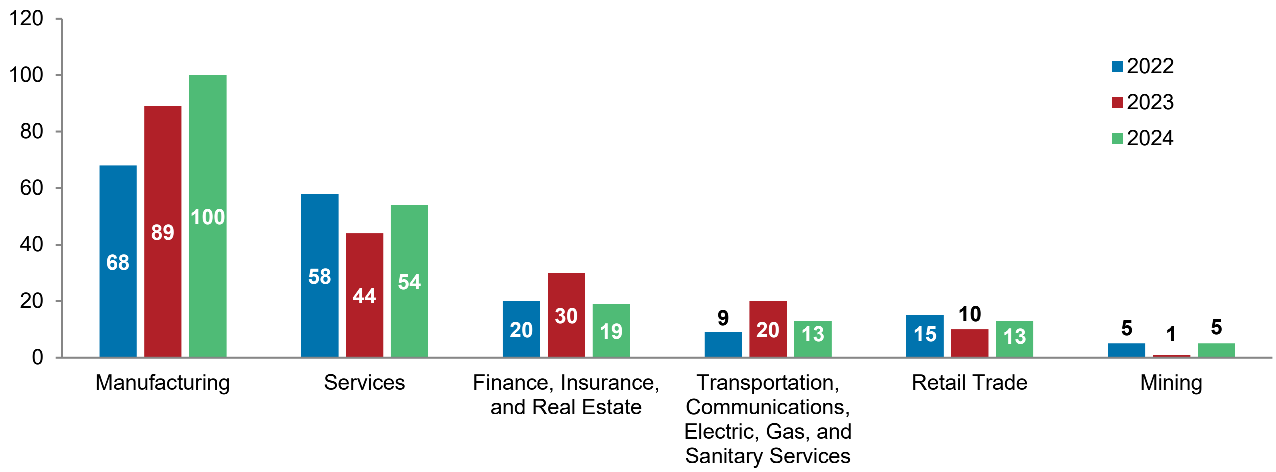
1 The analysis is based on the data provided by ISS SCAS RecoverMax platform as of January 21, 2025, which includes Section 10(b) and Section 11 filings in US District Courts. Because ISS SCAC updates its data, the filing counts may change from our previous publications.

2 See *CRA Insights*, "Initial public offerings and Section 11 claims," January 2024, available at https://www.crai.com/insights-events/publications/initial-public-offerings-and-section-11-claims/.

- The majority of the 2024 filings, 74%, are concentrated in the Manufacturing and Services industry sectors.[3] The Technology industry accounted for 18% of the 2024 filings and the Pharmaceuticals & Biotechnology industry accounted for 17% of the 2024 filings.[4]

2024 filings by industry sector as compared to 2022 and 2023

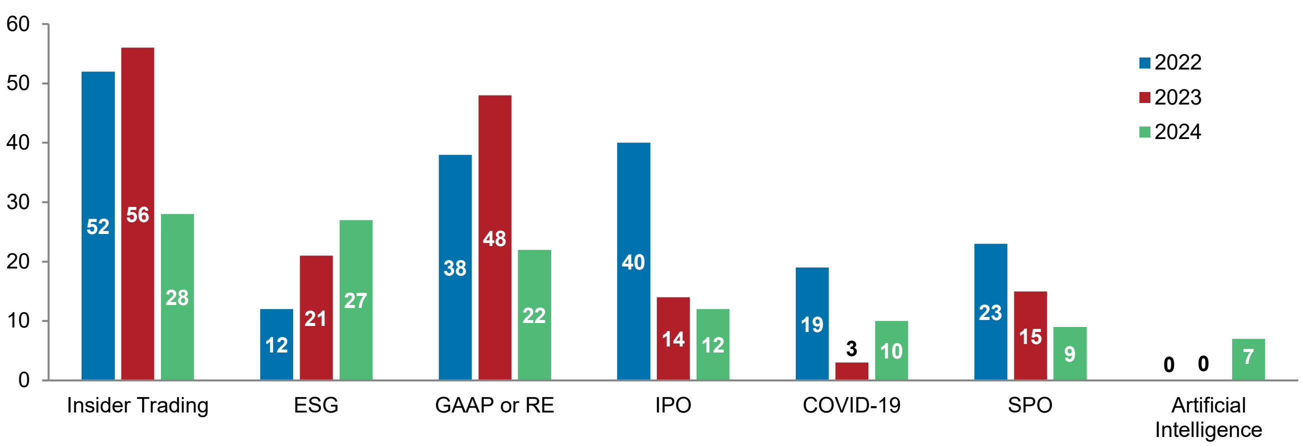


Note: Excludes the following industry sectors, each with one filing in 2024: Agriculture, Forestry, and Fishing; Construction; and Wholesale Trade.

Complaint allegations

- In 2024, 28 filings involved insider trading allegations; 27 filings included ESG-related issues; and 22 filings related to GAAP issues or restated earnings. The 2024 filings also included 12 filings with an initial public offering ("IPO"); 10 filings related to COVID-19; 9 filings involved a secondary public offering ("SPO"); and 7 filings related to Artificial Intelligence.[5]

Complaint allegations



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3 Industry sectors reflect SIC Divisions. See https://www.osha.gov/data/sic-manual.

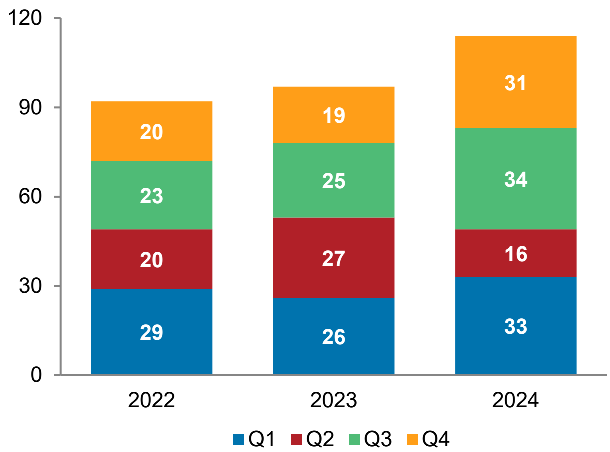
4 Industries reflect SIC Industry Groups defined by a three-digit SIC code. See https://www.osha.gov/data/sic-manual.

5 A filing can include several types of allegations.

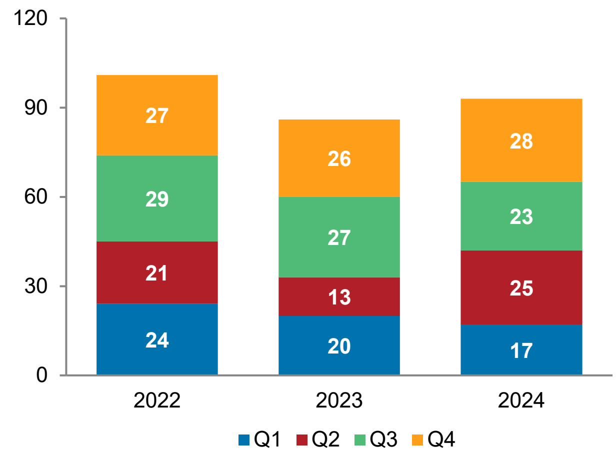
Dismissals and settlements

- Among the cases filed in the past 10 years,[6] 46% of the cases have been dismissed so far.[7] 114 of these cases were dismissed in 2024.
- 28% of the cases filed in the past 10 years have been settled. 93 of these cases settled during 2024.[8]
- Out of the 93 cases that settled in 2024, 44 cases have reached the stage of class certification filing.

Dismissed cases

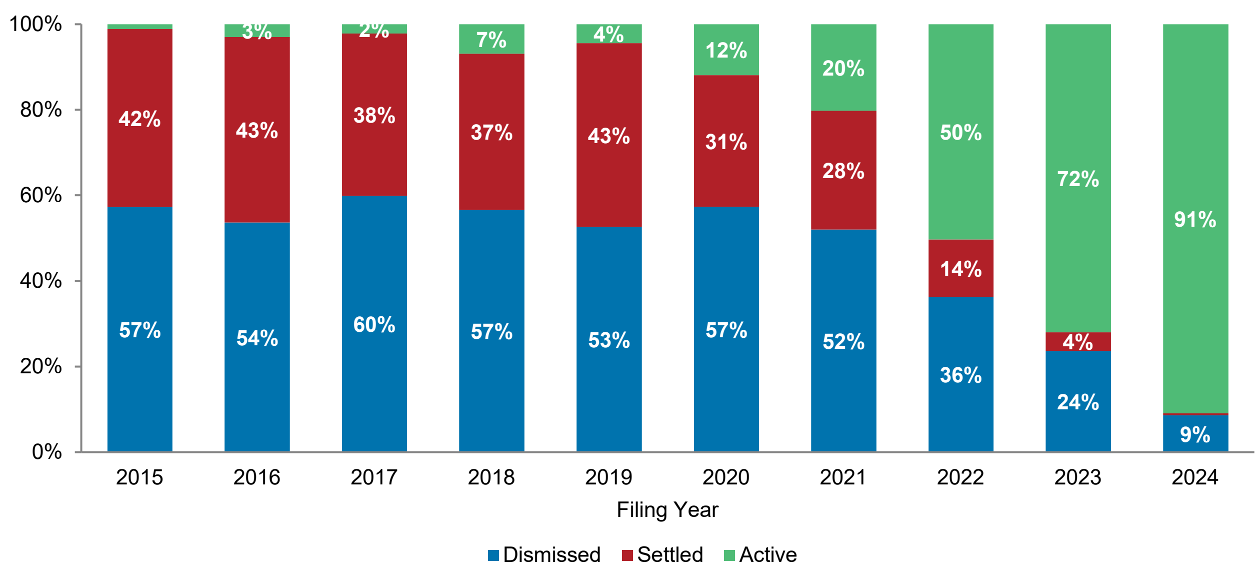


Settled cases



- Among the cases filed in the past 10 years, 26% of the cases remain active.[9] Class has been certified in 35 of these cases.

Status of the cases filed in the past 10 years



Note: Filings from Q1 2015 to Q4 2024.

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6 The past 10 years refers to the period from January 1, 2015 to December 31, 2024.

7 Excludes tentative or/and partial dismissals.

8 Based on final settlement date.

9 Active cases include cases that reached the stage of class certification and cases with tentative or/and partial dismissals.

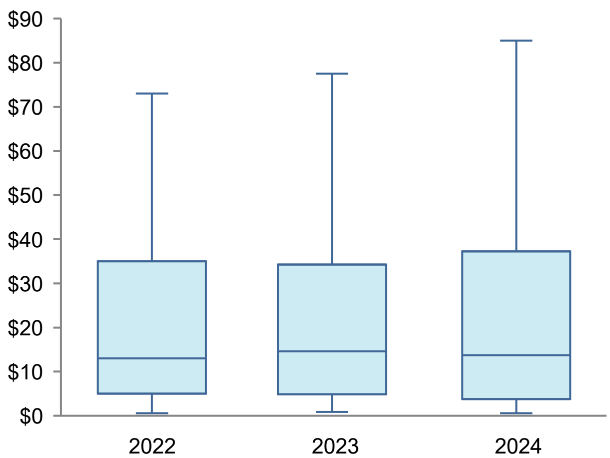
Settlement amounts

- Among the cases filed in the past 10 years,[10] the median settlement amount for the cases that settled in 2024 was $13.7 million, down from $14.6 million for the cases that settled in 2023 and up from $13.0 million for the cases that settled in 2022.
- In 2024, the middle 50% of settlement amounts were between $3.8 million and $37.3 million, similar to 2023 ($4.9-$34.3 million) and 2022 ($5.0-$35.0 million).
- The highest settlement amount during 2024 was $490.0 million. The highest settlement amount was $1.0 billion in 2023 and $809.5 million in 2022.
- In 90% of the cases that settled from 2022 to 2024, the settlement amount was below $90 million.

Time to settlement

- Among the cases filed in the past 10 years, the median time to settlement for the cases settled in 2024 was 3.2 years, shorter than for the cases that settled in 2023 (3.6 years) and similar to the cases that settled in 2022 (3.2 years).
- The longest time to settlement for the cases settled in 2024 was 8.3 years, up from 2023 (8.1 years) and 2022 (7.6 years).

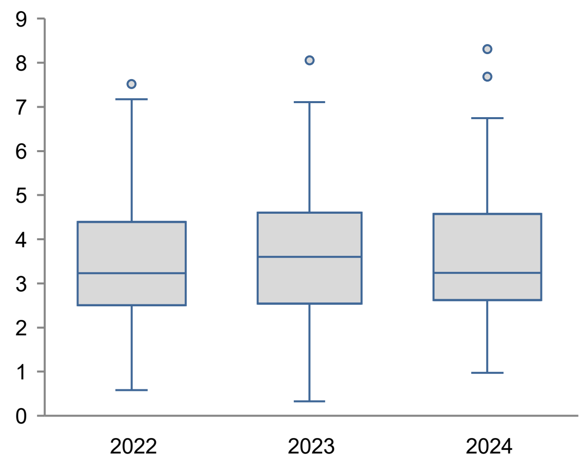
Settlement amounts ($ millions)
Distribution excluding outliers:



Range of values:

	2022	2023	2024
Min	0.6	0.9	0.6
Max	809.5	1,000.0	490.0

Time to settlement (years)



Range of values:

	2022	2023	2024
Min	0.6	0.3	1.0
Max	7.6	8.1	8.3

Note: Filings from Q1 2015 to Q4 2024 with positive settlement amounts. An observation 1.5 interquartile ranges away from the middle 50% of the observation is considered an outlier.

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[10] The past 10 years refers to the period from January 1, 2015 to December 31, 2024.

About CRA's Finance Practice

CRA's Finance Practice provides advanced consulting services to corporate clients and attorneys. We specialize in applying the tools, principles, and findings of finance, economics, and accounting to complex litigation and business problems. Companies, law firms, and government agencies rely on CRA for high-quality research and analysis, expert testimony, and comprehensive support in litigation and regulatory proceedings. Our reputation is built on exceptional client service and our ability to present innovative and pragmatic solutions to complicated challenges. For additional information about how CRA's experts can help you with your litigation and regulatory needs, please visit: **www.crai.com**.

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