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Securities Class Action Trends: AI Filings Surge, Alleged Losses and Settlement Values Climb

August 10, 2026

Two leading consulting and expert firms – Cornerstone Research and NERA – recently released reports on securities class action filings and settlements in the first half of 2026. Both reported a notable upturn in filing activity and meaningful increases in alleged investor losses and settlement values.

Cornerstone's reports observed a significant rise in the number of filings and potential investor losses compared to H2 2025, driven by filings related to AI, as well as an increase in both the number and value of settlements. NERA's report – which covers both case filings and resolutions – observed a slight decline in securities class action dismissals. Both firms also identified new filing trends involving tariff-related allegations and pump-and-dump market manipulation, discussed further below.

AI cases fuel record filings and alleged losses

Cornerstone recorded 117 new federal securities class actions that allege violations of Sections 10(b), 11 or 12, the highest total since H1 2020 and far exceeding the historical semiannual average of 97. The rise in filings was attributable in part to a high number of AI filings, which reached 15 in H1 2026 – close to 2025's full-year total of 16. Seven of the AI filings related to AI development and five related to data centers.

While AI filings made up only 13% of total filings, they accounted for a disproportionate share of the potential investor losses. In H1 2026, the Disclosure Dollar Loss Index (DDL Index) reached $529 billion (up 77% from H2 2025) while the Maximum Dollar Loss Index (MDL Index) reached $1.86 trillion (up 86% from H2 2025). AI filings accounted for $385 billion of the DDL Index and $1.3 trillion of the MDL Index – 73% of each. Two AI filings alone contributed $1.2 trillion, or 66%, to the total MDL Index.

Tariffs and pump-and-dump emerge as new trends

Beyond the surge of AI filings, H1 2026 also saw the emergence of two new filing trends. The first involves tariff-related allegations. Cornerstone observed that since August 2025, there have been six tariff-related filings, four of them in H1 2026. Plaintiffs in these cases typically allege that the defendants overstated their ability to manage the impact of tariffs or understated how their responses to US tariff policy would negatively affect their businesses.

The second trend concerns alleged pump-and-dump market manipulation. Since November 2025, there have been 10 such filings, with eight brought in H1 2026. Almost all (nine of 10) were filed against non-US issuers in district courts within the US Court of Appeals for the Second Circuit.

Second and Ninth Circuits continue to dominate; life sciences and technology remain primary industry targets

The Second and Ninth Circuits maintained their dominance as the most active jurisdictions for securities class actions. Cornerstone reported that the two circuits together accounted for 70% of filings in H1 2026, up from 64% in H2 2025. Second Circuit filings rose to 46 in H1 2026 (from 34 in H2 2025), driven primarily by a surge in technology-sector filings. The Ninth Circuit saw 34 filings in H1 2026 (up from 23 in H2 2025), six of which were AI filings. Additionally, the Third Circuit saw 12 filings – twice the number filed in H2 2025, but significantly fewer than the 20 filed in H1 2025.

By industry, the consumer noncyclical sector – driven largely by life sciences and healthcare companies – continued to lead the pack with 44 filings (up from 35 in H2 2025). The technology sector was in second place with 24 filings, up from nine in H2 2025 and double the semi-annual average of 12 – largely driven by AI filings.

More settlements at higher values and on longer timelines

Both Cornerstone and NERA documented a meaningful increase in settlement activity, as well as higher settlement values.

Cornerstone recorded 39 settlements in H1 2026, compared to 32 in H1 2025. Total settlement value reached $2.2 billion, which, when annualized, would be the highest since 2020. Both the average ($56.4 million) and median ($20 million) settlement values in H1 2026 exceeded the average and median settlement values from 2017 to 2025 ($46.8 million and $13 million, respectively).

The distribution of settlement values continued to shift toward larger amounts. Only 15% of H1 2026 settlements were below $5 million, compared to 26% of the settlements between 2017 and 2025. A majority of the settlements in H1 2026 were clustered in two ranges – $5 million to $9 million (26%) and $25 million to $49 million (26%) – with each range accounting for a larger share of settlements than it did historically. There were four “mega settlements” ($100 million+) in H1 2026, in line with historical numbers.

Cornerstone found that, for settled Section 10(b) cases, plaintiff-style damages – a proxy for potential investor losses – was the most important determinant of settlement amounts. The first half of 2026 saw that measure increase significantly, suggesting that settlement values may increase even more in the years to come. In H1 2026, the median plaintiff-style damages of settled Section 10(b) cases reached $660 million, more than double the $290 million in 2025, while average plaintiff-style damages hit $1.5 billion, a 29% increase from 2025. Settlement values rose more modestly than plaintiff-style damages – though the median settlement in Section 10(b) cases was still at its highest level over the last 10 years. The median settlement as a percentage of plaintiff-style damages was 5.4% in H1 2026 (the second lowest in the last nine years), while the median settlement amount was $23 million (an increase of 44% from 2025).

As in prior years, Cornerstone found that settlement amounts tend to be higher in cases with both Section 10(b) and Section 11 claims, greater defendant assets, parallel derivative actions or an institutional investor serving as lead plaintiff. Two of those drivers were notably prevalent in H1 2026: parallel derivative actions and institutional investor lead plaintiffs each featured in 61% of settled cases with Section 10(b) claims.

NERA observed that the timeline for settlements has increased. The median time from filing to settlement increased from 3.3 years in 2025 to 3.7 years in 2026 – the second longest over the past decade.

Fewer dismissals

NERA reported 56 dismissals in H1 2026. When annualized, the number of cases dismissed would be 112, compared to 136 in 2025.

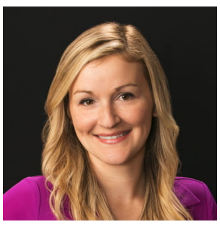
The median time from first complaint to dismissal remained relatively stable at 1.5 years in 2026.

Defined as “core filings” in the Cornerstone report and “standard cases” in the NERA report. For simplicity, this article omits the words “core” and “standard” when discussing such filings.

The DDL Index measures the “dollar-value change in the defendant firm’s market capitalization” between the two days immediately before and after the end of the putative class period.

The MDL Index measures the “dollar-value change in the defendant firm’s market capitalization” from the day with the highest market capitalization during the putative class period to the end of the putative class period.

Contributors



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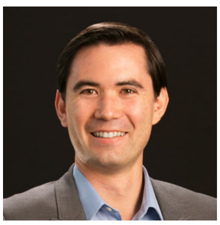

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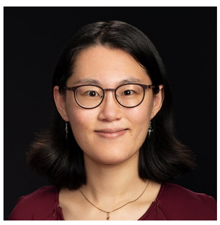

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