

Number of Securities Class Action Settlements Reaches Highest Level in 15 Years

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Total settlement dollars and median settlement amount also see dramatic spikes in 2022

The number of securities class action settlements increased to a 15-year high in 2022, coming off a record 2021 that had seen settlements reach their highest point in more than 10 years, according to a new report released today by Cornerstone Research. The report, [*Securities Class Action Settlements—2022 Review and Analysis*](#), also found similarly dramatic increases in the total dollar value of settlements and median settlement amount, “simplified tiered damages,” and total assets of defendant issuers.

In 2022, the number of securities class action settlements increased to 105, up 21% from the prior year’s 87, while the total value of those settlements nearly doubled, from \$1.9 billion in 2021 to \$3.8 billion. Likewise, the median settlement amount of \$13 million increased 46% year-over-year. Median “simplified tiered damages” also reached a record high, growing by 125% to \$481 million in 2022 from the previous year.

“The historically high number of settlements in 2022 can likely be explained by several factors, including a correspondingly high number of case filings between 2018 and 2020, when over 70% of the 2022 settled cases were filed,” said [Dr. Laarni T. Bulan](#), a report coauthor, and principal at Cornerstone Research. “The higher median settlement amount indicates relatively larger settlements overall, which was likely driven, in part, by the record-high level of ‘simplified tiered damages,’ our rough proxy for potential shareholder losses.”

The dramatic increase in total settlement dollars was also driven by the eight mega settlements (those exceeding \$100 million) reached in 2022. These ranged in value from \$100 million to \$809.5 million and were more than twice the number in 2021 and the most since 2016.

“Settlements in 2022 involved substantially larger defendants and took longer to resolve than in prior years,” said Cornerstone Research senior advisor and report coauthor, [Dr. Laura E. Simmons](#). “As we look ahead, the latest trends in securities class action filings suggest we may see a slowing in settlement activity, as well as some shifts in the focus of case allegations, such as towards cryptocurrency-related issues.”

Contrasting the historic highs seen across many metrics in 2022, settlements in relation to potential shareholder losses were down sharply from 2021. Both the median and average settlement as a percentage of “simplified tiered damages” in 2022 fell to their lowest levels among post–Reform Act years. These levels are consistent with a low presence in 2022 of factors often associated with higher settlement amounts, including SEC actions, criminal charges, and accounting irregularities during the period in which most of the settled cases were filed.

Key Trends

- Compared to issuer defendants involved in cases that settled in 2021, defendant firms involved in 2022 settlements were 97% larger, as measured by median total assets.
- The increase in the proportion of “midsize” settlement amounts (\$10 million to \$50 million) was accompanied by a decrease in the proportion of cases that settled for less than \$10 million.
- Median “disclosure dollar losses” reached an all-time high, growing by more than 160% year-over-year.
- The historically low rate of settled cases involving a corresponding action by the U.S. Securities and Exchange Commission (SEC) observed in 2021 persisted in 2022, remaining below 9%.

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