



CRA Insights: Finance

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In this issue of CRA Insights, we provide a mid-year update on securities class action filings, a commentary on the Supreme Court's recent ruling in *Halliburton v. Erica P. John Fund*, and perspectives on price impact analysis.

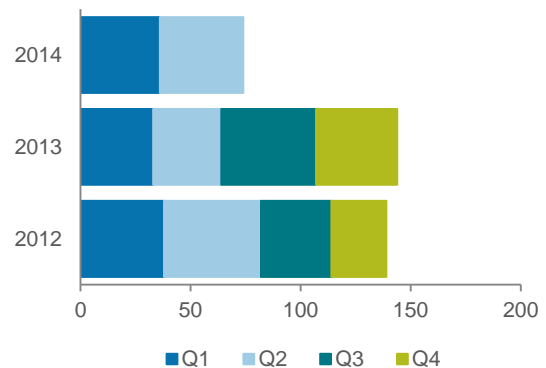
Securities Litigation Flash – Mid-Year Update

Key highlights

- H1 2014 filings totaled 74, up 16% versus H1 2013, but down 8% versus H2 2013
- 36 cases were filed in Q1 2014 (up 9% versus Q1 2013) and 38 cases were filed in Q2 2014 (up 23% versus Q2 2013)
- H1 2014 filings are concentrated in pharmaceuticals/biotechnology (13 cases), technology (13 cases), industrials (10 cases), financial services (seven cases), and consumer services (six cases) sectors
- H1 2014 filings included eight cases with Section 11 claims. Investment bank underwriters were named as defendants in seven of these cases

Click [here](#) to read more.

Filing trends—As of June 30, 2014



The Halliburton decision and its expected implications

Halliburton fallout: Fate of the efficient market hypothesis and event studies in securities litigation

With *Halliburton*, the Supreme Court decided that the presumption of reliance can be rebutted by defendants at the class certification stage if they can show the lack of a price impact. However, on the efficient capital markets hypothesis, the Court rendered a much less decisive opinion. **Tiago Duarte-Silva** and Nicolas Morgan of DLA Piper published an article in the July 10 issue of *Westlaw Journal Securities Litigation & Regulation* on the implications of the Court's decision in *Halliburton v. Erica P. John Fund* and its effect on securities fraud litigation and the use of event studies. To read the article, click [here](#).

Focus on event studies and price impact

The ruling in *Halliburton v. Erica P. John Fund* has elevated interest in event studies and price impact analyses. Two research papers below offer commentary on analytical methods that may be applied in these analyses.

Measuring price impact with investors' forward-looking information

Parties to securities litigation often rely on analysis of the price impact of particular news through an event study to assess the portion of that impact due to such news and not due to other factors or noise. In this article **Aaron Dolgoff** and **Tiago Duarte-Silva** introduce a method that incorporates investors' most up-to-date views into event studies, while maintaining a solid basis in economic theory. Click [here](#) to read more.

Price impact of disclosures before, during, or after a trading day: Implications for event studies

The release of multiple pieces of information during a day may confound the analysis of the price impact of a particular disclosure. In these circumstances it may be useful to analyze price reactions throughout the trading day. In this paper **Aaron Dolgoff** and **Tiago Duarte-Silva** discuss the use of intraday prices in the analysis of a disclosure event. Click [here](#) to read more.

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