

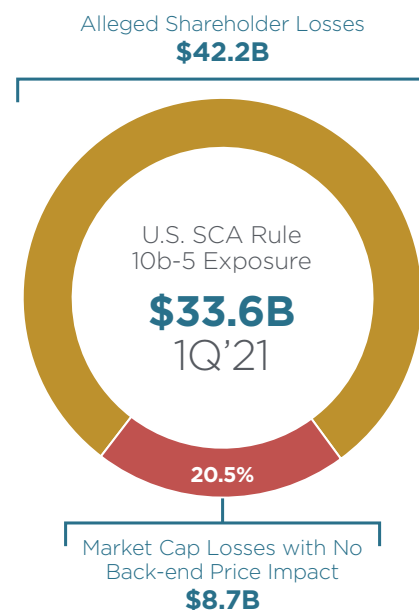
# SECURITIES CLASS ACTION (SCA) RULE 10b-5 EXPOSURE REPORT - 1Q 2021



April 9, 2021

## U.S. SCA Rule 10b-5 Exposure of Public Corporations that Issue Common Stock on U.S. Exchanges Decreased to \$33.6B in 1Q'21 from \$97.8B in 4Q'20<sup>i</sup>

34 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 1Q'21.<sup>ii</sup> U.S. SCA Rule 10b-5 Exposure of directors and officers of U.S. issuers to claims that allege violations of Rule 10b-5 under the Exchange Act amounts to \$33.6 billion.<sup>iii</sup> Approximately \$8.7 billion, or 20.5% of alleged shareholder losses (claimed market capitalization losses), do not surpass statistical thresholds of stock price impact and may not translate into class-wide shareholder damages. Without discounting the effects of back-end price impact, alleged shareholder losses in 1Q'21 amount to \$42.2 billion.



**Table 1: U.S. SCA Rule 10b-5 Exposure of U.S. Issuers**

Quarter	U.S. Rule 10b-5 Exchange Act Filings [1]	U.S. SCA Rule 10b-5 Exposure (000s) [2]	Aggregate Market Cap. of U.S. Issuers (000s) [3]	U.S. SCA Rule 10b-5 Exposure Rate [4]	U.S. SCA Rule 10b-5 Litigation Rate [5]
2Q'20	36	\$44,927,989	\$29,632,030,048	0.15%	1.04%
3Q'20	40	\$101,836,858	\$34,852,007,527	0.29%	1.16%
4Q'20	34	\$97,758,984	\$39,492,171,257	0.25%	0.97%
1Q'21	34	\$33,570,039	\$43,675,658,369	0.08%	0.94%

[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 may surpass back-end price impact statistical thresholds.

[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 defendant U.S. issuers divided by the aggregate number of U.S. issuers.

Unlike 4Q'20 data where lower frequency did not result in lower severity, 1Q'21 data indicates that frequency of filings remained steady but resulted in a material decline in *U.S. SCA Rule 10b-5 Exposure*. *U.S. SCA Rule 10b-5 Exposure* of \$33.6 billion was the lowest quarterly exposure recorded since we began tracking this data and fell by nearly two thirds relative to 4Q'20. *U.S. SCA Rule 10b-5 Exposure Rate* also decreased materially by 17 basis points from 0.25% in 4Q'20 to 0.08% in 1Q'21. The *U.S. SCA Rule 10b-5 Litigation Rate* declined slightly by 3 basis points in 1Q'21 to 0.94%.

**COVID-19 U.S. SCA Rule 10b-5 Litigation Exposure:** The *SCA Rule 10b-5 Exposure* of private securities class actions related to COVID-19 amounts to \$2.2 billion in 1Q'21 stemming from 5 SCAs filed against U.S. issuers.<sup>iv</sup> COVID-19 related allegations account for 6.4% of the \$33.7 billion in aggregate *U.S. SCA Rule 10b-5 Exposure*. The total *SCA Rule 10b-5 Exposure* related to COVID-19 since March 2020 amounts to \$25.0 billion, of which 8.6% was alleged by shareholders during 1Q'21.

**Table 2: Back-end Price Impact Summary of Alleged Corrective Disclosures of U.S. Issuers**

Quarter	U.S. 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]
2Q'20	36	71	28	39%
3Q'20	40	82	26	32%
4Q'20	34	73	24	33%
1Q'21	34	67	21	31%

[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 1Q'21, SAR accounted for 59 “stock-drop” SCAs filed against U.S. issuers that allege violations of Rule 10b-5 via 114 claimed corrective disclosures.<sup>v</sup> After consolidating cases with seemingly related allegations against individual U.S. issuers, SAR accounted for 34 filed SCAs. A total of 67 corrective disclosures have been alleged in the 34 first-filed SCAs.<sup>vi</sup> Of the 67 corrective disclosures alleged during 1Q'21, 21 (31%) do not exhibit price impact (*Halliburton II*). As such, they may not warrant inclusion in a certified class of proposed shareholders and may not translate into class-wide shareholder damages. These alleged stock drops

also run afoul of the heightened pleading standards of loss causation (*Dura*) because they lack statistical significance after excluding non-company specific effects.<sup>vii</sup>

The number of alleged stock drops decreased from 73 in 4Q'20 to 67 in 1Q'21. The number of alleged stock drops that did not exhibit price impact decreased by 3 relative to 4Q'20. As a result, the alleged market capitalization losses stemming from econometrically deficient alleged stock drops decreased from \$14.4 billion in 4Q'20 to \$8.7 billion in 1Q'21.<sup>viii</sup>

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

### A Single Claim Filed Against a Retail and Consumer Products Company Contributed to the 57.7% of Alleged Market Cap. Losses that May Not Translate into Shareholder Damages.

Out of the 34 SCAs filed in 1Q'21, 8 (or 23.5%) were filed against Pharma/Biotech companies, 5 (or 14.7%) against Electronics, Hardware and Semiconductor companies, 5 (or 14.7%) against Software companies, 3 (or 8.8%) against Energy Companies, and 3 (or 8.8%) against Media companies. The sector with the greatest *SCA Rule 10b-5 Exposure* was the Energy sector which accounted for 35% of the *U.S. SCA Rule 10b-5 Exposure* and amounts to \$11.7 billion.

Data and analyses indicate that the industry sectors that were impacted most by alleged corrective disclosures that may not surpass statistical thresholds of back-end price impact are Retail and Consumer Products, Electronics, Hardware and Semiconductor, and Auto. 100% (\$5.0 billion) of shareholder losses alleged in the single SCA filed against a Retail and Consumer Products company did not exhibit stock price impact. 49% (\$2.5 billion) of shareholder losses alleged in the 5 SCAs against Electronics, Hardware and Semiconductor companies do not exhibit stock price impact. 18% (\$510 million) of shareholder losses alleged in the 2 SCAs against Auto companies do not exhibit stock price impact.

**Table 3: U.S. SCA Rule 10b-5 Exposure by Industry Sector in 1Q'21**

Industry Sector [1]	U.S. 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	\$2,786,535	\$510,363	\$2,276,172	18%
<b>Electronics, Hardware and Semiconductor</b>	5	\$5,096,077	\$2,517,905	\$2,578,172	49%
<b>Energy</b>	3	\$11,746,442	\$93,208	\$11,653,234	1%
<b>F.I.R.E.</b>	0	\$0	\$0	\$0	0%
<b>Health Care</b>	4	\$6,290,367	\$369,562	\$5,920,805	6%
<b>Manufacturing, Farm and Industrial</b>	2	\$756,816	\$5,151	\$751,665	1%
<b>Materials</b>	1	\$321,348	\$0	\$321,348	0%
<b>Media</b>	3	\$3,961,471	\$0	\$3,961,471	0%
<b>Pharma/Biotech</b>	8	\$3,917,488	\$77,917	\$3,839,570	2%
<b>Retail and Consumer Products</b>	1	\$5,007,836	\$5,007,836	\$0	100%
<b>Software</b>	5	\$2,358,193	\$90,591	\$2,267,602	4%
<b>Transportation and Storage</b>	0	\$0	\$0	\$0	0%
<b>1Q 2021 Total:</b>	<b>34</b>	<b>\$42,242,572</b>	<b>\$8,672,534</b>	<b>\$33,570,039</b>	<b>20.5%</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 meet statistical thresholds of back-end price impact.

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

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

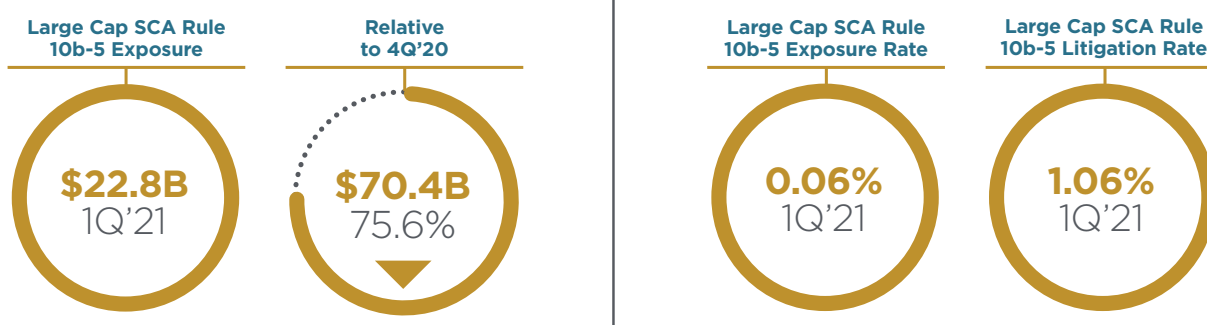
[6] = [4] / [3]

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

## Large Cap SCA Rule 10b-5 Exposure Decreased Materially in 1Q'21, Amounting to \$22.8 Billion.

11 large cap corporations were sued for alleged violations of Rule 10b-5 during 1Q'21 – a decrease of 6 – relative to 4Q'20. The average aggregate market capitalization of U.S. large cap corporations, based on the market capitalization range of the S&P500 Index during 1Q'21, was \$41.39 trillion.<sup>x</sup> This is an increase in aggregate market cap of \$4.01 trillion, or 10.7%, relative to 4Q'20. The decrease in *Large Cap Rule 10b-5 Exposure* combined with the increase in the aggregate market cap led to a material decrease of the *Large Cap SCA Rule 10b-5 Exposure Rate* by 19 basis points to 0.06% in 1Q'21. The *Large Cap SCA Rule 10b-5 Litigation Rate* decreased from 1.96% in 4Q'20 to 1.06% in 1Q'21.

The return of the S&P500 Index between January 1, 2021 and March 31, 2021 was 6.17%.



**1Q'21 U.S. Large Cap Analysis:** The *Large Cap SCA Rule 10b-5 Exposure* of \$22.8 billion during 1Q'21 is the lowest exposure exhibited since SAR began tracking this data in 2018. 6 fewer large cap corporations faced Rule 10b-5 allegations in 1Q'21 relative to 4Q'20, resulting in a *Large Cap SCA Rule 10b-5 Litigation Rate* of 1.06%.

**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
2Q'20	10*	\$37,641,718	\$27,704,032,389	0.14%	1.45%
3Q'20	15	\$93,702,669	\$32,827,622,957	0.29%	1.81%
4Q'20	17	\$93,171,021	\$37,375,514,160	0.25%	1.96%
1Q'21	11	\$22,769,816	\$41,385,863,786	0.06%	1.06%

\* 9 large cap defendants were sued in 2Q'20, but SAR is using the 10 Rule 10b-5 Exchange Act Filings to calculate the *Large Cap SCA Rule 10b-5 Litigation Rate* because the 2 SCAs filed against Wells Fargo & Co. in that quarter present non-overlapping allegations.

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

## Mid Cap SCA Rule 10b-5 Exposure Increased by 10.6% in 1Q'21, Amounting to \$2.4 Billion.

Filing frequency against mid cap corporations remained steady at 4 during 1Q'21. 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'21, was \$1.56 trillion.<sup>xii</sup> In 1Q'21, the Mid Cap SCA Rule 10b-5 Exposure Rate remained steady at 0.15%. The Mid Cap Rule 10b-5 Litigation Rate decreased quarter-over-quarter to 0.62%.

The return of the S&P MidCap 400 between January 1, 2021 and March 31, 2021 was 13.47%.



**1Q'21 U.S. Mid Cap Analysis:** While Mid Cap SCA filing frequency and Mid Cap SCA Rule 10b-5 Exposure Rate remained steady, Mid Cap SCA Rule 10b-5 Exposure increased by 10.6% in 1Q'21 relative to 4Q'20. Mid Cap Rule 10b-5 Litigation Rate decreased 3 basis points relative to 4Q'20, which is the lowest rate exhibited during the proceeding four quarters.

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

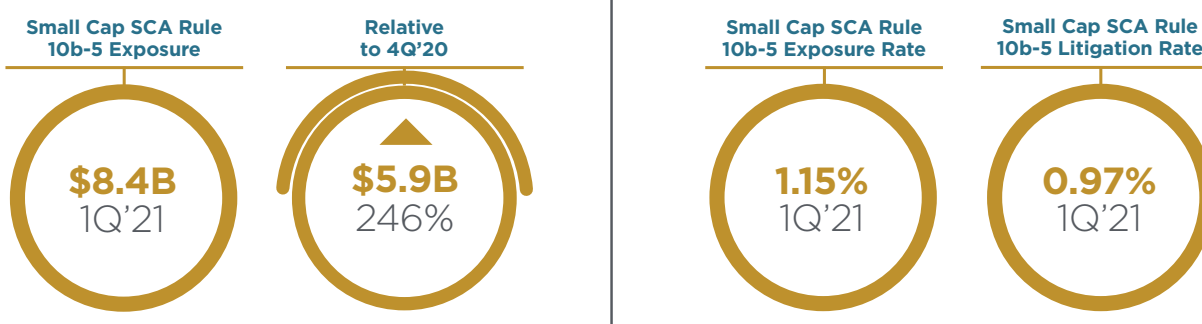
Quarter	Rule 10b-5 SCAs filed against Mid Cap Defendants	Mid Cap SCA Rule 10b-5 Exposure (000s)	Aggregate Market Cap. of Mid Caps (000s)	Mid Cap SCA Rule 10b-5 Exposure Rate	Mid Cap SCA Rule 10b-5 Litigation Rate
2Q'20	7	\$2,004,804	\$1,257,405,797	0.16%	1.29%
3Q'20	7	\$2,746,684	\$1,354,948,295	0.20%	1.17%
4Q'20	4	\$2,152,848	\$1,432,821,304	0.15%	0.65%
1Q'21	4	\$2,380,893	\$1,556,318,844	0.15%	0.62%

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

## Small Cap SCA Rule 10b-5 Exposure Increased Significantly in 1Q'21, Amounting to \$8.4 Billion.

19 small cap corporations were sued for alleged violations of Rule 10b-5 during 1Q'21, which is 6 more than in 4Q'20. The *Small Cap SCA Rule 10b-5 Exposure* in 1Q'21 increased nearly two and half times relative to 4Q'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 1Q'21, was \$733.5 billion.<sup>xiv</sup> In 1Q'21, the *Small Cap SCA Rule 10b-5 Exposure Rate* was 1.15%, which is almost 80 basis points higher relative to 4Q'20. The *Small Cap Rule 10b-5 Litigation Rate* also increased by 33 basis points to 0.97.

The return of the S&P SmallCap 600 Index between January 1, 2021 and March 31, 2021 was 18.24%.



**1Q'21 U.S. Small Cap Analysis:** *Small Cap SCA Rule 10b-5 Exposure* increased materially despite the overall decrease in *U.S. SCA Rule 10b-5 Exposure* during the quarter. The aggregate market cap of small cap corporations also increased throughout the year to \$733 billion in 1Q'21. Combined, this resulted in the highest *Small Cap SCA Rule 10b-5 Exposure Rate* and *Small Cap Rule 10b-5 Litigation Rate* during the preceding four quarters.

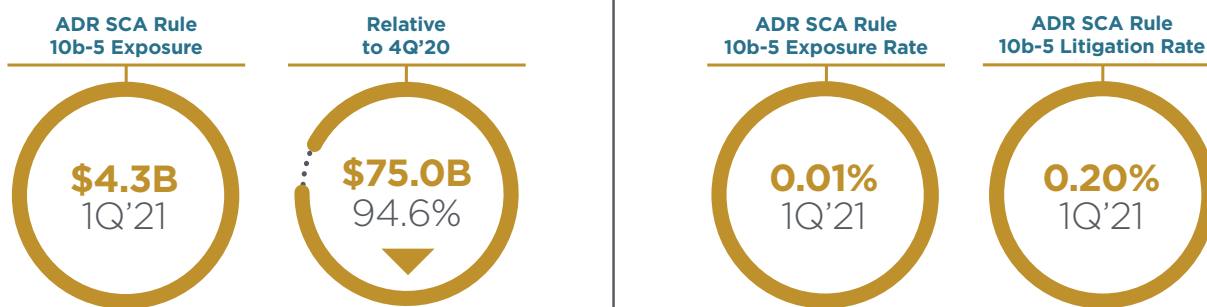
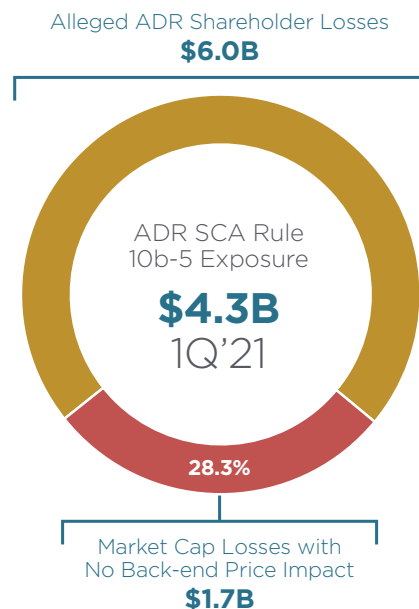
**Table 6: Small Cap SCA Rule 10b-5 Exposure of U.S. Issuers**

Quarter	Rule 10b-5 SCAs filed against Small Cap Defendants	SCA Rule 10b-5 Exposure (000s)	Aggregate Market Cap. of Small Caps (000s)	Small Cap Rule 10b-5 Exposure Rate	Small Cap Rule 10b-5 Litigation Rate
2Q'20	19	\$5,281,467	\$670,591,862	0.79%	0.85%
3Q'20	18	\$5,387,505	\$669,436,275	0.80%	0.89%
4Q'20	13	\$2,435,116	\$683,835,792	0.36%	0.64%
1Q'21	19	\$8,419,330	\$733,475,740	1.15%	0.97%

## The ADR SCA Rule 10b-5 Exposure of non-U.S. issuers in 1Q'21 amounts to \$4.3 billion, a material decrease of 94.6% relative to 4Q'20.<sup>xv</sup>

4 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 1Q'21.<sup>xvi</sup> ADR SCA Rule 10b-5 Exposure of directors and officers of non-U.S. issuers to claims that allege violations of Rule 10b-5 under the Exchange Act amounts to \$4.3 billion.<sup>xvii</sup> Approximately \$1.7 billion, or 28.3% of alleged shareholder losses do not surpass statistical thresholds of stock price impact and may not translate into shareholder class-wide damages. Without discounting the effects of back-end stock price impact, claimed shareholder losses against directors and officers of non-U.S. issuers amounts to \$6.0 billion in 1Q'21.

In 1Q'21, the ADR SCA Rule 10b-5 Exposure Rate decreased by 26 basis points to 0.01% relative to 4Q'20. That is the lowest ADR SCA Rule 10b-5 Exposure Rate recorded since we began tracking this data. The ADR SCA Rule 10b-5 Litigation Rate is 0.20% 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 15 basis points relative to 4Q'20



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

Quarter	ADR Rule 10b-5 Exchange Act Filings [1]	ADR SCA Rule 10b-5 Exposure (000s) [2]	Aggregate Market Cap. Of Non-U.S. Issuers (000s) [3]	ADR SCA Rule 10b-5 Exposure Rate [4]	ADR SCA Rule 10b-5 Litigation Rate [5]
2Q'20	5	\$8,142,559	\$23,282,514,608	<b>0.03%</b>	<b>0.25%</b>
3Q'20	9	\$31,346,247	\$25,857,369,640	<b>0.12%</b>	<b>0.45%</b>
4Q'20	7	\$79,317,724	\$28,864,710,836	<b>0.27%</b>	<b>0.35%</b>
1Q'21	4	\$4,270,020	\$31,880,168,701	<b>0.01%</b>	<b>0.20%</b>

[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 may surpass back-end price impact thresholds.

[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 defendant non-U.S. issuers divided by the aggregate number of non-U.S. issuers.



**1Q'21 ADR Analysis:** 1Q'21 had the fewest number of ADR Rule 10b-5 Exchange Act Filings at 4, which is 3 fewer relative to 4Q'20. ADR SCA Rule 10b-5 Exposure of non-U.S. issuers also decreased materially by 94.6% relative to 4Q'20 and is the lowest amount recorded since we began tracking this data. Of the 4 alleged corrective disclosures included in the 4 SCAs filed against non-U.S. issuers, 2 alleged corrective disclosures do not surpass statistical thresholds of back-end price impact. That amounts to \$1.7 billion of market capitalization declines that may not translate into potential shareholder damages.

**Table 8: 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]
2Q'20	5	11	5	45.5%
3Q'20	9	23	16	69.6%
4Q'20	7	11	2	18.2%
1Q'21	4	4	2	50.0%

[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.

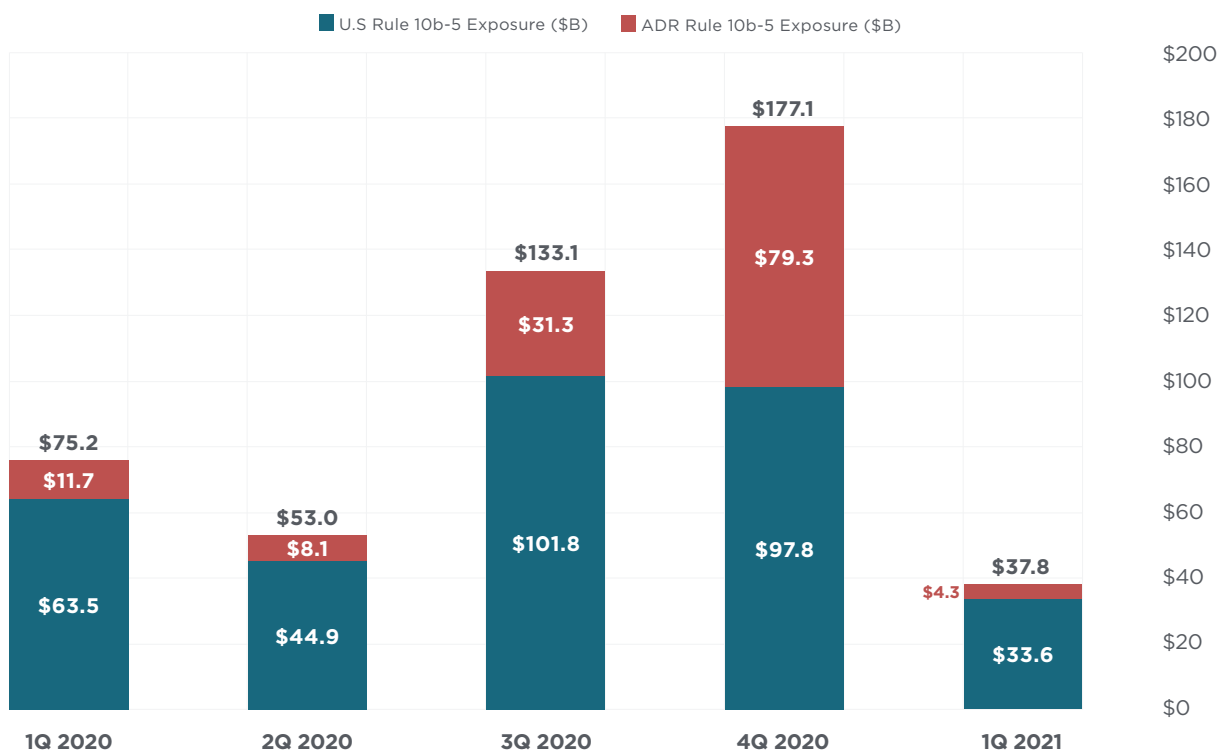
[3] The total number of alleged corrective disclosures that do not exhibit a statistically significant one-day residual stock price return at the 95% confidence standard.

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

## GLOBAL SCA RULE 10b-5 EXPOSURE<sup>XVIII</sup>

Global SCA Rule 10b-5 Exposure of U.S.-listed corporations (including U.S. issuers of common stock and non-U.S. issuers that trade via ADRs) amounts to \$37.8 billion in 1Q'21. That is a material decrease of \$139.3 billion in global class action exposure to Rule 10b-5 private securities fraud litigation relative to 4Q'20.

### Global SCA Rule 10b-5 Exposure





**Sources:** S&P Global Market Intelligence, S&P Dow Jones Indices, Thomson Reuters, SAR SCA Platform as of March 31<sup>st</sup>, 2021.

**Any reprint of the information or figures presented in this quarterly report should reference SAR. Please direct any technical 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. SCA Exposure is not amended retroactively for cases that were dismissed or voluntarily dismissed.

<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 first quarter of 2021. 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 for example, *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). SCAs that allege Class Periods and corrective disclosures for which insufficient historical pricing data exists to estimate alleged artificial stock inflation are also excluded from the tally (see for example, *Malriat v. QuantumScape Corporation et al, Suh v. XL Fleet Corp. et al*).

<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 statistical thresholds of indirect 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>First identified COVID-19 related SCA filings in 1Q'21 include:

1. *Anthony Sanchez v. Decision Diagnostics Corp. et al*, Case No. 21-cv-00418
2. *Monroe County Employees' Retirement System v. Astrazeneca PLC et al*, Case No. 21-cv-00722
3. *Guo v. Tyson Foods, Inc. et al*, Case No. 21-cv-00552
4. *Leung v. Bluebird Bio, Inc. et al*, Case No. 21-CV-10335
5. *Lewis v. CytoDyn Inc et al*, Case No. 21-cv-05190

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.

<sup>v</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>vi</sup>This tally of alleged corrective disclosures includes only those from first filed SCA complaints identified during 4Q 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>vii</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>viii</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>ix</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 January 1st, 2021 and March 31st, 2021.

<sup>xii</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>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 between \$1.26 and \$3.7 billion between January 1st, 2021 and March 31st, 2021.

<sup>xiii</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>xiv</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 January 1st, 2021 and March 31st, 2021.

<sup>xv</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>xvi</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>xvii</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 statistical thresholds of indirect price impact and are presented in a first filed SCA complaint.

<sup>xviii</sup>*Global SCA Rule 10b-5 Exposure* is the sum of *U.S. Rule 10b-5 Exposure* and *ADR Rule 10b-5 Exposure*.

To learn more about how SAR data analytics services and data packages can enhance the complex claim resolution capabilities of your organization, please contact:

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