

US Securities Class Actions

International US-Listed Companies | Q1 2019



Class action filings against companies headquartered outside the US continued at elevated levels in the first quarter of 2019.

Filings up significantly in the first quarter

Overall, there were 18 new securities class actions brought against international companies in US federal courts in the first quarter, significantly more than the 10-year average of 10 cases typically filed in Q1. If this elevated level were to continue, it would result in 72 class actions this year. As you can see from our annual statistics on page 4, this would represent a significant increase – more than double the number in 2014 and 2015.

As in previous quarters, the most filings were against companies in the technology and healthcare industries. Geographically, companies based in Europe and Asia made up the majority of the first quarter filings. Companies that are either directly listed, or those with their ADRs listed on the New York Stock Exchange comprised half of the Q1 filings. Three companies whose securities are traded only over the counter in the US were subject to a filing this quarter.¹ A full breakdown of the filings based on headquarters, industry and listing is on page 3.

Focus on Merger Objection Suits – Different Trends for US and International Companies

International companies listed in the US face a different securities class action environment compared with their US domestic counterparts. One example of this different environment is merger objection suits (also known as M&A suits).

Commentary about the recent increase in securities class actions has highlighted the move of merger objection suits into federal courts from Delaware state courts. This resulted from a decision in the Delaware Court of Chancery where the court refused to approve a disclosure-only settlement.² In a typical merger objection case, the plaintiffs allege that the disclosure documents filed relating to a pending takeover are false and misleading as they omit information shareholders need to evaluate the deal, such as additional financial projections or details of potential conflicts of interest. Historically, these cases have been viewed as part of the cost of taking over a public company. Cases typically resulted in the target company agreeing to produce some additional disclosure. Usually the only money changing hands is a fee to the plaintiffs' lawyers as part of the overall settlement or agreement to dismiss the lawsuit.

The type of case matters because M&A suits can be less costly than other types of securities class actions. This is partly because of the higher dismissal rates and partly because plaintiffs typically seek additional disclosure, rather than damages. According to Cornerstone Research, for the period from 2009 to 2017, 86% of M&A cases were dismissed while only 46% of non-M&A suits were dismissed over the same period.³

Merger objection cases make up a smaller percentage of class action filings for international companies than for their US domestic counterparts. For example, in 2016, the year of the Delaware decision, M&A cases made up 31% of all class action filings, but only 5% of the actions against foreign filers were M&A suits. In 2017, when M&A cases made up 48% of the overall filings, only 10% of the SCAs against foreign filers were M&A suits. And in 2018, the overall percentage of M&A cases was 45%, whereas 22% of the securities actions against international companies were M&A actions. Over time, this difference is likely to mean international companies have a lower **overall** dismissal rate than their domestic counterparts. When reviewing information regarding dismissal rates and overall costs of US securities class actions, it is important to remember that the higher dismissal rates domestic US companies are currently experiencing due to this move of M&A cases into federal courts, does not currently apply to international companies in the same way.

¹ For more about class actions against companies who only trade over the counter in the US, see our insights paper: [UK Public Companies and US Securities Class Actions – a Hidden Risk?](#)

² See [In re Trulia Inc. Stockholder Litigation](#), C.A. No. 1002-CB at 39 (Del. Ch. Jan. 22, 2016).

³ Cornerstone Research - [Securities Class Actions – 2018 Year In Review](#) – Page 15

This is just one example of how US domestic trends do not necessarily hold true for companies headquartered outside of the US. International companies need to be familiar with the US securities environment for international companies rather than rely solely on the experience of US companies.

The good news is that AIG's claims team has significant experience assisting international clients in the defence and settlement of securities class actions, providing helpful insight and support when directors and officers 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 Q1 2019 ⁴

Number of Class Action Filings in q1 2019

Total Number of Class Actions (Inc. US)

98

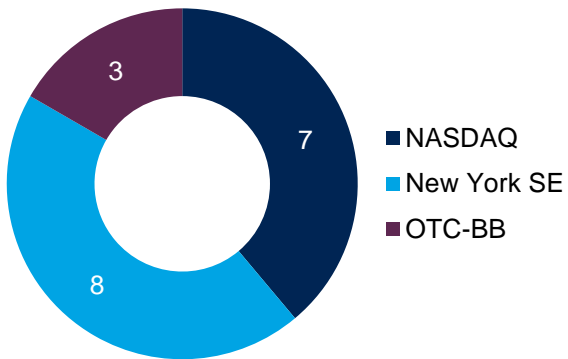
Class Actions Against Foreign Companies

18

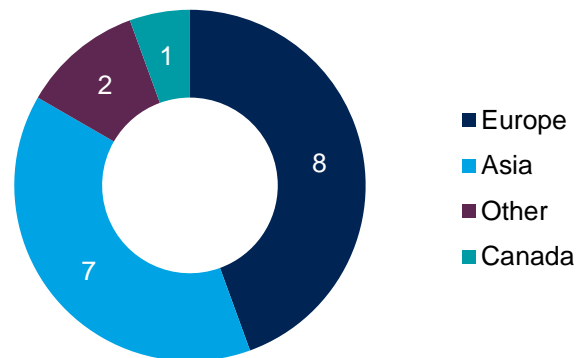
Foreign Issuers as % of Total

18.37

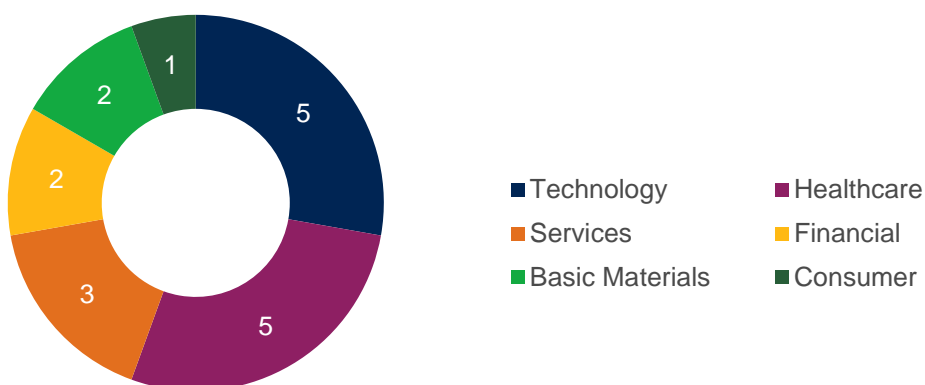
Foreign Filings by Exchange Location Q1 2019



Foreign Filings by Headquarter Location Q1 2019



Foreign Filings by Sector Q1 2019



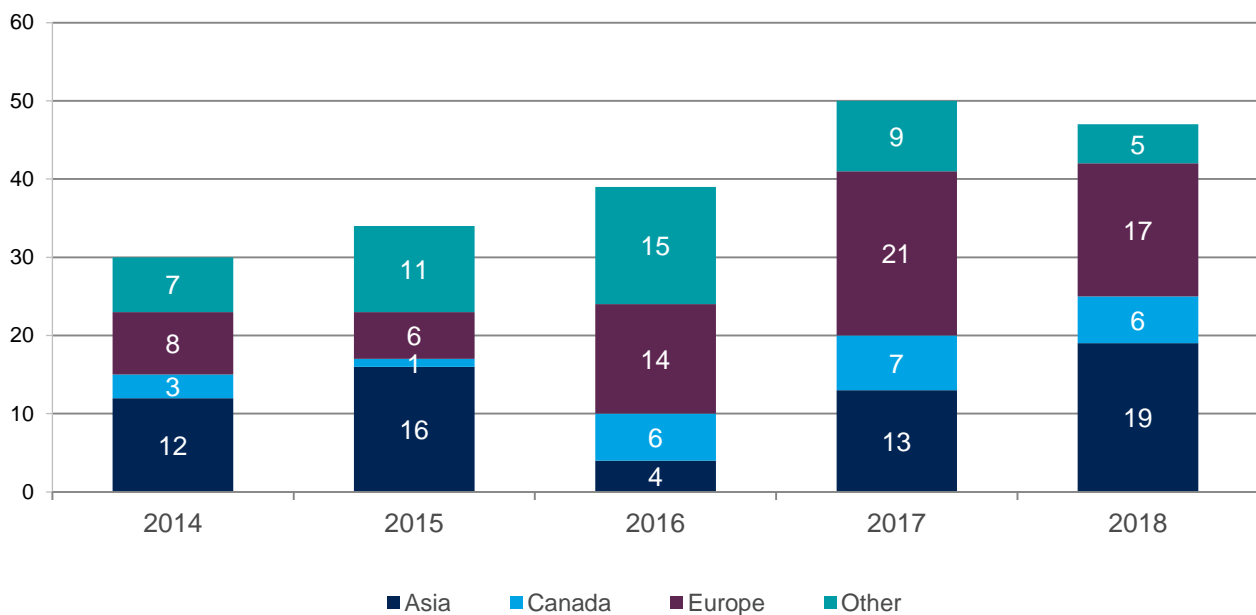
⁴ Compiled using data from Stanford School of Law – [Securities Class Action Clearinghouse](#), a collaboration with Cornerstone Research and used with permission. All filings.

Annual Statistics 2014 – 2018 ⁵

Number of Class Actions Filings – Core Filings

| | Total Number of Class Actions | Class Actions Against US Issuers | Class Actions Against Foreign Issuers | Foreign Issuers as % of Total |
|-------------|-------------------------------|----------------------------------|---------------------------------------|-------------------------------|
| 2018 | 221 | 174 | 47 | 21.27 |
| 2017 | 214 | 164 | 50 | 23.36 |
| 2016 | 186 | 147 | 39 | 20.96 |
| 2015 | 173 | 139 | 34 | 19.65 |
| 2014 | 155 | 125 | 30 | 19.35 |

Foreign Filings by Headquarter Location – Core Filings



⁵ 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.

US Securities Class Actions | Foreign Filers – All – Q1 2019 ⁶

| Filing Name ⁷ | Filing Date | District Court | Exchange | Ticker | HQ | Sector |
|--|-------------|-----------------|-------------|--------|----------------|-------------------|
| Mobile TeleSystems PJSC : American Depositary Shares | 03/19/2019 | E.D. New York | New York SE | MBT | Russia | Services |
| United Microelectronics Corporation : American Depositary Shares | 03/14/2019 | S.D. New York | New York SE | UMC | Taiwan | Technology |
| NIO Inc. : American Depositary Shares | 03/12/2019 | E.D. New York | New York SE | NIO | China | Consumer Cyclical |
| Travelport Worldwide Limited | 02/25/2019 | N.D. Georgia | New York SE | TVPT | UK | Services |
| Amarin Corporation plc | 02/22/2019 | D. New Jersey | NASDAQ | AMRN | Ireland | Healthcare |
| WuXi PharmaTech (Cayman) Inc. : American Depositary Shares | 02/21/2019 | S.D. New York | New York SE | WX | China | Healthcare |
| Maiden Holdings, Ltd. | 02/11/2019 | D. New Jersey | NASDAQ | MHLD | Bermuda | Financial |
| Uxin Limited | 02/11/2019 | E.D. New York | NASDAQ | UXIN | China | Services |
| Wirecard AG | 02/08/2019 | C.D. California | OTC-BB | WCAGY | Germany | Technology |
| Vale S.A. | 01/28/2019 | E.D. New York | New York SE | VALE | Brazil | Basic Materials |
| Ferroglobe PLC | 01/22/2019 | S.D. New York | NASDAQ | GSM | United Kingdom | Basic materials |
| Qihoo 360 Technology Co. Ltd. : American Depositary Shares | 01/17/2019 | S.D. New York | New York SE | QIHU | China | Technology |
| DBV Technologies S.A. | 01/15/2019 | D. New Jersey | NASDAQ | DBVT | France | Healthcare |
| Danske Bank A/S | 01/09/2019 | S.D. New York | OTC-BB | DNKEY | Denmark | Financial |
| Sogou Inc. | 01/09/2019 | S.D. New York | New York SE | SOGO | China | Technology |
| China Techfaith Wireless Communication Technology Limited | 01/08/2019 | E.D. New York | NASDAQ | CNTF | China | Technology |
| Liberty Health Sciences Inc. | 01/07/2019 | S.D. New York | OTC-BB | LHSIF | Canada | Healthcare |
| Perrigo Company PLC | 01/03/2019 | S.D. New York | New York SE | PRGO | Ireland | Healthcare |

⁶ Compiled using data from Stanford School of Law – [Securities Class Action Clearinghouse](#), a collaboration with Cornerstone Research and used with permission.

⁷ ADRs = American Depositary Shares

The purpose of this document is to provide information only and you should not take any action in reliance on the information contained in this document. This document is not a substitute for you undertaking your own investigations and obtaining professional or specialist advice. No warranty, guarantee, or representation, either expressed or implied, is made as to the correctness or sufficiency of any representation contained herein. AIG does not accept any liability if this document is used for an alternative purpose from which it is intended.

American International Group, Inc. (AIG) is a leading global insurance organization. Building on 100 years of experience, today AIG member companies provide a wide range of property casualty insurance, life insurance, retirement products, and other financial services to customers in more than 80 countries and jurisdictions. These diverse offerings include products and services that help businesses and individuals protect their assets, manage risks and provide for retirement security. AIG common stock is listed on the New York Stock Exchange.

Additional information about AIG can be found at www.aig.com | YouTube: www.youtube.com/aig | Twitter: @AIGemea www.twitter.com/AIGemea | LinkedIn: www.linkedin.com/company/aig. These references with additional information about AIG have been provided as a convenience, and the information contained on such websites is not incorporated by reference into this press release.

American International Group UK Limited is registered in England: company number 10737370. Registered address: The AIG Building, 58 Fenchurch Street, London EC3M 4AB. American International Group UK Limited is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority (FRN number 781109). This information can be checked by visiting the FS Register (www.fca.org.uk/register).

AIG Europe S.A. is an insurance undertaking with R.C.S. Luxembourg number B 218806. AIG Europe S.A. has its head office at 35D Avenue John F. Kennedy, L-1855, Luxembourg. AIG Europe S.A. is authorised by the Luxembourg Ministère des Finances and supervised by the Commissariat aux Assurances 7, boulevard Joseph II, L-1840 Luxembourg, GD de Luxembourg, Tel.: (+352) 22 69 11 - 1, caa@caa.lu, www.caa.lu/.

©2019 American International Group, Inc. All rights reserved