## **ASSET SERVICING TIMES**

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**Class Actions Special** 





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# Not Slowing Down Trip Chong, senior director for global class actions at Broadridge, speaks to Justin Lawson about the current and future trends in securities litigation

#### **Securities Litigation**



#### What are the main factors driving growth for securities litigation globally?

In terms of securities class actions, the ability to recover investment losses through a settlement process is well established, particularly in the US. But the surge of global investor actions has largely been accelerated by a US Supreme Court decision in the 2010 Morrison v. National Australia Bank case. This decision essentially excluded US investors and non-US investors from participating in class actions in US courts, in cases where securities have been acquired on non-US exchanges.

The response from global institutional investors was to seek legal redress outside of the US, frequently in jurisdictions where the stock was primarily listed. What has followed are jurisdictions adopting mechanisms to facilitate a restitution process and, as a result, as these markets continue to mature we have seen the volume of litigation rise, notably in jurisdictions like the UK, Germany and the Netherlands.

Another factor, in terms of growth, is the implementation of the EU Representative Actions Directive, which will eventually be adopted by all 27 member states. This will provide additional avenues of shareholder protection for newer jurisdictions.

It is also worth noting that this growth and these developments are not simply limited to Europe; litigation across the APAC region continues to rise, spearheaded by Australia, which has had a class action framework in place since the mid-90s. There are several cases pending in Japan, which continues to be an active jurisdiction in APAC, while at the same time China, Singapore, and New Zealand, are all making good progress as they move towards improving legal redress options for shareholders.

We have seen a lot of legislative changes that have resulted in this growth. But I think one of the other significant reasons for growth outside the US, particularly in the last five or six years, is that investors are now becoming increasingly activist on ESG issues — aiming to protect company value and, ultimately, their long term investments.

While all securities litigation has some kind of governance failings at its core, many of the cases outside the US are not only high profile, but are often driven by some kind of ESG failing — whether that be accountancy fraud, bribery, corruption, or greenwashing. The good news from an investor perspective, is that there are now more options available to participate in some kind of litigation process, no matter what the motivation might be.

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It could be a straight monetary recovery, or as I mentioned, pursuing litigation to drive corporate governance changes within a company.

The clients that we have welcomed at Broadridge have all emphasised the need to ensure that this space has comprehensive coverage, coupled with expertise, for investors to have the ability to review the litigation options from an informed standpoint.

## How would you say this growth and these developments have impacted the way investors outside the US view litigation?

Because of the globalisation of investments, I think it is inevitable that investors will be impacted by securities litigation globally. We have a varied client base on both the asset owner and asset manager side. Some have historically been very active in non-US securities litigation, while others have been a little bit more cautious in their approach.

But I do think the mindset is changing slowly. For example, a conservative pension fund or asset manager who has traditionally been litigation-averse, may now be starting to consider the options put forward, and carrying out an initial due diligence on what options are available to them.

I think the more high profile the case, the more likely internal stakeholders will have an awareness. Institutional investors are certainly looking at potential litigation in more detail, and I think knowing where you will be impacted is half the battle. Having this information available well in advance of any deadline to participate is vital.

Typically, we do not tend to see just one law firm bringing a claim against a company, but a number of competing actions, not all of which are widely publicised. So having information on all the available options is really important, before that decision to participate is made — whether that be to join the litigation or indeed, not to join the litigation.

I believe there is an increased awareness of potential litigation opportunities outside the US, particularly in the more established jurisdictions like Germany, the UK, Australia, and the Netherlands.

The big driver for any investor when looking at potential participation is risk versus reward.

In terms of facilitating investor participation, a real game changer in this space has been access to litigation funding. Litigation funding is now commonplace, particularly with opportunities outside the US, whether that be US law firms establishing practices outside the US, European-based law firms offering internal funding structures, or partnering with a third-party litigation funder.

There is greater access to justice in terms of propelling these cases into real recovery opportunities, and, from an investor perspective, litigation funding reduces the risks and burdens, providing more options for investors to seek legal redress.

#### For litigation outside the US, what do investors need to be aware of?

Each investor will have their own internal policy of what criteria need to be satisfied in order to proceed with potential litigation or participation. For some, it could be purely based on whether an internal materiality threshold has been met.

For others, it could be a decision based on who the company is or if litigation could potentially damage, or pose a risk to, a long term relationship. Though each institutional investor decision making process is unique to them, there is a lot of commonality that we see when assisting our clients in navigating some of these complexities.

Aside from understanding the legal claim and the drivers behind the litigation, understanding the jurisdiction and the participation requirements is also essential — is litigation funding available? Is there any chance we could be on the hook for costs? How many resources and how much time do we need to allocate to this? Is litigation even the right option for us? Is there a mediation option that is available?

There are more likely to be multiple case proposals for an investor to consider, and more questions to be asked on how these proposals differ.

Participating in litigation is not a decision that is taken lightly, but I believe the opportunities that are now available to investors should be viewed as a positive step towards legal and financial restitution. By weighing up potential risks and opportunities, investors can now have the ability to make well informed decisions, echoing their internal policies and safeguarding their long term investments.

#### **Securities Litigation**

#### Has the role of intermediaries changed, and if so how?

Because of the evolving landscape of securities litigation, and with awareness and informed decision making becoming ever more important for investors, this active approach now being taken by some investors can be a real challenge for intermediaries to keep on top of. In the asset manager space, for example, historically a class action service was seen as 'nice to have'. But the increased emphasis on investor stewardship has moved the needle for asset managers.

The impact for the investment community of not participating in securities litigation is more than just leaving potential money on the table. Increasingly, there is the need for the asset managers to be accountable to their internal stakeholders.

If, for example, a strong case is being presented by a law firm, it is backed by litigation funding and, on the face of it, there appears to be no downside to participating, it could be argued that active steps should be taken to ensure that at litigation that these options are at least being reviewed.

In terms of global custodians, many of which have been offering some kind of US settlement process to their clients for many years, a class action solution was seen as a value add, rather than an actual core service offering.

But now, this is not the same proposition as it was a few years ago. Most global custodians are now reviewing their internal service offering against what is required by their clients, and are looking to fully outsource to specialists like Broadridge who have the technological capabilities and industry expertise to be able to handle the entire process on their behalf.

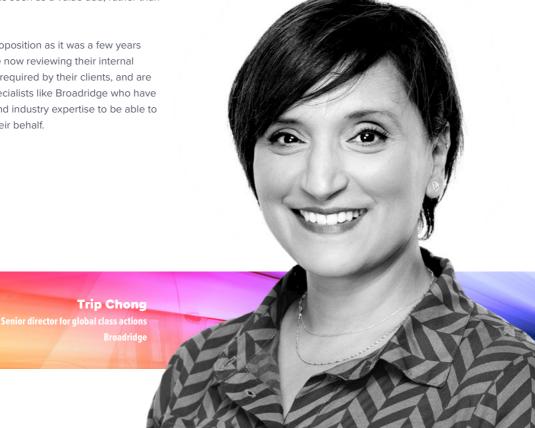
Trip Chong

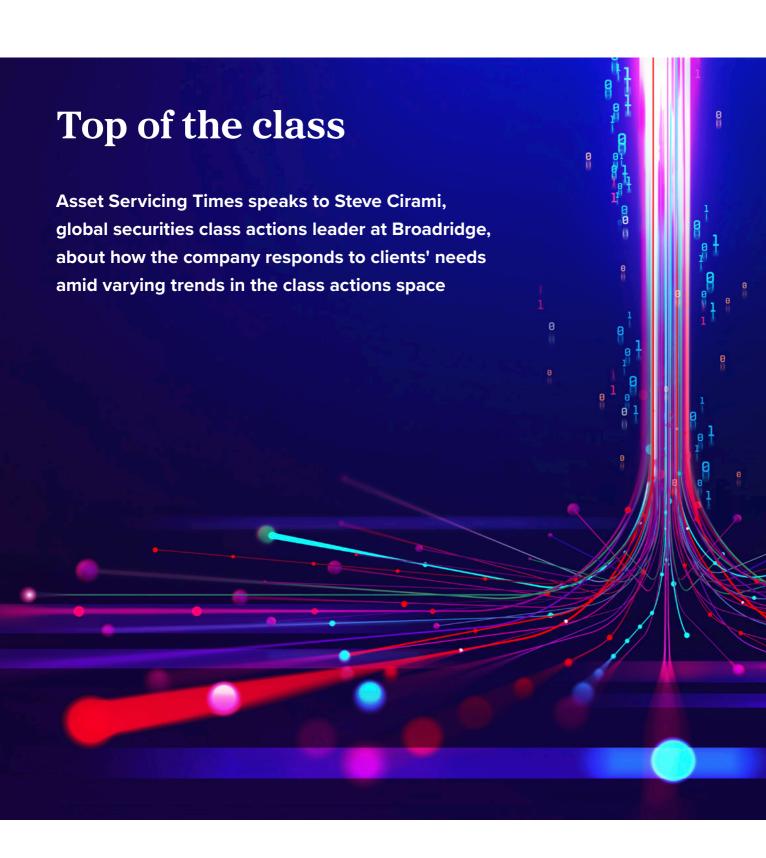
#### What does the future hold for securities litigation?

Overall I think there is little chance of activity slowing down. Considering the US, for example, we are seeing a rise in the volume of cases that are being filed year-on-year, we are seeing a variety of different cases coming through the courts relating to crypto currencies, data breaches and Covid-19. We are also seeing more complex settlements, and particularly related to the non-securities cases.

If we look outside the US, the class action landscape is going to continue to expand with diverse investor involvement. The key to success in this dynamic environment is staying informed and understanding the global impact of securities litigation claims, as well as leveraging the expertise of professionals in the field.

Investors will have the ability to navigate the options available to them and, more importantly, they will be able to make decisions that align with their best interests.







How does Broadridge support institutional investors in navigating the complexities of class actions outside the US, particularly in regions like the EU and APAC where new class action laws are being implemented?

Class actions are rapidly evolving globally, expanding beyond their traditional North American roots. Many European and APAC countries have had class action laws for some time, with notable examples including the Netherlands, Germany, and Australia. However, these laws are frequently updated, typically every one to two years, as countries refine their approach. These changes significantly impact the requirements for investors to recover funds in securities-related class actions.

At Broadridge, we've assembled a dedicated team of legal researchers to track these global developments. They monitor:

- The emergence of new class action laws in various countries
- Changes to existing laws and their impact on settlements
- Ongoing class actions worldwide, even before settlements are reached

This comprehensive approach allows us to keep our clients informed about relevant cases involving their investments. For instance, last year saw several settlements in Korea and one in China. We track these cases individually while also monitoring the legal frameworks that influence settlement processes. This end-to-end service is integrated into our process for all clients, ensuring they're well-positioned to navigate the complex global landscape of class actions.

With the rise of novel asset classes such as cryptocurrency and other complex financial products, how does Broadridge ensure comprehensive asset recovery for clients involved in these innovative markets?

The landscape of securities class actions has evolved significantly since its inception in the US 50-70 years ago.

Initially dominated by equity-based settlements, we're now seeing a much broader range of asset classes involved, including options, debt, swaps, FX transactions, and cryptocurrencies. Each of these presents unique challenges in terms of recovery.

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The key to navigating these complexities lies in understanding the legal parameters of each settlement and managing the associated data effectively. Recovery rules are often bespoke and can vary significantly from one case to another. This variability necessitates a deep understanding of:

- The specific legal requirements of each settlement
- The nuances of data storage across different investors, custodians, or blockchain systems
- The alignment between settlement requirements and available data

We've developed expertise in marrying these elements to ensure our clients can maximise their recoveries. Our service is designed to handle the intricacies of each case, regardless of the asset class involved.

#### How key is data in this process?

Data is absolutely crucial in the class action recovery process. While understanding the legal aspects is important, the ability to leverage data effectively is what truly drives successful recoveries. Our approach at Broadridge is to collect comprehensive client data as early as possible, even for investments not currently involved in class actions. This proactive stance significantly reduces the workload when a settlement does occur.

By maintaining a robust database of client investments, we're able to quickly identify eligibility and compile the necessary information when a class action arises. This data-centric approach allows us to streamline the recovery process and maximise potential returns for our clients.

#### Given the increase in opt-in systems for class actions in many jurisdictions, how does Broadridge help clients manage and participate in parallel and competing litigations effectively?

The trend towards opt-in class action regimes, particularly in EMEA and APAC regions, has introduced new complexities for institutional investors. Countries like Germany and Brazil have adopted this approach, requiring investors to actively participate in litigation from an early stage rather than waiting for a settlement.

This comprehensive approach ensures that regardless of the jurisdiction or the complexity of the case, we can provide robust support to our clients throughout any settlement or litigation process.

We support our clients through this process by:

- Monitoring multiple cases: We track parallel litigations, which often have subtle but important differences in legal theories, economic damage models, and covered time periods.
- Maintaining neutrality: We have relationships with various funders and law firms but remain impartial to ensure we can recommend the best fit for each client.
- Customising recommendations: We match clients
  with appropriate cases based on their specific trading
  patterns, timing, and how these align with different
  legal and economic theories.
- Providing ongoing support: Once a client opts into a litigation, we continue to monitor and support their involvement throughout the process.

Our goal is to ensure each client is positioned to make informed decisions about which cases to join, considering their unique circumstances and the nuances of each litigation.

How does Broadridge leverage its technology and data analytics to maximise recovery in international securities class actions, especially considering highprofile cases like Wirecard, Airbus, and Glencore?

We've developed what we call our 'client advocacy model', which combines advanced technology with expert personnel to maximise recoveries for our clients.

This model is integrated into our entire global class action process and focuses on several key areas:

- Data accuracy and completeness: We meticulously check all client files to ensure there are no errors or missing data points.
- Verification of third-party work: We independently verify the calculations done by claims administrators or law firms to ensure our clients receive their full entitlements.
- Customised client profiles: We develop a deep understanding of each client's investment patterns and preferences, which informs our approach to each case.
- Proprietary technology: Our industry-leading class action technology allows us to run sophisticated data analytics across our entire client base, identifying relevant cases for each client.
- Expert team: We have over 70 dedicated experts globally, averaging 15-20 years of class action experience, including former practising lawyers, technologists, data scientists, and quality assurance professionals.
- Independent verification: For settlements with court-approved economic damages formulas, we program these calculations into our client advocacy portal to independently verify the amounts our clients should receive.

This comprehensive approach ensures that regardless of the jurisdiction or the complexity of the case, we can provide robust support to our clients throughout any settlement or litigation process.

#### Is client service at the forefront of your considerations?

Absolutely. Client service is paramount in our approach. We recognize that each client is unique, with different investment strategies, risk tolerances, and jurisdictional focuses. Some may invest heavily in cryptocurrencies, while others might concentrate on specific geographic markets.

Our client-centric approach involves:

- Personalised understanding: We take the time to thoroughly understand each client's investment profile and preferences.
- Tailored communication: We ensure clients are aware of any cases relevant to their specific investment portfolio.
- Integrated expertise: We combine our technological capabilities with legal and financial expertise to provide comprehensive support.
- Continuous adaptation: As the class action landscape evolves, we continuously refine our services to meet changing client needs.

By maintaining this focus on individualised client service, we're able to provide targeted, effective support across the full spectrum of class action activities, from initial case identification through to final settlement recovery.



## Global class action trends unveiled

David Malmstrom, manager for Global Class Action Research & Opt-In Litigation Services at Broadridge, lays out the themes and trends from the company's most recent Global Class Action Annual Report.

The securities class action landscape continues to be robust, yet billions of settlement dollars go unclaimed each year. Whether distributed to other class members or allocated to a cy pres recipient, investors are leaving money on the table. The first step to address this issue is filing a claim. However, the true challenge is maximising recovery amid the growing complexity of settlement administrations and shareholder class actions.

Broadridge's Global Class Action team annually highlights these complexities, summarising the year's most intricate asset recovery opportunities and identifying emerging industry trends.

The cases, ranked by their complexity from the perspective of a financial institution's ability to recover its funds or those of its investors and clients, include all securities and financial antitrust class actions regardless of jurisdiction.

They also encompass US Securities and Exchange Commission (SEC) and Department of Justice (DOJ) enforcement actions, and other 'mass redress' cases involving financial instruments.

#### 2023 - A historic year and emerging trends

Several records were set in 2023, including the greatest number of 'mega settlements' exceeding US\$100 million. Additionally, there were a historic nine financial antitrust settlements, with a combined recovery of over US\$650 million.

In 2023, there were over 125 opportunities to recover US\$5.5 billion in settlement proceeds across the globe. Broadridge identified more than 300 newly filed class or collective actions worldwide, with the highest concentration in US federal filings at 214 cases, consistent with the historic five-year rolling average for core federal filings. Internationally, England, Switzerland, and the Netherlands led in opt-in jurisdiction filings.

Key industry trends included a focus on environmental, social, and governance (ESG) investing and shareholder activism through securities litigation, especially in EMEA, where most opt-in claims now comprehensively address ESG-related issues. There was also an increase in participation in opt-in litigations, alongside new jurisdictions opening their courts to collective redress claims, such as China's new Special Representative Action regime, which saw its first settlement of 280 million yuan.

Broadridge also highlighted several trends for clients, including a shift in service offerings by broker-dealers who are now providing holistic claim-filing and asset recovery services, with custodians offering comprehensive recovery support as well. Additionally, Broadridge has been advising its DTCC clients on emerging complexities related to direct payment settlement administrations, particularly from the Delaware Chancery Court.

#### 2023 - A look at the challenges

Various factors determine whether a case will be highlighted in the annual report, all of which affect the ability to file a complete and comprehensive claim.

Broadridge is currently tracking 24 unique case complexity challenges, with new ones emerging as the industry evolves. For example, the rise of novel asset classes such as cryptocurrency settlements requires a new approach to claims filling to maximise recovery.

In 2023, seven of the top 10 most complex cases involved numerous eligible securities. For instance, the Arconic Securities Litigation, which ranked first in the report, impacted Arconic common stock, preferred stock, convertible senior notes, and certain depositary shares. Additionally, corporate actions during the class period were a common challenge, also affecting seven cases. This trend will be prominently featured in 2024, particularly as we enter the de-SPAC era following the SPAC boom during the pandemic.

#### 2024 – A look ahead

As we enter the second half of 2024, there have been 92 settlements totaling US\$3.136 billion, with an additional US\$1.777 billion in tentative agreements pending preliminary approval. The largest settlements include the Stock Loan antitrust settlement (US\$580 million), and securities settlements with Under Armour (US\$434 million) and Alphabet (US\$350 million).

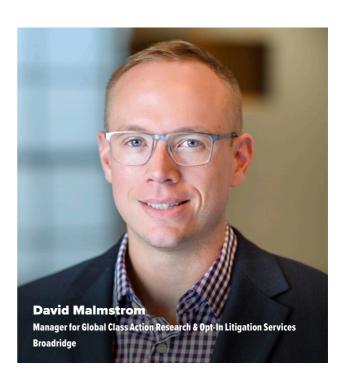
Other notable settlements this year feature a trio of data breach-related securities class action settlements, a trend first identified in last year's report. These settlements include Alphabet (US\$350 million), Zoom Video Communications (US\$150 million), and Okta (US\$60 million), marking the first, second, and sixth-largest data breach-related securities class actions of all time.

On the international front, there has been a significant increase in inquiries from clients in the APAC region, which is poised for substantial growth as new firms and funders explore markets and jurisdictional frameworks for mass redress claims. Serco, the British outsourcing conglomerate, reached an agreement to settle opt-in securities claims by a group of investors who alleged the company overcharged the UK government for services in 2013, a scandal that wiped out over 70 per cent of shareholder equity. Additionally, Belgium has become the latest EU member state to comply with the EU Directive on Representative Actions, specifically providing a path for securities class actions under the country's New Collective Redress Act.

These trends inform the services we provide to our clients. Broadridge continues to expand its suite of services around notification, portfolio monitoring, and class action asset recovery on behalf of asset owners and managers as the industry grows and becomes more complex.

To read the full Global Class Actions Annual Report, visit: www.broadridge.com/report?

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#### **Global Custodians**

Scott Olson, senior manager for Broadridge's Global Class Action Custody Services, talks to Asset Servicing Times about the unique challenges facing global custodians when managing class actions.

## Can you explain how securities class actions fit within the world of asset servicing and what trends are evolving?

Class actions can be a complex and time-consuming process that requires specialised expertise and technology to ensure class actions are handled efficiently and accurately. Class actions have historically been an afterthought within the financial services industry. Firms tended to focus on process improvement within other areas of asset servicing, leading to manual processes in the class actions space that are prone to error and potential losses.

One trend evolving is the increasing use of technology to streamline the process. Firms are now investing in technology that can help automate and simplify the handling of class actions, reducing costs and increasing efficiency. This trend is likely to continue as securities class actions become ever more complex and volumes continue to increase.

Another trend emerging is an increased focus on transparency and accountability. Investors, especially institutional investors with significant holdings, are becoming more active in monitoring and challenging the class actions process. As a result, firms are under pressure to provide more detailed and accurate information to their clients.

## In this globally changing landscape, what are the unique needs of global custodians as it pertains to class actions, and what are the unique challenges they face?

Probably the biggest challenge is complexity. There are significant and material differences that apply in different jurisdictions. Some jurisdictions have no class actions procedure, while others limit class actions to specific causes of action.

Global custodians often operate in multiple jurisdictions, each with its own regulatory requirements and legal frameworks for

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securities class actions. They need to navigate and comply with these varying regulations while ensuring consistent and efficient handling of class actions across different markets.

Other unique challenges faced by global custodians in handling class actions include data management and technology integration. Global custodians deal with large volumes of data related to client holdings, transactions, and class action notifications. Implementing effective data management systems and integrating technology solutions to automate processes and ensure accuracy can be complex and resource-intensive.

Another challenge relates to compliance with regulatory requirements. Global custodians must adhere to a multitude of regulatory requirements across jurisdictions when handling class actions, including data privacy laws, reporting obligations, and legal standards for client representation. Staying abreast of evolving regulations and ensuring compliance can be very demanding.

Lastly, resource allocation and expertise. Managing class actions requires specialised expertise in legal, regulatory, and operational aspects. Global custodians need to allocate sufficient resources to handle class actions effectively, including hiring legal staff, partnering with external legal counsel, and investing in training and technology.

#### How is Broadridge and its team of class action experts helping clients to meet those needs and manage challenges?

Broadridge's Global Class Action services team is comprised of more than 70 dedicated members who each have 10-20 years of industry expertise.

Our team includes members with distinguished careers dedicated to class actions, including securities class action litigators, settlement programme designers, claims administrators, claims auditors, data analysts, and QA and anti-fraud professionals.

This range of expertise puts Broadridge in a unique position as many members of the team have first-hand experience of working at some of the biggest global settlement administrators and bring a deep understanding of the settlement administration process from end to end, as well as a high level of strategy and efficiency to the management of all claims.

The Broadridge Global Class Action services team deploys a client advocacy model, in which they proactively manage the claim process and individual claims to maximise client recoveries and ensure that all Broadridge managed claims satisfy claim program timing and requirements.

Each of our clients are assigned a relationship manager who works to provide active management of the securities class action asset recovery programme.

Under the Broadridge model, we leverage our expertise to



#### Global Custodians

### How is technology and innovation at Broadridge helping clients to uncover new opportunities for ways to maximise recoveries and minimise risk?

The combination of Broadridge's cutting-edge technology infrastructure and robust securities litigation expertise has helped to augment securities class action programmes across the world.

We are continually investing in the infrastructure in order to deliver market-leading technology to our customers. We have dedicated engineers that investigate new technologies to improve our overall innovation, efficiency, and quality. We continue to evolve our class action service based on industry changes and client feedback to keep us up to date.

One key development in the past few years has included the rollout of a newly designed, dynamic Global Class Actions Client Portal, allowing insights right at our clients' fingertips.

We are continually developing the technology and recruiting industry experts for our Global Class Actions Service to ensure that it remains the most efficient and accurate solution available in the market.

## What does the future landscape look like for global custodians managing securities litigation? How is their role changing?

The future landscape for global custodians managing securities litigation is expected to continue to evolve in response to various factors shaping the financial industry, the regulatory environment, and technological advancements.

Global custodians will need to place a greater emphasis on regulatory compliance and risk management in the context of securities litigation.

They will need to stay abreast of changing regulatory requirements, implement a robust risk assessment framework, and establish governance structures to ensure adherence to legal and compliance standards.

Secondly, Global custodians will need to adopt a more clientcentric approach in managing securities litigation, focusing on enhancing client communication, providing transparency throughout the litigation process, and addressing client needs and concerns effectively. The combination of
Broadridge's cutting-edge
technology infrastructure and
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expertise, has helped to
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programmes across the world.

This includes offering proactive updates, clear reporting, and tailored solutions to meet client expectations. One example of this is the potential impact a large class action payment can have to a mutual fund's net asset value (NAV). Asset managers and fund accountants need to stay abreast of the timing of significant payments to properly account for them.

Global custodians may also increasingly collaborate with external partners, such as legal firms, data providers, and technology vendors such as Broadridge, to strengthen their capabilities in managing securities litigation. By forming strategic alliances and leveraging specialised expertise, global custodians can enhance their service offerings and deliver value-added solutions to clients.

Lastly, global custodians are expected to incorporate environmental, social, and governance (ESG) considerations into their securities litigation management practices, reflecting the growing importance of ethical practices, sustainability, and social responsibility in the investment industry. This includes aligning securities litigation strategies with ESG principles and integrating ESG factors into decision-making processes.

Overall, the future landscape for global custodians managing securities litigation is characterised by a shift towards technology-driven solutions, regulatory compliance, client-centricity, collaboration, and ESG integration. Global custodians will need to adapt to these trends, enhance their capabilities, and embrace innovation to navigate the evolving challenges and opportunities in the securities litigation space.

## Four global class action challenges reshaping asset recovery

## Christi Cannon, vice president, Global Class Actions, Broadridge, puts the spotlight on four recent class action cases.

Class actions can be incredibly complicated. In 2023, settlement trends drove complexity to unprecedented heights. The best way to grasp the impact is through the lens of real-world litigation. Taken from Broadridge's latest Global Class Actions Report, these four cases highlight critical administrative obstacles standing between custodians and maximum asset recovery.

#### 1: Filing claims for numerous securities

A single case could involve tens of thousands of CUSIPs and ISINs. Take, for example, the Bank Bill Swap Rate (BBSW)-Based Derivatives Antitrust Settlement. The defendants allegedly coordinated manipulative Australian Prime Bank Bill transactions during the daily BBSW Fixing Window to benefit their trading positions.

Any instrument based on the BBSW or using it as a component of price was eligible for a claim. This included FX derivatives, interest rate derivatives, futures and options, exchange-traded swaps and more. The case ultimately settled for over \$185 million.

Implications: Cases with multiple securities will require substantial effort to identify all affected securities and populate data correctly into filings. Each instrument contains unique challenges that may prevent a filing, reduce the distribution, or cause an outright rejection.

#### 2: Scrutinising corporate actions

Cases affected by corporate actions took a major leap — from one instance in 2019, to 12 in 2023. Glencore Opt-in Securities Litigation was a marquee example.

Investors alleged that the company was aware of bribes used to secure business.

That alleged illicit market manipulation led to a US\$1.5 billion settlement, and drove Glencore's stock down around 20 per cent.

Further allegations centred on potentially deceptive statements in prospectuses, including one released in connection with its 2013 all-share merger with Xstrata. Several opt-in litigations are pending.

Implications: Corporate actions can have a substantial impact on the claims filing process. Each may bring unique complexities. Mergers, for example, are complicated by inconsistent transactional records for acquired shares.

Custodians must conduct separate reviews to categorise exchanged shares. Actions outside of the class period can influence filings as well. Every detail needs attention — overlooking one could reduce claim value or make it ineligible.

#### 3: Dealing with complicated instruments

The number of settlements involving complicated instruments (futures, swaps, FX transactions, cryptocurrencies, etc.) is rising. We covered one such case in our 2019 report. In 2023, we examined six.

A notable case from 2023 was the Structured Alpha Mutual Fund Litigation. Structured Alpha touted a complex options trading strategy that could generate risk-managed returns of 10-15 per cent, regardless of market trends.

But instead of the 'market neutral' strategy, portfolio managers allegedly enacted a high-risk approach, causing billions in losses during the COVID-19 market crash. The parties reached a US\$145 million settlement.

Implications: With complex instruments, it can be challenging to determine what is eligible for a claim. Custodians may have to dedicate hundreds of working hours and create custom procedures to organise and quality-check data to maximise claims.

#### 4: Submitting claims under multiple laws

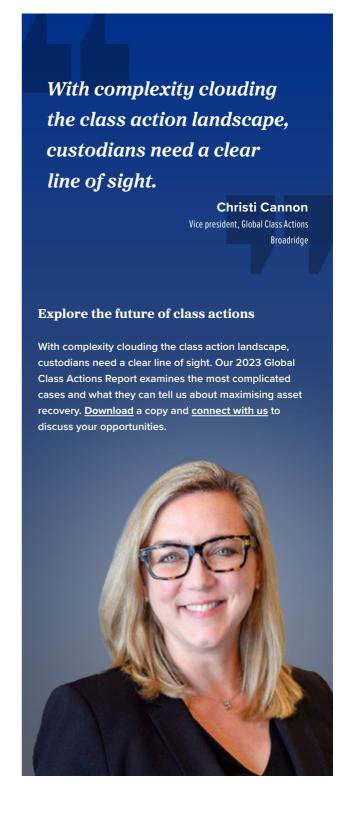
To maximise recoveries for clients, more custodians are pursuing cases in state and federal courts in tandem. Firms are multiplying their workload to prepare separate, distinct claims for each court system.

That is what unfolded in the Micro Focus International Global Settlement. Investors alleged that Micro Focus misrepresented and omitted facts in the registration statements and prospectus related to its 2017 merger with HPE's software business segment.

The case had an elaborate procedural history, including a US\$107.5 million settlement under both the Securities Act and Exchange Act.

Implications: Navigating proceedings in more than one court adds potential for confusion.

It will be imperative to engage in meticulous monitoring, claim preparation, and data management. Custodians without established multi-court processes may miss out on full claim value.





## Class action complexity, solved.

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Class action cases continue to evolve. Your process should, too.

Get everything you need to handle complicated cases across all jurisdictions. Replace error-prone manual workflows with streamlined automation backed by dedicated expertise.

#### **BROADRIDGE GLOBAL CLASS ACTION SERVICES**

1K

70+

500+

70+

Satisfied clients

Team members

Years of team class action experience

Active client data sources

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