

# SECURITIES CLASS ACTION (SCA) RULE 10b-5 EXPOSURE REPORT - 2Q 2020



July 10, 2020

## U.S. SCA Rule 10b-5 Exposure of Public Corporations that Issue Common Stock on U.S. Exchanges Decreased to \$44.9B in 2Q'20 from \$63.5B in 1Q'20<sup>i</sup>

35 Public Corporations that issue common stock on U.S. Exchanges (“U.S. issuers”) were sued for alleged violations of the federal securities laws under Section 10(b) and 20(a) of the Securities Exchange Act of 1934 during 2Q'20.<sup>ii</sup> U.S. SCA Rule 10b-5 Exposure of U.S. issuers to claims that allege violations of Rule 10b-5 under the Exchange Act amounts to \$44.9 billion.<sup>iii</sup> Approximately \$4.2 billion of alleged shareholder losses (claimed market capitalization losses) do not exhibit back-end stock price impact. Without discounting the effects of back-end price impact, aggregate alleged shareholder losses in 2Q'20 amount to \$49.1 billion.



**Table 1: U.S. SCA Rule 10b-5 Exposure of U.S. Issuers<sup>iv</sup>**

Quarter	Rule 10b-5 Exchange Act Filings [1]	U.S. SCA Rule 10b-5 Exposure (000s) [2]	Aggregate Market Cap. of U.S. Listed Corps (000s) [3]	U.S. SCA Rule 10b-5 Exposure Rate [4]	U.S. SCA Rule 10b-5 Litigation Rate [5]
3Q'19	45	\$70,608,655	\$31,588,218,889	<b>0.22%</b>	<b>1.22%</b>
4Q'19	43	\$58,316,964	\$32,403,589,488	<b>0.18%</b>	<b>1.24%</b>
1Q'20	41	\$63,510,381	\$30,060,799,635	<b>0.21%</b>	<b>1.19%</b>
2Q'20	36	\$44,927,989	\$29,632,030,048	<b>0.15%</b>	<b>1.04%</b>

[1] Identified first-filed SCA complaints that allege violations of Rule 10b-5. Excludes non-U.S. issuers that trade on U.S. exchanges through ADRs.

[2] U.S. SCA Rule 10b-5 Exposure is equal to the claimed market cap. losses that exhibit back-end price impact.

[3] The average aggregate market cap. of U.S. issuers for the corresponding quarter.

[4] The ratio of U.S. SCA Rule 10b-5 Exposure to the aggregate market cap of U.S. issuers ([4] = [2] / [3]).

[5] Number of Rule 10b-5 Exchange Act Filings with non-overlapping allegations against U.S. issuers divided by the aggregate number of U.S. issuers.

In 2Q'20, U.S. SCA Rule 10b-5 Exposure decreased by \$18.6 billion relative to 1Q'20, which is a notable decrease of 29.3%. As a result, the U.S. SCA Rule 10b-5 Exposure Rate also decreased from 0.21% in 1Q'20 to 0.15% in 2Q'20. The 2Q'20 U.S. SCA Rule 10b-5 Exposure Rate is the lowest estimated rate since the first quarter of 2019.

There was a decrease of 15 basis points in the U.S. SCA Rule 10b-5 Litigation Rate in 2Q'20, which amounts to 1.04%. Since 2Q'20 also had the lowest number of filed SCAs during the preceding three quarters, the U.S. SCA Rule 10b-5 Litigation Rate in 2Q'20 is also the lowest during the same evaluation period.

**COVID-19 U.S. SCA Rule 10b-5 Litigation Exposure:** The SCA Rule 10b-5 Exposure of private securities class actions directly related to COVID-19 amounts to \$9.4 billion in 2Q'20 across 10 SCAs filed against U.S. issuers.<sup>v</sup> COVID-19 related allegations account for 21.0% of the \$44.9 billion in U.S. SCA Rule 10b-5 Exposure. The year-to-date total SCA Rule 10b-5 Exposure directly related to COVID-19 amounts to \$12.2 billion, of which 77.5% was alleged by shareholders during 2Q'20.

**Table 2: Back-end Price Impact Summary of Alleged Corrective Disclosures**

Quarter	Rule 10b-5 Exchange Act Filings [1]	Alleged Corrective Disclosures [2]	Alleged Corrective Disclosures with No Price Impact [3]	% of Corrective Disclosures with No Price Impact [4]
3Q'19	45	69	14	20%
4Q'19	43	96	21	22%
1Q'20	41	72	16	22%
2Q'20	36	71	28	39%

[1] Identified first-filed SCA complaints that allege violations of Rule 10b-5. Excludes non-U.S. issuers that trade through ADRs.

[2] The number of alleged corrective disclosures identified in the sample of SCA complaints.

[3] The number of alleged corrective disclosures that do not exhibit a statistically significant one-day residual stock price return at the 95% confidence standard.

[4] The ratio of the number of alleged corrective disclosures that do not exhibit back-end price impact to the total number of alleged corrective disclosures. ([4] = [3] / [2])

During 2Q'20, SAR accounted for 59 “stock-drop” SCAs filed against U.S. issuers that allege violations of Rule 10b-5 via 129 claimed corrective disclosures.<sup>vi</sup> After consolidating cases with seemingly related allegations against individual U.S. issuers, SAR accounted for 36 filed SCAs against 35 companies.<sup>vii</sup> A total of 71 corrective disclosures have been alleged in the 36 SCAs.<sup>viii</sup> **Of the 71 corrective disclosures alleged during 2Q'20, 28 (39%) do not exhibit back-end price impact (Halliburton II) and do not meet the thresholds of the heightened**

**pleading standards of loss causation (Dura).**<sup>ix</sup> The alleged shareholder losses associated with those 28 alleged corrective disclosures amounts to \$4.2 billion.<sup>x</sup> (See Table 3.)

The number of alleged corrective disclosures remained relatively steady from 1Q'20 to 2Q'20, however, there were 12 additional alleged disclosures in 2Q'20 that did not exhibit back-end price impact, which is **an increase of 75% relative to 1Q'20.**

## SCA RULE 10b-5 EXPOSURE BY INDUSTRY SECTOR

### In 2Q'20, 65.8% of U.S. SCA Rule 10b-5 Exposure is attributed to Financial Institutions

Out of the 36 SCAs filed in 2Q'20, 8 (or 22.2%) were filed against Pharma/Biotech companies, 7 (or 19.4%) against Financial Institutions, and 6 (or 16.7%) against Software companies. Of the 7 Pharma/Biotech companies that were sued this past quarter, 5 of them faced allegations directly related to COVID-19. The Financial sector had the greatest SCA Rule 10b-5 Exposure which accounted for 65.8%, or \$29.5 billion of *U.S. SCA Rule 10b-5 Exposure* in 2Q'20.

Data and analysis indicate that the industry sectors that exhibited an absence of back-end price impact in the alleged corrective disclosures are Healthcare, Financial, Industrial, Pharma/Biotech, and Auto. In the single SCA filed against a Healthcare company, event study results indicate no back-end price impact. 11% (\$3.8 billion) of shareholder losses alleged in the 7 SCAs against Financial companies do not exhibit back-end price impact. 10% (\$199.3 million) of shareholder losses alleged in the 3 SCAs against Industrial companies do not exhibit back-end price impact.

**Table 3: U.S. SCA Rule 10b-5 Exposure by Industry Sector in 2Q'20**

Industry Sector [1]	Rule 10b-5 Exchange Act Filings [2]	Alleged Market Cap. Losses (000s) [3]	Market Cap. Losses that Do Not Exhibit Price Impact (000s) [4]	U.S. SCA Rule 10b-5 Exposure (000s) [5]	% of Market Cap. Losses that Do Not Exhibit Price Impact [6]
<b>Auto</b>	2	\$784,218	\$14,310	\$769,909	2%
<b>Energy</b>	0	\$0	\$0	\$0	0%
<b>Financial</b>	7	\$33,336,245	\$3,790,520	\$29,545,725	11%
<b>Hardware/Semiconductor</b>	1	\$1,717,903	\$0	\$1,717,903	0%
<b>Health Care</b>	1	\$12,941	\$12,941	\$0	100%
<b>Industrial</b>	3	\$1,909,788	\$199,326	\$1,710,462	10%
<b>Materials</b>	4	\$2,577,558	\$0	\$2,577,558	0%
<b>Media</b>	0	\$0	\$0	\$0	0%
<b>Pharma/Biotech</b>	8	\$2,876,541	\$176,358	\$2,700,183	6%
<b>Real Estate</b>	1	\$283,637	\$0	\$283,637	0%
<b>Retail, Consumer Products, and Leisure</b>	3	\$2,041,696	\$0	\$2,041,696	0%
<b>Software</b>	6	\$3,580,917	\$0	\$3,580,917	0%
<b>Telecom</b>	0	\$0	\$0	\$0	0%
<b>2Q 2020 Total:</b>	<b>36</b>	<b>\$49,121,444</b>	<b>\$4,193,455</b>		<b>8.5%</b>

[1] Industry sector is based on the defendant corporation's SIC code.

[2] Identified first-filed SCA complaints that allege violations of Rule 10b-5. Excludes non-U.S. issuers that trade on U.S. exchanges through ADRs.

[3] Market cap. losses of U.S. issuers listed as defendants unadjusted for alleged corrective disclosures that do not exhibit price impact.

[4] Market cap. losses of U.S. issuers listed as defendants that do not surpass thresholds of back-end price impact.

[5] *U.S. SCA Rule 10b-5 Exposure* is equal to the claimed market cap. losses that exhibit back-end stock price impact ([5]=[3]-[4]).

[6] = [4] / [3]

# SCA RULE 10b-5 EXPOSURE OF U.S. LARGE CAP CORPORATIONS<sup>xi</sup>

**Large Cap SCA Rule 10b-5 Exposure Exhibited a Notable Decrease of 31.5%, or \$17.3 billion Relative to 1Q'20.**

Large Cap SCA Rule 10b-5 Exposure amounts to approximately \$37.6 billion in 2Q'20. 9 large cap corporations were sued for alleged violations of Rule 10b-5 during 2Q'20 – a decrease of 9 – relative to 1Q'20. The average aggregate market capitalization of U.S. large cap corporations, based on the market capitalization range of the S&P 500 Index during 2Q'20, was \$27.7 trillion.<sup>xii</sup> This is a decrease in aggregate market cap of \$395 billion, or 1.4%, relative to 1Q'20. The Large Cap SCA Rule 10b-5 Exposure Rate decreased by 6 basis points to 0.14% in 2Q'20. The Large Cap SCA Rule 10b-5 Litigation Rate decreased from 2.0% in 1Q'20 to 1.45% in 2Q'20.



**2Q'20 U.S. Large Cap Analysis:** The Large Cap SCA Rule 10b-5 Exposure of \$37.6 billion during 2Q'20 decreased by 31.5% relative to 1Q'20, significantly below the previous three quarters when exposure averaged \$53.6 billion. There were 44.4% fewer SCAs against large cap corporations in 2Q'20 relative to 1Q'20, which led to the lowest Large Cap SCA Rule 10b-5 Litigation Rate over the past year.

**Table 4: Large Cap SCA Rule 10b-5 Exposure of U.S. Issuers**

Quarter	Rule 10b-5 SCAs filed against Large Cap Defendants	Large Cap SCA Rule 10b-5 Exposure (000s)	Aggregate Market Cap. of Large Caps (000s)	Large Cap SCA Rule 10b-5 Exposure Rate	Large Cap SCA Rule 10b-5 Litigation Rate
3Q'19	14	\$57,562,390	\$29,497,110,880	0.20%	1.55%
4Q'19	20	\$48,267,127	\$30,371,942,197	0.16%	2.34%
1Q'20	18	\$54,966,106	\$28,098,908,799	0.20%	2.01%
2Q'20	10	\$37,641,718	\$27,704,032,389	0.14%	1.45%

# SCA RULE 10b-5 EXPOSURE OF U.S. MID CAP CORPORATIONS<sup>xiii</sup>

## Mid Cap SCA Rule 10b-5 Exposure Continued to Decrease in 2Q'20, Amounting to \$2.0 Billion.

This is a *notable decrease* of 62.0%, or \$3.3 billion relative to 1Q'20. 7 mid cap corporations were sued for alleged violations of Rule 10b-5 during 2Q'20, which is the same number of mid cap corporations that were sued in 1Q'20. The average aggregate market capitalization of U.S. mid cap corporations, based on the market capitalization range of the S&P MidCap 400 Market Index during 1Q'20, was \$1.3 trillion.<sup>xiv</sup> In 2Q'20, the *Mid Cap SCA Rule 10b-5 Exposure Rate* decreased to 0.16%. This is a decrease of 43 basis points relative to 1Q'20. The *Mid Cap Rule 10b-5 Litigation Rate* increased slightly quarter-over-quarter at 1.29%, which indicates that there are fewer mid-cap corporations in 2Q'20 since the number of SCAs remained the same.



**2Q'20 U.S. Mid Cap Analysis:** The *Mid Cap SCA Rule 10b-5 Exposure* fell significantly during 2Q'20, decreasing by 62% from 1Q'20. *Mid Cap SCA Rule 10b-5 Exposure* in 2Q'20 is the lowest exposure amount exhibited since SAR began tracking SCA exposure. The aggregate market cap of mid cap corporations also fell as a result of the market's reaction to the COVID-19 pandemic.

**Table 5: Mid Cap SCA Rule 10b-5 Exposure of U.S. Issuers**

Quarter	Rule 10b-5 SCAs filed against Mid Cap Defendants	Mid Cap SCA Rule 10b-5 Exposure (000s)	Aggregate Market Cap. of Mid Caps (000s)	Mid Cap SCA Rule 10b-5 Exposure Rate	Mid Cap SCA Rule 10b-5 Litigation Rate
3Q'19	13	\$6,915,222	\$1,381,486,227	0.40%	2.02%
4Q'19	8	\$8,154,487	\$1,354,346,904	0.50%	1.34%
1Q'20	7	\$5,280,307	\$1,291,795,762	0.59%	1.12%
2Q'20	7	\$2,004,804	\$1,257,405,797	0.16%	1.29%

# SCA RULE 10b-5 EXPOSURE OF U.S. SMALL CAP CORPORATIONS<sup>xv</sup>

## Small Cap SCA Rule 10b-5 Exposure Continued to Increase Substantially to \$5.3 Billion in 2Q'20 from \$3.3 Billion in 1Q'20.

A material increase of 61.8% of SCA Rule 10b-5 Exposure was exhibited by small caps in 2Q'20. The average aggregate market capitalization of U.S. small cap corporations, based on the market capitalization range of the S&P SmallCap 600 Market Index during 2Q'20, was \$670.6 billion.<sup>xvi</sup> In 2Q'20, the *Small Cap SCA Rule 10b-5 Exposure Rate* was 0.79%. This is a material increase of 30 basis points relative to 1Q'20. The *Small Cap Rule 10b-5 Litigation Rate* also increased slightly by 2 basis points to 0.85%.



**2Q'20 U.S. Small Cap Analysis:** *Small Cap SCA Rule 10b-5 Exposure* continued to increase since the dip experienced in 4Q'19, but still remained lower than the exposure exhibited in 3Q'19. The aggregate market cap remained relatively stable compared to the previous quarter. Combined, this resulted in a material increase in the *Small Cap SCA Rule 10b-5 Exposure Rate*.

**Table 6: Small Cap SCA Rule 10b-5 Exposure of U.S. Issuers**

Quarter	Rule 10b-5 SCAs filed against Small Cap Defendants	Small Cap U.S. SCA Rule 10b-5 Exposure (000s)	Aggregate Market Cap. of Small Caps (000s)	Small Cap SCA Rule 10b-5 Exposure Rate	Small Cap SCA Rule 10b-5 Litigation Rate
3Q'19	18	\$6,131,044	\$709,621,783	0.86%	0.84%
4Q'19	15	\$1,895,349	\$677,300,387	0.28%	0.74%
1Q'20	16	\$3,263,967	\$670,095,073	0.49%	0.83%
2Q'20	19	\$5,281,467	\$670,591,862	0.79%	0.85%

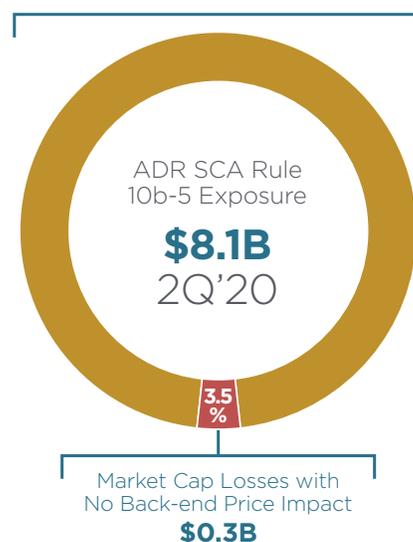
## The ADR SCA Rule 10b-5 Exposure of non-U.S. issuers in 2Q'20 amounts to \$8.1 billion.<sup>xvii</sup>

5 non-U.S. issuers that trade on U.S. exchanges through ADRs ("non-U.S. issuers") were sued for alleged violations of the federal securities laws under Section 10(b) and 20(a) of the Securities Exchange Act of 1934 during 2Q'20.<sup>xviii</sup> ADR SCA Rule 10b-5 Exposure of non-U.S. issuers to claims that allege violations of Rule 10b-5 under the Exchange Act amounts to \$8.1 billion.<sup>xix</sup> Approximately \$296 million of market capitalization declines that have been claimed as investor losses by a proposed class of common stock shareholders do not exhibit back-end price impact. Without discounting the effects of back-end stock price impact, claimed shareholder losses against directors and officers of non-U.S. issuers amounts to \$8.4 billion in 2Q'20.

In 2Q'20, the ADR SCA Rule 10b-5 Exposure Rate decreased by 2 basis points to 0.03% relative to 0.05% in 1Q'20. The ADR SCA Rule 10b-5 Litigation Rate is 0.25% based on the number of non-U.S. issuers that trade in the NYSE, NASDAQ, and over-the-counter in the U.S, which is a decrease of 5 basis points relative to 1Q'20.

**2Q'20 ADR Analysis:** Of the 11 alleged corrective disclosures included in the 5 SCAs against non-U.S. issuers, 5 alleged corrective disclosures did not exhibit back-end price impact. That amounts to \$296 million of market capitalization declines that do not surpass thresholds of back-end price impact.

Alleged ADR Shareholder Losses  
**\$8.4B**



**Table 7: ADR SCA Rule 10b-5 Exposure of Non-U.S. Issuers**

Quarter	Rule 10b-5 SCAs filed against ADR Defendants [1]	ADR SCA Rule 10b-5 Exposure (000s) [2]	Aggregate Market Cap. of ADRs (000s) [3]	ADR SCA Rule 10b-5 Exposure Rate [4]	ADR SCA Rule 10b-5 Litigation Rate [5]
1Q'20	6	\$11,684,707	\$25,043,412,187	0.05%	0.30%
2Q'20	5	\$8,142,559	\$23,282,514,608	0.03%	0.25%

[1] First-filed SCA complaints that allege violations of Rule 10b-5 against non-U.S. issuers. Excludes U.S. issuers that trade on U.S. exchanges.

[2] ADR SCA Rule 10b-5 Exposure is equal to the claimed market cap. losses that exhibit back-end price impact.

[3] The aggregate market cap. of non-U.S. issuers.

[4] The ratio of ADR SCA Rule 10b-5 Exposure to the aggregate market cap of non-U.S. issuers. ([4] = [2] / [3]).

[5] = Number of Rule 10b-5 Exchange Act Filings with non-overlapping allegations against non-U.S. issuers divided by the aggregate number of non-U.S. issuers.

**Table 8: Back-end Price Impact Summary of Alleged Corrective Disclosures of Non-U.S. Issuers**

Quarter	ADR Rule 10b-5 Exchange Act Filings [1]	Alleged Corrective Disclosures [2]	Alleged Corrective Disclosures with No Price Impact [3]	% of Corrective Disclosures with No Price Impact [4]
1Q'20	6	14	3	21.4%
2Q'20	5	11	5	45.5%

[1] First filed SCA complaints that allege violations of Rule 10b-5 against non-U.S. issuers that trade on U.S. exchanges through ADRs. Excludes U.S. issuers.

[2] The total number of alleged corrective disclosures identified in the sample of SCA complaints.

[3] The total number of alleged corrective disclosures that do not exhibit a statistically significant one-day residual stock price return at the 95% confidence standard.

[4] The ratio of the number of alleged corrective disclosures that do not exhibit back-end price impact to the total number of alleged corrective disclosures. ([4] = [3] / [2]).

Sources: S&P Global Market Intelligence, S&P Dow Jones Indices, Thomson Reuters, SAR SCA Platform as of June 30th, 2020.

**Any reprint of the information or figures presented in this quarterly report should reference SAR. Please direct any inquiries to Stephen Sigrist at 202.891.3652 or stephen@sarlit.com. SAR is a software and data analytics company that actively tracks, monitors, and analyzes private securities fraud actions that allege violations of the Exchange Act of 1934.**

<sup>i</sup>Figures of Securities Class Action (SCA) Rule 10b-5 litigation exposure are based on identified first-filed complaints for each claim filed during the corresponding quarter. All federal securities class action complaints are read and screened for allegations that specifically include alleged violations of Rule 10b-5 and define a specific Class Period. Only the claimed stock price declines presented in the first filed complaint against each defendant company are accounted for to estimate *U.S. SCA Rule 10b-5 Exposure*. Measures of SCA exposure for each claim may increase or decrease as the case progresses through the class action life cycle.

<sup>ii</sup>This tally accounts for U.S. issuers of common stock that are listed as defendants in first filed SCA complaints that allege shareholder damages for alleged artificial inflation of stock price during the second quarter of 2020. A U.S. issuer of common stock that was sued a second or third time during the current quarter is not accounted for in the current quarter's tally. The tally excludes SCA complaints against U.S. issuers of common stock that were sued for alleged violations of the federal securities laws in previous quarters. The tally also excludes Exchange Act claims that allege an artificially depressed price of common stock, a novel damages theory (see, *White Pine Investments v. CVR Refining, LP et al*); and Exchange Act claims against Electronic Traded Funds (ETFs). The tally also excludes cases that have been filed against international corporations that are listed on U.S. exchanges through American Depositary Receipts (ADRs).

<sup>iii</sup>A public corporation's exposure to alleged violations of Rule 10b-5 is estimated by tracking the cumulative decline in market capitalization during open market trading sessions that correspond with the timing of the claimed alleged corrective disclosures that surpass thresholds of back-end price impact and are presented in a first filed SCA complaint. This figure excludes market capitalization declines of non-U.S. issuers that have been sued for violations of the U.S. federal securities laws and trade on U.S. exchanges through American Depositary Receipts (ADRs).

<sup>iv</sup>Table 1 has updated figures for 3Q'19 and 4Q'19. Three additional SCAs have been accounted for in 3Q'19 and six for 4Q'19. No revisions were made to 1Q'20 figures.

<sup>v</sup>First identified COVID-19 related SCA filings in 2Q'20 include:

1. *Drieu v. Zoom Video Communications, Inc. et al*, Case No. 20-cv-02353.
2. *Riback v. iAnthus Capital Holdings, Inc. et al*, Case No. 20-cv-03044.
3. *Yannes v. SCWorx Corp. et al*, Case No. 20-cv-03349.
4. *Hunter v. Elanco Animal Health Incorporated et al*, Case No. 20-cv-01460.
5. *Wasa Medical Holdings v. Sorrento Therapeutics, Inc. et al*, Case No. 20-cv-00966.
6. *Service Lamp Corporation Profit Sharing Plan v. Carnival Corporation et al*, Case No. 20-cv-22202.
7. *Ma v. Wells Fargo & Company, et al*, Case No. 20-cv-03697.
8. *The Arbitrage Fund et al v. Forescout Technologies, Inc. et al*, Case No. 20-cv-03819.
9. *Gelt Trading v. Co-Diagnostics et al*, Case No. 20-cv-00368.
10. *Chernysh v. Chembio Diagnostics, Inc. et al*, Case No. 20-cv-02706.

SCA Rule 10b-5 Exposure related to COVID-19 does not account for Defendants that have been sued multiple times for seemingly related alleged violations of the Exchange Act. SCA Rule 10b-5 Exposure related to COVID-19 also excludes the SCAs against *Colony Capital, Inc. and United States Oil Fund*.

<sup>vi</sup>SAR relies on Docket Alert and Court Wire notifications attained from Thomson Reuters Westlaw. SAR professionals actively monitor and track case dockets to attain newly filed and amended claims.

<sup>vii</sup>In 2Q'20, 2 SCAs were filed against the Wells Fargo & Company with non-overlapping allegations.

<sup>viii</sup>This tally of alleged corrective disclosures includes only those from first filed SCA complaints identified during 2Q 2020 against U.S. issuers of common stock. The tally excludes securities class action complaints against companies for which there are first filed complaints in prior quarters.

<sup>ix</sup>See *Dura Pharmaceuticals, Inc. v. Broudo*, No. 03-932, 2005 WL 885109 (2005), and *Halliburton Co. v. Erica P. John Fund, Inc.*, 134 S. Ct. 2398 (2014).

<sup>x</sup>A single-firm multivariate regression analysis with a minimum of 100 observations (if a full 252 observations is unattainable) for a Control Period is applied to evaluate the statistical significance of the logarithmic residual stock price decline on the trading day(s) affected by an alleged corrective disclosure(s) (or the alleged adverse event). Statistical significance is measured by computing the t-statistic of the residual stock price decline during the trading session that is affected by the alleged corrective information. (If the t-statistic is greater than plus or minus 1.96, the likelihood that the daily residual return of the defendant company's common stock could have been caused by random volatility is less than 5%.) The Control Period ends one trading day prior to the start of the Class Period presented in the corresponding securities class action complaint.

<sup>xi</sup>Large cap corporations are the sub-set of defendant corporations that have market capitalizations within the range of the greatest and least market capitalization value of the constituent members of the S&P 500 Market Index at the time of the start of the Class Period alleged in the first filed complaint.

<sup>xii</sup>This is the average total market capitalization of U.S. issuers of common stock that are listed on the NYSE or Nasdaq exchanges with market capitalizations greater than \$3.7 billion between April 1st, 2020 and June 30th, 2020.

<sup>xiii</sup>Mid cap corporations are the sub-set of defendant corporations that have market capitalizations within the range of the greatest and least market capitalization value of the constituent members of the S&P MidCap 400 Market Index at the time of the start of the Class Period alleged in the first filed complaint.

<sup>xiv</sup>This is the average total market capitalization of U.S. issuers of common stock that are listed on the NYSE or Nasdaq exchanges with market capitalizations between \$1.26 and \$3.7 billion between April 1st, 2020 and June 30th, 2020.

<sup>xv</sup>Small cap corporations are the sub-set of defendant corporations that have market capitalizations within the range of the greatest and least market capitalization value of the constituent members of the S&P SmallCap 600 Market Index at the time of the start of the Class Period alleged in the first filed complaint.

<sup>xvi</sup>This is the average total market capitalization of U.S. issuers of common stock in that are listed on the NYSE or Nasdaq exchanges with market capitalizations less than \$1.26 billion between April 1st, 2020 and June 30th, 2020.

<sup>xvii</sup>Figures of *ADR Securities Class Action (SCA) Rule 10b-5 Exposure* are based on the first filed complaint for each claim filed during the corresponding quarter. All federal securities class action complaints are read and screened for allegations that specifically include alleged violations of Rule 10b-5 and define a specific Class Period. Only the claimed stock price declines presented in the first filed complaint against each defendant company are accounted for to estimate *ADR SCA Rule 10b-5 Exposure*. Measures of SCA exposure for each claim may increase or decrease as the case progresses through the class action life cycle.

<sup>xviii</sup>This tally only includes securities class action complaints against non-U.S. issuers that trade on U.S. exchanges through ADRs that were sued for alleged violations of the federal securities laws for the first time in the current quarter. A non-U.S. issuer of ADRs that was sued a second or third time during the current quarter is not accounted for in the current quarter's tally.

<sup>xix</sup>A non-U.S. issuer's exposure to alleged violations of Rule 10b-5 is estimated by tracking the cumulative decline in market capitalization during open market trading sessions that correspond with the timing of the claimed alleged corrective disclosures that surpass thresholds of indirect price impact and are presented in a first filed SCA complaint.