

US Securities Class Actions

International US-Listed Companies | H1 2022



Core class action activity keeping pace with historic trends...

For the first half of 2022, the downward trend in the number of US securities class action filings continued, in line with the previous year, with 107 separate actions recorded, including 17 filings against non-US domiciled entities, or foreign filers, which equates to 18.9% of the total. Projecting the half year total to the end of the year would suggest a 2022 run rate of 34 cases, aligning with the 2012-2016 average but sitting below some of the more elevated case numbers of recent years. Previous years indicate that there is sometimes an increase in securities class action litigation activity in the second half of the year.

As with prior periods, the first half of 2022 saw class action filings emanating from a widespread geographical pool, with a slight increase in actions being made against European companies. Notably, the most populous industries affecting foreign filers, were the services, financial and technology sectors.

While acknowledging that filings sit below the peak levels recorded between 2017 and 2019, it could prove extremely jeopardous for the directors and officers of non-domiciled, US-listed companies to believe that the worst has passed in respect of securities class action litigation and that their relevance has become less important in the board room.

Despite recent declines in the number of suits being filed, the duration of cases continues to lengthen and inflationary effects are setting in, resulting in increasing trends in both settlement valuations and costs to defend these suits.

As our [FY 2021 and Q1 2022 bulletin](#) shows, the risks companies face continue to evolve. Litigation related to cryptocurrency, data breaches, cannabis and the opioid crisis have increased as cases citing IPO allocation, the credit crisis, analyst malpractice, option backdating and bid-rigging have declined.

The first half of 2022 also saw an increased rate of securities class action filings made against entities with globally recognized brand names. High profile companies with significant exposure to reputational damage through litigation will, undoubtedly, be a preferable target for plaintiff's lawyers, who expect the heightened exposure to bring about a quicker settlement, albeit with a higher financial burden for the defendant.

A further threat that foreign filers in the US face as they navigate the traditional litigation minefield is exposure to new forms of event-driven actions, emanating from landmark occurrences such as the recent Special Purpose Acquisition Company (SPAC) bubble. SPAC-related litigation continues to trend sharply upward in the US, despite a drop in the number of individual SPAC IPOs taking place. The existence of more than 500 listed SPACs currently seeking an acquisition target with pre-agreed target deadlines looming creates even further redemption and settlement risk for those SPACs who are ultimately not successful.

Directors and officers continue to encounter significant headwinds in the boardroom. As well as the risks outlined above, shareholders are closely scrutinizing corporate governance in relation to issues such as Environmental, Social and Governance (ESG) and will hold companies accountable for undertakings made towards reducing their carbon footprint or ensuring a revaluation of gender pay disparities. These scenarios, set against a backdrop of economic uncertainty, with a looming financial recession on the horizon, alongside continued geo-political instability across the globe, will undoubtedly challenge companies and could well lead to an increase in securities class action litigation.

AIG's Financial Lines claims team brings decades of global experience and expertise in assisting its international clients in the defense and settlement of Directors and Officers securities class action claims, providing insight and support when our insureds need it most.

We hope you find these quarterly updates valuable. To receive these updates or other information on D&O claims trends from AIG, [sign up here](#).

Class Actions H1 2022 ¹

Number of Class Action Filings

Total Number of Class Actions (Inc US)

90

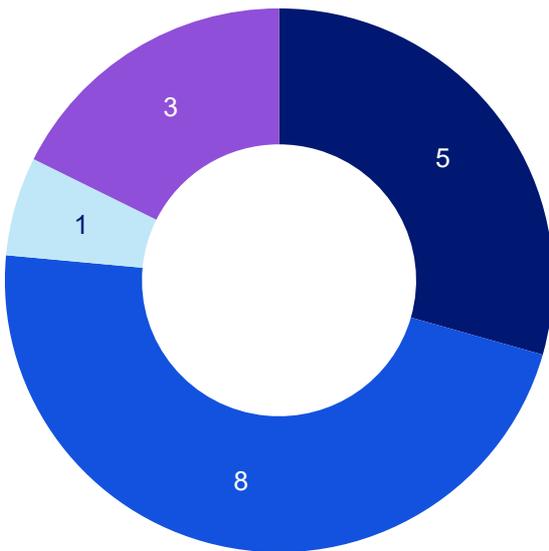
Class Actions Against Foreign Companies

17

Foreign Issuers as % of Total

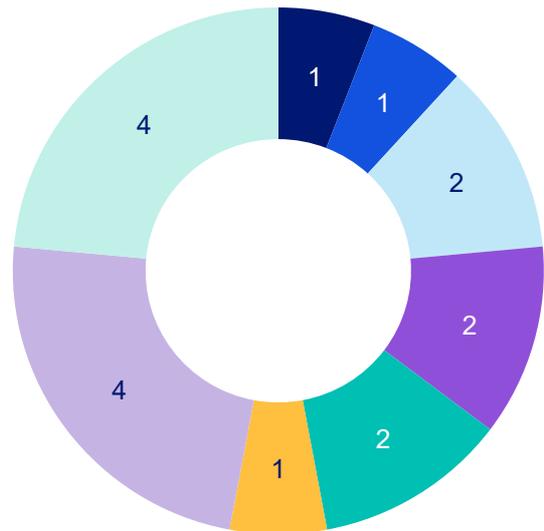
18.9

Foreign Filings by Headquarter Location



■ Asia ■ Europe ■ Other ■ Canada

Foreign Filings by Sector



■ Basic Materials ■ Capital Goods ■ Consumer
 ■ Financial ■ Healthcare ■ Industrials
 ■ Services ■ Technology

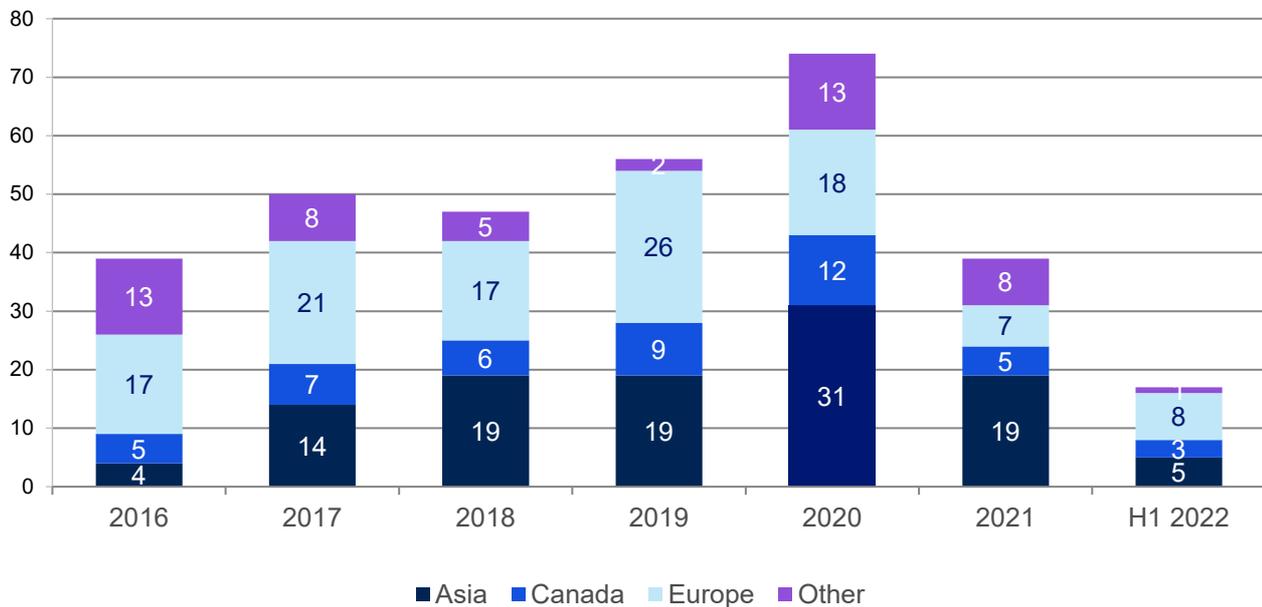
¹ Compiled using data from Stanford School of Law – [Securities Class Action Clearinghouse](#), a collaboration with Cornerstone Research and used with permission. [Core filings](#) are all federal securities class actions, excluding those defined as M&A filings, consolidated into one to prevent double counting.

Annual Statistics 2016 – H1 2022 ²

Number Of Class Actions Filings

	Total Number of Class Actions	Class Actions Against US Issuers	Class Actions Against Foreign Issuers	Foreign Issuers as % of Total
H1 2022	90	73	17	18.9
2021	190	151	39	25.8
2020	193	128	65	33.7
2019	242	186	56	23.1
2018	220	173	47	21.4
2017	213	163	50	23.5
2016	187	147	40	21.4

Foreign Filings by Headquarter Location



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US Class Actions – International Listed Companies ³

A list of all class actions – core and non-core - against foreign filers in 2022

Filing Name ⁴	Filing Date	District Court	Exchange	Ticker	HQ	Sector
TerraForm Labs Ptd Ltd: Terra Tokens	06/17/2022	N.D. California	N/A	N/A	Singapore	Financial
Unilever PLC	06/15/2022	S.D. New York	New York SE	UL	United Kingdom	Consumer
First High-School Education Group Co., Ltd: ADRs	05/11/2022	S.D. New York	New York SE	FHS	China	Services
Arqit Quantum Inc.	05/06/2022	E.D. New York	NASDAQ	ARQQ	United Kingdom	Technology
Riskified Ltd.	05/02/2022	S.D. New York	New York SE	RSKD	Israel	Technology
Credit Suisse Group AG	04/29/2022	E.D. New York	New York SE	CS	Switzerland	Financial
Li-Cycle Holdings Corp.	04/19/2022	E.D. New York	New York SE	LICY	Canada	Services
Lilium N.V.	04/18/2022	C.D. California	NASDAQ	LILM	Germany	Capital Goods
Aurinia Pharmaceuticals Inc	04/15/2022	E.D. New York	NASDAQ	AUPH	Canada	Healthcare
Grab Holdings Limited	03/16/2022	S.D. New York	NASDAQ	GRAB	Singapore	Industrials
Telefonaktiebolaget LM Ericsson: ADRs	03/03/2022	E.D. New York	NASDAQ	ERIC	Sweden	Technology
Fennec Pharmaceuticals Inc.	02/09/2022	M.D. North Carolina	NASDAQ	FENC	China	Healthcare
New Oriental Education & Technology Group Inc: ADRs	02/04/2022	S.D. New York	New York SE	EDU	China	Services
TAL Education Group: ADRs	02/04/2022	S.D. New York	New York SE	TAL	China	Services
Standard Lithium Ltd.	01/27/2022	E.D. New York	New York SE	SLI	Canada	Basic Materials
Clarivate Plc	01/24/2022	E.D. New York	New York SE	CLVT	United Kingdom	Technology
Volkswagen AG: ADRs	01/14/2022	E.D. Virginia	OTC-BB	VWAGY	Germany	Consumer
Credit Suisse AG : DGAZ Exchange Traded Note	01/06/2022	S.D. New York	OTC-BB	DGAZ	Switzerland	Financial
Meta Materials Inc.	01/03/2022	E.D. New York	NASDAQ	MMAT	Canada	Technology

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⁴ ADRs = [American Depositary Receipts](#)



www.aig.com

Brian Botkin

Deputy Chief Underwriting Officer, International Financial Lines & Global Head of Multinational, Financial Lines, AIG

Tel: +44 207 063 5500

brian.botkin@aig.com

Jason Kelly

Head of International Financial Lines, AIG

Tel: +1 (715) 303-0006

jason.kelly@aig.com

Christopher Magee

Head of UK Commercial D&O, AIG

Tel: +44 203 217 1844

christopher.magee@aig.com

Julian Chaundy

Senior Underwriter, D&O, AIG

Tel: + 44 7720 640861

julian.chaundy@aig.com

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