CRA Insights
Securities Flash

Charles River Associates

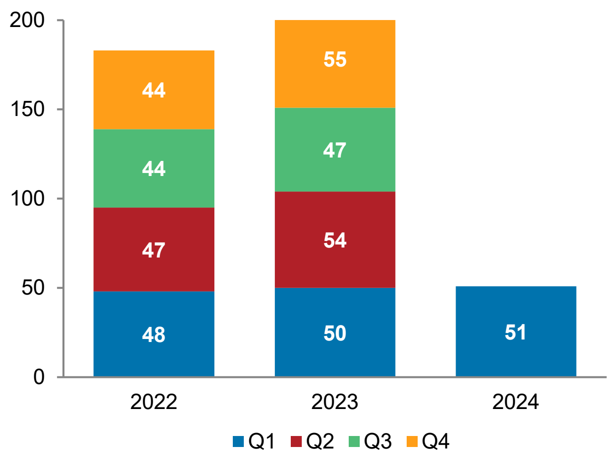
Section 10(b) and Section 11 Filings and Settlements
Q1 2024 Update

April 2024

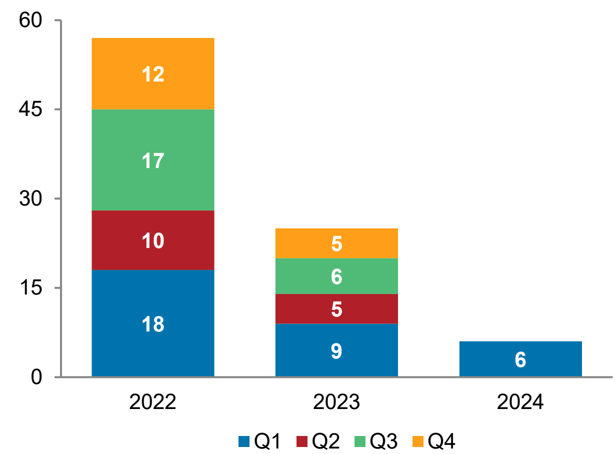
Filing trends

- Section 10(b) and Section 11 filings totaled 51 during the first quarter of 2024; 2% more than in the same period in 2023 and 6% more than in the same period in 2022.[1]
- Only 6 filings had Section 11 claims in the first quarter of 2024, considerably less than in the same period of 2023 (9 filings) and 2022 (18 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



- 59% of the Q1 2024 filings occurred in California (18) and New York (12).
- 65% of the Q1 2024 filings are concentrated in the Manufacturing and Services industry sectors.[3] Technology and Pharmaceuticals & Biotechnology industries accounted for 16% of the Q1 2024 filings each.[4] Q1 2024 saw two filings in the Delivery Services industry, which had no filings in 2022 or 2023.

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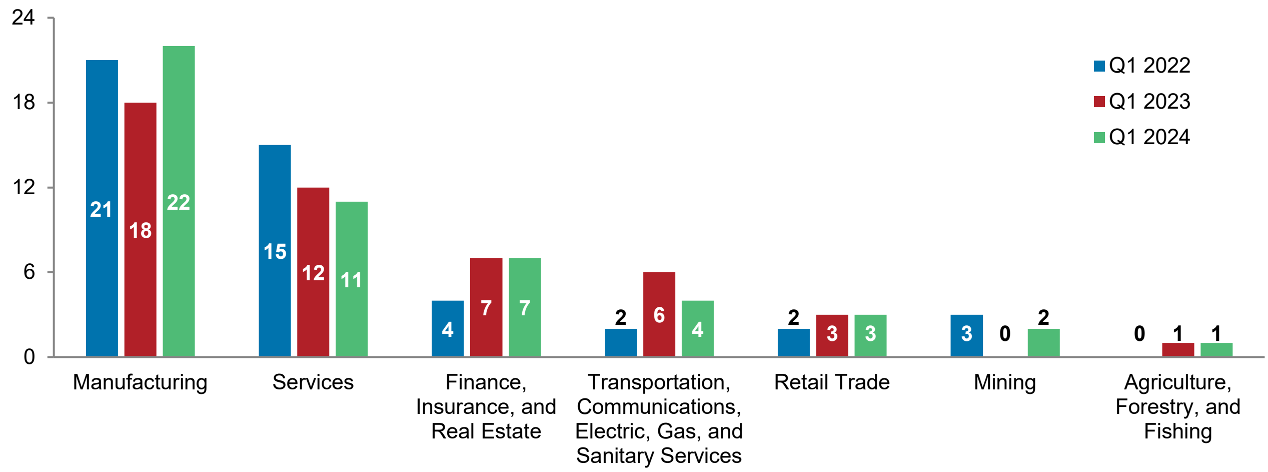
1 The analysis is based on the data provided by ISS SCAS RecoverMax platform as of April 6, 2024, which includes Section 10(b) and Section 11 filings in US District Courts. Because ISS SCAC updates its data, the filing counts may change from our previous publications.

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/.

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.

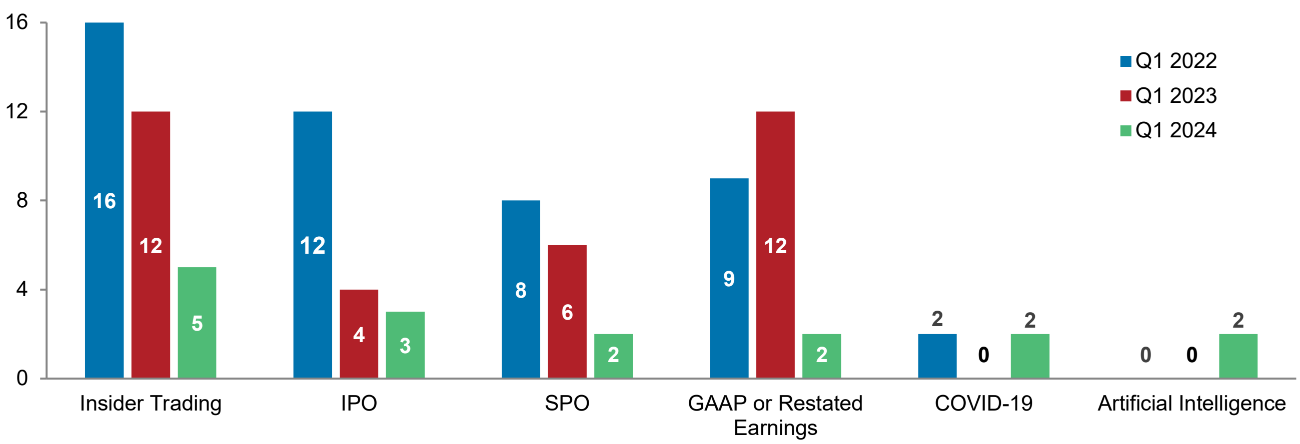
Q1 2024 filings by industry sector as compared to 2022 and 2023



Complaint allegations

- In the first quarter of 2024, 5 filings included insider trading allegations; 3 filings related to an initial public offering ("IPO"); 2 filings each related to a secondary public offering ("SPO"), GAAP issues or restated earnings, COVID-19, and artificial intelligence.[5]

Complaint allegations



Dismissals and settlements

- Among the cases filed in the past 10 years,[6] 45% of the cases have been dismissed so far.[7] 34 of these cases were dismissed in Q1 2024.
- 30% of the cases filed in the past 10 years have been settled. 21 of these cases settled during Q1 2024.[8]
- Out of the 21 cases that settled during Q1 2024, 10 cases have reached the stage of class certification filing.

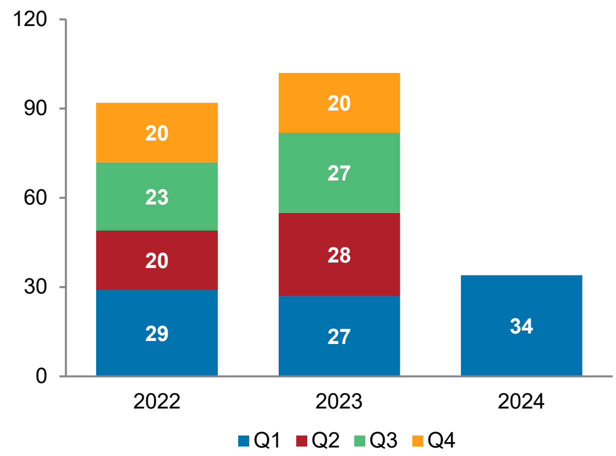
5 A filing can include several types of allegations.

6 From April 1, 2014 to March 31, 2024.

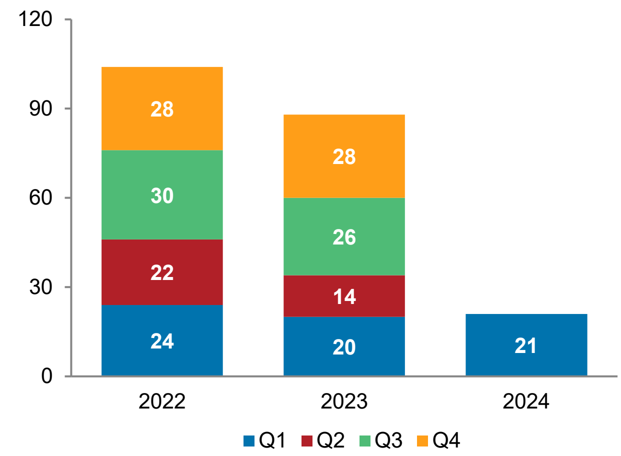
7 Excludes tentative or/and partial dismissals.

8 Based on final settlement date.

Dismissed cases

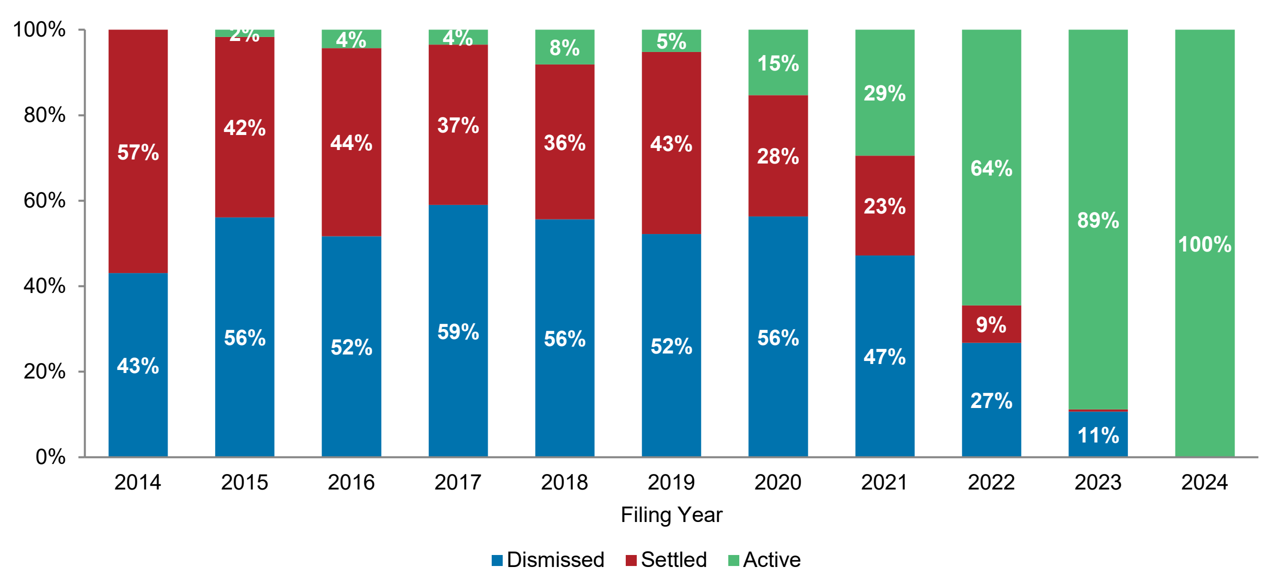


Settled cases



- Among the cases filed in the past 10 years, 25% of the cases remain active.[9] Class has been certified in the 32 of these cases.

Status of the cases filed in the past 10 years



Settlement Amounts

- Among the cases filed in the past 10 years,[10] the median settlement amount for the cases that settled in the first quarter of 2024 was $8 million, down from $13 million for the cases that settled in both 2023 and 2022.
- In Q1 2024, the middle 50% of settlement amounts were between $3 million and $30 million, a decline from 2023 ($5-$32 million) and 2022 ($5-$34 million).
- The highest settlement amount during Q1 2024 was $192.5 million. The highest settlement amount was $1 billion in 2023 and $810 million in 2022.

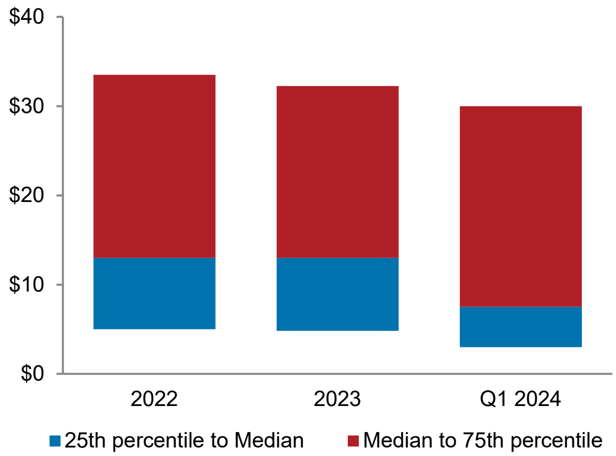
[9] Active cases include cases that reached the stage of class certification and cases with tentative or/and partial dismissals.

[10] From April 1, 2014 to March 31, 2024.

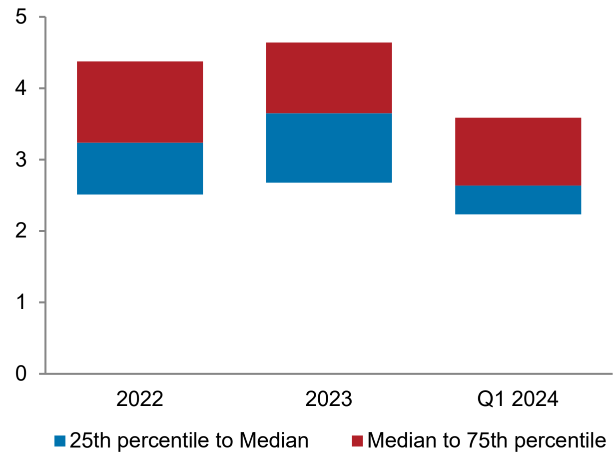
Time to settlement

- Among the cases filed in the past 10 years, the median time to settlement for the cases settled in the first quarter of 2024 was 2.6 years, much shorter than for the cases that settled in 2023 (3.7 years) and 2022 (3.2 years).
- The longest time to settlement for the cases settled in Q1 2024 was 6.6 years, a decline from 2023 (8.1 years) and 2022 (7.6 years).

Settlement amounts ($ millions), Middle 50%



Time to settlement (years), Middle 50%



Note: Filings from Q4 2013 to Q3 2023 with positive settlement amounts.

About CRA's Finance Practice

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