

Number of Securities Class Action Filings Increased in First Half of 2023

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Cryptocurrency-related filings continue to see a high level of activity.

The number of securities class action filings increased in the first half of 2023, according to a report released today by Cornerstone Research and the [Stanford Law School Securities Class Action Clearinghouse](#).

The report, [Securities Class Action Filings—2023 Midyear Assessment](#), found that plaintiffs filed 114 securities class actions in federal and state courts in the first half of 2023, a 23% increase from the second half of 2022 and in line with the semiannual average between 1997 and 2022. Six securities class actions related to the recent turbulence in the banking sector were filed (five in the first half of 2023 and one in the second half of 2022). There were 11 cryptocurrency-related filings in 2023. Of these, over half included allegations related to cryptocurrency exchanges.

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“We continue to see a high level of cryptocurrency-related securities class action filings,” said [Alexander “Sasha” Aganin](#), the report’s coauthor and a Cornerstone Research senior vice president. “If this pace continues through the rest of the year, it is likely that the total number of cryptocurrency filings will near the record high seen in 2022.”

Federal Section 11 and state claims under the Securities Act of 1933 are on pace to decrease substantially in 2023, from a combined total of 50 filings in 2022 to an annualized total of 28 filings in 2023. Much of this decline is attributable to a drop in state 1933 Act filings, but federal Section 11 filing activity was down as well.

The Maximum Dollar Loss (MDL) Index™ increased sharply to a record high of \$2,245 billion in the first half of 2023, more than four times the 1997–2022 semiannual average of \$548 billion and a

152% increase from the second half of 2022. Mega MDL filings (those with an MDL of at least \$10 billion) represented 92% of total MDL. The Disclosure Dollar Loss (DDL) Index™ rose to \$170 billion, an increase of 45% compared to \$117 billion in the second half of 2022, but was well below the record high of \$505 billion in the first half of 2022.

“The next few months could witness important developments in the world of securities litigation,” according to [Joseph Grundfest](#), professor at Stanford Law School and a former SEC Commissioner. “The Supreme Court’s remand in *Pirani* opens the door to new interpretations of Section 12 liability, and to new learning about the mechanics of Section 11 tracing. A district court’s very recent decision holding that Ripple’s XRP token is a legal shape-shifter—sometimes it is a security subject to federal securities law and sometimes it isn’t—will likely be appealed and is sure to generate important appellate precedent.”

Key Trends

- Filings in the Financial sector tripled relative to the number of such filings in 2022 H2, partially driven by filings in the 2023 Banking Turbulence trend category.
- Core federal filings against non-U.S. issuers (20) are on pace to remain well below the recent high in 2020 (73).
- MDL in the Ninth Circuit increased by over 500%, while MDL in the Second Circuit increased by 3%.
- The likelihood of a core filing against a U.S. exchange-listed company is on pace to increase slightly to an annualized rate of 3.2%.
- The Dollar Loss on Offered Shares Index™ (DLOS Index™) for federal Section 11 claims declined significantly compared to 2022. DLOS from filings in California state courts increased substantially, surpassing New York state court filings as the main source of DLOS.
- Core federal SPAC filings have remained low, with seven filings in 2023 so far.
- The number and total index value of mega MDL filings are on pace to reach historical highs in 2023.

About the Stanford Law School Securities Class Action Clearinghouse

The 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. The SCAC maintains a database of more than 6,400 securities class action lawsuits filed since the passage of the Private Securities Litigation Reform Act of 1995. The database also contains copies of complaints, briefs, filings, and other litigation-related materials filed in these cases.

[Read the Report](#)

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